

Summary of 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

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

Application of U.S. Accounting Standards: Not applied

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

The Tokyo Stock Exchange, First Section

Location of Headquarters: Tokyo

1. CONSOLIDATED RESULTS FOR THE YEAR ENDING MARCH 2006 (April 1, 2005 to March 31, 2006)

(1) 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	561,539	1.0	44,705	21.3	46,178	21.2
Fiscal year ended March 2005	556,213	0.1	36,846	—	38,102	—

	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	23,983	25.1	70.39	67.31	5.5	6.4	8.2
Fiscal year ended March 2005	19,168	—	54.31	52.34	4.5	5.4	6.9

- (Note) (i) Equity in earnings of equity-method affiliates:
 Fiscal year ended March 2006: None Fiscal year ended March 2005: None
- (ii) Average number of outstanding shares during the period (consolidated):
 Fiscal year ended March 2006: 340,716,565 shares Fiscal year ended March 2005: 351,454,807 shares
- (iii) Changes in accounting policy: Yes
- (iv) 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) 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	722,578	432,695	59.9	1,286.09
Fiscal year ended March 2005	712,644	436,259	61.2	1,241.08

- (Note) Number of outstanding shares at period-end (consolidated):
 Fiscal year ended March 2006: 336,443,012 shares Fiscal year ended March 2005: 351,451,054 shares

(3) Consolidated Results of Cash Flows

	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Used in Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal year ended March 2006	36,116	(33,846)	(12,956)	42,619
Fiscal year ended March 2005	41,100	(19,105)	(10,135)	53,305

- (4) Scope of Consolidation and Application of the Equity Method
 Consolidated subsidiaries: 18 companies
 Non-consolidated subsidiaries for which the equity method is applied: None
 Affiliates for which the equity method is applied: None
- (5) Changes in Scope of Consolidation and Application of the Equity Method
 Consolidated subsidiaries: Newly added: None Excluded: None
 Equity-method non consolidated subsidiaries and affiliates: Newly added: None Excluded: None

2. Forecast of Consolidated Results for the Year Ending March 2007 (April 1, 2006 to March 31, 2007)

	Sales	Operating Income	Ordinary Income	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Interim period ended September 2006	271,000	23,000	23,000	10,500
Year ending March 2007	575,000	55,000	55,000	25,500

- (Note) Projected net income per share for the year ending March 2007: 75.79 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 consolidated results for the year ending March 2007.

Marui Group Companies

Business Description

Marui Co., Ltd., (the Company) and its affiliates, which comprised 22 subsidiaries and 3 affiliates as of March 31, 2006, implement operations in three business segments—Retailing, Credit Card and Consumer Finance Services, and Retailing-related services.

The following is a categorization and description of the operations of the Company and its affiliates.

The categorization is consistent with the Company's operational segments.

Retailing

The Company and the affiliates listed below retail apparel, accessories, interior and household goods, foodstuffs, and other goods.

Affiliates: Marui M's Mode Co., Ltd., Marui Palette Co., Ltd., Marui Fashion Navi. Co., Ltd., Marui Access Co., Ltd., and Marui Seasoning Co., Ltd.

Through corporate divestiture of operational departments related to mail-order sales and e-commerce Marui Voi Co., Ltd., was established as a new company on April 1, 2006.

Credit Card and Consumer Finance Services

The Company and the affiliates listed below are responsible for the Company's in-house credit card and installment sale operations and provide consumer loan, insurance, and travel agency services.

Affiliates: Epos Card Co., Ltd., Zero First Co., Ltd., and MRI Servicer Co., Ltd..

Marui Card Co., Ltd., changed its name to Epos Card Co., Ltd., on March 9, 2006.

Retailing related- services

The Company and the affiliates listed below conduct operations for corporate clients that primarily comprise truck freight transportation, store interior decoration, advertising, software development, security and maintenance of buildings and other facilities, and real estate leasing.

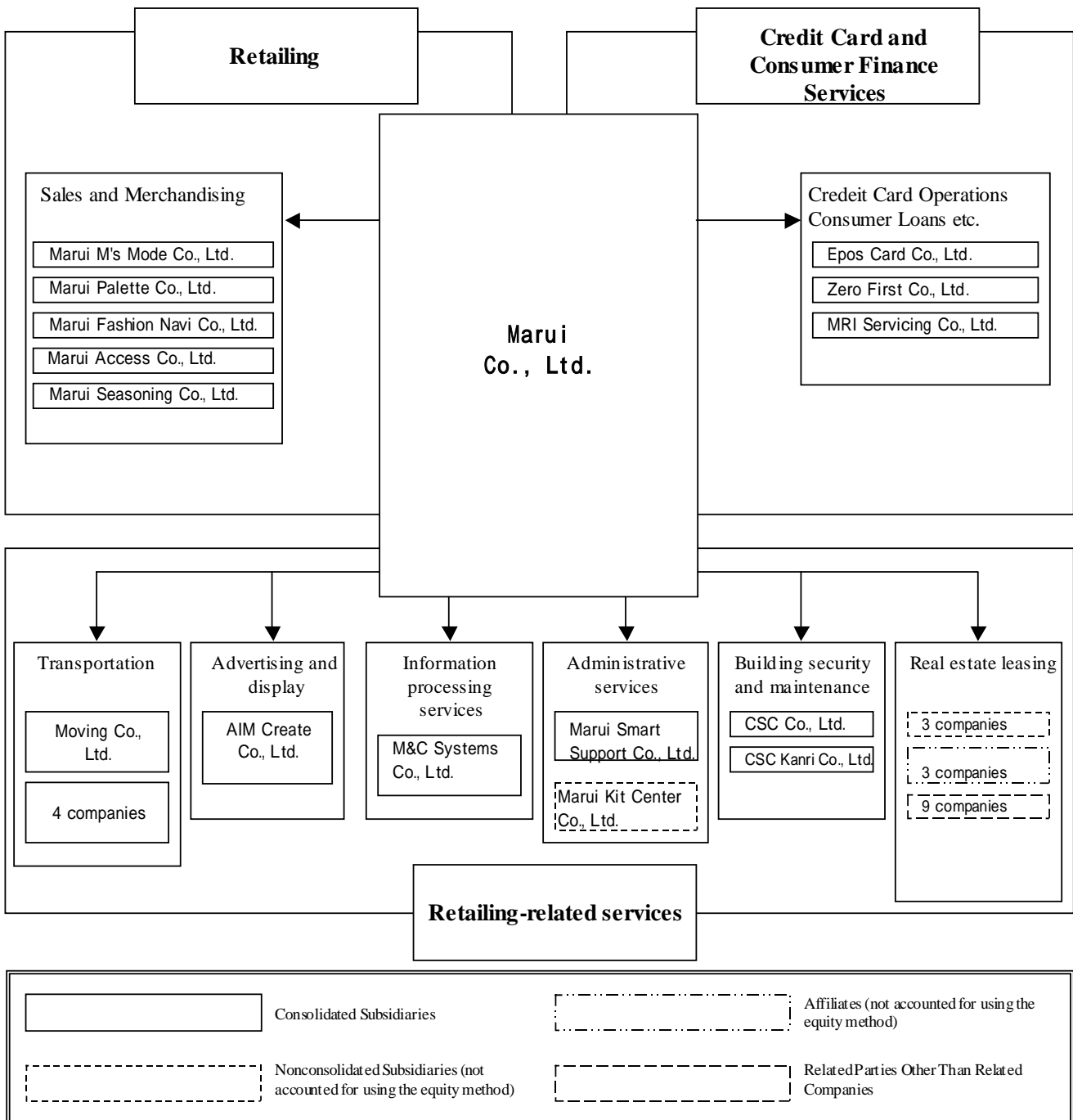
Affiliates: Moving Co., Ltd., AIM Create Co., Ltd., M&C Systems Co., Ltd., Marui Smart Support Co., Ltd., CSC Co., Ltd., Tokyo Moving Co., Ltd., Tokai Moving Co., Ltd., , Saikyo Moving Co., Ltd., Keiyo Moving Co., Ltd., CSC Kanri Co., Ltd., Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., Shiki Toshi Kaihatsu Co., Ltd., Mizonokuchi Shintoshi Co., Ltd., Nakano Sun Cuore Co., Ltd. and Mito Toshi Kaihatsu Co., Ltd.

