

Summary Statement of Settlement of Accounts Fiscal Year Ended March 31, 2008

Listed Company Name: Plaza Create Co., Ltd.
 Listed Market: JASDAQ
 Code Number: 7502
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Scheduled Date of Ordinary General Meeting of Shareholders: June 27, 2008

Scheduled Start of Dividend Payments: June 30, 2008

Scheduled Date for Submission of Financial Statements: June 30, 2008

(Figures are rounded to the nearest million yen.)

1. Results for the Fiscal Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

(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	%
Fiscal year ended March 2008	25,237	6.7	465	41.1	585	21.4	282	-47.6
Fiscal year ended March 2007	23,655	88.7	329	14.8	482	81.7	538	336.3

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Margin on Total Assets	Operating Income on Net Sales
	Yen	Yen	%	%	%
Fiscal year ended March 2008	53.90		6.2	3.7	1.8
Fiscal year ended March 2007	100.55		12.4	3.1	1.4

(Reference) Investment income (loss) on equity method:

-79 million yen for the fiscal year ended March 2008; -56 million yen for the fiscal year ended March 2007.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Fiscal year ended March 2008	15,201	4,613	30.3	891.52
Fiscal year ended March 2007	16,357	4,525	27.7	854.92

(Reference) Equity capital: 4,613 million yen for the fiscal year ended March 2008; 4,525 million yen for the fiscal year ended March 2007.

(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
Fiscal year ended March 2008	1,455	-1,450	-949	1,682
Fiscal year ended March 2007	2,222	295	-1,109	2,628

2. Dividends

(Record date)	Dividend per Share					Total Dividend per Share (Annual)	Dividend Percentage (consolidated)	Ratio of Dividends to Net Assets (consolidated)
	First Quarter	Interim	Third Quarter	Year-end	Annual			
Fiscal year ended March 2007	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2008				20.00	20.00	105	19.9	2.5
Fiscal year ending March 2009 (Forecast)				30	30		38.8	

Note: Breakdown of year-end dividend for the fiscal year ended March 2008: Commemorative dividend of 20.00 yen
Breakdown of year-end dividend for the fiscal year ending March 2009: Special dividend of 10.00 yen

3. Forecast of Consolidated Results for the Fiscal Year Ending March 2009 (April 1, 2008 to March 31, 2009)

(The percentage figures represent year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Total for 2Q (consolidated)	11,600	-2.9	10	-94.8	100	-55.9	50	-48.2	9.66
Full year	25,000	-0.9	500	6.9	600	2.4	400	41.8	77.30

4. Others

(1) Important changes of subsidiaries during the period (changes of specified subsidiaries accompanying the change in the scope of consolidation): Yes

Newly consolidated subsidiary: One (Plaza Create Mobiling)

Exclusion from consolidation: Two (Actcell No. 1 Investment Limited Partnership and Palette Plaza Co., Ltd.)

Note: For details, refer to "Status of Corporate Group" on page 9.

(2) Changes of principles, procedures, presentation methods, or other aspects of accounting processes concerning preparation of consolidated financial statements (items listed in Changes Affecting the Preparation of Consolidated Financial Statements)

1) Changes accompanying the revision of accounting or other standards: Yes

2) Changes other than those described in 1) above: Yes

(3) Number of shares outstanding (common stocks)

1) Number of shares outstanding at the end of the fiscal year (including treasury stocks): 6,132,582 for the fiscal year ended March 2008; 6,132,582 for the fiscal year ended March 2007

2) Number of treasury stocks at the end of the fiscal year: 958,099 for the fiscal year ended March 2008; 839,451 for the fiscal year ended March 2007

(Reference) Non-consolidated Results

1. Non-consolidated Results for the Fiscal Year Ended March 2008 (April 1, 2007 to March 31, 2008)

(1) Non-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	%
Fiscal year ended March 2008	11,216	-22.6	581	14.4	833	66.0	1,158	202.0
Fiscal year ended March 2007	14,487	21.7	508	93.0	502	64.1	383	99.1

	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
Fiscal year ended March 2008	221.39	
Fiscal year ended March 2007	71.69	

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Fiscal year ended March 2008	11,825	4,196	35.5	810.98
Fiscal year ended March 2007	12,363	3,229	26.1	610.12

(Reference) Equity capital: 4,196 million yen for the fiscal year ended March 2008; 3,229 million yen for the fiscal year ended March 2007.

2. Forecast of Non-consolidated Results for the Fiscal Year Ending March 2009 (April 1, 2008 to March 31, 2009)

(The percentage figures represent year-on-year changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Total for 2Q (consolidated)	5,050	-8.2	150	-46.5	300	-30.0	800	102.7	154.60
Full year	10,500	-6.8	350	-39.8	600	-28.0	1,100	-5.1	212.58

***Appropriate use of forecasts and other special instructions**

The forecasts and future estimates contained in these materials are the judgments of Plaza Create Co., Ltd. based on currently available information and contain various uncertain elements. Actual results may differ from forecasts due to changes in business conditions and other factors.

Please refer to pages 6, 8 and 9 and 10-13 regarding matters related to the assumptions used to prepare the projections shown above.

1. Operating Performance

(1) Analysis of Operating Performance

During fiscal 2007, ended March 31, 2008, the Japanese economy continued to recover supported by increased exports mainly to burgeoning countries that are growing rapidly, but started marking time as corporate earnings began declining because of worsened profitability resulting from skyrocketing prices of raw materials and capital expenditures slowed down. Though consumer spending continued to increase slowly, consumer confidence worsened significantly owing to sharp rises in the prices of petroleum products resulting from a rapid increase in crude oil prices, and owing to higher rates of price increases mainly in items familiar to consumers such as foodstuffs. In addition, misgivings about the business downturn are growing because of concerns about the health of the financial system on a worldwide basis because of the issue of subprime loans.

In Japan's photography market, sales of digital cameras grew robustly following the popularization of digital single lens reflex cameras, resulting in an increase in the total number of photograph shots, and the domain of digital services mainly for digital camera prints continued to expand steadily. To revitalize the photography market, we are facing a major challenge to provide new value-added services using digital data to expand business.

Under such circumstances, the Plaza Create Group made Plaza Create Imaging Co., Ltd., a consolidated subsidiary mainly engaged in the direct operation of outlets, start under a new framework on April 1, 2007, and strived to reinforce a system that precisely responds to the needs of customers, enhance customer services and facilitate the store management system, in order to establish a structure as a full-line photography and image service company. In anticipation of the synergistic effect from the merger of our network of conveniently located outlets and our content service, we also established Plaza Create Mobiling, a consolidated subsidiary marketing cellular phones, in April 2007 as part of our efforts to expand our business domains. Thus we have pushed forward with revitalization of each operation and promotion of synergistic effects by accelerating innovation of services, shops and communication through our efforts to reinforce the management base as a Group and other measures. We also strived to accelerate the development and provision of digital services and the receipt orders for such services in a bid to raise demand for printing at shops, thus making efforts to boost sales and profits.

As a result, consolidated net sales for fiscal 2007 amounted to ¥25,237 million (up 6.7% year-on-year), operating income was ¥465 million (up 41.1%), ordinary income was ¥585 million (up 21.4%), and net income was ¥282 million (down 47.6%).

An overview of earnings by division for the fiscal year under review is as follows.

