

## Summary of Financial Results for the Fiscal Year Ended March 31, 2008

May 12, 2008

Listed Company: Marui Group Co., Ltd.

Code Number: 8252

Representative: Hiroshi Aoi, President

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Date of ordinary general meeting of stockholders: June 27, 2008

Date to submit financial statements: June 27, 2008

Financial information presented herein was not audited by certified public accountants

The Tokyo Stock Exchange, First Section

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Date of dividend payments: June 30, 2008

### 1. CONSOLIDATED RESULTS FOR THE FISCAL YEAR ENDED MARCH 2008 (April 1, 2007 to March 31, 2008)

#### (1) Consolidated Operating Results

	Revenues		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal Year ended March 2008	493,533	(10.6)	18,183	(58.4)	17,348	(60.9)	7,603	79.0
Fiscal Year ended March 2007	552,140	(1.7)	43,688	(2.3)	44,372	(3.9)	4,248	(82.3)

	Net income per share	Net income per share (diluted)	Ratio of net income to equity	Ratio of ordinary income to assets	Ratio of net income to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 2008	24.91	24.35	2.1	2.4	3.7
Fiscal Year ended March 2007	12.92	12.92	1.0	6.1	7.9

(Reference) Equity in net income of equity-method affiliates: Fiscal year ended March 2008: 170 million yen Fiscal year ended March 2007: None

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Fiscal Year ended March 2008	695,491	336,765	48.4	1,207.00
Fiscal Year ended March 2007	740,373	404,631	54.4	1,233.35

(Reference) Stockholders' equity: Fiscal year ended March 2008:336,445 million yen Fiscal year ended March 2007: 402,610 million yen

#### (3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from 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 2008	13,919	3,134	(32,241)	29,535
Fiscal year ended March 2007	23,828	(28,025)	6,300	44,722

### 2. DIVIDENDS

	Cash dividends per share			Total cash dividend amount (Full-fiscal year)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First half	Second half	Total			
	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal year ended March 2007	12.00	16.00	28.00	9,140	216.7	2.2
Fiscal year ended March 2008	14.00	14.00	28.00	8,241	112.4	2.3
Fiscal year ended March 2009 (Forecast)	14.00	14.00	28.00		220.0	

### 3. FORECAST OF CONSOLIDATED RESULTS FOR THE FISCAL YEAR ENDING MARCH 2009 (April 1, 2008 to March 31, 2009)

(%'s for full fiscal-year and half year refer to year on year changes from previous full fiscal-year and half year)

	Revenues		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ended September 2008	221,000	(6.7)	3,500	(57.5)	3,000	(61.0)	500	(38.7)	1.81
Fiscal year ended March 2009	466,000	(5.6)	12,000	(34.0)	11,000	(36.6)	3,500	(54.0)	12.73

#### 4. OTHER

(1) During the fiscal period, the following changes in status to the main subsidiary companies occurred (changes in status of subsidiary companies accompanying changes in consolidated range):

Newly added subsidiaries: Four (Marui Co., Ltd., Marui Field Co., Ltd., Marui 4 dot watch Co., Ltd., Marui Home Service Co., Ltd.)

Removed: None

(Note) Please refer to page 6, 'Marui Group Companies' for further details.

(2) Number of shares outstanding (common stock):

① Number of outstanding shares at period-end (including treasury stock)

Fiscal year ended March 2008: 318,660,417 shares      Fiscal year ended March 2007: 368,660,417 shares

② Number of treasury stocks at period-end:

Fiscal year ended March 2008: 39,913,811 shares      Fiscal year ended March 2007: 42,222,840 shares

#### **Explanation regarding use of performance forecasts, and other special items**

The foregoing estimates included in this report 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 3 'Outlook for the Fiscal Year Ending March 31, 2009' regarding to assumption of forecast of consolidated results and related matters..

## 1. Operating Results

### (1) Analysis of operating results

In the fiscal year ended March 31, 2008, we could see signs of a weakening in corporate results, due to such factors as turmoil in the financial markets and the surging prices of crude oil and raw materials.

Within this operating environment, in October we began fully-fledged group management by changing to a holding company system, and the Group as a whole has decisively implemented a range of coordinated initiatives.