It was determined to dissolve Tokyo Moving Co., Ltd., Tokai Moving Co., Ltd., Saikyo Moving Co., Ltd., and Keiyo Moving Co., Ltd., and transfer their operations to Moving Co., Ltd., on March 31, 2006, to enhance efficiency through operational aggregation.

In addition to the abovementioned companies, the Company and its affiliates lease buildings and other facilities for operations and stores from Aoi Fudosan Co., Ltd., and eight other companies.

The Marui group

The following is a schematic diagram of the Marui Group's operations.



Management Policy

Basic Management Policy

In addition to mainstay retailing of highly fashionable products, Marui is growing as corporate group that develops Credit Card and Consumer Finance Services as well as Retailing-Related Services. Placing the greatest value on customer service that pleases our customers, we have pursued management innovation that reflects customers' viewpoints and cultivated distinctive business know-how.

By continuing to realize synergy benefits among businesses and by offering customers new additional value, the Group aims to become a corporate group that can contribute further to stockholders, business partners, and local community members.

Basic Policy for the Distribution of Profits

The Group's basic policy is to strengthen management foundations and enhance returns on stockholders' equity while maintaining appropriate distributions of profits to shareholders in light of comprehensive consideration of such factors as performance trends and dividend payout ratios.

In addition, based on cash flows, the Group will actively reinvest retained earnings to expand operations strategically and increase earnings. At the same time, the Group wants to achieve cash dividends levels that appropriately reflect income levels by linking them to progress made in the implementation of the current medium-term management plan.

Specifically, for the fiscal year ending March 2010—the final year of the medium-term management plan—the Group is targeting operating income of ¥80 billion and full-year cash dividends per share of ¥50. In the intervening fiscal years, the Group plans to pay cash dividends reflecting the degree of progress each year's operating income has made toward that ¥80 billion benchmark.

Further, aiming to increase opportunities to distribute profits, we plan to introduce an interim cash dividend linked to interim operating income from the current fiscal year, ending March 2007, with September 30 as the date of record.

Medium-to-Long Term Management Strategy

In order to establish new growth platforms, the Marui Group prepared a five-year medium-term management plan, starting from the fiscal year under review, ended March 31, 2006. Aiming to realize that plan's target of achieving consolidated operating income of ¥80 billion, we are further strengthening our management platform.

First, in retailing operations we will continue pursuing a scrap-and-build policy while moving forward with nationwide roll-out based on the development of stores specializing in youth fashion. Specifically, plans call for the September 2006 unveiling of Nanba Marui in front of Nanba Station in Osaka—our second store in the Kansai region following on from Kobe Marui. We will continue to open highly efficient stores in prime locations through such initiatives as the spring 2007 opening of a new Shinjuku store complex followed by the launch of a store in Yurakucho in the autumn of the same year. Moreover, we will fortify the profitability of mainstay stores through a reorganization of the Shinjuku area that will include rebuilding City Shinjuku to coincide with the opening of the new Shinjuku store complex next spring.

Meanwhile, we will take decisive steps to scrap stores performing sluggishly. In the fiscal year under review, ended March 31, 2007, we heightened the efficiency of our store network by closing four stores in Kawagoe, Totsuka, Tokorozawa, and Tsudanuma. In addition, some of those stores were converted to tenant building formats for fashion-related stores. Group company Aim Create Co., Ltd., will manage such buildings as part of its property management business.

Also, companies managing SPA (specialty store retailer of private label apparel) shops and specialty store operations will actively open stores in such locations as fashion-shop buildings and shopping centers, with a view to shifting from Tokyo-centered to nationwide business development. Further, we will reinforce systems-related collaboration with business partners based on supply chain management initiatives to enhance the accuracy of our quick response system. At the same time, we will bolster profitability by continuing to take steps to enhance and increase in-house products and to improve gross profits margins.

Credit Card and Consumer Finance Services began issuing the "Epos Card" in March 2006, which enabled it to pursue a new business strategy. The "Epos Card" is a new credit card that offers customers convenience and added discount functions and services. Obtaining a special license from Visa International that includes direct issuance rights has allowed us to combine in the new credit card the advantages of Marui's existing house credit card with the versatility afforded by the Visa brand. Going forward, we plan to expand membership of the new card as a "first and forever credit card" that "customers use first and use for a lifetime." Finance charges earned from the introduction of installment payment for shopping and card usage at Visa-affiliated stores nationwide will establish new "credit card business" as a third pillar of earnings in addition to "retailing" and "consumer finance." At the same time, we will take Groupwide initiatives to establish a business model that integrates all of our operations.

In Retailing-Related Services, we are bolstering the marketing capabilities of respective operations and actively developing business outside the Group. In conjunction with those efforts, we are further heightening profitability by reducing expenses related to transactions within the Group.

Through such initiatives, underpinned by merchandising, the Marui Group will strengthen management foundations and enhance performance by heightening the specialization and uniqueness of respective operations while realizing synergy benefits.

Items relating to the Parent Company

No applicable items.

Operational Performance and Financial Position

Operational Performance

In the fiscal year under review, ended March 31, 2006, a feeling of steady economic recovery strengthened due to such factors as vigorous capital investment fueled by enhanced corporate earnings as well as promising consumer spending trends that stemmed from improvements in employment and personal incomes.

In response to those business conditions, the Marui Group established a five-year medium-term management plan at the beginning of the fiscal year, and all Group companies made concerted efforts to actively implement measures aimed at realizing the plan's first-year targets.

As a result, the Company posted year-on-year (all comparisons hereafter are with the same period of the previous fiscal year unless otherwise stated) increases of 1.0% in total operating revenues, to ¥561,539 million; 21.2% in ordinary income, to ¥46,178 million; and 25.1% in net income, to ¥23,983 million.

Calling for consolidated operating income of ¥80 billion in the fiscal year ending March 2010, our medium-term management plan targeted operating income of ¥40 billion in its first year, the year under review. We outperformed that target significantly, recording operating income of ¥44,705 million, up ¥7,858 million from the previous fiscal year.

Segment Breakdown

Retailing

In Retailing operations, sales at existing stores edged up 0.9%, the first increase since the fiscal year ended January 2002. Mainstay downtown stores such as "City Shinjuku" and "City Shibuya" performed strongly thanks to the effect of refurbishments. Furthermore, "Kobe Marui", which opened in October 2003, and "Kitasenju Marui", which opened in February 2004, posted favorable results.

In product categories, men's apparel and sporting goods continued to sell briskly, up 5.9%, and gave momentum to overall sales. That favorable performance was due to the active advancement with our business partners of supply chain management measures based on a new sales information system developed in-house. That new system enabled us to create major-hit seasonable products such as polo shirts and blousons by rapidly reflecting latent demand among our distinctive customer base in lineups and sales areas.