1) Photography Service Related Business

The Plaza Create Group strived to reinforce the Group management system and expand sales and profits by mainly focusing on the development of printing services to offer new ways of enjoying photographs and the

establishment and strengthening of an in-house structure in order to improve the significance of our existence as a leading operator of DPE shop chains, and promote the photo printing business in the digital photo era. With regard to Plaza Create Imaging, engaged in the operation of directly-run outlets, we were able to reinforce a structure that can precisely respond to the needs of customers and enhance customer services by promoting efficient and proactive shop management through full-scale innovation of shop management under a new framework and personnel exchange. The Group also started marketing such new products as “Photo Book” and “Interior Photo” in July 2007, whose sales have been growing favorably. Thus, we managed to clearly hammer out the significance of the existence of photo specialty shops that can realize values customers seek, by proposing new ways of enjoying photographs and proactively developing value-added printing services.

As part of our new efforts, we developed “Digipri Station,” a self-service digital camera printing terminal at the storefronts, in November 2007. Conforming to eight types of media, this printing terminal can easily print photos taken by digital cameras and camera-equipped cell phones at high speed. We have been doing our utmost to install these printing terminals in all our outlets as a product that has realized cost reduction as a result of in-house development and will boost demand for printing from customers and contribute to sales and profits. We also introduced “Oshare Hanko” and “Oshare Stamp,” both featuring good design, in January 2008, marketing them as products aimed at reinforcing commodity sales at shops, increasing the number of customers and expanding sales. We have sold about 10,000 units. The Production and Development Center undertook various operations single-handedly, including online orders for printing photos taken by digital cameras, processing value-added products and photo printing. Since operations that were previously outsourced are now handled in-house, the capacity utilization rate of the center rose, resulting in lower costs. In our DVD rental service, we steadily increased the number of DPE shops that provided a DVD rental service to 50 in the fiscal year under review. The ratio of sales generated by DVD rental to total sales stood at about 5% (the maximum was 18.2%), on average, for shops providing a DVD rental service. The DVD rental service helped us acquire a new customer base and boost sales from existing customers. For the New Year’s greeting card printing service, which is the main sales and profit source of the Company, we enhanced printing services, including the introduction of “high-grade printing type services” as a new service, while reinforcing the order-receiving and production system at the Production and Development Center and strengthening the sales system, by means such as installing a jet printing system at all outlets of 55 Station. As a result, orders for our New Year’s greeting card printing service hit a record high of 46.30 million postcards (up about 119% from the previous fiscal year), making great contributions to the expansion of sales and profits.

Digipri Corporation, a consolidated subsidiary, proactively pushed forward with the reinforcement of new services, centering on online printing, and received orders for 2.98 million postcards (up 179.9% year-on-year) for our New Year’s greeting card printing service, significantly contributing to the increase in sales and profits. It attested to the importance and expansion potentials of online sales channels. The studio photography service and bridal-related services of Plaza Heart Co., Ltd., a consolidated subsidiary, entered a new stage, which included a new service to undertake wedding services, as the company continuously strived to acquire demand for ceremony and photography services making the most of ceremonial facilities. Each of these subsidiaries has

continued to take on challenges as a full-line photography and image service company by offering services that can ensure stable earnings, focusing on the photo printing business.

The total number of DPE chain shops at the end of the fiscal year under review decreased by 63 from the previous year-end to 1,173 (674 Palette Plaza chain shops and 499 55 Station shops and ALM Station shops) because of the closure of money-losing outlets and shops whose franchisee contracts had terminated.

As a result, sales in the Photography Service Related Business decreased by 5.8% year-on-year to ¥22,287 million. The year-on-year change was obtained by reclassifying the data by business segment of the previous consolidated fiscal year in accordance with the division-based classification used in the fiscal year under review.

2) Mobile Phone Sale Business

The Plaza Create Group entered a new business domain by establishing a consolidated subsidiary, “Plaza Create Mobiling,” in April 2007. With the number of subscribers to cellular phone services topping 100 million, the popularization rate of mobile phones is reaching the limit, while Mobile Number Portability (MNP) and a new sales system (installment sales system) have been introduced. Thus, the environment surrounding the cell phone market is changing rapidly. Amid such harsh conditions, we have proactively developed services leveraging our unique shop network and set up outlets, taking into consideration the floor space and geographical conditions.

The total number of outlets in this division at the end of the fiscal year under review stood at 18 (10 Keitai no Osama shops, five DPE shops concurrently selling cell phones and three carrier shops).

As a result, sales in the Mobile Phone Sale Business were ¥2,949 million. No year-on-year change is stated since the Mobile Phone Sale Business started in the fiscal year under review.

(Outlook for the Next Fiscal Year)

During fiscal 2008, ending March 31, 2009, the Japanese economy is expected to enter a recession phase because of a slowdown of exports owing to the business downturn in the U.S. and owing to the advance in the appreciation of the yen. Though consumer spending is increasing moderately, a harsh situation seems likely to continue. In the photography market, the future outlook is getting gloomier because of the slowdown in the growth of photography and continued changes in distribution, although the digital domain is expanding. Against this backdrop, the photography industry itself will inevitably change drastically, and it is becoming more and more important to flexibly cope with changes.

Viewing such environmental changes as an opportunity to indicate its new management visions, the Plaza Create Group will proactively promote efficient capital spending and development of new services based on our growth strategies, including provision of speedy and usable online printing services, taking advantage of

networks that enhance the synergistic effect of online and real services, further expansion of sales channels of photo-related products and other items, and development of new shops, positioning the development and provision of new high-value-added services specific to digital printing, based on our proprietary ideas and technologies, and the Internet as the core of our management strategies. In implementing these initiatives, for fiscal 2008 we forecast consolidated net sales of ¥25,000 million, operating income of ¥500 million, ordinary income of ¥600 million and net income of ¥400 million.

(2) Analysis of Financial Position

1) Status of assets, liabilities and net assets

Total assets at the end of fiscal year ended March 31, 2008 decreased by ¥1,156 million from the previous year-end to ¥15,201 million. This was mainly because cash and deposits decreased by ¥945 million from the previous year-end because of the reduction in interest-bearing liabilities.

Our total liabilities at the end of fiscal year ended March 31, 2008 decreased by ¥1,243 million from the previous year-end to ¥10,588 million. This was largely attributable to decreases of ¥240 million in bonds and decreases of ¥890 million in long-term debt, resulting from the reduction of interest-bearing liabilities.

Net assets for fiscal 2007 increased by ¥87 million from the end of fiscal 2006 to ¥4,613 million.

2) Cash Flows

Cash and cash equivalents for fiscal 2007 decreased by ¥945 million (down 36.0%) to ¥1,682 million.

A summary of changes in cash flows and factors behind them is as follows:

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the consolidated accounting period under review amounted to ¥1,455 million. This was a decrease of ¥767 million (down 34.5%) compared with the same period of the previous fiscal year. The main factors behind this decrease were a ¥232 million (down 52.9%) year-on-year decrease in income before income taxes and other adjustments, a ¥207 million increase (down 13.9%) in depreciation expenses and the increase of ¥261 million in expenditures because we returned business guarantee deposits.

Net Cash Provided by Investing Activities

Net cash used by investing activities for the consolidated accounting period under review amounted to ¥1,450 million. This was an increase of ¥1,745 million compared with the same period of the previous fiscal year, when net cash provided in investing activities totaled ¥295 million. The main factors behind this increase were the decrease of ¥1,544 million in income from the purchase of consolidated subsidiary stock (income of ¥1,544 million in the previous fiscal year).

