

## Summary Statement of First Quarter Settlement of Accounts Fiscal Year Ending March 31, 2008

Listed Company Name: Plaza Create Co., Ltd.  
 Listed Market: JASDAQ  
 Code Number: 7502  
 URL: <http://www.plazacreate.co.jp/>  
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(Figures are rounded to the nearest million yen.)

1. Financial Results for the End of the First Quarter of the Fiscal Year Ending March 31, 2008  
 (April 1 to June 30, 2007)

(1) Consolidated Operating Results (The percentage figures represent year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter, fiscal year ending March 31, 2008	5,645	2.6	120	191.1	181	141.8	190	472.6
First quarter, fiscal year ended March 31, 2007	5,505	110.9	41	-8.3	75	411.7	33	—
Fiscal year ended March 31, 2007	23,655		329		482		538	

	Net Income per Share	Net Income per Share on a Fully Diluted Basis
	Yen	Yen
First quarter, fiscal year ending March 31, 2008	36.03	—
First quarter, fiscal year ended March 31, 2007	6.21	—
Fiscal year ended March 31, 2007	100.55	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Asset per Share
	Million yen	Million yen	%	Yen
First quarter, fiscal year ending March 31, 2008	15,694	4,589	29.2	870.88
First quarter, fiscal year ended March 31, 2007	16,602	4,134	24.9	770.24
Fiscal year ended March 31, 2007	16,357	4,525	27.7	854.92

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Term
	Million yen	Million yen	Million yen	Million yen
First quarter, fiscal year ending March 31, 2008	-119	-765	-214	1,529
First quarter, fiscal year ended March 31, 2007	644	510	-398	1,912
Fiscal year ended March 31, 2007	2,222	295	-1,109	2,628

2. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

There are no revisions to our forecast of results released at the time of earnings announcement of May 18, 2007.

3. Others

(1) Change in the number of important subsidiaries (change in the number of specified subsidiaries that accompanies the change in the scope of consolidation): No

(2) Adoption of simplified accounting practices: Yes

(3) Changes from accounting methods used in recent fiscal years: No

[Please refer to “3. Others” item on page 3, under “Qualitative information and financial statements”.]

\*Appropriate use of forecasts and other special instructions

The forecasts and future estimates are the judgments of Plaza Create Co., Ltd. based on currently available information and contain various uncertain elements.

[Qualitative information and financial statements]

1. Qualitative information related to consolidated operating results

In the Japanese photography market, we continue to see an expansion of digital technology, making it an urgent issue to provide new print menus with the focus on digital prints.

Therefore, we assigned our photography-related retail service business to 55 Station Inc., a consolidated subsidiary, which mainly operates a directly-managed DPE shop business, through an absorption-type company split, and merged Palette Plaza Co., Ltd., another consolidated subsidiary involved with a directly-managed DPE shop business, to start it anew as Plaza Create Imaging K.K. effective April 1, 2007 as part of reorganization of Plaza Create Group. Through the above measures, we have made proactively efforts to provide high value-added digital services that suitably meet the needs of customers, and we have pursued the enrichment of customer services and efficiency improvements in the shop operation system. Consequently, we were able to see a significant effect from accomplishing the consolidation, leading to a boost in sales profit.

In addition, Plaza Create Group strived to increase sales profit through the development of new markets. Specifically, the Group established Plaza Create Mobiling, a consolidated subsidiary operating a mobile phone sales business, with the expectation of achieving a synergistic effect by fusing the business with our network of shops that are conveniently located and content services, in order to strengthen the management system on a Group-wide basis.

As a result, consolidated net sales for the first quarter under review rose to ¥5,645 million (an increase of 2.6% from the same period last year). Operating income amounted to ¥120 million, (an increase of 191.1% from the same period last year), and ordinary income was ¥181 million, (an increase of 141.8% from the same period last year). Net income for the quarter amounted to ¥190 million (an increase of 472.6% from the same period last year).

2. Qualitative information related to changes in consolidated financial position

With regard to the consolidated financial position during the first quarter of the fiscal year ending March 2008, total assets decreased ¥662 million (down 4.0%) in comparison with the end of the previous fiscal year to ¥15,694 million. This was mainly attributable to a decrease of ¥1,099 million in cash and time deposits and the factors behind this are described in the following cash flow status.