However, due to a fall in revenues related to store closures, the impact of unseasonable weather and a deteriorating consumption environment, and a decline in consumer loan interest income following the lowering of annual interest rates on cash advances from March 2007, we recorded year-on-year decreases of 10.6% in consolidated revenues, to ¥493,533 million; 58.4% in operating income, to ¥18,183 million; and 60.9% in ordinary income, to ¥17,348. However, net income increased 79.0%, to ¥7,603 million.

### Segment Breakdown

#### **(Retailing)**

In retailing, we opened Yurakucho Marui in October as our new mainstay store. It is a customer participation type store focused on meeting the needs of working adults and has made a strong start, exceeding its targets. As planned, it has attracted customers from a wide range of age groups.

In addition, strong results were posted by Marui Family Shiki and Marui Family Mizonokuchi, which has benefited from a number of improvements, including an expanded product lineup and the introduction of large scale tenants. We are also opening specialty stores in non-Marui commercial facilities that focus on sales of Marui in-house brands. We have steadily expanded our specialty store network, and at the end of the fiscal year ended March 31, 2008 we had opened 39 stores in 23 facilities with a total sales floor space of approximately 17,000 square meters. Conversely, we closed five stores during the fiscal year as part of our positive measures to increase the efficiency of our store operations. This had a major effect on total operating revenue, which declined 4.4% year-on-year, to ¥403,752 million.

Regarding earnings, we aimed to improve gross profit margin by optimizing our inventory via bolstering our purchase-balance management. However, these efforts were offset by store closures, which meant a reduction in sales floor space for high gross profit margin in-house products, and also by price reductions associated with discount sales of summer products. Consequently, gross profit margin edged down 0.4 percentage points, to 30.0%, and as a result operating income decreased 44.9%, to ¥10,645 million.

#### **(Credit Card Services)**

In our credit card operations, consumer loan interest income decreased ¥25,592 million. This was because from March 2007 the annual interest rate on cash advances was reduced from 27% to 17.7%. On the other hand, in the period from September 2007, when the Group abolished annual fees for its Epos credit card, to the end of the fiscal year, our card holder numbers increased by 260,000 people, setting a new record total of 4.29 million members. This increase halted the downward trend in the number of customers using their card for cash advances, and consequently the transaction balance at affiliated stores increased a substantial 2.2 times year-on-year, to ¥115,000 million.

As a result of the above, commission fees for installment payments increased 59.1%, to ¥4,780 million; consumer loan interest income decreased 39.7%, to ¥38,827 million; total operating revenues from credit card operations fell 32.7%, to ¥51,346 million; and operating income declined by 73.8%, to ¥5,740 million.

#### **(Retailing-Related Services)**

Retailing-related services primarily comprise such operations as store remodeling, advertising, real estate leasing, and information systems. In the fiscal year ended March 31, 2008, we continued efforts to increase revenues from outside the Group. The operation of commercial facilities and apartment leasing performed particularly well.

In addition, through our strategic alliance for our logistic business with Yamato Holdings Co., Ltd., we spun-off our delivery operations in September, which had been conducted by subsidiary Moving Co., Ltd. This had the effect of reducing annual revenues by more than ¥10,000 million, and as a result, total operating revenue decreased 18.3%, to ¥83,136 million, and operating income declined 2.0%, to ¥6,772 million.

## **Outlook for the Fiscal Year Ending March 31, 2009**

In the fiscal year ending March 31, 2009 and beyond, we will continue strategic growth strategies to realize our mission of supporting the lifestyles of young people through retail and services.

In the five years since we began our strategic scrap and build policy in 2003, we have opened five stores, including our new mainstay store, Yurakucho Marui, and closed 19 stores, such as our Nakano store. In this way, we have improved the efficiency of our sales floor areas. We completed our planned store closures in the fiscal year ended March 31, 2007, and in the future will be actively engaged in strengthening existing stores and opening new stores.

We will continue to target performance recovery at our existing stores, which have faced a challenging operating environment since the third quarter of the fiscal year ended March 31, 2007. At the same time, we will work to understand the issues that face us, by such methods as the year and a half long exhaustive survey into customer needs we started last year, the results of which we will utilize for the further success of Yurakucho Marui. Until the present, we have focused on young customers and fashion and the pursuit of highly effective retail operations. However, as our product lineup and customer base ranges have shrunk, the gap between customer needs and the products and services we offer has gradually grown, particularly in such areas as product types, prices, tastes and sizes. To address these issues and to improve the speed of our response, we will increase our yearly spending on improving existing stores to ¥10 billion, 1.5 times the amount for fiscal 2008.

