

# Summary of Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2006

May 12, 2006

Listed Company: Marui Co., Ltd.

Code Number: 8252

(URL: <http://www.0101.co.jp>)

Representative: Hiroshi Aoi, President

For Inquiries: Yoshiaki Kogure, General Manager Finance Department Tel: (03) 3384-0101

Date of Board of Directors Meeting for the Settlement of Accounts: May 12, 2006

Provision for interim cash dividends: None

Scheduled date for commencement of cash dividends payment: June 30, 2006

Convention date of general stockholders' meeting: June 29, 2006

Number of shares in unit share system: 100 shares

Financial information presented herein was not audited by certified public accountants.

The Tokyo Stock Exchange, First Section

Location of Headquarters: Tokyo

## 1. NON-CONSOLIDATED RESULTS FOR THE FISCAL YEAR ENDED MARCH 2006 (April 1, 2005 to March 31, 2006)

### (1) Non-Consolidated Operating Results

Amounts less than 1 million yen rounded down

	Sales		Operating Income		Ordinary Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal year ended March 2006	496,869	0.3	33,544	31.3	35,910	31.1
Fiscal year ended March 2005	495,302	-0.6	25,553	-	27,394	-

	Net Income		Net Income per Share	Diluted Net Income per Share	Return on Equity	Ratio of ordinary income to total assets	Ordinary Income Margin
	Millions of Yen	%	Yen	Yen	%	%	%
Fiscal year ended March 2006	18,996	42.7	55.76	53.47	5.0	5.7	7.2
Fiscal year ended March 2005	13,316	-	37.66	36.52	3.5	4.4	5.5

- (Note) (i) Average number of outstanding shares during the period  
 Fiscal year ended March 2006: 340,716,565 shares Fiscal year ended March 2005: 351,454,807 shares
- (ii) Changes in accounting policy: None
- (iii) Percentages for Sales, operating income, ordinary income, and net income are rates of increase or decrease compared with the same period of previous year.

### (2) Cash Dividends

	Cash Dividends per Share			Total dividends paid (full year)	Dividend payout ratio	Dividend on equity ratio
	Yen	Yen	Yen			
Fiscal year ended March 2006	28.00	-	28.00	9,420	50.2	2.5
Fiscal year ended March 2005	22.00	-	22.00	7,731	58.4	2.0

### (3) Non-Consolidated Financial Position

	Total Assets	Total Stockholders' Equity	Stockholders' Equity Ratio	Stockholders' Equity per Share
	Millions of Yen	Millions of Yen	%	Yen
Fiscal year ended March 2006	635,396	379,426	59.7	1,127.76
Fiscal year ended March 2005	631,799	388,023	61.4	1,103.83

- (Note) (i) Number of outstanding shares at period-end:  
 Fiscal Year ended March 2006: 336,443,012 shares Fiscal Year ended March 2005: 351,451,054 shares
- (ii) Number of treasury stock at the end of each period:  
 Fiscal Year ended March 2006: 32,217,405 shares Fiscal Year ended March 2005: 17,209,363 shares

## 2. FORECAST of Non-Consolidated Results for the Year Ending March 2007 (April 1, 2006 to March 31, 2007)

	Sales	Operating Income	Ordinary Income	Net Income	Cash Dividends Per Share		
					Interim	Year-end	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen	Yen	Yen
Interim period ended September 2006	225,000	12,000	15,000	6,500	15.00	-	-
Year ending March 2007	473,000	29,000	31,000	12,500	-	20.00	35.00

- (Note) (i) The introduction of an interim cash dividend system is predicated upon the approval of the 70th general stockholders' meeting.
- (ii) Projected net income per share for the year ending March 2007: 37.15 yen

The foregoing estimates are made based on information available as of the date this data was released, and actual results may differ from estimates due to various factors arising in the future. Please see page 6 regarding to assumption for forecast of non-consolidated results for the year ending March 2007.

