

Summary Statement of Interim 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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 Financial statements to be submitted on: December 17, 2007

1. Results for the Interim Term Ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Interim Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim term ended September 2007	11,934	6.0	190	—	226	118.3	96	169.7
Interim term ended September 2006	11,263	104.4	14	-56.2	103	49.4	35	126.2
Fiscal year ended March 2007	23,655	—	329	—	482	—	538	—

	Interim Net Income per Share	Interim Net Income per Share (Diluted)
	Yen	Yen
Interim term ended September 2007	18.34	—
Interim term ended September 2006	6.68	—
Fiscal year ended March 2006	100.55	—

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

-76 million yen for the interim term ended September 2007; -23 million yen for the interim term ended September 2006; -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
Interim term ended September 2007	15,315	4,457	29.1	851.98
Interim term ended September 2006	17,094	4,105	23.9	760.51
Fiscal year ended March 2007	16,357	4,525	27.7	854.92

(Reference) Equity capital:

4,456 million yen for the interim term ended September 2007; 4,082 million yen for the interim term ended

September 2006; 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
Interim term ended September 2007	102	-975	-552	1,202
Interim term ended September 2006	939	571	-359	2,371
Fiscal year ended March 2007	2,222	295	-1,109	2,628

2. Dividends

(Record date)	Dividend per Share	
	Year-end	Annual
	Yen	Yen
Fiscal year ended March 2007	20.00	20.00
Fiscal year ended March 2008		
Fiscal year ending March 2008 (Forecast)	20.00	20.00

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

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	26,800	13.3	500	51.6	600	24.4	600	11.5	114.26

4. Others

- (1) Important changes of subsidiaries during the period (changes of specified subsidiaries accompanying the change in the scope of consolidation): No
- (2) Changes of principles, procedures, presentation methods, or other aspects of accounting processes concerning preparation of interim consolidated financial statements (items listed in Changes Affecting the Preparation of Interim Consolidated Financial Statements)
 - 1) Changes accompanying the revision of accounting or other standards: Yes
 - 2) Changes other than those described in 1) above: No
- (3) Number of shares outstanding (common stocks)
 - 1) Number of shares outstanding at the end of term (including treasury stocks): 6,132,582 for the interim term ended September 2007; 6,132,582 for the interim term ended September 2006; 6,132,582 for the fiscal year ended March 2007
 - 2) Number of treasury stocks at the end of term: 901,651 for the interim term ended September 2007; 765,051 for the interim term ended September 2006; 839,451 for the fiscal year ended March 2007

(Reference) Non-consolidated Results**1. Results for the Interim Term Ended September 30, 2007 (April 1, 2007 to September 30, 2007)****(1) Non-consolidated Operating Results**

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

	Net Sales		Operating Income		Ordinary Income		Interim Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim term ended September 2007	5,502	-17.3	280	50.3	428	104.4	394	245.8
Inrerim term ended September 2006	6,656	22.6	186	—	209	226.3	114	244.2
Fiscal year ended March 2007	14,487	—	508	—	502	—	383	—

	Interim Net Income per Share
	Yen
Interim term ended September 2007	74.95
Inrerim term ended September 2006	21.29
Fiscal year ended March 2006	71.69

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
Interim term ended September 2007	11,109	3,458	31.1	661.08
Interim term ended September 2006	12,800	3,021	23.6	563.01
Fiscal year ended March 2007	12,363	3,229	26.1	610.12

(Reference) Equity capital: 3,458 million yen for the interim term ended September 2007; 3,021 million yen for the interim term ended September 2006; 3,229 million yen for the fiscal year ended March 2007.

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

(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
Full year	10,900	-24.8	400	-21.3	600	19.5	600	56.4	114.26

***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, etc., may differ from forecasts due to changes in business conditions and other factors.

Please refer to pages 3-5 regarding matters related to the assumptions used to prepare the projections shown above.

1. Operating Results

(1) Analysis of Operating Results

During the interim period of the fiscal year ending March 31, 2008, the Japanese economy maintained a rebound trend on the whole, despite concerns about a downturn in the U.S. economy and negative effects from surging crude oil prices. The rebound was supported by continued improvement in corporate earnings and accompanying increases in capital expenditures, as well as the continuing brisk consumer spending in general due to a recovery in employment conditions.