Net Cash Used in Financing Activities

Net cash used in financing activities decreased by ¥160 million (down 14.4%) from the end of the previous

fiscal year to ¥949 million. This reflects mainly a increase of ¥616 million in short-term borrowings (compared with a cash inflow of ¥152 million from an increase in short-term borrowings in fiscal 2006) and a decrease in cash inflow of ¥355 million (down 33.7%) from long-term borrowings.

3) Cash Flow Ratios

	18th term	19th term	20th term	21st term
	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	Fiscal year ended March 2008
Shareholders' equity ratio (%)	39.4	28.8	27.7	30.3
Shareholders' equity ratio, market value basis (%)	36.1	29.5	21.7	24.1
Ratio of interest-bearing debt to cash flows (%)	16.4		2.7	3.7
Interest coverage ratio (times)	1.5		18.7	11.7

Notes: Shareholders' equity ratio: Common shareholders' equity/total assets.

Shareholders' equity ratio, market value basis: Common shareholders' equity at market value/total assets.

Ratio of interest-bearing debt to cash flows: interest-bearing debt/cash flows.

Interest coverage ratio: Cash flows from operating activities/interest payments.

*Each ratio is calculated based on figures from consolidated financial statements.

*The market value of total common shareholders' equity is calculated by multiplying the total of the year-end value price of common shareholders' equity by the number of issued and outstanding shares (excluding treasury stock).

*Cash flows are calculated from operating activities.

*Interest-bearing liabilities cover all interest-bearing liabilities that are disclosed in the consolidated balance sheets.

*The ratio of interest-bearing debt to cash flows and the interest coverage ratio are not shown for the fiscal year ended March 2006 because cash flows from operating activities were negative.

(3) Fundamental Policy on Distribution of Company Profits and Dividend Payments for the Current and Next Term

Plaza Create's fundamental policy regarding the distribution of profits to its shareholders is to sustain stable dividends while distributing profits commensurate with our operating environment and earnings performance. We will channel internal reserves toward strengthening the Company's financial standing and towards business investment aimed at enhancing corporate value. Plaza Create plans to pay a year-end dividend of ¥40 per share for the fiscal year under review – an ordinary dividend of ¥20 per share and a commemorative dividend of ¥20 per share as made public in the "Notice Concerning Dividend in Commemoration of the 20th Anniversary of Our Founding" – in accordance with our "Fundamental Policy on Distribution of Company Profits," described above. The Company plans to pay a year-end dividend of ¥30 per share for the next term: an ordinary dividend of ¥20 per share and a special dividend of ¥10 per share.

(4) Business Risks

Plaza Create Group recognizes the following risks concerning the business of the Group, such as our operating performance and financial position, which may have a significant influence on the judgment of investors:

1) Franchise development

Plaza Create is involved in management consulting with regard to franchise-based DPE shops. If these franchise chain shops fail to pay adequate regard to the functions of the franchise headquarters, or if certain shops are forced to discontinue business operations due to conditions specifically affecting those shops but not directly related to Plaza Create, it is possible that such events could adversely affect the Company's financial performance.

2) Weather-related factors

Our DPE business as well as the other print-related products and services that we offer to consumers tend to be associated with leisure activities, and these services may not necessarily be regarded as indispensable in ordinary life. Weather and other factors may influence consumer decision-making with regard to travel and holiday-making, which in turn can affect the number of opportunities people have to take photographs. Therefore weather and related factors have the potential to affect our business performance.

3) Trends Concerning the Spread and Development of Digital Devices

Consumers are now able to view the images they capture on their digital cameras or camera equipped cell phones on LCD displays, or they can print them out at home on printers designed for the consumer market. As a result, the demand for traditional photo printing is on the decline. Therefore, the spread of digital cameras and other peripheral devices, and the development of new digital products as the result of technological innovation and progress, as well as changes in the ways in which consumers enjoy their images all have the potential to affect our business performance.

4) New businesses

Plaza Create Group has already ventured into the studio photography business and cell-phone sales business to boost earnings and ensure growth, and proactively expanded our businesses to digital domains related to photography and images. In addition, we may continue to make upfront investments necessary for launching new businesses. If we make upfront investments and fail to generate the returns we initially expected within a certain period, our business performance could be affected.

2. Status of Corporate Group

Plaza Create Group (the Company and its affiliates; hereinafter referred to as "Plaza Create Group") consists of the Company and seven subsidiaries (Plaza Create Imaging Co., Ltd.; Digipri Corporation; IT Agent Corporation; Plaza Heart Co., Ltd.; Plaza Create Mobiling and two other companies) and nine affiliates (Gigno System Japan Inc. and eight other companies). It runs the imaging service business and operations attendant upon the business.

(Change in the method of business segmentation)

The Plaza Create Group previously classified its business into the "Imaging Service Business" and the "Leasing Business." However, we included the "Leasing Business" in the "Imaging Service Business" to consolidate them into one segment, effective from the fiscal year under review. We made this change to reflect the actual status of management more properly, since the Leasing Business has been merely responsible for part of the management work in the Imaging Service Business, since the reorganization we implemented on April 1, 2007, following the significant reduction in the volume of new leases handled by the Leasing

Business.

The positioning of Plaza Create Group relative to these businesses is as listed below. The Plaza Create Group has only one business segment: the Imaging Service Business and operations attendant upon that business. However, the segment is classified into the Photography Service Related Business and the Mobile Phone Sale Business.

Name of segment by type of business	Business Area	Major products and services handled	Main Companies
Imaging Service Business	Photography Service Related Business	Printing services	Plaza Create Co., Ltd.
		Photography-related products	Plaza Create Imaging Co., Ltd. (note 1)
			Digipri Corporation
			IT Agent Corporation
	Photographing services	Plaza Heart Co., Ltd.	
Mobile Phone Sale Business	Mobile phones	Plaza Create Mobiling Co., Ltd. (note 2)	

Notes:

1. 55 Station acquired Palette Plaza in April 2007 and changed its corporate name to Plaza Create Imaging.
2. Plaza Create Mobiling was newly established in April 2007.

3. Management policies

(1) Fundamental Business Philosophy

As its second phase of business, Plaza Create Group has set a fundamental business philosophy to contribute to realizing a society where people live a fulfilling life today and pursue a better life tomorrow through photographs and digital images, based on the basic values of a single photograph. While always committing to our customer creed, we will use the most advanced digital technology, our shop network and the Internet, proactively work on not only the DPE service business but also businesses related to photography and images, and increase our corporate values so that we will be able to provide products and services that help people live happier and more fulfilling lives.

(2) Target Management Indicators

To increase corporate values and have stable and continuous growth, Plaza Create Group has set return on equity (ROE) as an important indicator for reinforcing financial strength and comprehensively improving profitability, and we will fulfill our responsibility by increasing this indicator and enhancing our retained earnings and profit return to shareholders in accordance with our operating performance.

(3) Medium- and Long-Term Business Strategies

Viewing environmental changes as an opportunity to indicate our new management vision, the Plaza Create Group has proactively taken various measures in a bid to realize the “New Plaza Create Vision,” positioning the present time when we became the leading company in the industry as our second business phase. This year, which marks the 20th anniversary of our founding, we will boldly take on a challenge to provide new products

and services that make customers happy and make them smile when they visit our outlets, under the keyword “Happiness!” that is the starting point of our corporate activities and indicates the “spirit” of our shop brand. Starting from the milestone year of our 20th anniversary, we will do our utmost to realize the “New Plaza Create Vision,” as described below, through our proprietary ideas and technologies toward growth over the next five years and over the next ten years by offering new “Happiness!”, brought about by a single photograph, and taking on new challenges for the future of photography.