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEETS

(Assets)	Fiscal year ended March 31, 2005		Fiscal year ended March 31, 2006		Increase (Decrease)
	Millions of Yen	% of Total	Millions of Yen	% of Total	Millions of Yen
Current assets:					
Cash and deposits	42,669		30,647		
Receivables—installment sales	29,178		28,760		
Receivables—consumer loans	203,976		200,461		
Other receivables	1,817		1,530		
Merchandise	13,072		11,710		
Inventory goods	172		163		
Prepaid expenses	143		128		
Deferred income taxes	1,920		2,080		
Short term loans to subsidiaries	54,249		60,955		
Accounts receivable	8,775		7,511		
Other current assets (Note 1)	6,771		8,096		
Total	362,746		352,047		
Allowance for doubtful accounts	(9,200)		(7,000)		
Total current assets	353,546	56.0	345,047	54.3	(8,498)
Fixed assets:					
Property and equipment, net:					
Buildings	247,691		241,898		
Accumulated depreciation on buildings	155,742		156,550		
	91,948		85,348		
Structures	4,626		4,355		
Accumulated depreciation on structures	3,716		3,451		
	909		904		
Automotive equipment	53		53		
Accumulated depreciation on automotive equipment	28		36		
	25		16		
Fixtures and equipment	33,841		32,221		
Accumulated depreciation on fixtures and equipment	22,788		21,542		
	11,053		10,679		
Land	98,451		97,713		
Construction in progress	80		2,217		
Total property and equipment	202,468	32.0	196,879	31.0	(5,589)
Intangible assets, net:					
Land lease rights	703		653		
Other assets	372		257		
Total intangible assets	1,076	0.2	910	0.1	(165)

Investments and other assets:					
Investments in securities	13,620		34,500		
Stocks of subsidiaries	3,316		4,783		
Investments in capital	8		8		
Prepaid rents and lease deposits- Principally for stores (Note 1)	55,179		49,994		
Long-term prepaid expenses	1,631		1,635		
Other assets	951		1,635		
Total investments and other assets	74,707	11.8	92,558	14.6	17,850
Total fixed assets	278,253	44.0	290,348	45.7	12,095
Total Assets	631,799	100.0	635,396	100.0	3,596

	Fiscal year ended March 31, 2005		Fiscal year ended March 31, 2006		Increase (Decrease)
	Millions of Yen	% of Total	Millions of Yen	% of Total	Millions of Yen
(Liabilities)					
Current liabilities (Note 1):					
Payables—principally trade (Note 1)	37,293		28,848		
Short-term loans and current maturities of long-term debt	34,000		34,000		
Short-term loans from subsidiaries	7,739		7,758		
Commercial paper	—		20,000		
Accounts payable (Note 1)	17,435		14,390		
Accrued expenses payable	5,820		8,452		
Income taxes payable	7,747		9,899		
Deposits payable	187		243		
Accrued bonuses	910		740		
Allowance for loss on interest reimbursement	—		1,110		
Other current liabilities	1,120		780		
Total current liabilities	112,253	17.8	126,222	19.9	13,968
Long-term liabilities:					
Bonds	80,000		80,000		
Convertible bonds	39,839		39,839		
Long-term debt, less current maturities	3,300		3,300		
Deferred income taxes	660		2,970		
Severance and retirement benefits for employees	726		726		
Other long-term liabilities	6,996		2,912		
Total long-term liabilities	131,521	20.8	129,747	20.4	(1,774)
Total liabilities	243,775	38.6	255,969	40.3	12,193
(Stockholders' equity)					
Common stock	35,920	5.7	35,920	5.6	—
Capital surplus					
Additional paid-in capital	91,273		91,273		
Other capital surplus					
Sale of treasury stock	0		0		
Total capital surplus	91,273	14.4	91,274	14.4	0
Retained earnings					
Legal earnings reserve	8,980		8,980		
Voluntary reserve					
Reserve for compression of fixed assets	6,579		6,635		
Extraordinary depreciation reserve	255		219		
Contingent reserve	240,600		244,600		
	247,435		251,454		
Unappropriated retained earnings at end of period	20,115		27,281		
Total retained earnings	276,531	43.8	287,715	45.3	11,184
Net unrealized holding gains on securities	2,183	0.3	7,623	1.2	5,439
Less treasury stock, at cost	(17,886)	−2.8	(43,108)	−6.8	(25,222)
Total stockholders' equity	388,023	61.4	379,426	59.7	(8,597)
Total liabilities and stockholders' equity	631,799	100.0	635,396	100.0	3,596