In mail-order sales operations, we developed new merchandising channels by beginning full-fledged mobile shopping through channels including our Internet-based "virtual store" as an addition to traditional catalog mail-order business.

Meanwhile, the gross profit margin on merchandise sales rose 1.0 percentage point, to 29.6%, and the gross profit on merchandise sales improved 4.3%, to ¥129,400 million. Those improvements were mainly due to higher sales of regularly priced products and the curbing of discounted merchandise sales, which resulted from the honing of the accuracy of sales plans. Also, gross profit on merchandise also benefited from stepped-up marketing of directly imported products through such measures as increasing the overseas production ratio and expanded lineups of private brands.

As a result, Retailing operating revenues increased 0.6%, to ¥436,755 million, and operating income was up a sharp 47.7%, ¥24,245 million.

Credit Card and Consumer Finance Services

From the fiscal year, we took steps to further reinforce the operational platform of Credit Card and Consumer Finance Services by starting the full-fledged operation of a three-company structure for the segment. The segment performed steadily, with outstanding loans approximately in line with plans thanks to continued efforts to cultivate loyal customers centered on "Akai Card" and to steadily expand our network of "Zero First" outlets. Launching operations from the year under review, MRI Servicer Co., Ltd., took measures to establish a new business format and contributed to increased earnings. As a consequence, segment operating revenues increased 4.2%, to ¥72,124 million, and operating income grew 9.9%, to ¥19,818 million.

Retailing-Related Services

In Retailing-Related Services, which mainly comprise such operations as logistics, advertising and store remodeling, and building management and maintenance, we further buttressed high-value-added services by exploiting unique know-how stemming from our retailing expertise. In those efforts, we took decisive steps to expand Group operations, including large-item delivery operations; property management operations (the planning and management of commercial facilities), and condominium leasing operations.

As a result, segment operating revenues rose 0.9%, to ¥101,991 million. Operating income decreased 14.3%, to ¥4,429 million.

Further, in the fiscal year, we transferred some services that were included in the segment previously named "credit and consumer services" to the segment previously named "other." We then changed the name of the "credit and consumer services" segment to

Credit Card and Consumer Finance Services and the name of the “other” segment to Retailing-Related Services. The effect of those changes on respective segment operating revenues and operating income was minimal.

Financial Position

Total assets at the end of the fiscal year increased ¥9,933 million from the previous fiscal year-end, to ¥722,578 million. That increase was mainly due to a ¥20,924 million rise in investment in securities associated with growth in the market value of stock holdings, counteracting a ¥10,686 million decrease in cash related to treasury stock acquired.

Total liabilities increased ¥14,113 million, to ¥287,969 million, mainly because a ¥20,000 million net increase in commercial paper cancelled decreases in trade payables and other items.

Total stockholders’ equity recorded a ¥3,563 million decline, to ¥432,695 million, that was associated with treasury stock acquired of ¥25,222 million, which cancelled increases of ¥16,171 million in retained earnings and ¥5,486 million in net unrealized holding gains on securities. As a result, the equity ratio was 59.9%.

Consolidated Cash Flows

Net cash provided by operating activities decreased ¥4,984 million year on year, to ¥36,116 million. Income before income taxes and minority interests amounted to ¥39,664 million, and depreciation and amortization totaled ¥17,616 million. Meanwhile, income taxes paid in cash were ¥17,262 million, while increase in receivables—consumer loans was ¥9,236 million.

Net cash used in investing activities rose ¥14,741 million, to ¥33,846 million. That increase was mostly the result of payments for purchase of property and equipment of ¥24,476 million that were associated with the refurbishment of existing stores.

Net cash used in financing activities was up ¥2,821 million, to ¥12,956 million, because factors such as payments for purchase of treasury stock of ¥25,257 million and dividends paid of ¥7,731 million counteracted a ¥20,000 million net increase in commercial paper.

As a result, cash and cash equivalents at end of period decreased ¥10,686 million from the previous fiscal year-end, to ¥42,619 million.

Outlook for the Current Fiscal Year

In the current fiscal year, ending March 31, 2007, we anticipate challenging business conditions. Although the modest recovery in consumer spending is expected to continue as employment and personal incomes pick-up steadily on the back of favorable corporate results, consumer confidence could be impacted by rising social insurance premiums and income taxes, while competition from other business formats is likely to continue intensifying.

Faced with that operating environment, in the current fiscal year—the second year of the Company’s five-year medium-term management plan—the Marui Group will endeavor to realize the plan’s targets by fully leveraging each companies’ management resources and by taking concerted Groupwide measures to establish a platform for new growth.

In the current fiscal year, the Company projects increases of 2.4% in consolidated total operating revenues, to ¥575,000 million; 23.0% in operating income, to ¥55,000 million; 19.1% in ordinary income, to ¥55,000 million; and 6.3% in net income, to ¥25,500 million.

Operational and Other Risks

(1) Sales

The Marui Group's mainstay Retailing operations could be significantly affected by economic trends or by unseasonable weather, such as cool summers or warm winters. Further, the retail industry is witnessing the opening of a succession of commercial facilities and large-scale shopping centers, which could further exacerbate the over supply of stores. In the coming environment of intensified inter-store competition, if the Group was unable to maintain its competitive advantages, the Group's performance could be affected.

(2) Statutory Regulations Relating to Installment Sales Operations

The Group operates installment sales operations through its house credit cards. Those installment sales operations are subject to the "installment sales law," aimed at protecting consumers. As result, those operations are subject to regulations regarding disclosure of transaction terms, issuance of documents, limitation of contract cancellation, contract cancellation, limitation of damages arising from contract cancellation and other factors, prevention of excessive credit, appropriate usage of credit information, and limitation of collection activities. Future revisions of the "installment sales law" could, depending on the content of such revisions, affect the Group's performance.

(3) Statutory Regulations Relating to Consumer Loan Operations

1) In addition to the sale of goods, the Group operates consumer loan business. That consumer loan business is subject to the "moneylending control law," aimed at protecting borrowers. Consequently, that business is subject to regulations pertaining to registration with the Kanto Local Finance Bureau as a moneylender, prohibition of excessive lending, disclosure of lending terms, prohibition of exaggerated advertising, issuance of contract documents, issuance of receipts, provision of ledgers, prohibition of the acquisition of blank power of attorney, and limitation of collection activities. Future revisions of the "moneylending control law," could, depending on the content of such revisions, affect the Group's performance.

2) The effective actual annual interest rates of the Group's consumer loan operations are below the upper limit of 29.2% determined by the "investment deposit and interest rate law." A future revision of the "investment deposit and interest rate law" that lowered the upper limit for interest rates below the Group's current effective actual annual interest rates could affect the Group's performance.

3) Further, article 43 of the "moneylending control law" requires reimbursement of lending interest rates that exceed the upper limit on interest rates stipulated by "the interest limitation law." In that relation, a requirement to return interest in excess of limits stipulated by the interest limitation law could affect the Group's performance.

(4) The Group holds a large amount of personal information, such information relating to Akai Card members. Regarding the management of personal information as one of its highest-level risks, the Group is dealing with the issue based on a thoroughgoing system. The Group has established regulations for the treatment of personal information based on the standards of industry organizations and endeavors to strengthen its management system through a committee for the promotion of the protection of personal information. Further, we encourage employees to acquire qualification as managers for the treatment of personal information. And, we seek to heighten awareness of the issue among employees through the designation of regular "personal information weeks" and other initiatives. In addition, we stringently manage digital personal information by using a highly secure host computer. We also have thoroughgoing countermeasures in place to block infiltration from outside by hackers or by viruses and to prevent improper access from within the Company.