1) From DPE services to photo communication business

Providing new products and services developed by evolving our commitment to printing

Supporting lifestyles with photographs

2) From DPE service shops to a new lifestyle and information media of the local community

Developing one of the largest shop networks providing photography and imaging services in Japan

Changing over to a new business category of a new lifestyle and information media in the local community

3) Enhancing users’ attachment to photographs and images

Creating a new user community built around photographs and images

Disseminating lifestyle-oriented photographs and image culture

Conveying the values of photographs and images to realize a society where people sympathize with each other and live fulfilling lives

Plaza Create Group will be committed to realizing the above vision and strive to become a full-line photography and image service company and improve the profitability of the entire group.

(4) Business Issues to be Addressed

The photography market is now at a stage to expand the digital business, and boldly expanding digital photo services is vital for enhancing the demand for printing. While digitalization advances, the Plaza Create Group recognizes that is important to suggest services and develop and provide new products, bearing in mind various ways of enjoying photographs, and to pursue expansion in new business domains for the enhancement of its corporate value and the stabilization of its management base. In light of the abovementioned situation, the Plaza Create Group will address the issues described below to realize its medium- and long-term growth potential.

1) Plaza Create will use the largest network of DPE shops in Japan and proactively work on developing services that take into account the lifestyles of customers and boosting customer satisfaction, so that it will continue to offer optimum products for customers and services that always interest customers, aimed at expanding demand for printing, improving the quality of and enhancing existing services and expanding digital photo services.

2) Under the keyword “digital,” digital technologies, especially imaging data, have been digitized and have enabled the output of data in various types of media. Given this situation, Plaza Create will make efforts for offering very unique services that satisfy the needs of customers and can be provided only by specialized photo

stores and creating shops that can output not only photographs but also various products.

3) Plaza Create believes contents include items such as images taken by customers, images taken at photography studios, images for viewing on LCDs including PCs and camera-equipped mobile-phones, and photography-related products like postcards. Recognizing photographs as contents, we will proactively work on businesses that help each customer create memories and providing services and products that enable customers to feel happy through printing, by offering an extensive lineup, including not only printing but also products and services that convey feelings and give shape to happiness.

4) In addition to developing services and products at shops, Plaza Create will strive to obtain orders for printing on the Internet, positioning the Internet as the core of its management strategies.

5) Plaza Create will strive to win the confidence of shareholders and customers through efforts for improving and enhancing our internal control systems and practicing lawful and appropriate business operations in the Group.

(5) Streamlining and operation of internal control systems

1) Systems for ensuring compliance with laws and the Company's Articles of Incorporation in the performance of duties by Directors and employees

The Representative Director shall appoint a Director in charge of compliance, and make efforts to establish and develop a compliance system in accordance with the "Plaza Create Group Action Charter" under the command and supervision of that Director.

2) Systems regarding the retention and management of information relating to the performance of duties by Directors

Information relating to the performance of duties by Directors shall be recorded in writing or on electromagnetic media and properly stored and managed. It shall be kept in a state where Directors and Corporate Auditors can read it as necessary.

3) Rules and other systems for risk management

The CP (Compliance) & RM (Risk Management) Committee, chaired by the President, shall be established to manage risks concerning business activities in general. The committee shall manage risks of the entire Group and risks regarding the execution of operations by the Company and Group companies in accordance with in-house regulations and guidelines.

4) Systems for ensuring the efficient performance of duties by Directors

The Company shall hold regular meetings of the Board of Directors once a month, in principle, to decide matters stipulated by laws or the Company's Articles of Incorporation as well as important managerial matters and to supervise the status of performance of duties by each Director. It shall also strive to realize quick and efficient decision making by establishing a meeting body attended by Directors and standing Corporate Auditors and held once a week, in principle.

5) Systems for ensuring the proper operation of the Group, consisting of the said company, its parent company and subsidiaries

The Company shall establish a system that facilitates internal control at the Company and between Group companies, by building an internal control system at the Company and each Group company. It shall also

ensure proper operation, including approval procedures of the Company for deciding important matters of each Group company, in accordance with the Affiliated Company Management Regulations.

6) Matters regarding employees assisting duties of Corporate Auditors, when Corporate Auditors ask for the appointment of such employees, and matters regarding the independence of the said employees from Directors

When Corporate Auditors ask the Company to appoint employees to assist them in their duties, the Company shall establish a system to assign proper staff to meet that request. Employees who received orders necessary for auditing work from Corporate Auditors shall not receive directions or orders from Directors concerning the said orders and their independence from Directors shall be ensured.

7) Systems of reporting to Corporate Auditors by Directors and employees and other systems regarding reporting to Corporate Auditors

Directors and employees shall establish a system, under which they shall report matters that could seriously affect the Company and Group companies, violation of laws and regulations regarding performance of duties, wrongdoings, and similar acts to the Corporate Auditors and a system, under which they shall quickly report such facts when asked to do so by the Corporate Auditors.

8) Other systems for ensuring an effective audit by Corporate Auditors

Corporate Auditors shall ensure effectiveness of their audit by properly having meetings with Directors, employees and accounting auditors to exchange views.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

Item	Term	Current Fiscal Year (As of March 31, 2008)		Previous Fiscal Year (As of March 31, 2007)		Increase/ Decrease Amount
		Amount	Percentage	Amount	Percentage	
(Assets)			%		%	
I. Current assets						
1. Cash and time deposits		1,682,957		2,628,584		-945,627
2. Notes and accounts receivable-trade		837,054		647,063		189,990
3. Inventories		778,064		781,957		-3,892
4. Deferred tax assets		307,500		203,500		104,000
5. Others		929,357		974,558		-45,201
6. Reserve for doubtful accounts		-46,224		-76,306		30,081
Total current assets		4,488,708	29.5	5,159,357	31.6	-670,649
II. Fixed assets						
1. Tangible fixed assets						
(1) Building and structures		3,003,649		3,149,950		
Accumulated depreciation		2,220,839		2,199,709		
		782,809		950,240		-167,430
(2) Machinery and transport equipment		4,927,285		4,188,279		
Accumulated depreciation		3,014,577		2,273,045		
		1,912,707		1,915,233		-2,525
(3) Land		1,344,924		1,358,693		-13,769
(4) Construction in progress		182,342		—		182,342
(5) Others		1,084,435		1,075,526		
Accumulated depreciation		789,100		618,770		
		295,335		456,755		-161,420
Total tangible fixed assets		4,518,119	29.7	4,680,923	28.6	-162,804
2. Intangible fixed assets						
(1) Goodwill		190,514		308,861		-118,347
(2) Others		322,222		264,775		57,446
Total intangible fixed assets		512,736	3.4	573,637	3.5	-60,900
3. Investments and other assets						
(1) Investment securities		2,047,845		2,159,270		-111,424
(2) Long-term loans		330,102		313,121		16,980
(3) Deposits and reserve		3,000,613		3,135,448		-134,835
(4) Others		689,630		722,868		-33,238
(5) Reserve for doubtful accounts		-386,610		-392,334		5,724
Total investments and other assets		5,681,582	37.4	5,938,374	36.3	-256,792
Total fixed assets		10,712,438	70.5	11,192,935	68.4	-480,497
III. Deferred assets						
Bond issuance expenses		—		5,016		
Total deferred assets		—	0.0	5,016	0.0	-5,016
Total assets		15,201,146	100.0	16,357,309	100.0	-1,156,162

(Thousands of yen)