In our store network, we have arranged the opening of our new Shinjuku store, currently under construction, to coincide with the realignment and reopening of our four existing Shinjuku stores for a grand opening in spring 2009. Also, in March we opened our first specialty store in China, at the Shanghai Ongoing Department Store, which is performing solidly. We will continue test marketing in order to expand our Chinese operations.

Moreover, as part of our Internet market initiatives, we are strengthening cooperation between our store, Internet, and credit card operations. This includes establishing a system so customers can register for our Internet shopping service, "Marui Web Channel," while shopping at our stores.

In credit card operations, we launched our new "Gold Card" in April. Typical gold cards are not widely utilized by younger credit card users. However, by leveraging the expertise we have acquired over many years of providing credit card services for younger customers, and also by providing attractive added services, we are targeting younger customers to increase our number of life-long card holders.

In April, we agreed a strategic alliance with Only Corporation, which mainly operates "two-price shops" for men's apparel. We will fully utilize both companies' management resources, and through initiatives such as personnel exchange will develop mutually complementary product lineups and new types of enterprises.

For the fiscal year ending March 2009, we will steadily advance positive policies such as those described above. However, due to the continuing deterioration of conditions in the retail environment, such as successive price hikes because of the surging costs of crude oil and raw materials, and also because of the increasing uncertainty about the future of the consumer loans financial market ahead of the implementation of the Money Lending Business Law's so-called "regulations on totals," the Group forecasts year-on-year decreases of 5.6% in revenues, to ¥466,000 million; 34.0% in operating income, to ¥12,000 million; 36.6% in ordinary income, to ¥11,000 million; and 54.0% in net income, to ¥3,500 million.

## **(2) Financial Position** **Assets, Liabilities and Net Assets**

Total assets at the end of the fiscal year ended March 31, 2008 decreased ¥44,881 million from the previous fiscal year-end, to ¥695,491 million. In current assets, the rise in Epos card holders and the increase of ¥22,471 million in installment sales receivables that accompanied a higher number of credit card cash advances were absorbed by a consumer loan receivables decrease of ¥25,929 million arising from changes to the consumer loans environment.

Property and equipment decreased ¥23,387 million, primarily due to the sale of real estate on the closure of the Oimachi Store, and also because of the recording of impairment loss for assets at three stores as a result of changes to store profit and loss management methods accompanying the shift to the holding company system.

Total liabilities increased ¥22,984 million, to ¥358,726 million, as a decrease of ¥15,000 million in commercial paper was offset, primarily by a bond issue of ¥40,000 million and a ¥21,000 million increase in long-term debt, including syndicated loans.

Total net assets declined ¥67,866 million, to ¥336,765 million, due to a ¥60,562 million fall in total stockholders' equity. This relates to the ¥61,055 million of treasury stock we acquired to improve capital efficiency and returns to shareholders.

### Consolidated Cash Flows

Cash and cash equivalents at end of the period amounted to ¥29,535 million, down ¥15,187 million from the previous fiscal year-end. Cash flows in the interim period were as follows.

Net cash provided by operating activities stood at ¥13,919 million, mainly the result of income before income taxes and minority interests of ¥16,315 million and a ¥25,929 million decrease in consumer loans receivables, which absorbed a ¥22,471 million increase in installment sales receivables that accompanied higher outstanding Epos Card transactions and income taxes paid in cash of ¥16,278 million.

Net cash provided by investing activities totaled ¥3,134 million. This was principally associated with income from the sale of the Oimachi Store and the spin-off of delivery operations, which offset payments for purchase of property and equipment such as Yurakucho Marui.

Net cash used in financing activities was ¥32,241 million, mainly reflecting payments for the purchase of treasury stock to improve capital efficiency, which counteracted proceeds from the issuance of bonds and from long-term debt.

Indices for cash flow trends are as follows:

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008
Equity ratio (%)	54.4	48.4
Capital ratio at market value (%)	63.7	42.5
Ratio of cash flow to interest bearing debt (yearly)	9.1	19.9
Interest coverage ratio (times)	10.8	4.9

Equity Ratio = Stockholders' equity / Total assets

Capital ratio at market value = Market capitalization / Total assets

Ratio of cash flow to interest bearing debt = Interest bearing debt / Cash flow

Interest coverage ratio = Cash flow / Interest payment

Notes 1: All calculations are based upon consolidated figures.