In Japan's photography market, while demand for prints made from films are decreasing, that for digital photo printing is expanding due to rapid penetration of digital single lens reflex cameras, increases in prints made from camera-equipped mobile phones and provision of value-added photo printing services, and the domain of digital printing services are expanding at an accelerated pace.

Therefore, Plaza Create Group has strived to develop, provide and promote orders of digital-related services to boost demand for photo printing at DPE shops. In the meantime, the Group established Plaza Create Mobiling Co., Ltd., a 100 percent owned consolidated subsidiary, in April 2007 as part of its efforts for expanding the business domains related to photography and image services, and proactively pressed forward with a mobile phone sales business by emphasizing mobile phones as cameras.

As a result, consolidated net sales for the interim consolidated period under review amounted to ¥11,934 million (up 6.0% year-on-year), operating income jumped to ¥190 million (¥14 million in the previous corresponding period), ordinary income increased to ¥226 million (up 118.3% year-on-year) and net income amounted to ¥96 million (up 169.7% year-on-year).

An outline of the overall conditions and financial performance of each business segment is provided below.

1) Photography Service Related Business

During the interim consolidated period for the fiscal year ending March 2008, Plaza Create Group assigned its photography-related retail service business (the directly-managed business of its DPE chain shop business "Palette Plaza") to 55 Station Inc., a consolidated subsidiary mainly operating 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 change the corporate name to Plaza Create Imaging K.K. effective April 1, 2007 to start it afresh under a new business framework as part of reorganization of Plaza Create Group. By moving ahead on a full scale toward an enhanced management system through the above measures, the Group was able to strengthen the system to suitably meet the needs of customers, enrich customer services and improve efficiency in the shop operation system.

As new efforts during the interim consolidated period under review, we initiated sales of "Photo Book" and "Interior Photo" as new products and proactively proposed a new way of enjoying photography and provided value-added print menus. As a result, we were able to promote the usefulness of DPE shops, which can in turn create value requested by customers, and the number of customers who visit shops increased with sales at shops is continuing to pick up. As for the DVD rental business which we operate in promising areas and locations that meet our requirements, we steadily increased the number of shops to 50, successfully won new customer base, and increased sales from existing customers.

As for the business development of our consolidated group companies, Digipri proactively pressed ahead with the enrichment of new service menus with focus on online photo printing. Meanwhile, Plaza Heart Co., Ltd., through its studio photography service and bridal related services, aggressively sought out demand for wedding ceremony and photography services that utilize wedding ceremony halls. IT Agent Corporation, mainly involved in the sale of personal computers, peripheral equipment and software through the Paso Q online shop, used the Internet to build out its own services. As stated above, each of the consolidated subsidiaries continued to step up to the challenge to realize synergistic effects with other businesses and boost sales and profits further.

The total number of DPE chain shops at the end of the interim consolidated period under review decreased by 26 shops from the previous year-end to 1,210 shops (705 Palette Plaza chain shops and 505 ALM Station and 55 Station shops) due to reasons such as the closing of unprofitable shops. As a result, sales in the Photography Service Related Business amounted to ¥10,636 million.

2) Mobile Phone Sale Business

During the interim consolidated period under review, Plaza Create Group established a consolidated subsidiary called “Plaza Create Mobiling Co., Ltd.” in April 2007, successfully venturing into a new business domain and pressed ahead with establishment of a system as a photography and image service company. At the same time, it proactively pursued development of services that utilize its proprietary network of shops also in the mobile business area, which is gaining momentum.

The number of mobile phone sale shops during the interim period under review totaled 15 shops (10 Keitai no Osama shops, 4 DPE shops that also sell mobile phones and 1 carrier shop). As a result, sales in the Mobile Phone Sale Business amounted to ¥1,297 million.

(Outlook for the Fiscal Year)

During the second half of the fiscal year, the Group will further enhance the value-added print services which it promoted in the first half of the fiscal year, mainly in the Photography Service Related Business, toward establishment of a stable foundation as a full-line photography and image service company, and will continue to provide new products and services created with greater commitment to print.