(Consolidated cash flows during the first quarter)

Cash and cash equivalents during the first quarter under review decreased ¥1,099 million (down 41.8%) compared with the end of the previous fiscal year to ¥1,529 million.

(Consolidated cash flows from operating activities)

Cash flows used in operating activities during the first quarter under review amounted to ¥119 million. This was mainly attributable to an increase in inventories and payment of corporate taxes.

(Consolidated cash flows from investing activities)

Cash flows used in investing activities during the first quarter under review were ¥765 million. This was mainly due to the expenditure for the acquisition of tangible fixed assets and intangible fixed assets.

(Consolidated cash flows from financing activities)

Cash flows used in financing activities during the first quarter under review were ¥214 million, which was primarily attributable to the expenditure for the repayment of borrowings from financial institutions.

3. Others

(1) Change in the number of important subsidiaries (change in the number of specified subsidiaries that accompanies the change in the scope of consolidation)

There are no relevant matters to report.

(2) Adoption of simplified accounting practices

The Group has partly adopted simplified accounting procedures for items such as allowances and corporate taxes.

(3) Changes from accounting methods used in recent consolidated fiscal years:

There are no relevant matters to report.

**Quarterly Consolidated Balance Sheets**

(Thousands of yen)

Item	As of June 30, 2006		As of June 30, 2007		Summarized Balance Sheets (Consolidated) for the Previous Fiscal Year (As of March 31, 2007)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
(Assets)		%		%		%
I. Current assets						
1. Cash and time deposits	1,912,699		1,529,088		2,628,584	
2. Notes and accounts receivable-trade	599,599		464,102		647,063	
3. Inventories	46,332		921,059		781,957	
4. Others	1,339,604		1,588,892		1,178,058	
5. Reserve for doubtful accounts	-61,463		-76,306		-76,306	
Total current assets	4,636,773	27.9	4,426,837	28.2	5,159,357	31.6
II. Fixed assets						
1. Tangible fixed assets						
(1) Building and structures	3,244,389		3,172,876		3,149,950	
Accumulated depreciation	2,406,486		2,211,100		2,199,709	
	837,903		961,776		950,240	
(2) Machinery and transport equipment	3,665,391		4,260,355		4,188,279	
Accumulated depreciation	1,485,456		2,412,979		2,273,045	
	2,179,935		1,847,376		1,915,233	
(3) Land	1,447,847		1,358,693		1,358,693	
(4) Others	892,601		1,093,528		1,075,526	
Accumulated depreciation	476,494		656,298		618,770	
	416,106		437,230		456,755	
Total tangible fixed assets	4,881,792	29.4	4,605,076	29.4	4,680,923	28.6
2. Intangible fixed assets						
(1) Goodwill	214,750		474,066		308,861	
(2) Others	449,541		280,618		264,775	
Total intangible fixed assets	664,291	4.0	754,684	4.8	573,637	3.5
3. Investments and other assets						
(1) Investment securities	2,458,039		2,133,859		2,159,270	
(2) Deposits and reserve	3,257,727		3,123,623		3,135,448	
(3) Others	1,017,507		1,039,378		1,035,990	
(4) Reserve for doubtful accounts	-322,329		-392,334		-392,334	
Total investments and other assets	6,410,944	38.6	5,904,528	37.6	5,938,374	36.3
Total fixed assets	11,957,028	72.0	11,264,288	71.8	11,192,935	68.4
III. Deferred assets	8,778	0.1	3,762	0.0	5,016	0.0
Total assets	16,602,580	100.0	15,694,888	100.0	16,357,309	100.0

(Thousands of yen)