2: Market capitalization is calculated based upon number of shares outstanding excluding treasury stock.

3: Cash flow refers to operating cash flow.

4: Interest bearing debt refers to all liabilities on the consolidated balance sheet for which interest is paid.

### **(3) Basic policy for distribution of profits, and dividend policy for the fiscal years ended March 2007 and ending March 2008**

The Group's basic policy is to enhance returns on stockholders' equity while maintaining appropriate distributions of profits to stockholders, 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.

Specifically, from the current fiscal year the group, has introduced consolidated dividend on equity ratio (DOE) that facilitates stable dividends. In the future, we will work to raise the consolidated DOE and further increase returns to shareholders. We have set a dividend of ¥14 per share for the end of the fiscal year, which gives a dividend of ¥28 per share for the full fiscal year when added to the interim dividend of ¥14 per share.

Based on the above policies, in the fiscal year ending March 31, 2009 we plan dividends at an identical ¥28 per share for the full fiscal year, of which half, ¥14 per share, will be paid as the interim dividend.

## 2. Marui Group Companies

### [Business Description]

On October 1, 2007, we introduced a holding company system, consisting of a pure holding company, Marui Group Co., Ltd. (name changed from Marui Co., Ltd. on October 1, 2007) and related companies, namely 24 subsidiaries and 6 affiliates.

The following is a categorization and description of the operations of each Group company operating in the Group's three business areas: retailing, credit card services, and retailing-related services. The categorization is consistent with the Group's operational segments.

### (Retailing)

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

Related Companies:

Marui Co., Ltd., Marui M's Mode Co., Ltd., Marui Fashion Navi. Co., Ltd., Marui Palette Co., Ltd., Marui Access Co., Ltd., Marui Voi Co., Ltd., in The Room Co., Ltd., Marui Field Co., Ltd., Marui 4 dot watch Co., Ltd., and Marui Seasoning Co., Ltd.

\* On May 1, 2007, Marui M's Mode Co., Ltd. divested its sports fashion business to the newly established Marui Field Co., Ltd.

\*Effective from October 1, 2007, the Company spun-off its retailing business to the wholly owned and newly established Marui Co., Ltd. (incorporation-type demerger) and spun-off its watch business division to the wholly owned and newly established, Marui 4 dot watch Co., Ltd.

\*Effective from May 8, 2008, Only Corporation, which operates men's apparel specialty stores, became a Group affiliate as a result of the Group's investment in this company.

### (Credit Card Services)

The Company and the related companies 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.

Related Companies:

Epos Card Co., Ltd., MRI Servicer Co., Ltd., Zero First Co., Ltd., and PROCENT Inc.

\*Effective from October 1, 2007, the Company split-off its credit card services to its subsidiary, Epos Card Co., Ltd. (absorption-type demerger).

\*Effective from May 2, 2008, Epos Card Co., Ltd. established Epos Hoshō Co., Ltd., to start-up its new loan guarantee operations.

### (Retailing-Related Services)

The Company and the affiliates listed below conduct operations for corporate clients that are primarily comprised of store remodeling, advertising, building management and maintenance, real estate leasing, IT business, and truck freight transportation.

Related Companies:

AIM Create Co., Ltd., CSC Co., Ltd., M&C Systems Co., Ltd., Moving Co., Ltd., Marui Home Service Co., Ltd., Marui Home Service Kanri Co., Ltd., (name changed from CSC Kanri Co., Ltd., on December 1, 2007) Marui Smart Support 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. Yurakucho Ekimae Kaihatsu Co., Ltd., Mito Toshi Kaihatsu Co., Ltd., and Yamato Home Convenience Co., Ltd. (capitalized in September 30, 2007)

\*Effective from January 1, 2008, CSC Co., Ltd., split-off its real estate loans operations to Marui Home Service Co., Ltd.

\*Effective from December 31, 2007, the Group resolved to dissolve Marui Smart Support Co., Ltd.

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.

### **3. Management Policy**

#### **(1) Basic Management Policy**

The Marui Group, as a group supporting the lifestyles of young people, will have targeted an increase of corporate value based on the following management philosophies; providing more service to our customers through continuous evolution, growing our Companies through the growth of our people. To achieve this goal we strive to readily respond to our rapidly changing business environment: diversification of customer needs, changes in the market and changes in the rule of competition. While we seek to expand the Group's overall business domain, we aim to develop new business model by integrating our retail and credit card services.