In the meantime, we will position the acquisition of orders for New Year’s greeting cards during the year-end sales season, for which we have successfully maintained sales and profit increases each year, as one of the priorities of the second half of the fiscal year, and expand speedy photo processing services to all 55 Station shops, as well as enhancing the choice of design template for New Year’s greeting cards and boosting sales on online orders. In addition to the above, we will launch operations of our Production and Development Center on a full scale this year and introduce value-added types, such as those made with Japanese paper and using gold foil, holograms and full color, to New Year’s greeting cards that are processed through on-demand printers, in an effort for achieving an expansion in orders that exceeds the previous year. Continuing to promote “digital content” as the keyword, we will enhance cooperation between the Photography Service Related Business and Mobile Phone Sale Business, strengthen the collective power of the Group, reinforce sales and marketing capabilities and new digital services/products development capabilities and press ahead

with improving efficiency of shop operations to improve business performance and boost earnings.

By implementing these initiatives, for the fiscal year ending March 2008, we forecast consolidated net sales of ¥26,800 million, operating income of ¥500 million, ordinary income of ¥600 million and net income of ¥600 million.

(2) Analysis of Financial Position

(Analysis of the status of assets, liabilities and net assets, as well as cash flows)

Cash and cash equivalents for the interim period for fiscal year ending March 2008 decreased by ¥1,425 million (down 54.2% from the previous year-end) to ¥1,202 million due to net cash provided by operating activities of ¥102 million, net cash used in investing activities of ¥975 million and net cash used in financing activities of ¥552 million.

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the interim period under review amounted to ¥102 million. This was a decrease of ¥836 million (down 89.1%) compared with the same period of the previous fiscal year. The main factors behind this decrease were a ¥102 million (up 762.0%) year-on-year increase in income before income taxes and other adjustments to ¥115 million, a ¥163 million (up 232.2%) year-on-year decrease in income from increases in accounts receivable-trade and a ¥260 million increase in expenditure due to return of deposit received for business.

Net Cash Provided by Investing Activities

Net cash used in investing activities for the interim period under review amounted to ¥975 million. This was an increase in outflow of ¥1,546 million compared with the same period of the previous fiscal year, when net cash provided by investing activities totaled ¥571 million. The main factor behind this was a decrease in income from acquisition of consolidated subsidiary company stocks of ¥1,544 million (compared with a cash inflow of ¥1,544 million in the same period of the previous fiscal year).

Net Cash Provided by Financing Activities

Net cash used in financing activities increased by ¥193 million (up 53.7%) from the same period of the previous fiscal year to ¥552 million. This reflects mainly a decrease of ¥305 million (down 40.4% year-on-year) in long-term debt.

[Reference] Cash Flow-Related Ratio Trends for the Plaza Create Group

	Fiscal year ended March 2006		Fiscal year ended March 2007		Fiscal year ending March 2008
	Interim term	Year-end	Interim term	Year-end	Interim term
Shareholders' equity ratio (%)	39.2	28.8	23.9	27.7	29.1
Shareholders' equity ratio, market price basis (%)	37.4	29.5	20.1	21.7	26.7
Ratio of interest-bearing debt to cash flows (%)	—	—	7.3	2.7	28.2
Interest coverage ratio (times)	—	—	14.1	18.7	1.7

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.

(Numerical values for cash flows for the interim consolidated period are doubled to convert to an annual basis.)

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

Notes:

1. Each ratio is calculated based on figures from consolidated financial statements.
2. 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).
3. Cash flows are calculated from operating activities.
4. Interest-bearing liabilities cover all interest-bearing liabilities that are disclosed in the consolidated balance sheets. As for interest payment, the amount of interest paid in Consolidated Statement of Cash Flows is applied.
5. 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 an ordinary dividend of ¥20 per share for the fiscal year-end, in accordance with our "Fundamental Policy on Distribution of Company Profits" described previously.