NON-CONSOLIDATED STATEMENTS OF INCOME

	Fiscal year ended March 31, 2005		Fiscal year ended March 31, 2006	
	Millions of Yen	%	Millions of Yen	%
Merchandise sales	434,107	87.6 (100.0)	436,496	87.8 (100.0)
Cost of goods sold				
Merchandise inventories at beginning of period	48,471		13,072	
Merchandise purchased during period	294,746		337,960	
Total	343,217		351,032	
Merchandise inventories at end of period	13,072		11,710	
	330,145	(76.1)	339,322	(77.7)
Gross profit on merchandise sales	103,961	(23.9)	97,173	(22.3)
Other operating revenues:				
Finance charges earned on installment sales	1,756		1,586	
Services				
Interest income on consumer loans	50,486		51,896	
Other services	5,779		3,889	
	56,266		55,786	
Real estate rental income	3,173		3,000	
Total	61,195	12.4	60,373	12.2
Other operating expenses:				
Real estate rental cost	1,545		1,374	
Other operating income	59,650		58,998	
Total gross profit	163,612	33.0	156,171	31.4
Selling, general and administrative expenses:				
Advertising and sales promotional expenses	13,312		12,878	
Loss on bad debts	–		1,703	
Provision for allowance for doubtful accounts	8,524		6,999	
Salaries	10,310		7,707	
Provision for allowance for accrued bonuses	910		740	
Retirement benefit cost	85		–	
Provision for loss on interest reimbursement	–		1,110	
Business consignment fees	37,013		25,064	
Commission paid	7,713		9,361	
Rent	18,385		17,826	
Depreciation cost	16,848		15,723	
Other	24,954		23,512	
	138,058	27.8	122,627	24.6
Operating income	25,553	5.2	33,544	6.8

	Fiscal year ended March 31, 2005		Fiscal year ended March 31, 2006	
	Millions of Yen	%	Millions of Yen	%
Other income:				
Interest income	364		569	
Dividends received	227		295	
Income from donation of property	2,204		2,351	
Other	1,066		1,091	
	3,861	0.7	4,307	0.8
Other expenses:				
Interest expenses	388		421	
Interest expenses on bonds	1,422		1,424	
Other	210		95	
	2,020	0.4	1,941	0.4
Ordinary income	27,394	5.5	35,910	7.2
Special gains:				
Gain on sale of property and equipment (Note 1)	123		126	
Gain on transfer of business (Note 2)	–		400	
	123	0.0	526	0.1
Special losses:				
Loss on disposal of property and equipment (Note 3)	3,245		3,118	
Loss on sale of property and equipment (Note 4)	89		849	
Loss on closing stores (Note 5)	684		652	
Loss on impairment of fixed assets (Note 6)	–		1,047	
Loss on devaluation of investments in securities	23		6	
Loss on devaluation of club memberships	70		–	
Loss on prior period adjustment (Note 7)	–		349	
Loss on disposal of subsidiary (Note 8)	1,730		–	
Loss on winding up of severance and retirement benefits payment plan (Note 9)	469		–	
	6,312	1.2	6,023	1.2
Income before income taxes	21,205	4.3	30,413	6.1
Income taxes:				
Current	6,700		13,000	
Deferred	1,189		(1,583)	
	7,889	1.6	11,416	2.3
Net income	13,316	2.7	18,996	3.8
Retained earnings brought forward from previous period	6,799		8,284	
Unappropriated retained earnings at the end of the period	20,115		27,281	

## STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS

	Fiscal year ended March 31, 2005		Fiscal year ended March 31, 2006		Increase (Decrease) Millions of Yen
	Millions of Yen	%	Millions of Yen	%	
Unappropriated retained earnings at end of period	20,115		27,281		7,165
Reversal of voluntary reserve					
Reversal of reserve for compression of fixed assets	2		28		
Reversal of extraordinary depreciation reserve	71		64		
	74		92		18
Total	20,190		27,374		7,184
Appropriation of retained earnings					
Cash dividends paid	7,731		9,420		
Directors' bonuses	80		-		
Voluntary reserve					
Reserve for compression of fixed assets	58		29		
Extraordinary depreciation reserve	34		24		
Contingent reserve	4,000		6,000		
	4,093		6,053		
Total	11,905		15,474		3,568
Retained earnings carried forward to next period	8,284		11,900		3,615

## Notes:

1. Treasury stock is not included in the calculation of cash dividends paid.
2. The reversals and fundings of the reserve for compression of fixed assets and the extraordinary depreciation reserve are based on the special taxation measures law.

VALUATION STANDARDS AND VALUATION METHODS FOR INVENTORIES

Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005 )	Fiscal year ended March 2006 (from April 1, 2005 to March 31, 2006)
<p>1. Basis and method of valuation of assets</p> <p>Securities</p> <p>(1)Shares of subsidiaries or affiliates Stated at carried cost using the moving average method.</p> <p>(2)Available-for-sale securities with available fair market value: Calculated according to the market value method based on market values on settlement date (unrealized gains and losses are recorded in stockholders' equity, realized gains and losses are calculated used the moving average method).</p> <p>With no available fair market value: Stated at carried cost using the moving average method.</p>	<p>1. Basis and method of valuation of assets</p> <p>(1)Securities (1) Shares of subsidiaries or affiliates Same as on the left</p> <p>(2)Available-for-sale securities with available fair market value: Same as on the left</p>
<p>2. Valuation standards and valuation methods for inventories</p> <p>(i) Products are calculated using the retail inventory method and stated at carried cost.</p> <p>(ii) Inventory goods are calculated using the last purchase price method.</p>	<p>2. Valuation standards and valuation methods for inventories Same as on the left</p>
<p>3. Depreciation and amortization of major Fixed assets</p> <p>(1) Property and equipment Calculated using the declining-balance method based on the estimated useful lives of the assets in accordance with the Japanese Corporate Tax Law. However, the Company employs its own method for estimating the useful lives of the Company's store buildings.</p> <p>(2)Intangible assets Calculated using the straight-line method based on the estimated useful lives of the assets in accordance with the Japanese Corporate Tax Law.</p>	<p>3. Depreciation and amortization of major Fixed assets</p> <p>(1) Property and equipment Same as on the left</p> <p>(2)Intangible assets Same as on the left</p>
<p>4. Accounting policies for principal allowances</p> <p>(1) allowance for doubtful accounts Provision is made for losses arising from the non-payment of receivables according to estimates of unrecoverable amounts, based on the historical rate of actual losses for general receivables and on examinations of the collectibility of specific doubtful accounts.</p> <p>(2)Accrued bonuses Provision is made for the payment of bonuses to employees based on the portion of the estimated amount of bonus payments applicable to the said fiscal period.</p> <p style="text-align: center;">—</p> <p>(3)Severance and retirement benefits for employees</p> <p style="text-align: center;">—</p> <p>(Additional information) Accounting procedures associated with the refund of pension assets: Accounting procedures associated with the refund of pension assets: Accounting procedures related to the refund to the Company of the fund excess amount of pension assets related to an approved retirement annuity system in the fiscal period were implemented in accordance with the amended "Accounting Committee Report No.13 Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" issued by the Japanese Institute of Certified Public</p>	<p>4. Accounting policies for principal allowances</p> <p>(1) allowance for doubtful accounts Same as on the left</p> <p>(2)Accrued bonuses Same as on the left</p> <p>(3) Allowance for loss on interest reimbursement Provision is made for loss on reimbursement of interests on consumer loans based on the estimated amount of interest reimbursement at the end of the fiscal year ended March 31, 2006.</p> <p>(additional information) As a result of a Supreme Court decision issued on January 2006 regarding the appropriate application of reimbursement regulations stipulated by the "Money-Lending Business Control and Regulation Law, Regulation for Loan Business in Japan" reimbursement of consumer loan interest is expected to increased. Therefore, a provision for loss on interest reimbursement was recognized from the end of the consolidated fiscal year under review. As result, operating income, ordinary income, and income before income taxes and minority interests decreased ¥1,110 million respectively.</p>