#### **(2) Management targets and important issues relating to medium-to-long term management strategy**

The Group has entered a new strategic growth phase when we started our five-year medium business plan from the fiscal year ending March 31, 2008. The basic policy for our medium term plan, the specific efforts we will undertake, and our management targets are described below.

##### **1. The basic policy for our medium term plan**

To develop a Group growth strategy focusing upon profits, employees, and customer needs.

To develop operations throughout the country by leveraging synergies among stores, e-commerce and credit card operations.

To implement stockholder value management, to increase capital efficiency, and to raise corporate value.

##### **2. The specific efforts we will undertake**

Retailing

We aim to;

- Expand our share of the youth market by supporting young working peoples lifestyles.
- Continuously improve profitability of retail operations by expanding operations of SPAs and specialty stores.
- Improve customer services and recruiting and training of human resources by introducing of new working hours and regular holidays.

Credit card services

We aim for our card to be the customers' choice for all their lives, and are striving to increase its rate of utilization. Our goals are;

- To bolster profits through increasing the number of card members and affiliated stores.
- To expand the marketing area and scale of operations through promoting our alliance card strategy.

The goals of the Group as a whole are;

- To implement the principles of selection and concentration for Group operations, and promote strategic alliances which complement Group synergies.
- To develop new business of supporting lifestyles of young people by utilizing our creditworthiness as a retailer, our asset of young customers, and our credit card expertise.

Capital policy, stockholder policy. We aim to;

- Purchase and retire treasury stock in order to improve ROE in response to the major changes in our profit structure.
- Introduce a new stockholder return policy based on our principles of consistent and stable dividend payouts, we plan to pay dividends based on our target DOE ratio.

##### **3. Management targets for final fiscal year of medium term management strategy (fiscal year ending March, 2012)**

Consolidated operating profit: above ¥60 billion

Consolidated ROE: above 8%

## 4. CONSOLIDATED FINANCIAL STATEMENTS

### (1) CONSOLIDATED BALANCE SHEETS

(Assets)	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)
	Millions of Yen	% of Total	Millions of Yen	% of Total	Millions of Yen
Current assets:					
1. Cash and deposits	44,722		29,535		
2. Retailing sales receivables	13,415		8,656		
3. Installment sales receivables	51,310		73,781		
4. Consumer loans receivables	248,464		222,534		
5. Other receivables	2,247		498		
6. Inventories	42,150		36,025		
7. Deferred income taxes	3,030		7,024		
8. Other current assets	12,713		19,346		
Subtotal	418,055		397,403		
Allowance for doubtful accounts	(11,500)		(10,720)		
Total current assets	406,555	54.9	386,683	55.6	(19,871)
Fixed assets:					
1. Property and equipment, net:					
(1) Buildings and store fixtures	257,168		242,101		
Accumulated depreciation	160,649		152,394		
	96,518		89,707		
(2) Land	112,568		101,853		
(3) Construction in progress	5,589		1,325		
(4) Other property and equipment	37,356		33,309		
Accumulated depreciation	25,438		22,987		
	11,918		10,322		
Total property and equipment	226,595	30.6	203,208	29.2	(23,387)
2. Intangible assets, net	3,220	0.4	5,327	0.8	2,106
3. Investments and other assets:					
(1) Investments in securities	33,327		31,438		
(2) Prepaid rents and lease deposits—principally for stores	52,187		49,443		
(3) Deferred income taxes	13,846		14,571		
(4) Other assets	4,640		4,819		
Total investments and other assets	104,001	14.1	100,273	14.4	(3,728)
Total fixed assets	333,817	45.1	308,808	44.4	(25,009)
Total Assets	740,373	100.0	695,491	100.0	(44,881)