(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 soliciting the sale of franchise-based DPE shops (hereinafter referred to as "Fujicolor Palette Plaza" shops), management consulting with regard to these franchise shops, as well as the direct management of Fujicolor Palette Plaza 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) Degree of dependence on specific businesses or clients

One of our principal suppliers is Fujifilm Imaging Co., Ltd., a subsidiary of Fuji Photo Film Co., Ltd. Approximately 40% of our total purchases of goods come from Fujifilm Imaging, and there is a risk that a change in business direction or policy on the part of the Fuji Photo Film Group or Fujifilm Imaging could affect our business performance.

3) 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.

4) 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.

5) 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 K.K., Digipri, IT Agent Corporation, Plaza Heart Co., Ltd., Plaza Create Mobiling Co., Ltd. and two other companies) and eight affiliates (Gigno System Japan Inc. and seven other companies). It runs Imaging Service Business and its ancillary businesses.

The positioning of Plaza Create Group relative to these businesses is as listed below. Please note that businesses of the Group are in a single segment of Imaging Service Business and its ancillary businesses but are categorized separately into Photography Service Related Business and Mobile Phone Business.

Business	Main products and services	Main Companies
Photography Service Related Business	Printing services Photography-related products Photographing services	Plaza Create Co., Ltd.
		Plaza Create Imaging K.K. (Note 1)
		Digipri Corporation
		IT Agent Corporation
		Plaza Heart Co., Ltd.
Mobile Phone Sale Business	Mobile phones	Plaza Create Mobiling Co., Ltd. (Note 2)

- Notes: 1. Palette Plaza was acquired by 55 Station effective April 1, 2007 and changed its corporate name to Plaza Create Imaging effective the same date.
 2. Plaza Create Mobiling Co., Ltd. was newly established in April 2007.
 3. Effective the interim consolidated period under review, Leasing Business are consolidated to Imaging Service Business to operate under a single segment.

3. Management Policies

(1) Fundamental Business Philosophy, (2) Target Management Indicators, (3) Mid- and Long-Term Business Strategies, (4) Business Issues to Be Addressed

Recording is omitted, since there are no significant material changes in the content disclosed by the brief announcement of non-consolidated financial statements for the accounting period ended March 2007 (disclosed on May18, 2007).

The said brief announcement of non-consolidated financial statements is available on the website at the following URL.

(Website of the Company)

<http://www.plazacreate.co.jp/ir/>

(Website of Jasdaq Securities Exchange [page for searching JDS])

<http://jds.jasdaq.co.jp/tekiji/>

4. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheet

(Thousands of yen)

Item	As of September 30, 2006		As of September 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	2,371,649		1,202,832		2,628,584	
2. Notes and accounts receivable-trade	786,666		878,490		647,063	
3. Inventories	968,706		1,030,720		781,957	
4. Others	1,200,019		1,420,496		1,178,058	
5. Reserve for doubtful accounts	-54,153		-49,434		-76,306	
Total current assets	5,272,888	30.9	4,483,105	29.3	5,159,357	31.6
II. Fixed assets						
1. Tangible fixed assets						
(1) Building and structures	3,232,040		3,037,858		3,149,950	
Accumulated depreciation	2,341,462		2,187,968		2,199,709	
	890,577		849,889		950,240	
(2) Machinery and transport equipment	3,849,610		4,372,453		4,188,279	
Accumulated depreciation	1,722,671		2,601,708		2,273,045	
	2,126,939		1,770,745		1,915,233	
(3) Land	1,401,137		1,303,924		1,358,693	
(4) Others	1,076,893		1,134,191		1,075,526	
Accumulated depreciation	509,153		712,268		618,770	
	567,739		421,923		456,755	
Total tangible fixed assets	4,986,393	29.2	4,346,483	28.4	4,680,923	28.6
2. Intangible fixed assets						
(1) Goodwill	344,946		442,872		308,861	
(2) Others	266,823		280,796		264,775	
Total intangible fixed assets	611,769	3.6	723,668	4.7	573,637	3.5
3. Investments and other assets						
(1) Investment securities	2,308,638		2,076,293		2,159,270	
(2) Deposits and reserve	3,251,064		3,058,933		3,135,448	
(3) Others	1,063,839		1,020,786		1,035,990	
(4) Reserve for doubtful accounts	-407,291		-396,317		-392,334	
Total investments and other assets	6,216,250	36.3	5,759,695	37.6	5,938,374	36.3
Total fixed assets	11,814,414	69.1	10,829,847	70.7	11,192,935	68.4
III. Deferred assets	7,524	0.0	2,508	0.0	5,016	0.0
Total assets	17,094,826	100.0	15,315,460	100.0	16,357,309	100.0