Item	Term	Current Fiscal Year (As of March 31, 2008)		Previous Fiscal Year (As of March 31, 2007)		Increase/ Decrease
		Amount	Percentage	Amount	Percentage	Amount
(Liabilities)			%		%	
I. Current liabilities						
1. Notes and accounts payable-trade		903,394		687,329		216,065
2. Short-term debt		2,565,000		2,194,168		370,832
3. Current portion of bonds		240,000		240,000		—
4. Accounts payable		972,178		—		972,178
5. Accrued income taxes		56,562		143,690		-87,128
6. Reserve for bonuses		180,028		185,990		-5,961
7. Reserve for directors' bonuses		—		20,000		-20,000
8. Allowance for point cards		197,799		205,191		-7,391
9. Others		523,575		1,357,914		-834,339
Total current liabilities		5,638,539	37.1	5,034,283	30.8	604,255
II. Long-term liabilities						
1. Corporate bonds		280,000		520,000		-240,000
2. Long-term debt		2,321,500		3,211,900		-890,400
3. Deferred tax liabilities		103,238		115,737		-12,499
4. Reserve for retirement benefits		645,050		642,966		2,084
5. Negative goodwill		797,932		1,063,909		-265,977
6. Deposits on contract		767,150		1,194,796		-427,645
7. Others		34,594		47,921		-13,327
Total long-term liabilities		4,949,465	32.6	6,797,231	41.5	-1,847,766
Total liabilities		10,588,004	69.7	11,831,514	72.3	-1,243,510
(Net assets)						
I. Shareholders' equity						
1. Capital		1,017,880	6.7	1,017,880	6.2	—
2. Capital surplus		265,346	1.7	265,346	1.6	—
3. Retained earnings		4,094,955	26.9	3,918,245	24.0	176,709
4. Treasury stock		-747,615	-4.9	-663,067	-4.0	-84,548
Total shareholders' equity		4,630,566	30.4	4,538,405	27.8	92,161
II. Valuation and translation adjustments						
1. Net unrealized gain on other securities		-20,263	-0.1	-17,166	-0.1	-3,096
2. Foreign currency translation adjustments		2,839	0.0	3,984	0.0	-1,145
Total valuation and translation adjustments		-17,424	-0.1	-13,181	-0.1	-4,242
III. Minority interests		—	0.0	571	0.0	-571
Total net assets		4,613,141	30.3	4,525,794	27.7	87,347
Total liabilities and net assets		15,201,146	100.0	16,357,309	100.0	-1,156,162

(2) Consolidated Statements of Income

(Thousands of yen)

Item	Term	Current Fiscal Year (April 1, 2007 to March 31, 2008)		Previous Fiscal Year (April 1, 2006 to March 31, 2007)		Increase/ Decrease Amount
		Amount	Percentage	Amount	Percentage	
I. Net sales		25,237,210	100.0	23,655,896	100.0	1,581,314
II. Cost of sales		12,749,346	50.5	11,511,795	48.7	1,237,551
	Gross profit	12,487,863	49.5	12,144,100	51.3	343,762
III. Selling, general and administrative expenses		12,022,535	47.7	11,814,310	49.9	208,225
	1. Sales promotion and advertising	1,226,401		924,099		
	2. Provision for doubtful accounts	—		1,200		
	3. Salary and bonuses	1,748,104		1,679,873		
	4. Provision for bonuses	158,701		180,628		
	5. Provision of reserve for directors' bonuses	—		20,000		
	6. Retirement benefit expenses	50,409		55,766		
	7. Other salaries	2,563,642		2,569,936		
	8. Consumable supplies and maintenance expenses	956,162		1,037,720		
	9. Rents and leases	1,871,243		1,896,175		
	10. Amortization of goodwill	121,935		92,821		
	11. Others	3,325,935		3,356,089		
	Operating income	465,327	1.8	329,790	1.4	135,537
IV. Non-operating income		386,118	1.5	398,730	1.6	-12,612
	1. Interest income	16,380		20,719		
	2. Purchase discounts	29,628		39,093		
	3. Amortization of negative goodwill	265,588		265,977		
	4. Others	74,519		72,940		
V. Non-operating expenses		266,030	1.0	246,276	1.0	19,754
	1. Interest expenses	122,368		124,724		
	2. Equity in loss of affiliates	79,685		56,945		
	3. Others	63,977		64,607		
	Ordinary income	585,415	2.3	482,244	2.0	103,170
VI. Extraordinary income		195,332	0.8	382,847	1.6	-187,514
	1. Gain on sale of fixed assets	95,797		98,243		
	2. Gain on sale of investment securities	5,993		107,102		
	3. Gain on reversal of allowance for doubtful accounts	35,806		14,437		
	4. Gains on bad debt recovered	36,619		23,949		
	5. Dividends from liquidation	21,115		—		
	6. Gains on forgiveness of debt	—		139,114		

(Thousands of yen)

Item	Term	Current Fiscal Year (April 1, 2007 to March 31, 2008)		Previous Fiscal Year (April 1, 2006 to March 31, 2007)		Increase/ Decrease
		Amount	Percentage	Amount	Percentage	Amount
VII. Extraordinary losses		573,746	2.3	425,603	1.7	148,142
1. Loss on sale of fixed assets		4,099		129		
2. Loss on disposal of fixed assets		45,508		71,434		
3. Impairment loss		436,284		33,758		
4. Loss on sales of investment securities		391		—		
5. Loss on revaluation of investment securities		58,518		53,800		
6. Loss on change in equity		—		652		
7. Loss on disposal of inventories		—		17,728		
8. Provision of allowance for doubtful accounts		—		103,564		
9. Provision for prior year's allowance for point cards		—		78,627		
10. Store closure cost		28,943		34,246		
11. Loss on cancellation of real estate rent		—		31,661		
Income before income taxes and other adjustments		207,001	0.8	439,488	1.9	-232,486
Corporate income, resident and business taxes		41,328		118,367		
Adjusted amount for corporate and other business taxes		-116,499		-215,618		
		-75,171	-0.3	-97,250	-0.4	22,079
Minority interests in income or minority interests in loss		58	0.0	-1,489	0.0	1,548
Net income		282,114	1.1	538,228	2.3	-256,114

Consolidated Statements of Changes in Shareholders' Equity
Consolidated Accounting Period under Review (April 1, 2007 to March 31, 2008)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007 (thousand yen)	1,017,880	265,346	3,918,245	-663,067	4,538,405
Changes during the fiscal year under review					
Dividends from surplus	—	—	-105,862	—	-105,862
Net income	—	—	282,114	—	282,114
Acquisition of treasury stock	—	—	—	-84,548	-84,548
Increase from exclusion of consolidated subsidiaries	—	—	457	—	457
Net changes of items other than shareholders' equity during the fiscal year under review (net amount)	—	—	—	—	—
Total changes during the fiscal year under review (thousand yen)	—	—	176,709	-84,548	92,161
Balance as of March 31, 2008 (thousand yen)	1,017,880	265,346	4,094,955	-747,615	4,630,566

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007 (thousand yen)	-17,166	3,984	-13,181	571	4,525,794
Changes during the fiscal year under review					
Dividends from surplus	—	—	—	—	-105,862
Net income	—	—	—	—	282,114
Acquisition of treasury stock	—	—	—	—	-84,548
Increase from exclusion of consolidated subsidiaries	—	—	—	—	457
Net changes of items other than shareholders' equity during the fiscal year under review (net amount)	-3,096	-1,145	-4,242	-571	-4,813
Total changes during the fiscal year under review (thousand yen)	-3,096	-1,145	-4,242	-571	87,347
Balance as of March 31, 2008 (thousand yen)	-20,263	2,839	-17,424	—	4,613,141