In the unlikely event that, despite those measures, there was leakage of personal information, sales could decrease due a loss of public trust in the Group or the Group could face damages resulting from the leakage of information. Such eventualities could affect the Group's performance.

(5) External Factors

Most of the Group's operational facilities are concentrated in the Tokyo metropolitan area. Accordingly, a natural disaster, such as an earthquake, windstorm, or flood that resulted in large-scale damage or a terrorist attack in the Tokyo metropolitan area could affect the Group's performance.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Assets)	As of March 31, 2005		As of March 31, 2006		Increase (Decrease)
	Millions of Yen	% of Total	Millions of Yen	% of Total	Millions of Yen
Current assets:					
Cash and deposits	53,305		42,619		
Receivables					
–merchandise sales	37,752		40,045		
–consumer loans	249,252		258,488		
Other receivables	2,143		1,836		
Inventories	48,910		46,095		
Deferred income taxes	4,290		4,447		
Other current assets	14,174		13,830		
Allowance for doubtful accounts	(10,700)		(9,500)		
Total current assets	399,128	56.0	397,863	55.1	(1,265)
Fixed assets:					
Property and equipment:					
Buildings and store fixtures	274,323		270,386		
Accumulated depreciation	167,278		169,191		
	107,044		101,194		
Land	114,977		113,855		
Construction in progress	249		2,224		
Other property and equipment	41,334		39,541		
Accumulated depreciation	28,285		26,381		
	13,049		13,160		
Total property and equipment	235,320	33.0	230,434	31.9	(4,886)
Intangible assets, net	1,556	0.2	1,237	0.1	(318)
Investments and other assets:					
Investments in securities (Note 1)	14,121		35,046		
Prepaid rents and lease deposits—principally for stores	56,784		52,047		
Deferred income taxes	3,040		2,702		
Other assets	2,692		3,246		
Total investments and other assets	76,638	10.8	93,043	12.9	16,404
Total fixed assets	313,515	44.0	324,715	44.9	11,199
Total Assets	712,644	100.0	722,578	100.0	9,933

	As of March 31, 2005		As of March 31, 2006		Increase (Decrease)
	Millions of Yen	% of Total	Millions of Yen	% of Total	Millions of Yen
(Liabilities)					
Current liabilities:					
Payables—principally trade	42,724		41,101		
Short-term loans and current maturities of long-term debt	53,246		51,737		
Commercial paper	—		20,000		
Income taxes payable	12,521		13,453		
Accrued bonuses	4,490		4,300		
Allowance for credit card points	—		294		
Allowance for loss on interest reimbursement	—		1,200		
Other current liabilities	23,418		20,222		
Total current liabilities	136,401	19.1	152,309	21.1	15,908
Long-term liabilities:					
Bonds	80,000		80,000		
Convertible bonds	39,839		39,838		
Long-term debt, less current maturities	8,050		9,600		
Deferred income taxes	1,190		1,758		
Severance and retirement benefits for directors and corporate auditors	800		745		
Other long-term liabilities	7,575		3,718		
Total long-term liabilities	137,455	19.3	135,660	18.7	(1,794)
Total liabilities	273,856	38.4	287,969	39.8	14,113
(Minority interests)					
Minority interests	2,528	0.4	1,913	0.3	(615)
(Stockholders' equity)					
Common stock (Note 2)	35,920	5.0	35,920	5.0	—
Capital surplus	91,273	12.8	91,274	12.6	0
Retained earnings	324,703	45.6	340,874	47.2	16,171
Net unrealized holding gains on securities	2,247	0.3	7,733	1.1	5,486
Less treasury stock, at cost (Note 3)	(17,886)	–2.5	(43,108)	–6.0	(25,222)
Total stockholders' equity	436,259	61.2	432,695	59.9	(3,563)
Total liabilities, minority interests and stockholders' equity	712,644	100.0	722,578	100.0	9,933

CONSOLIDATED STATEMENTS OF INCOME

	From April 1, 2004 to March 31, 2005		From April 1, 2005 to March 31, 2006	
	Millions of Yen	%	Millions of Yen	%
Merchandise sales	434,142	78.1 (100.0)	436,755	77.8 (100.0)
Cost of goods sold	310,091	(71.4)	307,354	(70.4)
Gross profit on merchandise sales	124,050	(28.6)	129,400	(29.6)
Other operating revenues:				
Finance charges earned on installment sales	1,756		1,895	
Interest income on consumer loans	60,104		65,267	
Other revenues	60,210		57,621	
	122,071	21.9	124,784	22.2
Other operating expenses	45,588		44,837	
Other gross profit	76,483		79,946	
Total gross profit	200,533	36.1	209,347	37.3
Selling, general and administrative expenses				
Provision for allowance for credit card points	–		294	
Loss on bad debts	–		2,709	
Provision for doubtful accounts	9,845		9,461	
Salaries	46,237		44,816	
Provision for allowance for accrued bonuses	4,097		3,882	
Severance and retirement benefit cost for employees	85		–	
Provision for loss on interest reimbursement	–		1,200	
Rent	18,913		18,398	
Depreciation cost	17,927		16,228	
Other	66,579		67,649	
	163,687	29.5	164,641	29.3
Operating income	36,846	6.6	44,705	8.0
Other income:				
Interest income	286		207	
Income from donation of property	2,135		1,495	
Exemption from consumption taxes	–		673	
Other non-operating income	957		1,122	
	3,379	0.6	3,498	0.6
Other expenses:				
Interest expenses	1,806		1,799	
Other expenses	317		225	
	2,124	0.3	2,025	0.4
Ordinary income	38,102	6.9	46,178	8.2

Special gains:				
Gain on sale of property and equipment (Note 1)	137		153	
Gain on sale of investments in securities	–		13	
	137	0.0	166	0.1
Special Losses:				
Loss on disposal of property and equipment (Note 2)	3,322		3,393	
Loss on sale of property and equipment (Note 3)	93		854	
Loss on closing stores (Note 4)	682		644	
Loss on impairment of fixed assets (Note 5)	–		1,431	
Loss on devaluation of investments in securities	23		6	
Loss on devaluation of club membership	70		–	
Loss on prior period adjustment (Note 6)	–		349	
Loss on disposal of subsidiary (Note 7)	1,730		–	
Loss on winding up of severance and retirement benefits payment plan (Note 8)	469		–	
Special termination benefits paid to employees (Note 9)	600		–	
	6,991	1.3	6,680	1.2
Income before income taxes and minority interests	31,248	5.6	39,664	7.1
Income taxes:				
Current	11,980		18,590	
Deferred	(37)		(3,017)	
	11,942	2.2	15,572	2.8
Minority interests	136	0.0	107	0.0
Net income	19,168	3.4	23,983	4.3

CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS

	From April 1, 2004 to March 31, 2005	From April 1, 2005 to March 31, 2006	Increase
	Millions of Yen	Millions of Yen	Millions of Yen
(Capital surplus)			
Capital surplus at the beginning of the period	91,273	91,273	0
Increase in capital surplus:			
Sale of treasury stock	0	0	0
	0	0	0
Capital surplus at fiscal year-end	91,273	91,274	0
(Retained earnings)			
Retained earnings at the beginning of the period	309,455	324,703	15,247
Increase in retained earnings:			
Net income	19,168	23,983	4,814
	19,168	23,983	
Decrease in retained earnings:			
Cash dividends paid	3,866	7,731	
Directors' bonuses	43	80	
Decrease due to inclusion of subsidiaries	2	-	
Decrease due to exclusion of subsidiaries	9	-	
	3,921	7,812	3,890
Retained earnings at fiscal year-end	324,703	340,874	16,171