(Thousands of yen)

Term Item	As of September 30, 2006		As of September 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	899,809		1,068,799		687,329	
2. Short-term debt	2,205,348		2,313,488		2,194,168	
3. Current portion of bonds	240,000		240,000		240,000	
4. Reserve for bonuses	146,192		187,434		185,990	
5. Reserve for directors' bonuses	—		—		20,000	
6. Allowance for point cards	130,657		182,994		205,191	
7. Others	1,677,360		1,063,612		1,501,604	
Total current liabilities	5,299,367	31.0	5,056,329	33.0	5,034,283	30.8
II. Long-term liabilities						
1. Corporate bonds	640,000		400,000		520,000	
2. Long-term debt	3,755,740		2,812,500		3,211,900	
3. Accrued employees' retirement benefits	639,434		653,817		642,966	
4. Negative goodwill	1,176,946		930,921		1,063,909	
5. Deposits on contract	1,295,814		843,212		1,194,796	
6. Others	181,717		161,367		163,659	
Total long-term liabilities	7,689,652	45.0	5,801,818	37.9	6,797,231	41.5
Total liabilities	12,989,020	76.0	10,858,148	70.9	11,831,514	72.3

(Thousands of yen)

Term Item	As of September 30, 2006		As of September 30, 2007		Summarized Balance Sheets (Consolidated) for the Previous Fiscal Year (As of March 31, 2007)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
(Net assets)						
I. Shareholders' equity						
1. Capital	1,017,880	6.0	1,017,880	6.7	1,017,880	6.2
2. Capital surplus	265,346	1.5	265,346	1.7	265,346	1.6
3. Retained earnings	3,415,831	20.0	3,908,971	25.5	3,918,245	24.0
4. Treasury stock	-611,500	-3.6	-709,931	-4.6	-663,067	-4.0
Total shareholders' equity	4,087,557	23.9	4,482,265	29.3	4,538,405	27.8
II. Valuation and translation adjustments						
1. Net unrealized gain on other securities	-7,351	-0.0	-31,128	-0.2	-17,166	-0.1
2. Foreign currency translation adjustments	1,871	0.0	5,523	0.0	3,984	0.0
Total valuation and translation adjustments	-5,480	-0.0	-25,604	-0.2	-13,181	-0.1
III. Minorities interests	23,730	0.1	650	0.0	571	0.0
Total net assets	4,105,806	24.0	4,457,312	29.1	4,525,794	27.7
Total liabilities and net assets	17,094,826	100.0	15,315,460	100.0	16,357,309	100.0

(2) Interim Consolidated Statements of Income

(Thousands of yen)