Previous consolidated fiscal year (April 1, 2006 to March 31, 2007)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006 (thousand yen)	1,013,816	261,282	3,451,546	-611,500	4,115,143
Changes during the fiscal year under review					
New share issuance	4,064	4,064	—	—	8,128
Dividends from surplus	—	—	-53,529	—	-53,529
Directors' bonuses	—	—	-18,000	—	-18,000
Net income	—	—	538,228	—	538,228
Acquisition of treasury stock	—	—	—	-51,566	-51,566
Net changes of items other than shareholders' equity during the fiscal year under review (net amount)	—	—	—	—	—
Total changes during the fiscal year under review (thousand yen)	4,064	4,064	466,699	-51,566	423,261
Balance as of March 31, 2007 (thousand yen)	1,017,880	265,346	3,918,245	-663,067	4,538,405

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006 (thousand yen)	58,585	1,735	60,321	—	4,175,465
Changes during the fiscal year under review					
New share issuance	—	—	—	—	8,128
Dividends from surplus	—	—	—	—	-53,529
Directors' bonuses	—	—	—	—	-18,000
Net income	—	—	—	—	538,228
Acquisition of treasury stock	—	—	—	—	-51,566
Net changes of items other than shareholders' equity during the fiscal year under review (net amount)	-75,752	2,249	-73,503	571	-72,931
Total changes during the fiscal year under review (thousand yen)	-75,752	2,249	-73,503	571	350,329
Balance as of March 31, 2007 (thousand yen)	-17,166	3,984	-13,181	571	4,525,794

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

Item	Term	Current Fiscal Year (April 1, 2007 to March 31, 2008)	Previous Fiscal Year (April 1, 2006 to March 31, 2007)	Increase/ Decrease
		Amount	Amount	Amount
I. Cash Flows from Operating Activities				
Income before income taxes and other adjustments		207,001	439,488	-232,486
Depreciation expenses		1,290,694	1,498,439	-207,744
Impairment loss		436,284	33,758	402,525
Amortization of goodwill		121,935	92,821	29,113
Amortization of negative goodwill		-265,588	-265,977	388
Increase (decrease) in reserve for doubtful accounts		-35,806	115,396	-151,202
Increase (decrease) in allowance for accrued employees' retirement benefits		2,084	-13,089	15,174
Increase (decrease) in allowance for point cards		-7,391	171,956	-179,347
Interests and dividends received		-18,302	-23,370	5,068
Interest expenses		122,368	124,724	-2,355
Equity in loss of affiliates		79,685	56,945	22,739
Gain on sale of fixed assets		-95,797	-98,243	2,446
Loss on disposal of fixed assets		45,508	71,434	-25,925
Gain on sale of investment securities		-5,993	-107,102	101,108
Loss on revaluation of investment securities		58,518	53,800	4,718
Dividends from liquidation		-21,115	—	-21,115
Gain on forgiveness of debt		—	-139,114	139,114
Increase (decrease) in accounts receivable-trade		-189,394	71,782	-261,177
Increase (decrease) in inventories		20,202	-17,875	38,078
Increase (decrease) in accounts payable-trade		216,065	-69,986	286,051
Others		-313,355	482,462	-795,818
Subtotal		1,647,601	2,478,248	-830,646
Interests and dividends received		47,531	52,190	-4,659
Interest paid		-123,921	-118,976	-4,945
Expenditure for dissolution of leases		—	-1,453	1,453
Expenditure for repayment of claims in rehabilitation		—	-106,419	106,419
Income taxes paid		-119,246	-86,836	-32,409
Corporate tax refunds		3,407	5,897	-2,489
Net cash provided by (used in) operating activities		1,455,373	2,222,651	-767,278

(Thousands of yen)

Item	Term	Current Fiscal Year (April 1, 2007 to March 31, 2008)	Previous Fiscal Year (April 1, 2006 to March 31, 2007)	Increase/ Decrease
II. Cash Flows from Investing Activities				
Increase (decrease) in cash into time deposits		—	211,540	-211,540
Expenditure for acquisition of tangible fixed assets		-1,238,846	-1,666,204	427,358
Gain on sale of tangible fixed assets		158,453	237,759	-79,305
Expenditure for acquisition of intangible fixed assets		-143,907	-168,760	24,853
Expenditure for acquisition of investment securities		-79,196	-154,772	75,575
Gain on sale of investment securities		19,608	325,805	-306,197
Proceeds from acquisition of shares of newly consolidated subsidiaries		—	1,544,953	-1,544,953
Expenditure for additional acquisition of shares of subsidiaries		-1,396	-7,287	5,890
Expenditure for transfer of business		-265,754	—	-265,754
Loan expense		-339,000	-742,560	403,560
Proceeds from recovery of loan		313,636	765,529	-451,893
Others		125,941	-50,720	176,661
Net cash provided by (used in) investing activities		-1,450,461	295,283	-1,745,744
III. Cash Flows from Financing Activities				
Increase (decrease) in short-term debt		464,000	-152,653	616,653
Gain on long-term debt		700,000	1,055,533	-355,533
Expenditure for repayment of long-term debt		-1,683,568	-1,651,737	-31,830
Payment for redemption of bonds		-240,000	-240,000	—
Proceeds from a new stock issue		—	8,128	-8,128
Expenditure for acquisition of treasury stock		-84,548	-51,566	-32,981
Dividends paid		-105,549	-53,411	-52,138
Cash dividends paid to minority shareholders		—	-24,043	24,043
Net cash provided by (used in) financing activities		-949,665	-1,109,749	160,084
IV. Translation Balance Relating to Cash and Cash Equivalents		-873	24	-897
V. Increase (Decrease) in Cash and Cash Equivalents		-945,627	1,408,209	-2,353,836
VI. Balance of Cash and Cash Equivalents at Beginning of Period		2,628,584	1,156,532	1,472,052
VII. Increase in Cash and Cash Equivalents Due to Change in the Scope of Consolidation		—	63,842	-63,842
VIII. Balance of Cash and Cash Equivalents at End of Period		1,682,957	2,628,584	-945,627

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Thousands of yen)

Item	Term	Current Fiscal Year (As of March 31, 2008)		Previous Fiscal Year (As of March 31, 2007)		Increase/ Decrease
		Amount	Percentage	Amount	Percentage	Amount
(Assets)			%		%	
I. Current assets						
1. Cash and term deposits		743,466		1,698,770		-955,304
2. Notes receivable-trade		—		5,764		-5,764
3. Accounts receivable-trade		832,194		937,358		-105,164
4. Merchandise		331,758		363,474		-31,715
5. Finished goods		422		4,916		-4,494
6. Raw materials		39,018		62,153		-23,135
7. Supplies		31,277		56,512		-25,234
8. Advance payments		3,066		—		3,066
9. Prepaid expenses		28,821		54,536		-25,714
10. Deferred tax assets		752,100		203,500		548,600
11. Short-term loans to affiliates		—		525,860		-525,860
12. Accounts receivable-other		442,945		91,382		351,562
13. Money deposited		—		138,918		-138,918
14. Others		129,568		32,326		97,241
15. Reserve for doubtful accounts		-446		-27,227		26,781
Total current assets		3,334,193	28.2	4,148,247	33.6	-814,053
II. Fixed assets						
1. Tangible fixed assets						
(1) Buildings		532,704		1,158,567		
Accumulated depreciation		225,561		448,967		
		307,143		709,600		-402,456
(2) Structures		6,881		24,175		
Accumulated depreciation		5,618		17,476		
		1,262		6,698		-5,435
(3) Machinery and equipment		4,749,663		4,188,177		
Accumulated depreciation		2,878,869		2,272,943		
		1,870,794		1,915,233		-44,439
(4) Vehicles		6,950		—		
Accumulated depreciation		3,257		—		
		3,692		—		3,692
(5) Equipment		642,884		650,542		
Accumulated depreciation		461,803		354,327		
		181,080		296,214		-115,133
(6) Leased assets		228,353		260,262		
Accumulated depreciation		193,309		175,483		
		35,044		84,778		-49,733
(7) Land		1,398,987		1,412,756		-13,769
(8) Construction in progress		182,342		—		182,342
Total tangible fixed assets		3,980,348	33.6	4,425,282	35.8	-444,934
2. Intangible fixed assets						
(1) Software		242,477		224,921		17,555