CONSOLIDATED STATEMENTS OF CASH FLOWS

	From April 1, 2004 to September 31, 2005	From April 1, 2005 to September 31, 2006	Increase (Decrease)
	Millions of Yen	Millions of Yen	Millions of Yen
Cash flows from operating activities:			
Income before income taxes and minority interests	31,248	39,664	
Depreciation and amortization	18,961	17,616	
Increase in allowance for credit card points	–	294	
Increase (decrease) in allowance for doubtful accounts	698	(1,200)	
Increase (decrease) in accrued bonuses	392	(190)	
Increase in severance and retirement benefits for employees and decrease in prepaid pension expenses	18,437	–	
Increase in allowance for loss on interest reimbursement	–	1,200	
Interest and dividends income	(419)	(371)	
Interest expenses	2,002	1,976	
Gain on sale of property and equipment	(137)	(153)	
Loss on disposal of property and equipment	2,828	3,140	
Loss on impairment of fixed assets	–	1,431	
Loss on disposal of subsidiary	1,730	–	
Decrease (increase) in receivables	167	(2,293)	
Increase in receivables–consumer loans	(29,726)	(9,236)	
Decrease in inventories	1,196	2,815	
Decrease in trade payables	(7,646)	(1,623)	
Decrease in payables of lump-sum severance payments and special severance indemnities	(978)	–	
Bonuses paid to directors	(43)	(80)	
Other, net	5,975	2,063	
Sub-total	44,686	55,053	10,367
Interest and dividends income received in cash	303	300	
Interest expenses paid in cash	(2,057)	(1,975)	
Income taxes paid in cash	(1,832)	(17,262)	
Net cash provided by operating activities	41,100	36,116	(4,984)
Cash flows from investing activities:			
Net decrease in short-term loans receivable	503	0	
Payments for purchase of property and equipment	(29,758)	(24,476)	
Proceeds from sale of property and equipment	215	817	
Purchase of investments in securities	(19)	(11,721)	
Proceeds from sale of investments in securities	5	63	
Purchase of stocks of subsidiaries	(60)	(690)	
Payments of leasehold deposits	(514)	(1,335)	
Refunds of leasehold deposits	10,002	3,419	
Other, net	518	76	
Net cash used in investing activities	(19,105)	(33,846)	(14,741)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans	(10,055)	1,041	
Proceeds from long-term debt	3,800	3,000	
Repayments of long-term debt	–	(4,000)	
Net increase in commercial paper	–	20,000	
Payments for purchase of treasury stock	(10)	(25,257)	
Dividends paid	(3,866)	(7,731)	
Other, net	(3)	(8)	
Net cash used in financing activities	(10,135)	(12,956)	(2,821)
Effect of exchange rate changes on cash and cash equivalents	–	–	–
Increase (decrease) in cash and cash equivalents	11,859	(10,686)	(22,546)
Cash and cash equivalents at the beginning of the period	41,547	53,305	11,758
Decrease of cash and cash equivalents due to inclusion/exclusion of a subsidiaries in the consolidation	(100)	–	100
Cash and cash equivalents at end of period	53,305	42,619	(10,686)

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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.Scope of consolidation</p> <p>(1)Consolidated subsidiaries:18 companies</p> <p>Names of main consolidated companies: Moving Co., Ltd., Marui M’s Mode Co., Ltd., Marui Palette Co., Ltd., Marui Fashion Navi. Co., Ltd., Marui Access Co., Ltd., AIM Create Co., Ltd., Zero First Co., Ltd., M&C System Co., Ltd., Marui Smart Support Co., Ltd., CSC Co., Ltd., and Marui Seasoning Co., Ltd.</p> <p>In addition, from the fiscal year ended March 31, 2005, Marui Palette Co., Ltd., and Marui Fashion Navi. Co., Ltd., were included within the scope of consolidation because of their increased effect on consolidated financial statements, and Marui Card Co., Ltd. (established October 1, 2004), MRI Servicer Co., Ltd.. (established November 25, 2004), Tokyo Moving Co., Ltd., (established April 8, 2004), Tokai Moving Co., Ltd., (established April 8, 2004), Saikyo Moving Co., Ltd., (established April 8, 2004), and Keiyo Moving Co., Ltd., (established April 8, 2004), were included within the scope of consolidation to reflect their establishment. Further, Marui Fashion Freak Co., Ltd., was excluded from the scope of consolidation from the fiscal year ended March 31, 2005, because a decision to dissolve the company was taken on May 11, 2004, and the completion of special liquidation procedures was determined on February 28, 2005.</p> <p>(2)Names of non-consolidated subsidiaries Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., Shiki Toshi Kaihatsu Co., Ltd.,</p> <p>Reason for exclusion from scope of consolidation: The combined total assets, sales, net income (amounts corresponding to equity holdings), retained earnings (amounts corresponding to equity holdings), and other factors relating to the four nonconsolidated subsidiaries do not significantly affect consolidated financial statements.</p>	<p>1.Scope of consolidation</p> <p>(1)Consolidated subsidiaries:18 companies</p> <p>Names of main consolidated companies: Moving Co., Ltd., Epos Card Co., Ltd., Marui M’s Mode Co., Ltd., Marui Palette Co., Ltd., Marui Fashion Navi. Co., Ltd., Marui Access Co., Ltd., AIM Create Co., Ltd., Zero First Co., Ltd., M&C System Co., Ltd., Marui Smart Support Co., Ltd., CSC Co., Ltd., Marui Seasoning Co., Ltd and MRI Servicer Co., Ltd.</p> <p>Further, it was determined to dissolve Tokyo Moving Co., Ltd., Tokai Moving Co., Ltd., Saikyo Moving Co., Ltd., and Keiyo Moving Co., Ltd., and transfer their operations to Moving Co., Ltd., on March 31, 2006, to enhance efficiency through operational aggregation.</p> <p>In addition, Marui Card Co., Ltd., changed its name to Epos Card Co., Ltd., on March 9, 2006.</p> <p>(2)Names of non-consolidated subsidiaries Same as on the left</p> <p>Reason for exclusion from scope of consolidation: Same as on the left</p>
<p>2.Application of the equity method</p> <p>The equity method has not been applied to four nonconsolidated subsidiaries:Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., and Shiki Toshi Kaihatsu Co., Ltd., and three affiliates: Mizunokuchi Shintoshi Co., Ltd., Nakano Sun cuore Co., Ltd., Mito Toshi Kaihatsu Co., Ltd., because their net income (amounts corresponding to equity holdings) and retained earnings (amounts corresponding to equity holdings) do not significantly affect consolidated financial statements.</p>	<p>2.Application of the equity method</p> <p>Same as on the left</p>
<p>3.Closing date of consolidated subsidiaries</p> <p>The closing date of consolidated subsidiaries coincides with the consolidated closing date.</p>	<p>3.Closing date of consolidated subsidiaries</p> <p>Same as on the left</p>
<p>4.Significant accounting policies</p> <p>(1)Basis and method of valuation of major assets</p> <p>(i)Securities Available-for-sale securities with available fair market value: Calculated according to the market value method based on market values on consolidated 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>(ii)Inventories Principally calculated using the retail method.</p> <p>(2)Depreciation and amortization of major Fixed assets</p> <p>(i)Property and equipment Calculated using the declining-balance method based on the</p>	<p>4.Significant accounting policies</p> <p>(1)Basis and method of valuation of major assets</p> <p>(i)Securities Same as on the left</p> <p>(ii)Inventories Same as on the left</p> <p>(2)Depreciation and amortization of major Fixed assets</p> <p>(i)Property and equipment Same as on the left</p>