	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)
	Millions of Yen	% of Total	Millions of Yen	% of Total	Millions of Yen
(Liabilities)					
Current liabilities:					
1. Payables—principally trade	36,756		32,576		
2. Short-term loans and current maturities of long-term debt	78,470		71,005		
3. Current portion of bonds			40,000		
4. Commercial paper	20,000		5,000		
5. Income taxes payable	5,736		4,542		
6. Deferred income taxes			438		
7. Accrued bonuses	4,300		4,485		
8. Allowance for credit card points	1,436		694		
9. Reserve for loss from redemption of gift certificates			132		
10. Other current liabilities	20,446		17,804		
Total current liabilities	167,145	22.6	176,677	25.4	9,532
Long-term liabilities:					
1. Bonds	95,000		95,000		
2. Convertible bonds	39,838		39,532		
3. Long-term debt, less current maturities	6,000		27,000		
4. Deferred income taxes	542		1,586		
5. Allowance for loss on interest reimbursement	22,800		14,400		
6. Other long-term liabilities	4,415		4,529		
Total long-term liabilities	168,595	22.7	182,048	26.2	13,452
Total liabilities	335,741	45.3	358,726	51.6	22,984
(Net assets)					
Stockholders' Equity					
1. Common stock	35,920	4.9	35,920	5.2	
2. Capital surplus	91,274	12.3	91,307	13.1	33
3. Retained earnings	331,785	44.8	259,312	37.3	(72,472)
4. Less treasury stock, at cost	(61,421)	(8.3)	(49,544)	(7.1)	11,876
Total stockholders' equity	397,559	53.7	336,996	48.5	(60,562)
Valuation and translation adjustments					
1. Net unrealized holding gains on securities	5,050	0.7	(550)	(0.1)	(5,601)
Total valuation and translation adjustments	5,050	0.7	(550)	(0.1)	(5,601)
Minority interests	2,021	0.3	319	0.0	(1,701)
Total net assets	404,631	54.7	336,765	48.4	(67,866)
Total liabilities and net assets	740,373	100.0	695,491	100.0	(44,881)

## (2) CONSOLIDATED STATEMENTS OF INCOME

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008	
	Millions of Yen	%	Millions of Yen	%
Revenues from retailing	422,169	76.5 (100.0)	400,582	81.2 (100.0)
Cost of sales of retailing	293,991	(69.6)	280,548	(70.0)
Gross profit on retailing	128,178	(30.4)	120,034	(30.0)
Revenues from credit card services				
1. Interest income on consumer loans	64,420		38,827	
2. Finance charges earned on installment sales	3,004		4,780	
3. Other revenues	5,664		4,647	
	73,090	13.2	48,255	9.8
Revenues from retailing-related services	56,881	10.3	44,695	9.0
Cost of retailing-related services	47,861		35,419	
Gross profit on retailing-related services	9,019		9,276	
Total gross profit	210,288	38.1	177,565	36.0
Selling, general and administrative expenses				
1. Advertising and promotion costs	16,974		16,377	
2. Provision for allowance for credit card points	1,436		694	
3. Loss on bad debts	1,572		1,404	
4. Provision for doubtful accounts	11,383		10,551	
5. Salaries	43,098		41,794	
6. Provision for allowance for accrued bonuses	3,915		4,289	
7. Provision for loss on interest reimbursement	3,782			
8. Rents	18,591		17,920	
9. Depreciation and amortization	15,793		16,278	
10. Others	50,051		50,073	
	166,599	30.2	159,382	32.3
Operating income	43,688	7.9	18,183	3.7
Other income:				
1. Interest income	206		211	
2. Dividend income			394	
3. Income from donation of property	2,387		1,517	
4. Equity in earnings of affiliates			170	
5. Other non-operating income	920		531	
	3,513	0.6	2,825	0.6
Other expenses:				
1. Interest expenses	2,113		2,704	
2. Other expenses	716		955	
	2,830	0.5	3,660	0.8
Ordinary income	44,372	8.0	17,348	3.5

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2008	
Special gains:				
1. Gain on sale of property and equipment	519		12,598	
2. Gain on sale of investments in securities	272		1	
3. Gain on redemption of investments in securities			230	
4. Gain on changes in equity interests			881	
	791	0.2	13,711	2.8
Special losses:				
1. Loss on disposal of property and equipment	6,620		4,280	
2. Loss on sale of property and equipment	39		2	
3. Loss on closing stores	2,116		1,445	
4. Loss on impairment of fixed assets	4,823		7,053	
5. Realignment expenses			803	
6. Loss on devaluation of investments in securities	23		144	
7. Loss on sale of investment securities	7			
8. Loss on valuation of memberships			6	
9. Loss on prior period adjustment	1,131		878	
10. Provision of reserve for loss from redemption of gift certificates			129	
11. Provision for loss on interest reimbursement	20,721			
	35,482	6.4	14,744	3.0
Income before income taxes and minority interests	9,680	1.8	16,315	3.3
Income taxes:				
Current	14,423		7,906	
Deferred	(9,101)		731	
	5,321	1.0	8,637	1.8
Minority interests	111	0.0	74	0.0
Net income	4,248	0.8	7,603	1.5