<p>Accountants on October 4, 2004.</p> <p>Accounting procedures associated with winding up of severance and retirement benefits payment plan: On January 31, 2005, all employees subject to the Company's severance and retirement benefits payment plan retired through transfer to subsidiaries. As a result, the Company recognized ¥469 million related to a lump-sum severance and retirement benefit payment plan approved retirement annuity plan as an extraordinary loss, "loss on winding up of severance and retirement benefits payment plan" in accordance with Accounting Standards Implementation Guidance No. 1, "Guidance on Accounting for the Transfer between Retirement Benefit Plans," issued by the Accounting Standards Board of Japan on January 31, 2002.</p> <p>(4) Severance and retirement benefits for directors and corporate auditors Provision is made for the payment of required amounts of directors' severance and retirement benefits based on the Company's in-house payment rules.</p>	<p>(4) Severance and retirement benefits for directors and corporate auditors Same as on the left</p>
<p>5. Standards for recognition of sales and income on sales Merchandise sales are recognized upon the conclusion of contracts with customers. Further, merchandise sales income from installment sales is recognized at the time of sale. Finance charges earned on installment sales and interest income on consumer loans (in-house loans) are recognized on an accrual basis through charges on declining balances.</p>	<p>5. Standards for recognition of sales and income on sales Same as on the left</p>
<p>6. Treatment of consumption tax Consumption taxes are accounted for in accordance with the tax excluded method. However, consumption taxes on assets not subject to exemptions are accounted for as expenses in the fiscal period in which they are incurred.</p> <p style="text-align: center;">—</p>	<p>6. Treatment of consumption tax Same as on the left</p> <p>(Accounting standards for the impairment of fixed assets)</p> <p>From the interim period, the Company adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for accounting standard for impairment of fixed assets (the Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). As a result, income before income taxes in the interim period decreased ¥916 million.</p> <p>Further, cumulative impairment loss was deducted directly from respective assets in accordance with the amended rules for financial statements.</p>

#### CHANGES IN DISCLOSURE METHODS

Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005 )	Fiscal year ended March 2006 (from April 1, 2005 to March 31, 2006)
<p>(Nonconsolidated statements of income)</p> <p>Selling, general and administrative expenses In the previous fiscal year, "commission paid" (¥3,305 million in the previous fiscal year) was included in "other." However, "commission paid" is classified as a separate item from the fiscal year under review because it exceeded five one hundredths of total selling, general and administrative expenses.</p>	<p style="text-align: center;">—</p>

## NOTES

(Nonconsolidated balance sheets)