Item	Term	Current Fiscal Year (As of March 31, 2008)		Previous Fiscal Year (As of March 31, 2007)		Increase/ Decrease
		Amount	Percentage	Amount	Percentage	Amount
(2) Others		49,789		39,193		10,595
Total intangible fixed assets		292,266	2.5	264,115	2.1	28,151

(Thousands of yen)

Item	Term	Current Fiscal Year (As of March 31, 2008)		Previous Fiscal Year (As of March 31, 2007)		Increase/ Decrease
		Amount	Percentage	Amount	Percentage	Amount
3. Investments and other assets						
(1) Investment securities		381,483		379,662		1,820
(2) Shares of affiliates		947,595		862,084		85,511
(3) Investments in capital		110		110		—
(4) Long-term loans		315,102		298,121		16,980
(5) Loans receivable from affiliates		962,860		15,000		911,860
(6) Claims provable in bankruptcy, claims provable in rehabilitation and other		84,259		94,073		-9,813
(7) Long-term prepaid expenses		56,243		77,234		-20,990
(8) Lease and guarantee deposits		1,471,999		1,675,551		-203,551
(9) Long-term time deposits		500,000		500,000		—
(10) Others		11,723		11,723		—
(11) Allowance for doubtful accounts		-476,610		-392,334		-84,275
Total investments and other assets		4,218,768	35.7	3,521,227	28.5	697,541
Total fixed assets		8,491,383	71.8	8,210,625	66.4	280,757
III. Deferred assets						
1. Bond issuance expenses		—		5,016		-5,016
Total deferred assets		—	—	5,016	0.0	-5,016
Total assets		11,825,576	100.0	12,363,888	100.0	-538,311

(Thousands of yen)

Item	Term	Current Fiscal Year (As of March 31, 2008)		Previous Fiscal Year (As of March 31, 2007)		Increase/ Decrease
		Amount	Percentage	Amount	Percentage	Amount
(Liabilities)			%		%	
I. Current liabilities						
1. Notes payable-trade		7,635		924		6,711
2. Accounts payable-trade		547,394		644,018		-96,623
3. Short-term debt		468,000		604,000		-136,000
4. Current portion of long-term debt		1,497,000		1,583,200		-86,200
5. Current portion of bonds		240,000		240,000		—
6. Accounts payable-other		706,848		382,639		324,208
7. Accrued expenses		128,549		194,776		-66,226
8. Accrued income taxes		25,192		115,142		-89,949
9. Accrued consumption tax		—		130,481		-130,481
10. Advance received		6,232		3,074		3,158
11. Deposits received		568,303		58,716		509,586
12. Unearned revenue		8,396		7,182		1,214
13. Reserve for bonuses		67,300		83,090		-15,790
14. Reserve for directors' bonuses		—		20,000		-20,000
15. Allowance for point cards		—		115,018		-115,018
16. Notes payable-facilities		—		24,242		-24,242
17. Others		5,605		16,879		-11,274
Total current liabilities		4,276,458	36.2	4,223,386	34.2	53,071
II. Long-term liabilities						
1. Corporate bonds		280,000		520,000		-240,000
2. Long-term loans payable		2,321,500		3,211,900		-890,400
3. Deposits on contract		751,223		1,179,164		-427,940
Total long-term liabilities		3,532,723	28.3	4,911,064	39.7	-1,558,340
Total liabilities		7,629,182	64.5	9,134,450	73.9	-1,505,268

(Thousands of yen)

Item	Term	Current Fiscal Year (As of March 31, 2008)		Previous Fiscal Year (As of March 31, 2007)		Increase/ Decrease
		Amount	Percentage	Amount	Percentage	Amount
(Net assets)			%		%	
I. Shareholders' equity						
1. Capital		1,017,880	8.6	1,017,880	8.2	—
2. Capital surplus						
(1) Capital reserve		265,346		265,346		—
Total capital surplus		265,346	2.3	265,346	2.2	—
3. Retained earnings						
(1) Other retained earnings						
Unappropriated retained earnings		3,680,835		2,627,880		
Total retained earnings		3,680,835	31.1	2,627,880	21.3	1,052,954
4. Treasury stock		-747,615	-6.3	-663,067	-5.4	-84,548
Total shareholders' equity		4,216,446	35.7	3,248,040	26.3	968,405
II. Valuation and translation adjustments						
1. Net unrealized gain on other securities		-20,051	-0.2	-18,602	-0.2	-1,448
Total valuation and translation adjustments		-20,051	-0.2	-18,602	-0.2	-1,448
Total net assets		4,196,394	35.5	3,229,437	26.1	966,956
Total liabilities and net assets		11,825,576	100.0	12,363,888	100.0	-538,311

(2) Non-Consolidated Statements of Income

(Thousands of yen)

Item	Term	Current Fiscal Year (April 1,2007 to March 31, 2008)		Previous Fiscal Year (April 1,2006 to March 31, 2007)		Increase/ Decrease Amount
		Amount	Percentage	Amount	Percentage	
I. Net sales		11,216,817	100.0	14,487,006	100.0	-3,270,189
1. Net sales of finished goods		1,275,487		4,838,700		
2. Net sales of Merchandise		7,407,563		7,152,291		
3. Other business revenue		2,533,767		2,496,015		
II. Cost of sales		7,877,194	70.2	9,259,375	63.9	-1,382,181
1. Cost of finished goods sold						
(1) Beginning finished goods		4,916		4,654		
(2) Cost of products manufactured for the period		744,039		2,182,708		
Total		748,955		2,187,362		
(3) Ending finished goods		422		4,916		
(4) Finished goods transfer to/from other account		10,894		2,740		
Cost of finished goods sold		737,638		2,179,706		
2. Cost of Merchandise sold						
(1) Beginning Merchandise		363,474		239,530		
(2) Cost of purchased Merchandise		5,761,384		5,517,878		
Total		6,124,859		5,757,408		
(3) Ending Merchandise		331,758		363,474		
(4) Merchandise transfer to/from other account		81,328		8,216		
Cost of Merchandise sold		5,711,772		5,385,717		
3. Other business cost of sales		1,427,783		1,693,952		
Gross profit		3,339,623	29.8	5,227,631	36.1	-1,888,007
III. Selling, general and administrative expenses		2,758,205	24.6	4,719,206	32.6	-1,961,000
1. Freightage expenses		149,145		192,899		
2. Promotion expenses		166,350		114,964		
3. Advertising expenses		195,738		317,699		
4. Directors' compensations		106,860		88,440		
5. Employees' salaries, allowance and bonuses		597,216		775,408		
6. Provision of reserve for directors' bonuses		—		20,000		
7. Provision of reserve for bonuses		48,116		77,728		
8. Other salaries		75,174		721,537		
9. Legal and employee benefits expenses		109,651		194,911		
10. Transportation and communication expenses		119,735		239,161		
11. Supplies and repair expenses		82,465		375,602		
12. Rent expenses		282,015		565,067		
13. Commission fee		337,398		479,626		
14. Depreciation		310,017		237,804		
15. Amortization of goodwill		—		14,723		
16. Bad debts expenses		997		40,176		
17. Others		117,322		263,453		
Operating income		581,417	5.2	508,424	3.5	72,993