Term Item	As of June 30, 2006		As of June 30, 2007		Summarized Balance Sheets (Consolidated) for the Previous Fiscal Year (As of March 31, 2007)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
(Liabilities)		%		%		%
I. Current liabilities						
1. Notes and accounts payable-trade	706,743		973,657		687,329	
2. Short-term debt	2,118,028		2,335,428		2,194,168	
3. Current portion of long-term debt	240,000		240,000		240,000	
4. Reserve for bonuses	90,172		96,388		185,990	
5. Reserve for directors' bonuses	—		20,000		20,000	
6. Reserve for point card certificates	—		236,117		205,191	
7. Others	1,041,797		1,068,776		1,501,604	
Total current liabilities	4,196,741	25.3	4,970,367	31.7	5,034,283	30.8
II. Long-term liabilities						
1. Corporate bonds	760,000		520,000		520,000	
2. Long-term debt	3,669,015		2,953,100		3,211,900	
3. Reserve for retirement benefits	653,066		644,873		642,966	
4. Negative goodwill	1,359,225		997,415		1,063,909	
5. Deposits on contract	1,002,019		856,215		1,194,796	
6. Others	828,206		163,659		163,659	
Total long-term liabilities	8,271,534	49.8	6,135,264	39.1	6,797,231	41.5
Total liabilities	12,468,276	75.1	11,105,631	70.8	11,831,514	72.3
(Net assets)						
I. Shareholders' equity						
1. Capital	1,017,880	6.1	1,017,880	6.5	1,017,880	6.2
2. Capital surplus	265,346	1.6	265,346	1.6	265,346	1.6
3. Retained earnings	3,413,280	20.6	4,002,846	25.5	3,918,245	24.0
4. Treasury stock	-611,500	-3.7	-680,467	-4.3	-663,067	-4.0
Total shareholders' equity	4,085,005	24.6	4,605,605	29.3	4,538,405	27.8
II. Valuation and translation adjustments						
1. Net unrealized gain on other securities	47,524	0.3	-20,773	-0.1	-17,166	-0.1
2. Foreign currency translation adjustments	1,773	0.0	3,852	0.0	3,984	0.0
Total valuation and translation adjustments	49,298	0.3	-16,920	-0.1	-13,181	-0.1
III. Minority interests	—	—	571	0.0	571	0.0
Total net assets	4,134,304	24.9	4,589,256	29.2	4,525,794	27.7
Total liabilities and net assets	16,602,580	100.0	15,694,888	100.0	16,357,309	100.0

**Quarterly Consolidated Statements of Income**

(Thousands of yen)

Term Item	Previous first quarter (April 1 to June 30, 2006)		Current first quarter (April 1 to June 30, 2007)		Summarized Statements of Income (Consolidated) for the Previous Fiscal Year (April 1, 2006 to March 31, 2007)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
		%		%		%
I. Net sales	5,505,497	100.0	5,645,918	100.0	23,655,896	100.0
II. Cost of sales	3,247,963	59.0	2,805,296	49.7	11,511,795	48.7
Gross profit	2,257,534	41.0	2,840,622	50.3	12,144,100	51.3
III. Selling, general and administrative expenses	2,216,104	40.2	2,720,021	48.2	11,814,310	49.9
1. Sales promotion and advertising	155,024		200,868		924,099	
2. Salary and bonuses	306,064		345,553		1,679,873	
3. Provision for bonuses	56,414		91,456		180,628	
4. Retirement benefit expenses	19,480		15,591		55,766	
5. Miscellaneous salaries	563,553		618,595		2,569,936	
6. Office supplies expenses and Repair expenses	—		199,347		1,037,720	
7. Rents and leases	278,461		462,145		1,896,175	
8. Amortization of goodwill	10,183		28,065		92,821	
9. Others	826,922		758,398		3,377,289	
Operating income	41,430	0.8	120,600	2.1	329,790	1.4
IV. Non-operating income	91,144	1.6	99,941	1.8	398,730	1.6
1. Interest received	4,054		2,731		20,719	
2. Purchase discount	13,030		8,605		39,093	
3. Equity in earnings of affiliates	—		7,522		—	
4. Amortization of negative goodwill	52,737		66,494		265,977	
5. Others	21,321		14,587		72,940	
V. Non-operating expenses	57,402	1.0	38,775	0.7	246,276	1.0
1. Interest expense	35,553		29,986		124,724	
2. Equity in loss of affiliates	17,678		—		56,945	
3. Others	4,170		8,789		64,607	
Ordinary income	75,172	1.4	181,765	3.2	482,244	2.0
VI. Extraordinary income	1,166	0.0	33,745	0.6	382,847	1.6
1. Gain on sale of fixed assets	1,166		28,944		98,243	
2. Gain on sale of investment securities	—		23		107,102	
3. Gains on reversal of provisions for doubtful accounts	—		—		14,437	
4. Gain on bad debts recovered	—		4,777		23,949	
5. Gain on forgiveness of debts	—		—		139,114	
VII. Extraordinary losses	10,214	0.2	11,990	0.2	425,603	1.7
1. Loss on sale of fixed assets	98		—		129	
2. Loss on disposal of fixed assets	3,676		7,279		71,434	
3. Losses on impaired assets	—		—		33,758	
4. Loss on revaluation of investment securities	—		—		53,800	
5. Losses on change of shares in equities	608		—		652	
6. Loss on disposal of inventories	—		—		17,728	
7. Provision for doubtful accounts	—		—		103,564	
8. Provision of reserve for point card certificates for prior periods	—		—		78,627	
9. Store closure cost	5,830		4,711		34,246	
10. Losses on cancellation of lease contract	—		—		31,661	
Income before income taxes and other adjustments	66,124	1.2	203,520	3.6	439,488	1.9
Corporate income, resident and business taxes	32,861		13,057		118,367	
Income taxes-deferred	—		—		-215,618	
	32,861	0.6	13,057	0.2	-97,250	-0.4
Minority interests	—	—	—	—	1,489	0.0
Net income	33,263	0.6	190,463	3.4	538,228	2.3