As of March 31, 2005	As of March 31, 2005												
<p>Note 1 Principal assets and liabilities in relation to subsidiaries are as follows.</p> <p style="text-align: right;">Millions of Yen</p> <table> <tr> <td>Prepaid rents and lease deposits-principally for stores (current assets maturing within one year including "other")</td> <td style="text-align: right;">9,077</td> </tr> <tr> <td>Payables - principally trade</td> <td style="text-align: right;">15,056</td> </tr> <tr> <td>Current liabilities other than abovementioned</td> <td style="text-align: right;">7,540</td> </tr> </table> <p>Dividend limitation As determined by article 124, section 3 of the Japanese Commercial Code, net total assets were ¥2,183 million.</p> <p>Contingent liabilities Guaranteed liabilities Liability guarantees were made for housing loan contracts of ¥6 million for the employees of subsidiaries</p>	Prepaid rents and lease deposits-principally for stores (current assets maturing within one year including "other")	9,077	Payables - principally trade	15,056	Current liabilities other than abovementioned	7,540	<p>Note 1 Principal assets and liabilities in relation to subsidiaries are as follows.</p> <p style="text-align: right;">Millions of Yen</p> <table> <tr> <td>Prepaid rents and lease deposits-principally for stores (current assets maturing within one year including "other")</td> <td style="text-align: right;">9,028</td> </tr> <tr> <td>Accounts payable</td> <td style="text-align: right;">7,636</td> </tr> <tr> <td>Current liabilities other than abovementioned</td> <td style="text-align: right;">12,164</td> </tr> </table> <p>Dividend limitation As determined by article 124, section 3 of the Japanese Commercial Code, net total assets were ¥7,623 million.</p>	Prepaid rents and lease deposits-principally for stores (current assets maturing within one year including "other")	9,028	Accounts payable	7,636	Current liabilities other than abovementioned	12,164
Prepaid rents and lease deposits-principally for stores (current assets maturing within one year including "other")	9,077												
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Accounts payable	7,636												
Current liabilities other than abovementioned	12,164												