Item	Term	Previous Interim Period (April 1, 2006 to September 30, 2006)		Current Interim Period (April 1, 2007 to September 30, 2007)		Summarized Statements of Income (Consolidated) for the Previous Fiscal Year (April 1, 2007 to March 31, 2007)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
			%		%		%
I. Net sales		11,263,569	100.0	11,934,560	100.0	23,655,896	100.0
II. Cost of sales		5,516,479	49.0	6,123,535	51.3	11,511,795	48.7
Gross profit		5,747,089	51.0	5,811,025	48.7	12,144,100	51.3
III. Selling, general and administrative expenses		5,732,658	50.9	5,620,700	47.1	11,814,310	49.9
1. Sales promotion and advertising		397,008		490,814		924,099	
2. Provision for doubtful accounts		2,015		—		1,200	
3. Salary and bonuses		827,135		731,925		1,679,873	
4. Provision for bonuses		74,139		177,393		180,628	
5. Provision for directors' bonuses		—		—		20,000	
6. Provision for accrued employees' retirement benefits		32,521		31,357		55,766	
7. Miscellaneous salaries		1,231,017		1,249,774		2,569,936	
8. Consumable supplies and maintenance expenses		504,541		391,278		1,037,720	
9. Rents and leases		966,025		937,096		1,896,175	
10. Amortization of goodwill		48,178		59,338		92,821	
11. Others		1,650,074		1,551,704		3,356,089	
Operating income		14,430	0.1	190,324	1.6	329,790	1.4
IV. Non-operating income		192,898	1.7	193,286	1.6	398,730	1.6
1. Interest received		10,142		9,382		20,719	
2. Purchase discounts		21,527		15,543		39,093	
3. Amortization of negative goodwill		130,771		132,600		265,977	
4. Others		30,456		35,760		72,940	
V. Non-operating expenses		103,454	0.9	156,899	1.3	246,276	1.0
1. Interest expense		71,221		60,952		124,724	
2. Equity in loss of affiliates		23,064		76,062		56,945	
3. Others		9,167		19,884		64,607	
Ordinary income		103,875	0.9	226,711	1.9	482,244	2.0

(Thousands of yen)

Item	Term	Previous Interim Period (April 1, 2006 to September 30, 2006)		Current Interim Period (April 1, 2007 to September 30, 2007)		Summarized Statements of Income (Consolidated) for the Previous Fiscal Year (April 1, 2007 to March 31, 2007)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
VI. Extraordinary income		140,796	1.3	94,967	0.8	382,847	1.6
1. Gain on sale of fixed assets		41,387		37,212		98,243	
2. Gain on sale of investment securities		77,102		—		107,102	
3. Gain on reversal of allowance for doubtful accounts		6,300		22,888		14,437	
4. Gains on bad debt recovered		16,006		14,141		23,949	
5. Gains on forgiveness of debt		—		—		139,114	
6. Dividend in liquidation		—		20,724		—	
VII. Extraordinary losses		231,236	2.1	205,864	1.7	425,603	1.7
1. Loss on sale of fixed assets		129		—		129	
2. Loss on disposal of fixed assets		21,361		13,751		71,434	
3. Loss on impairment		15,853		180,480		33,758	
4. Loss on revaluation of investment securities		11,749		—		53,800	
5. Loss on change in equity		652		—		652	
6. Loss on disposal of inventories		—		—		17,728	
7. Provision of allowance for doubtful accounts		88,066		—		103,564	
8. Provision for prior year's allowance for point cards		78,627		—		78,627	
9. Store closure cost		11,551		11,631		34,246	
10. Loss on cancellation of membership rights		3,244		—		31,661	
Income before income taxes and other adjustments		13,435	0.1	115,814	1.0	439,488	1.9
Corporate income, resident and business taxes		57,896		20,211		118,367	
Adjusted amount for corporate and other business taxes		-77,330		-985		-215,618	
		-19,433	-0.2	19,226	0.2	-97,250	-0.4
Minority interests		2,945	0.0	—	—	1,489	0.0
Net income		35,814	0.3	96,587	0.8	538,228	2.3

(3) Interim Consolidated Statements of Changes in Shareholders' Equity

Previous Interim Period (April 1, 2006 to September 30, 2006)

(Thousands of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	1,013,816	261,282	3,451,546	-611,500	4,115,143
Changes during the interim period under review					
New share issuance	4,064	4,064	—	—	8,128
Dividends from surplus	—	—	-53,529	—	-53,529
Directors' bonuses from profit appropriation	—	—	-18,000	—	-18,000
Net income	—	—	35,814	—	35,814
Net changes of items other than shareholders' equity during the interim period under review	—	—	—	—	—
Total changes during the interim period under review	4,064	4,064	-35,714	—	-27,586
Balance as of September 30, 2006	1,017,880	265,346	3,415,831	-611,500	4,087,557