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>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>(ii) 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. However, the amortization of software for sale is provided by the greater of the amount calculated using the expected sales revenues or the amount calculated over the expected marketable period (within three years).</p> <p>(3) Accounting policies for principal allowances (i) 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>(ii) 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 style="text-align: center;">—</p> <p>(iii) Severance and retirement benefits for employees</p> <p>(Additional information) 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 Accountants on October 4, 2004. 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</p>	<p>(ii) Intangible assets Same as on the left</p> <p>(3) Accounting policies for principal allowances (i) allowance for doubtful accounts Same as on the left</p> <p>(ii) Accrued bonuses Same as on the left</p> <p>(iii) Allowance for credit card points Provision is made for the cost arising from the future usage of credit card points, which given to credit card members, based on the amount of expected usage in the future in relation to outstanding credit card points at the end of the consolidated fiscal year ended March 31, 2006. (additional information) In March 2006, accompanying the issuance of a new credit card, the Company introduced a credit card points system aimed a promoting credit card usage. As a result, a provision for credit card points cost was recognized from the consolidated fiscal year under review.</p> <p>(iv) 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 consolidated fiscal year ended March 31, 2006. (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 ¥1,200 million respectively.</p> <p style="text-align: center;">—</p>

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>loss, “loss on winding up of severance and retirement benefits payment plan” in accordance with Accounting Standards Implementation Guidance No. 1, “Implementation Guidance on Accounting for the Transfer between Retirement Benefit Plans,” issued by the Accounting Standards Board of Japan on January 31, 2002.</p> <p>(iv) 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) 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) Accounting for significant lease transactions With the exception of leases for which the ownership of the leased assets is considered to be transferred to the lessee, finance lease transactions are accounted for in accordance with standard accounting procedures for lease transactions.</p> <p>(6) Treatment of consumption tax Consumption taxes are accounted for in accordance with the tax excluded method. However, consumption taxes not subject to exemptions are accounted for as expenses in the fiscal period in which they are incurred.</p>	<p>(iv) Severance and retirement benefits for directors and corporate auditors Same as on the left</p> <p>(4) Standards for recognition of sales and income on sales Same as on the left</p> <p>(5) Accounting for significant lease transactions Same as on the left</p> <p>(6) Treatment of consumption tax Same as on the left</p>
<p>5. Recognition of the assets and liabilities of consolidated subsidiaries The assets and liabilities of consolidated subsidiaries are valued using the all-fair-value method.</p>	<p>5. Recognition of the assets and liabilities of consolidated subsidiaries Same as on the left</p>
<p>6. Amortization of consolidation adjustment account In principle, the consolidation adjustment account is amortized uniformly over a five-year period commencing from the date of occurrence. However, negligible amounts are recognized as income or loss at the time of occurrence.</p>	<p>6. Amortization of consolidation adjustment account Same as on the left</p>
<p>7. Treatment of appropriation of earnings items Consolidated statements of capital surplus and retained earnings are prepared based on appropriation of earnings settled by end of fiscal year.</p>	<p>7. Treatment of appropriation of earnings items Same as on the left</p>
<p>8. Scope of cash in consolidated statements of cash flows In preparing the consolidated statements of cash flows, cash, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.</p>	<p>8. Scope of cash in consolidated statements of cash flows Same as on the left</p>

CHANGES IN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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>—</p>	<p>Accounting standards for the impairment of fixed assets</p> <p>From the consolidated fiscal year under review, 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 Financial Accounting Standard Implementation Guidance No. 6 issued by the Financial Accounting Standards Board of Japan on October 31, 2003). As a result, income before income tax and minority interests in the fiscal year under review decreased ¥1,431 million.</p> <p>Further, cumulative impairment loss was deducted directly from respective assets in accordance with the amended rules for consolidated financial statements.</p>

NOTES

(Consolidated Balance Sheets)

As of March 31, 2005	As of March 31, 2006
<p>Note 1 Including ¥281 million of shares of nonconsolidated subsidiaries and affiliates for which the equity method is not applied.</p> <p>Note 2 The Company's number of shares of common stock issued was 368,660,000.</p> <p>Note 3 Consolidated companies held 17,209,000 shares of the Company's common stock.</p> <p>Contingent liabilities Guaranteed liabilities Liability guarantees were made for housing loan contracts of ¥6 million for the employees of the Company and its subsidiaries.</p>	<p>Note 1 Including ¥281 million of shares of nonconsolidated subsidiaries and affiliates for which the equity method is not applied.</p> <p>Note 2 Same as on the left</p> <p>Note 3 Consolidated companies held 32,217,000 shares of the Company's common stock.</p>

(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> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of Yen)</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">123</td> </tr> <tr> <td><u>Other</u></td> <td style="text-align: right;"><u>13</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">137</td> </tr> </table> <p>Note 2 Loss on disposal of property and equipment was as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of Yen)</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">2,169</td> </tr> <tr> <td>Fixtures and equipment</td> <td style="text-align: right;">659</td> </tr> <tr> <td><u>Removal expense and other</u></td> <td style="text-align: right;"><u>493</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">3,322</td> </tr> </table> <p>Note 3 Loss on sale of property and equipment was as follows:</p> <table style="width: 100%; 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Further, lease property is grouped according to units comprising separate properties. Regarding the abovementioned assets, the book value of stores scheduled for closure, of asset groups scheduled for sale, 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>		(Millions of Yen)	Land	126	<u>Other</u>	<u>27</u>	Total	153		(Millions of Yen)	Buildings and structures	2,375	Fixtures and equipment	762	<u>Removal expense and other</u>	<u>255</u>	Total	3,393		(Millions of Yen)	Land	604	Buildings and structures	244	<u>Other</u>	<u>5</u>	Total	854		(Millions of Yen)	Compensation for closing stores	368	<u>Restoration cost</u>	<u>276</u>	Total	644		(Millions of yen)	Store		Marui Fujisawa store (Closed February 2006)		Buildings and structures	651	Other	13	(Musashino, Tokyo)		Land	384	Other		Tsuchiura , Ibaraki prefecture		Land	251	Buildings and structures	127	Other	<u>2</u>	Total	1,431
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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)
Note 6 —	Note 6 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.
Note 7 As a result of the transfer of shares of Virgin Megastores Japan Ltd., loss on disposal of subsidiary was recognized.	Note 7 —
Note 8 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.	Note 8 —
Note 9 Special severance and retirement benefits are business-start-up/ job-seeker support funds paid to employees that elected to retire in relation one consolidated subsidiary's the transfer to a new personnel system from October 1, 2004	Note 9 —

(Consolidated Statements of Cash Flows)

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)
Cash and cash equivalents at the end of the Fiscal year of ¥53,305 million matches the total amount of cash and deposits recorded in consolidated balance sheets.	Cash and cash equivalents at the end of the Fiscal year of ¥42,619 million matches the total amount of cash and deposits recorded in consolidated balance sheets.

(Lease transaction)

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

(Securities)

As of March 31, 2005, the end of the previous fiscal year

1 Other securities with available fair value

(Millions of yen)

Type	Acquisition cost	Book value	Difference
Book value above acquisition cost			
Equity securities	2,292	7,142	4,849
Bonds	—	—	—
Other	—	—	—
Sub-total	2,292	7,142	4,849
Book value not above acquisition cost			
Equity securities	7,566	6,512	(1,053)
Bonds	—	—	—
Other	—	—	—
Sub-total	7,566	6,512	(1,053)
Total	9,858	13,655	3,796

2 The total amount of gain and loss on sale of other securities (from April 1, 2004, to March 31, 2005) sold in the consolidated fiscal year under review was of minimal significance and therefore is not included.