## (Non-Consolidated Statements of Income)

Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005 )	Fiscal year ended March 2006 (from April 1, 2005 to March 31, 2006 )																																																
<p>Note 1 Gain on sale of property and equipment was as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Land</td> <td style="text-align: right;">123</td> </tr> </table> <p>Note 2 —</p> <p>Note 3 Loss on disposal of property and equipment was as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Buildings</td> <td style="text-align: right;">2,132</td> </tr> <tr> <td>Fixtures and equipment</td> <td style="text-align: right;">644</td> </tr> <tr> <td><u>Removal expense and other</u></td> <td style="text-align: right;"><u>467</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">3,245</td> </tr> </table> <p>Note 4 Loss on sale of property and equipment was as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Fixtures and equipment</td> <td style="text-align: right;">57</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">26</td> </tr> <tr> <td><u>Other</u></td> <td style="text-align: right;"><u>5</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">89</td> </tr> </table> <p>Note 5 Loss on closing stores is as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Restoration cost</td> <td style="text-align: right;">217</td> </tr> <tr> <td>Lease contract termination penalties</td> <td style="text-align: right;">207</td> </tr> <tr> <td><u>Other</u></td> <td style="text-align: right;"><u>260</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">684</td> </tr> </table>	Land	123	Buildings	2,132	Fixtures and equipment	644	<u>Removal expense and other</u>	<u>467</u>	Total	3,245	Fixtures and equipment	57	Land	26	<u>Other</u>	<u>5</u>	Total	89	Restoration cost	217	Lease contract termination penalties	207	<u>Other</u>	<u>260</u>	Total	684	<p>Note 1 Gain on sale of property and equipment was as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Land</td> <td style="text-align: right;">126</td> </tr> </table> <p>Note 2 Gain on transfer of business was due to the assumption of the Company's insurance agency operations by subsidiary Epos Card Co., Ltd.</p> <p>Note 3 Loss on disposal of property and equipment was as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Buildings</td> <td style="text-align: right;">2,186</td> </tr> <tr> <td>Fixtures and equipment</td> <td style="text-align: right;">698</td> </tr> <tr> <td><u>Removal expense and other</u></td> <td style="text-align: right;"><u>232</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">3,118</td> </tr> </table> <p>Note 4 Loss on sale of property and equipment was as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Land</td> <td style="text-align: right;">604</td> </tr> <tr> <td><u>Buildings</u></td> <td style="text-align: right;"><u>244</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">849</td> </tr> </table> <p>Note 5 Loss on closing stores is as follows.</p> <p style="text-align: right;">(Millions of Yen)</p> <table> <tr> <td>Withdrawal compensation</td> <td style="text-align: right;">368</td> </tr> <tr> <td><u>Restoration cost</u></td> <td style="text-align: right;"><u>284</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">652</td> </tr> </table>	Land	126	Buildings	2,186	Fixtures and equipment	698	<u>Removal expense and other</u>	<u>232</u>	Total	3,118	Land	604	<u>Buildings</u>	<u>244</u>	Total	849	Withdrawal compensation	368	<u>Restoration cost</u>	<u>284</u>	Total	652
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<p>Note 6</p> <p style="text-align: center;">—</p>	<p>Note 6</p> <p>The Company recognized asset impairment losses for the following asset groups.</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0" style="width: 100%;"> <tr> <td colspan="2">Store</td> </tr> <tr> <td colspan="2">Marui Fujisawa store (Closed February 2006)</td> </tr> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">635</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">15</td> </tr> <tr> <td style="padding-left: 20px;"><u>Fixtures and equipment</u></td> <td style="text-align: right;"><u>13</u></td> </tr> <tr> <td colspan="2">Other (Tsuchiura , Ibaraki prefecture)</td> </tr> <tr> <td style="padding-left: 20px;">Land</td> <td style="text-align: right;">251</td> </tr> <tr> <td style="padding-left: 20px;">Building</td> <td style="text-align: right;">121</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">6</td> </tr> <tr> <td style="padding-left: 20px;"><u>Fixtures and equipment</u></td> <td style="text-align: right;"><u>2</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">1,047</td> </tr> </table> <p>The Company treats stores as the smallest units and the base units that generate cash flows. Further, lease property is grouped according to unit comprising separate properties. Regarding the abovementioned assets, the book value of stores scheduled for closure and of asset groups for which the market value is markedly lower than the book value is reduced to the collectible amount, and the amount of the reduction is recognized as impairment loss in extraordinary loss. Further, the collectible amounts for asset groups are based on measurements of net sale values. Land is evaluated using the road-rating method based on the inheritance tax evaluation amount. Also, the net sale value of stores following closure is assessed as zero because store facilities are scheduled for disposal.</p>	Store		Marui Fujisawa store (Closed February 2006)		Buildings	635	Structures	15	<u>Fixtures and equipment</u>	<u>13</u>	Other (Tsuchiura , Ibaraki prefecture)		Land	251	Building	121	Structures	6	<u>Fixtures and equipment</u>	<u>2</u>	Total	1,047
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<p>Note 7</p> <p style="text-align: center;">—</p>	<p>Note 7</p> <p>Loss on prior period adjustment was attributable to a reduction in refund of retained earnings to the Company due to a higher-than-expected increase in the amount of pensions at present value distributed to those eligible to receive severance and retirement benefits, which resulted from the winding up of a lump-sum severance and retirement benefit payment plan / approved retirement annuity system in the previous fiscal year.</p>																						
<p>Note 8</p> <p>As a result of the transfer of shares of Virgin Megastores Japan Ltd., loss on disposal of subsidiary was recognized.</p>	<p>Note 8</p> <p style="text-align: center;">—</p>																						
<p>Note 9</p> <p>Loss on winding up of severance and retirement benefits payment plan was incurred as a result of the termination of a lump-sum severance and retirement benefit payment plan / approved retirement annuity plan.</p>	<p>Note 9</p> <p style="text-align: center;">—</p>																						

(Lease transaction)

Because disclosure is made via EDINET, details of lease transactions are omitted in this report.

(Securities)

Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)

The shares of the Company's subsidiaries and affiliates do not have a market value.

Fiscal year ended March 2006 (from April 1, 2005 to March 31, 2006)

The shares of the Company's subsidiaries and affiliates do not have a market value.