(3) CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS AND CONSOLIDATED STATEMENTS OF NET ASSETS

CONSOLIDATED STATEMENTS OF NET ASSETS

Fiscal year ended March 31, 2007

(Millions of Yen)

	Stockholders' Equity					Valuation and translation adjustments		Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total stockholders' equity	Net unrealized holding gains on securities	Total valuation and translation adjustments		
Balance as of March 31, 2006	35,920	91,274	340,874	(43,108)	424,962	7,733	7,733	1,913	434,608
Changes during the fiscal year									
Dividends from surplus (Note)			(9,420)		(9,420)				(9,420)
Dividends from surplus (Interim dividend)			(3,917)		(3,917)				(3,917)
Net income			4,248		4,248				4,248
Acquisition and disposal of treasury stock		0		(18,313)	(18,312)				(18,312)
Changes (net) in items outside stockholders' equity during the fiscal year						(2,682)	(2,682)	108	(2,574)
Total changes during the fiscal year		0	(9,089)	(18,313)	(27,402)	(2,682)	(2,682)	108	(29,977)
Balance as of March 31, 2007	35,920	91,274	331,785	(61,421)	397,559	5,050	5,050	2,021	404,631

(Note) Allocated at the ordinary general meeting of stockholders held in June, 2006.

Fiscal year ended March 31, 2008

(Millions of Yen)

	Stockholders' Equity					Valuation and translation adjustments		Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total stockholders' equity	Net unrealized holding gains on securities	Total valuation and translation adjustments		
Balance as of March 31, 2007	35,920	91,274	331,785	(61,421)	397,559	5,050	5,050	2,021	404,631
Changes during the fiscal year									
Conversion of convertible bonds		99		206	305				305
Change due to exchange of shares		34		2,110	2,144				2,144
Dividends from surplus			(9,562)		(9,562)				(9,562)
Net income			7,603		7,603				7,603
Acquisition of treasury stock				(61,055)	(61,055)				(61,055)
Disposal of treasury stock			(0)	1	1				1
Retirement of treasury stock		(100)	(70,513)	70,613					
Changes (net) in items outside stockholders' equity during the fiscal year						(5,601)	(5,601)	(1,701)	(7,303)
Total changes during the fiscal year		33	(72,472)	11,876	(60,562)	(5,601)	(5,601)	(1,701)	(67,866)
Balance as of March 31, 2008	35,920	91,307	259,312	(49,544)	336,996	(550)	(550)	319	336,765