3 Breakdown of and book value of securities with no available fair value (as at March 31, 2005)

(Millions of yen)

Type	Book value
Other securities	
Non-listed equity securities	185

4 Matured other securities scheduled for redemption (as at March 31, 2005)

No applicable items.

As of March 31, 2006, the end of the fiscal year under review

1 Other securities with available fair value

(Millions of yen)

Type	Acquisition cost	Book value	Difference
Book value above acquisition cost			
Equity securities	12,830	27,082	14,251
Bonds	-	-	-
Other	-	-	-
Sub-total	12,830	27,082	14,251
Book value not above acquisition cost			
Equity securities	8,752	7,548	(1,203)
Bonds	-	-	-
Other	-	-	-
Sub-total	8,752	7,548	(1,203)
Total	21,583	34,631	13,048

2 The total amount of gain and loss on sale of other securities (from April 1, 2005, to March 31, 2006) sold in the consolidated fiscal year under review was of minimal significance and therefore is not included.

3 Breakdown of and book value of securities with no available fair value (as at March 31, 2006)

(Millions of yen)

Summary	Book value
Other securities	
Non-listed equity securities	133

4 Matured other securities scheduled for redemption (as at March 31, 2006)

No applicable items.

(Derivative Transactions)

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

(Severance and Retirement benefits payment)

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. Summary of severance and retirement benefits payment plan in use</p> <p>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, winding up procedures are being implemented for a lump-sum severance and retirement benefit payment plan / approved retirement annuity plan.</p> <p>2. Severance and retirement benefit obligations</p> <p>There are no applicable items because all employees subject to the severance and retirement benefits payment plan retired, and winding up procedures were implemented for a lump-sum severance and retirement benefit payment plan / approved retirement annuity plan.</p> <p>3. Severance and retirement benefit costs for employees</p> <table data-bbox="159 694 718 974"><thead><tr><th></th><th>(¥ millions)</th></tr></thead><tbody><tr><td>a. Service cost:</td><td>93</td></tr><tr><td>b. Interest cost:</td><td>97</td></tr><tr><td>c. Expected return on plan assets:</td><td>(258)</td></tr><tr><td>d. Recognized actuarial loss:</td><td>185</td></tr><tr><td><u>e. Amortization of prior service cost:</u></td><td><u>(32)</u></td></tr><tr><td>Severance and retirement benefit costs for employees (a. + b. + c. + d. + e.):</td><td>85</td></tr><tr><td>f. Loss on winding up of severance and retirement benefits payment plan:</td><td>469</td></tr></tbody></table> <p>4. Basis of calculation of severance and retirement benefit obligations</p> <p>a. Periodic allocation method for expected severance and retirement benefits payments periodic straight-line standard</p> <p>b. Discount rate: 2.0%</p> <p>c. Expected return on plan assets rate: 2.0%</p> <p>d. Actuarial gains or losses are charged to expenses in the following consolidated fiscal year and calculated on the average remaining service years of employees (9 years) when incurred, using the straight-line method.</p> <p>e. Prior service cost is charged to expenses in the following consolidated fiscal year and calculated on the average remaining service years of employees (9 years) when incurred, using the straight-line method.</p>		(¥ millions)	a. Service cost:	93	b. Interest cost:	97	c. Expected return on plan assets:	(258)	d. Recognized actuarial loss:	185	<u>e. Amortization of prior service cost:</u>	<u>(32)</u>	Severance and retirement benefit costs for employees (a. + b. + c. + d. + e.):	85	f. Loss on winding up of severance and retirement benefits payment plan:	469	—
	(¥ millions)																
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Severance and retirement benefit costs for employees (a. + b. + c. + d. + e.):	85																
f. Loss on winding up of severance and retirement benefits payment plan:	469																

(Segment Information)

Segment information by operational type

Previous consolidated fiscal year (from April 1, 2004, to March 31, 2005)

(Millions of yen)

	Retailing	Credit and consumer services	Other	Total	Elimination or corporate	Consolidated
I Total operating revenues and operating income						
Operating revenues						
(1) Outside customers	434,142	69,220	52,850	556,213	—	556,213
(2) Inter-segment	—	—	48,229	48,229	(48,229)	—
Total	434,142	69,220	101,080	604,443	(48,229)	556,213
Operating expenses	417,725	51,188	95,912	564,825	(45,458)	519,367
Operating income	16,417	18,032	5,167	39,617	(2,770)	36,846
II Assets, depreciation and amortization, and capital expenditure						
Assets	297,746	305,528	57,829	661,105	51,539	712,644
Depreciation and amortization	14,862	2,437	2,255	19,555	(593)	18,961
Capital expenditure	21,633	3,111	4,622	29,368	904	30,272

Consolidated fiscal year under review (from April 1, 2005, to March 31, 2006)

(Millions of yen)

	Retailing	Credit card and consumer finance services	Merchandising-related services	Total	Elimination or corporate	Consolidated
I Total operating revenues and operating income						
Operating revenues						
(1) Outside customers	436,755	72,124	52,660	561,539	—	561,539
(2) Inter-segment	—	—	49,331	49,331	(49,331)	—
Total	436,755	72,124	101,991	610,871	(49,331)	561,539
Operating expenses	412,509	52,305	97,561	562,376	(45,542)	516,834
Operating income	24,245	19,818	4,429	48,494	(3,788)	44,705
II Assets, depreciation and amortization, and capital expenditure						
Assets	287,416	313,366	63,361	664,145	58,432	722,578
Depreciation and amortization	14,244	1,988	2,199	18,432	(815)	17,616
Capital expenditure	17,245	2,173	3,812	23,231	2,581	25,812

Note 1: Method of classifying operational segments

Operational classification reflects the classification that the Company employs for internal operational management.

Note 2: Summary of operational segments

(Fiscal year ended March 31, 2005)

Merchandising

sale of apparel, luxury and accessory goods, furniture and household goods, and foodstuffs

Credit and consumer services

operation of in-house credit cards, installment sales operations, handling of consumer loans and insurance, and agency services for housing, driving schools, and other services

Other

truck logistics operations, store remodeling, advertising, software development, building management and maintenance, and real estate leasing operations primarily targeting corporate clients

(Fiscal year ended March 31, 2006)

Merchandising

sale of apparel, luxury and accessory goods, furniture and household goods, and foodstuffs

Credit card and consumer finance services

operation of in-house credit cards, installment sales operations, handling of consumer loans and insurance and other services

Merchandising-related services

truck logistics operations, store remodeling, advertising, software development, building management and maintenance, and real estate leasing operations primarily targeting corporate clients

Note 3: In operating expenses, unallocated operating expenses included in the item elimination or corporate largely comprise costs associated with the management division of the Company's headquarters.

	Millions of yen
Fiscal year ended March 31, 2005	4,127
Fiscal year ended March 31, 2006	3,581

Note 4: In assets, corporate assets included in the item elimination or corporate largely comprise the Company's surplus funds.

	Millions of yen
Fiscal year ended March 31, 2005	125,143
Fiscal year ended March 31, 2006	142,892

Note 5: Capital expenditure includes increases in leasehold deposits.

Note 6: Change in operational segments

In the consolidated fiscal year under review, the Company reorganized internal management and transferred certain operations. The Company changed the previous classification of operational segments from merchandising, credit and consumer services, and other to Retailing, Credit Card and Consumer Finance Services, and Retailing-Related Services. Moreover, certain services previously handled by credit and consumer services were reclassified under Retailing-Related Services. Further, the effect of that change on the operating revenues (operating revenues from outside customers) and operating expenses of Credit Card and Consumer Finance Services and Retailing-Related Services was negligible.