## (Tax effect accounting)

Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005 )		Fiscal year ended March 2006 (from April 1, 2005 to March 31, 2006 )	
1. Breakdown of the primary factors in the occurrence of deferred tax assets and deferred tax liabilities		1. Breakdown of the primary factors in the occurrence of deferred tax assets and deferred tax liabilities	
(Deferred tax assets)	(Millions of Yen)	(Deferred tax assets)	(Millions of Yen)
Amount in excess of depreciation:	5,111	Amount in excess of depreciation:	6,269
Unrecognized provision for accrued bonuses:	370	Unrecognized provision for accrued bonuses:	301
Unpaid enterprise taxes:	781	Unpaid enterprise taxes:	807
Amount in excess of provision for doubtful accounts:	410	Amount in excess of provision for doubtful accounts:	451
Other:	1,076	Other:	1,270
Total, deferred tax assets:	7,750	Total, deferred tax assets:	9,100
(Deferred tax liabilities)		(Deferred tax liabilities)	
Reserved for compression of fixed assets:	4,554	Reserved for compression of fixed assets:	4,554
Net unrealized holding gains on securities:	1,498	Net unrealized holding gains on securities:	5,232
Other:	436	Other:	202
Total deferred tax liabilities:	6,490	Total deferred tax liabilities:	9,990
Net deferred tax assets:	1,260	Net deferred tax assets:	890
2. Breakdown of the causes of significant differences, when such differences occur, between income taxes after applying tax effect accounting and the effective statutory tax rate		2. Breakdown of the causes of significant differences, when such differences occur, between income taxes after applying tax effect accounting and the effective statutory tax rate	
	%		%
Effective statutory tax rate: (adjustments)	40.7	Effective statutory tax rate: (adjustments)	40.7
Permanently non-tax-deductible expenses:	0.2	Permanently non-tax-deductible expenses:	0.3
Permanently non-taxable dividends received	(0.3)	Permanently non-taxable dividends received	(0.3)
Per capita inhabitant tax:	0.3	Per capita inhabitant tax:	0.1
Tax exemption for promotion of IT investment:	(2.0)	Tax exemption for promotion of IT investment:	(2.4)
Other:	(1.7)	Other:	(0.9)
Effective tax rate after applying tax effect accounting:	37.2	Effective tax rate after applying tax effect accounting:	37.5

## (Per Share Information)(Yen)

	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005 )	Fiscal year ended March 2006 (from April 1, 2005 to March 31, 2006 )
Net assets per share	1,103.83	1,127.76
Net income per share	37.66	55.76
Diluted net income per share	36.52	53.47

Notes: The basis for calculating net income per share and diluted net income per share are as follows.

	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005 )	Fiscal year ended March 2006 (from April 1, 2005 to March 31, 2006 )
Net income per share		
Net income (millions of yen)	13,316	18,996
Amount not belonging to common stock (millions of yen)	80	—
(Bonuses to directors from retained earnings (millions of yen))	(80)	(—)
Net income available to common stockholders (millions of yen)	13,235	18,996
Average number of common shares (thousands of shares)	351,454	340,716
Diluted net income per share		
Adjustment to net income (millions of yen)	275	276
Interest payments (following deduction of applicable tax amounts (millions of yen))	(270)	(271)
Increase in number of common shares (thousands of shares)	18,503	19,721
Convertible bonds (thousands of shares)	(18,503)	(18,503)
Subscription warrant (thousands of shares)	(—)	(1,217)
Residual securities not included in calculation of dilute net income per share due to absence of dilutive effect	—	—

(Subsequent events)  
No applicable items.

## CHANGES IN DIRECTORES

### 1. Candidates for appointment as new directors

Director, development group, real estate group, store opening advancement group, building management group  
Ryouichi Abiko  
(current position: development group general manager)

Director, marketing deputy general manager, and president and CEO of Marui M's Mode Co., Ltd.  
Takashi Wakashima  
(current position: marketing deputy general manager, and president and CEO of Marui M's Mode Co., Ltd.)

Director, personnel group general manager and president and CEO of Marui Smart Support Co., Ltd.  
Osamu Matsui  
(current position: personnel group general manager and president and CEO of Marui Smart Support Co., Ltd.)

Director and president and CEO of Epos Card Co., Ltd.  
Mitsuaki Touge  
(current position: president and CEO of Epos Card Co., Ltd.)

### 2. Candidates for appointment as new corporate auditors

Standing corporate auditor  
Shigeru Omori  
(current position: managing director personnel group / accounting group)

### 3. Auditors scheduled for retirement

Standing corporate auditor  
Yukihisa Inamura