## (4) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	Increase (Decrease)
	Millions of Yen	Millions of Yen	Millions of Yen
Cash flows from operating activities:			
1. Income before income taxes and minority interests	9,680	16,315	
2. Depreciation and amortization	17,727	18,686	
3. Increase (decrease) in allowance for credit card points	1,142	(742)	
4. Increase (decrease) in allowance for doubtful accounts	2,000	(780)	
5. Increase (decrease) in allowance for loss on interest reimbursement	21,600	(8,399)	
6. Increase(decrease) in accrued bonuses		476	
7. Interest and dividends income	(508)	(605)	
8. Interest expenses	2,305	2,891	
9. Gain on sale of property and equipment	(519)	(12,598)	
10. Loss on disposal of property and equipment	6,532	3,274	
11. Loss on impairment of fixed assets	4,823	7,053	
12. (Increase) decrease in retailing sales receivables and installment sales receivables	(24,680)		
13. (Increase) decrease in retailing sales receivables		2,797	
14. (Increase) decrease in installment sales receivables		(22,471)	
15. (Increase) decrease in consumer loans receivables	10,024	25,929	
16. (Increase) decrease in inventories	3,944	6,111	
17. Increase (decrease) in trade payables	(4,345)	(3,187)	
18. Other, net	(2,033)	(2,206)	
Subtotal	47,694	32,545	(15,149)
19. Interest and dividends income received in cash	427	517	
20. Interest expenses paid in cash	(2,275)	(2,864)	
21. Income taxes paid in cash	(22,018)	(16,278)	
Net cash provided by operating activities	23,828	13,919	(9,909)
Cash flows from investing activities:			
1. Net decrease (increase) in short term loans receivable	1		
2. Payments for purchase of property and equipment	(27,099)	(22,311)	
3. Proceeds from sale of property and equipment	1,328	21,681	
4. Purchase of investments in securities	(2,889)	(4,568)	
5. Proceeds from sale of investments in securities	397	7	
6. Proceeds from transfer of business		5,570	
7. Purchase of stocks of subsidiaries	(71)	(220)	
8. Payments of leasehold deposits	(3,194)	(1,338)	
9. Refunds of leasehold deposits	3,583	4,111	
10. Other, net	(82)	202	
Net cash used in investing activities	(28,025)	3,134	31,160
Cash flows from financing activities:			
1. Net increase (decrease) in short-term loans	21,583	(864)	
2. Proceeds from long-term debt	3,000	24,000	
3. Repayments of long-term debt	(1,450)	(9,600)	
4. Revenue obtained from issue of corporate bonds	14,847	39,696	
5. Proceeds from issuance of stock		269	
6. Net increase in commercial paper		(15,000)	
7. Payments for purchase of treasury stock	(18,339)	(61,177)	
8. Dividends paid	(13,337)	(9,562)	
9. Other, net	(2)	(2)	
Net cash used in financing activities	6,300	(32,241)	(38,542)
Effect of exchange rate changes on cash and cash equivalents			
Increase (decrease) in cash and cash equivalents	2,103	(15,187)	(17,291)
Cash and cash equivalents at the beginning of the period	42,619	44,722	2,103
Cash and cash equivalents at the end of the period	44,722	29,535	(15,187)

## (Segment Information)

**1. Segment information by operational type**

Consolidated fiscal year ended March 2007 (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Retailing	Credit card services	Retailing-related services	Total	Elimination or corporate	Consolidated
Total operating revenues, operating profit and loss						
Operating revenues						
(1) Outside customers	422,169	73,090	56,881	552,140		552,140
(2) Inter-segment		3,238	44,870	48,109	(48,109)	
Total	422,169	76,329	101,751	600,250	(48,109)	552,140
Operating expenses	402,859	54,436	94,838	552,134	(43,681)	508,452
Operating income	19,309	21,892	6,913	48,115	(4,427)	43,688
Assets, depreciation and capital expenditures						
Assets	291,383	324,766	56,148	672,298	68,074	740,373
Depreciation and amortization	14,267	1,986	2,778	19,032	(1,304)	17,727
Loss on impairment of fixed assets	4,389	434		4,823		4,823
Capital expenditures	23,836	3,747	3,655	31,239	(946)	30,293

Consolidated fiscal year ended March 2008 (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Retailing	Credit card services	Retailing-related services	Total	Elimination or corporate	Consolidated
Total operating revenues, operating profit and loss						
Operating revenues						
(1) Outside customers	400,582	48,255	44,695	493,533		493,533
(2) Inter-segment	3,169	3,091	38,441	44,702	(44,702)	
Total	403,752	51,346	83,136	538,236	(44,702)	493,533
Operating expenses	393,107	45,605	76,364	515,077	(39,727)	475,350
Operating income	10,645	5,740	6,772	23,158	(4,974)	18,183
Assets, depreciation and capital expenditures						
Assets	287,645	321,193	40,993	649,833	45,658	695,491
Depreciation and amortization	15,523	1,369	3,094	19,987	(1,300)	18,686
Loss on impairment of fixed assets	6,953	100		7,053		7,053
Capital expenditures	18,422	1,487	4,288	24,198	(548)	23,649

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, 2007)

Retailing

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

Credit card services

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

Retailing-related services

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

(Fiscal year ended March 31, 2008)

Retailing

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

Credit card services

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

Retailing-related services

store remodeling, advertising, building management and maintenance, real estate leasing operations, IT business, and truck logistics 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 headquarter:

	Millions of yen
Fiscal year ended March 31, 2007	4,595
Fiscal year ended March 31, 2008	5,365

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, 2007	201,084
Fiscal year ended March 31, 2008	262,176

Note 5: Capital expenditures include increases in leasehold deposits.

## 2. 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 fiscal year ended March 31, 2007 or in the fiscal year ended March 31, 2008.

## 3. 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 fiscal year ended March 31, 2007 or in the fiscal year ended March 31, 2008.