(Thousands of yen)

Item	Term	Current Fiscal Year (April 1, 2006 to March 31, 2007)		Previous Fiscal Year (April 1, 2005 to March 31, 2006)		Increase/ Decrease Amount
		Amount	Percentage	Amount	Percentage	
IV. Non-operating income		404,699	3.6	165,084	1.2	239,614
1. Interest income		38,987		46,450		
2. Dividends income		31,108		31,837		
3. Purchase discounts		29,628		39,093		
4. Commission income		263,310		—		
5. Others		41,664		47,704		
V. Non-operating expenses		152,680	1.4	171,494	1.2	-18,814
1. Interest expenses		102,901		118,291		
2. Commission for syndicate loan		18,250		18,250		
3. Others		31,528		34,953		
Ordinary income		833,436	7.4	502,015	3.5	331,421
VI. Extraordinary income		155,413	1.4	150,043	1.0	5,369
1. Gain on sales of fixed assets		95,797		29,784		
2. Gain on sales of investment securities		5,993		107,102		
3. Gain on reversal of allowance for doubtful accounts		32,506		8,137		
4. Gain on bad debts recovered		—		5,020		
5. Dividends from liquidation		21,115		—		
VII. Extraordinary losses		358,167	3.2	370,217	2.6	-12,050
1. Loss on sale of fixed assets		4,099		129		
2. Loss on retirement of fixed assets		19,356		64,801		
3. Impairment loss		136,085		26,827		
4. Loss on sales of investment securities		391		—		
5. Loss on valuation of investment securities		57,518		52,835		
6. Loss on valuation of stocks of affiliates		30,000		20,000		
7. Provision of allowance for doubtful accounts		90,000		103,564		
8. Provision for prior year's allowance for point cards		—		78,627		
9. Store closure cost		20,715		18,983		
10. Loss on cancellation of real estate rent		—		4,446		
Income before income taxes and other adjustments		630,682	5.6	281,841	1.9	348,841
Corporate income, resident and business taxes		20,465		101,611		
Adjusted amount for corporate and other business taxes		-548,600		-203,500		
		-528,134	-4.7	-101,888	-0.7	-426,245
Net income		1,158,816	10.3	383,729	2.6	775,086

Statement of Cost of Goods Manufactured

(Thousands of yen)

	Note	Current Fiscal Year (April 1,2007 to March 31, 2008)		Previous Fiscal Year (April 1,2006 to March 31, 2007)	
		Amount	Percentage	Amount	Percentage
I Cost of material		151,607	20.4	566,732	26.0
II Subcontracting cost		56,374	7.6	151,127	6.9
III Labor cost		232,055	31.2	577,142	26.4
IV Expenses	*2	304,001	40.8	887,706	40.7
Total manufacturing cost incurred for the period		744,039	100.0	2,182,708	100.0
Cost of products manufactured for the period		744,039		2,182,708	

(Notes)

(Thousands of yen)

Current Fiscal Year (April 1,2007 to March 31, 2008)		Previous Fiscal Year (April 1,2006 to March 31, 2007)	
1. Method of cost accounting		1. Method of cost accounting	
Process cost system based on actual cost is applied.		Same as left	
*2. Breakdown of expenses		*2. Breakdown of expenses	
Depreciation expenses	90,316	Rent	462,444
Rent	87,468	Depreciation expenses	289,320
Commission expenses	42,783	Utilities expenses	61,906
Others	83,432	Others	74,035

(3) Non- consolidated Statements of Changes in Shareholders' Equity
Non-consolidated Accounting Period under Review (April 1, 2007 to March 31, 2008)

	Shareholders' equity						
	Capital	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Other retained earnings	Total retained earnings		
				Unappropriated retained earnings			
Balance as of March 31, 2007 (thousand yen)	1,017,880	265,346	265,346	2,627,880	2,627,880	-663,067	3,248,040
Changes during the fiscal year under review							
Dividends from surplus	—	—	—	-105,862	-105,862	—	-105,862
Net income	—	—	—	1,158,816	1,158,816	—	1,158,816
Acquisition of treasury stock	—	—	—	—	—	-84,548	-84,548
Net changes of items other than shareholders' equity during the fiscal year under review (thousand yen)	—	—	—	—	—	—	—
Total changes during the fiscal year under review (thousand yen)	—	—	—	1,052,954	1,052,954	-84,548	968,405
Balance as of March 31, 2008 (thousand yen)	1,017,880	265,346	265,346	3,680,835	3,680,835	-747,615	4,216,446

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on other securities	Total valuation and translation adjustments	
Balance as of March 31, 2007 (thousand yen)	-18,602	-18,602	3,229,437
Changes during the fiscal year under review			
Dividends from surplus	—	—	-105,862
Net income	—	—	1,158,816
Acquisition of treasury stock	—	—	-84,548
Net changes of items other than shareholders' equity during the fiscal year under review (thousand yen)	-1,448	-1,448	-1,448
Total changes during the fiscal year under review (thousand yen)	-1,448	-1,448	966,956
Balance as of March 31, 2008 (thousand yen)	-20,051	-20,051	4,196,394

Previous fiscal year (April 1, 2006 to March 31, 2007)

	Shareholders' equity						
	Capital	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Capital reserve	Total capital surplus	Other retained earnings	Total retained earnings		
				Unappropriated retained earnings			
Balance as of March 31, 2006 (thousand yen)	1,013,816	261,282	261,282	2,315,680	2,315,680	-611,500	2,979,278
Changes during the fiscal year under review							
New share issuance	4,064	4,064	4,064	—	—	—	8,128
Dividends from surplus	—	—	—	-53,529	-53,529	—	-53,529
Directors' bonuses	—	—	—	-18,000	-18,000	—	-18,000
Net income	—	—	—	383,729	383,729	—	383,729
Acquisition of treasury stock	—	—	—	—	—	-51,566	-51,566
Net changes of items other than shareholders' equity during the fiscal year under review (thousand yen)	—	—	—	—	—	—	—
Total changes during the fiscal year under review (thousand yen)	4,064	4,064	4,064	312,200	312,200	-51,566	268,762
Balance as of March 31, 2007 (thousand yen)	1,017,880	265,346	265,346	2,627,880	2,627,880	-663,067	3,248,040

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on other securities	Total valuation and translation adjustments	
Balance as of March 31, 2006 (thousand yen)	57,864	57,864	3,037,142
Changes during the fiscal year under review			
New share issuance	—	—	8,128
Dividends from surplus	—	—	-53,529
Directors' bonuses	—	—	-18,000
Net income	—	—	383,729
Acquisition of treasury stock	—	—	-51,566
Net changes of items other than shareholders' equity during the fiscal year under review (thousand yen)	-76,467	-76,467	-76,467
Total changes during the fiscal year under review (thousand yen)	-76,467	-76,467	192,294
Balance as of March 31, 2007 (thousand yen)	-18,602	-18,602	3,229,437