**(Summary) First quarter consolidated statements of changes in shareholders' equity**

First quarter of fiscal year ended March 31, 2007 (April 1 to June 30, 2006)

(Thousands of yen)

	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	1,013,816	261,282	3,451,546	-611,500	4,115,143	58,585	1,735	60,321	—	4,175,465
Changes during the period										
New issue of stocks	4,064	4,064	—	—	8,128	—	—	—	—	8,128
Dividend payment	—	—	-53,529	—	-53,529	—	—	—	—	-53,529
Bonuses to directors from appropriation of retained earnings	—	—	-18,000	—	-18,000	—	—	—	—	-18,000
Quarterly net income	—	—	33,263	—	33,263	—	—	—	—	33,263
Changes during the period other than shareholders' equity (Net amount)	—	—	—	—	—	-11,061	38	-11,022	—	-11,022
Total amount of changes during the period	4,064	4,064	-38,266	—	-30,138	-11,061	38	-11,022	—	-41,161
Balance as of June 30, 2006	1,017,880	265,346	3,413,280	-611,500	4,085,005	47,524	1,773	49,298	—	4,134,304

First quarter of fiscal year ending March 31, 2008 (April 1 to June 30, 2007)

(Thousands of yen)

	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	1,017,880	265,346	3,918,245	-663,067	4,538,405	-17,166	3,984	-13,181	571	4,525,794
Changes during the period										
Dividend payment	—	—	-105,862	—	-105,862	—	—	—	—	-105,862
Quarterly net income	—	—	190,463	—	190,463	—	—	—	—	190,463
Acquisition of treasury stock	—	—	—	-17,400	-17,400	—	—	—	—	-17,400
Changes during the period other than shareholders' equity (Net amount)	—	—	—	—	—	-3,606	-131	-3,738	—	-3,738
Total amount of changes during the period	—	—	84,601	-17,400	67,200	-3,606	-131	-3,738	—	63,462
Balance as of June 30, 2007	1,017,880	265,346	4,002,846	-680,467	4,605,605	-20,773	3,852	-16,920	571	4,589,256

## Fiscal year ended March 31, 2007 (April 1 to March 31, 2007)

(Thousands of yen)

	Shareholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	1,013,816	261,282	3,451,546	-611,500	4,115,143	58,585	1,735	60,321	—	4,175,465
Changes during the year										
New issue of stocks	4,064	4,064	—	—	8,128	—	—	—	—	8,128
Dividend payment	—	—	-53,529	—	-53,529	—	—	—	—	-53,529
Bonuses to directors from appropriation of retained earnings	—	—	-18,000	—	-18,000	—	—	—	—	-18,000
Net income	—	—	538,228	—	538,228	—	—	—	—	538,228
Acquisition of treasury stock	—	—	—	-51,566	-51,566	—	—	—	—	-51,566
Changes during the year other than shareholders' equity (Net amount)	—	—	—	—	—	-75,752	2,249	-73,503	571	-72,931
Total amount of changes during the year	4,064	4,064	466,699	-51,566	423,261	-75,752	2,249	-73,503	571	350,329
Balance as of March 31, 2007	1,017,880	265,346	3,918,245	-663,067	4,538,405	-17,166	3,984	-13,181	571	4,525,794

**Quarterly Consolidated Statements of Cash Flows**

(Thousands of yen)