Segment Information by Geographic Area

No items have been included because the Company did not have any overseas consolidated subsidiaries or overseas branches in the previous consolidated fiscal year, ended March 31, 2005, or in the consolidated fiscal year under review, ended March 31, 2006.

Overseas Operating Revenues

A summary of overseas revenues has not been included because overseas revenues amounted to less than 10% of consolidated total operating revenues in the previous consolidated fiscal year, ended March 31, 2005, or in the consolidated fiscal year under review, ended March 31, 2006.

(Related-Party Transactions)

Previous consolidated fiscal year (from April 1, 2004, to March 31, 2005)

Directors and significant individual shareholders

Attribute	Company name	Address	Capital (Millions of yen)	Main business or occupation	Voting rights or ownership (%)	Relationship		Main transactions	Transaction amount (Millions of yen)	Item	Year-end amount (Millions of yen)
						Directors with concurrent posts	Operational relationship				
Companies for which directors or their family members hold a majority of voting rights	Aoi Fudosan Co., Ltd.	Shibuya-ku, Tokyo	10	Real estate leasing etc.	Direct 1.7	1 person	Building lease	Store building lease etc.	510	Prepaid rents and lease deposits – principally for stores	2,252
	Karasuyama Co., Ltd.	Chiyoda-ku, Tokyo	10	Real estate leasing etc.	Direct 0.9	1 person	Building lease etc.	Store building lease etc.	96	Prepaid rents and lease deposits – principally for stores	59
	Toshima Kogyo Co., Ltd.	Toshima-ku, Tokyo	10	Real estate leasing etc.	Direct 1.9	—	Building lease	Store building lease etc.	69	Prepaid rents and lease deposits – principally for stores etc.	460
	Nakano Co., Ltd.	Shinjuku-ku, Tokyo	10	Real estate leasing etc.	Direct 0.6	2 people	Building lease	Store building lease.	60	Prepaid rents and lease deposits – principally for stores	41
	Kosugikosan Co., Ltd.	Shinjuku-ku, Tokyo	10	Real estate leasing etc.	Direct 0.5	—	Building lease	Store building lease etc.	56	Prepaid rents and lease deposits – principally for stores etc.	270
	Seiwa Kogyo Co., Ltd.	Shinjuku-ku, Tokyo	10	Real estate leasing etc.	Direct 0.2	2 people	Building lease	Office building lease etc.	55	Prepaid rents and lease deposits – principally for stores	191
	Shoei Co., Ltd.	Toshima-ku, Tokyo	15	Real estate leasing etc.	Direct 0.2	—	Building lease	Store building lease.	47	—	—
	Eiwa Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	90	Real estate leasing etc.	Direct 0.7	—	Building lease etc.	Store building lease etc.	31	Prepaid rents and lease deposits – principally for stores etc.	52
	Azuma Enterprise Co., Ltd.	Shinjuku-ku, Tokyo	25	Real estate leasing etc.	Direct 0.0	—	Building lease	Store building lease etc.	15	—	—
	Taiho Kigyo Co., Ltd.	Chiyoda-ku, Tokyo	12	Real estate leasing etc.	—	—	Building lease	Store building lease.	3	—	—

Note: Consumption tax and local consumption tax are not included in transaction amount or prepaid rents and lease deposits – principally for stores in year-end amount.

Transaction terms and policy on the determination of transaction terms

Regarding leases and other transactions, these are determined in the same manner as general transactions, in light of rents in the vicinity.

Previous consolidated fiscal year (from April 1, 2005, to March 31, 2006)

Directors and significant individual shareholders

Attribute	Company name	Address	Capital (Millions of yen)	Main business or occupation	Voting rights or ownership (%)	Relationship		Main transactions	Transaction amount (Millions of yen)	Item	Year-end amount (Millions of yen)
						Directors with concurrent posts	Operational relationship				
Companies for which directors or their family members hold a majority of voting rights	Aoi Fudosan Co., Ltd.	Shibuya-ku, Tokyo	10	Real estate leasing etc.	Direct 1.8	1 person	Building lease	Store building lease etc.	507	Prepaid rents and lease deposits – principally for stores	2,118
	Karasuyama Co., Ltd.	Chiyoda-ku, Tokyo	10	Real estate leasing etc.	Direct 0.9	1 person	Building lease	Store building lease.	95	Prepaid rents and lease deposits – principally for stores	59
	Toshima Kogyo Co., Ltd.	Toshima-ku, Tokyo	10	Real estate leasing etc.	Direct 2.0	—	Building lease	Store building lease etc.	67	Prepaid rents and lease deposits – principally for stores etc.	364
	Nakano Co., Ltd.	Shinjyuku-ku, Tokyo	10	Real estate leasing etc.	Direct 0.6	2 people	Building lease	Store building lease.	60	Prepaid rents and lease deposits – principally for stores	41
	Seiwa Kogyo Co., Ltd.	Shinjyuku-ku, Tokyo	10	Real estate leasing etc.	Direct 0.2	2 people	Building lease	Office building lease	55	Prepaid rents and lease deposits – principally for stores	191
	Kosugi kosan Co., Ltd.	Shinjyuku-ku, Tokyo	10	Real estate leasing etc.	Direct 0.5	—	Building lease etc.	Store building lease etc.	51	Prepaid rents and lease deposits – principally for stores etc.	189
	Eiwa Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	90	Real estate leasing etc.	Direct 0.7	—	Building lease	Store building lease etc.	31	Prepaid rents and lease deposits – principally for stores etc.	52
	Taiho Kigy Co., Ltd.	Chiyoda-ku, Tokyo	12	Real estate leasing etc.	—	—	Building lease	Store building lease	3	—	—
	Azuma Enterprise Co., Ltd.	Shinjyuku-ku, Tokyo	25	Real estate leasing etc.	Direct 0.0	—	Building lease	Store building lease	1	—	—

Note: Consumption tax and local consumption tax are not included in transaction amount or prepaid rents and lease deposits – principally for stores in year-end amount.

Transaction terms and policy on the determination of transaction terms

Regarding leases and other transactions, these are determined in the same manner as general transactions, in light of rents in the vicinity.

(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	1,241.08	1,286.09
Net income per share	54.31	70.39
Diluted net income per share	52.34	67.31

Note: 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)	19,168	23,983
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)	19,088	23,983
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.

Breakdown of total operating revenues

Category	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)		year on year (%)
	Millions of Yen	Percentage of total	Millions of Yen	Percentage of total	
Women's apparel	147,204	26.5	149,081	26.5	101.3
Men's apparel and sporting goods	82,515	14.8	87,352	15.6	105.9
Luxury and accessory goods	122,651	22.1	120,569	21.5	98.3
Furniture and household goods	28,293	5.1	27,399	4.9	96.8
Foodstuffs and restaurant sales	53,476	9.6	52,352	9.3	97.9
Total merchandise sales	434,142	78.1	436,755	77.8	100.6
Financial charges earned on installment sales	1,756	0.3	1,895	0.3	107.9
Interest income on consumer loans	60,104	10.8	65,267	11.6	108.6
Other operating revenues	60,210	10.8	57,621	10.3	95.7
Total operating revenues	556,213	100.0	561,539	100.0	101.0

Note: Other operating revenues comprises annual fees from house credit cards, insurance agency and other services, truck logistics operations, store remodeling operations, advertising operations, software development operations, building management and maintenance operations, and real estate leasing operations.