Item	Term	Previous first quarter (April 1 to June 30, 2006)	Current first quarter (April 1 to June 30, 2007)	Summarized Statements of Cash flow (Consolidated) for the Previous Fiscal Year (April 1, 2006 to March 31, 2007)
		Amount	Amount	Amount
<b>I. Cash Flows from Operating Activities</b>				
Income before income taxes and other adjustments		66,124	203,520	439,488
Depreciation expenses		356,020	291,625	1,498,439
Losses on impaired assets		—	—	33,758
Amortization of goodwill		10,183	28,065	92,821
Amortization of negative goodwill		-52,737	-66,494	-265,977
Increase (decrease) in allowance for doubtful accounts		—	—	115,396
Increase (decrease) in reserve for retirement benefits		—	1,907	-13,089
Increase (decrease) in reserve for point card certificates		—	30,925	171,956
Interest and dividends received		-5,402	-3,599	-23,370
Equity in earnings of affiliates		—	-7,522	—
Interest paid		35,553	29,986	124,724
Equity in loss of affiliates		17,678	—	56,945
Gain on sale of fixed assets		-1,166	-28,944	-98,243
Loss on sale of fixed assets		98	—	—
Loss on disposal of fixed assets		3,676	7,279	71,434
Gain on sale of investment securities		—	-23	-107,102
Loss on revaluation of investment securities		—	—	53,800
Gain on forgiveness of debts		—	—	-139,114
Increase (decrease) in accounts receivable-trade		311,048	176,381	71,782
Increase (decrease) in inventories		-82,261	-139,102	-17,875
Increase (decrease) in accounts payable-trade		-250,177	286,328	-69,986
Others		311,194	-823,832	482,462
Subtotal		719,833	-13,498	2,478,248
Interests and dividends received		35,417	33,510	52,190
Interest paid		-26,945	-20,827	-118,976
Expenditure for dissolution of leases		-712	—	-1,453
Expenditure for repayment of claims in rehabilitation		—	—	-106,419
Corporate taxes paid		-89,064	-118,913	-86,836
Corporate tax refunds		5,842	—	5,897
Net cash provided by (used in) operating activities		644,371	-119,728	2,222,651
<b>II. Cash Flows from Investing Activities</b>				
Increase (decrease) in cash into time deposits		211,540	—	211,540
Expenditure for acquisition of tangible fixed assets		-660,907	-364,579	-1,666,204
Gain on sale of tangible fixed assets		5,786	45,099	237,759
Expenditure for acquisition of intangible fixed assets		-151,438	-227,877	-168,760
Expenditure for acquisition of investment securities		-30,000	—	-154,772
Gain on sale of investment securities		20,000	23	325,805
Cash flow arising from acquisition of subsidiary company stocks which caused changes in the scope of consolidation		1,544,953	—	1,544,953
Expenditure for additional acquisition of subsidiary company stocks		—	-800	-7,287
Loan expense		-380,023	-270,000	-742,560
Proceeds from recovery of loan		16,428	35,280	765,529
Others		-65,835	17,248	-50,720
Net cash provided by (used in) investing activities		510,503	-765,604	295,283
<b>III. Cash Flows from Financing Activities</b>				
Increase (decrease) in short-term debt		-81,653	196,000	-152,653
Gain on long-term debt		55,533	—	1,055,533
Expenditure for repayment of long-term debt		-341,965	-313,540	-1,651,737
Payment for redemption of bonds		—	—	-240,000
Proceeds from a new stock issue		8,128	—	8,128
Purchase of treasury stocks		—	-17,400	-51,566
Dividends paid		-38,636	-79,473	-53,411
Cash dividends paid to minority shareholders		—	—	-24,043
Net cash provided by (used in) financing activities		-398,593	-214,414	-1,109,749
<b>IV. Translation Balance Relating to Cash and Cash Equivalents</b>		-114	252	24
<b>V. Increase (Decrease) in Cash and Cash Equivalents</b>		756,166	-1,099,496	1,408,209
<b>VI. Balance of Cash and Cash Equivalents at Beginning of Period</b>		1,156,532	2,628,584	1,156,532
<b>VII. Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>		—	—	63,842
<b>VIII. Balance of Cash and Cash Equivalents at End of Period</b>		1,912,699	1,529,088	2,628,584