	Valuation and translation adjustments			Minorities 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	58,585	1,735	60,321	—	4,175,465
Changes during the interim period under review					
New share issuance	—	—	—	—	8,128
Dividends from surplus	—	—	—	—	-53,529
Directors' bonuses from profit appropriation	—	—	—	—	-18,000
Net income	—	—	—	—	35,814
Net changes of items other than shareholders' equity during the interim period under review	-65,937	135	-65,801	23,730	-42,071
Total changes during the interim period under review	-65,937	135	-65,801	23,730	-69,658
Balance as of September 30, 2006	-7,351	1,871	-5,480	23,730	4,105,806

Current Interim Period (April 1, 2007 to September 30, 2007)

(Thousands of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	1,017,880	265,346	3,918,245	-663,067	4,538,405
Changes during the interim period under review					
Dividends from surplus	—	—	-105,862	—	-105,862
Net income	—	—	96,587	—	96,587
Acquisition of treasury stock	—	—	—	-46,864	-46,864
Net changes of items other than shareholders' equity during the interim period under review	—	—	—	—	—
Total changes during the interim period under review	—	—	-9,274	-46,864	-56,139
Balance as of September 30, 2007	1,017,880	265,346	3,908,971	-709,931	4,482,265

	Valuation and translation adjustments			Minorities 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	-17,166	3,984	-13,181	571	4,525,794
Changes during the interim period under review					
Dividends from surplus	—	—	—	—	-105,862
Net income	—	—	—	—	96,587
Acquisition of treasury stock	—	—	—	—	-46,864
Net changes of items other than shareholders' equity during the interim period under review	-13,961	1,539	-12,422	79	-12,343
Total changes during the interim period under review	-13,961	1,539	-12,422	79	-68,482
Balance as of September 30, 2007	-31,128	5,523	-25,604	650	4,457,312

Previous Fiscal Year (April 1, 2006 to March 31, 2007)

(Thousands of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	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 from profit appropriation	—	—	-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	—	—	—	—	—
Total changes during the fiscal year under review	4,064	4,064	466,699	-51,566	423,261
Balance as of March 31, 2007	1,017,880	265,346	3,918,245	-663,067	4,538,405

	Valuation and translation adjustments			Minorities 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	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 from profit appropriation	—	—	—	—	-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	-75,752	2,249	-73,503	571	-72,931
Total changes during the fiscal year under review	-75,752	2,249	-73,503	571	350,329
Balance as of March 31, 2007	-17,166	3,984	-13,181	571	4,525,794

(4) Interim Consolidated Statements of Cash Flows

(Thousands of yen)

Term Item	Previous Interim Period (April 1, 2006 to September 30, 2006)	Current Interim Period (April 1, 2007 to September 30, 2007)	Summarized Statements of Cash Flows (Consolidated) for the Previous Fiscal Year (April 1, 2007 to March 31, 2007)
	Amount	Amount	Amount
I. Cash Flows from Operating Activities			
Income before income taxes and other adjustments	13,435	115,814	439,448
Depreciation expenses	705,725	599,711	1,498,439
Loss on impairment	15,853	180,480	33,758
Amortization of goodwill	48,178	59,338	92,821
Amortization of negative goodwill	-130,771	-132,600	-265,977
Increase (decrease) in reserve for doubtful accounts	83,781	-22,888	115,396
Increase (decrease) in allowance for accrued employees' retirement benefits	-16,621	10,851	-13,089
Increase (decrease) in allowance for point cards	97,422	-22,196	-22,196
Interests and dividends received	-12,242	-10,284	-23,370
Interest paid	71,221	60,952	124,724
Equity in loss of affiliates	23,064	76,062	56,945
Gain on sale of fixed assets	-41,387	-37,212	-98,243
Loss on disposal of fixed assets	21,361	13,751	71,434
Gain on sale of investment securities	-77,102	—	-107,102
Dividend in liquidation	—	-20,724	—
Loss on revaluation of investment securities	11,749	—	53,800
Gain on forgiveness of debt	—	—	-139,114
(Increase) decrease in accounts receivable-trade	-70,526	-234,262	71,782
(Increase) decrease in inventories	-204,624	-232,453	-17,875
Increase (decrease) in accounts payable-trade	142,494	381,470	-69,986
Others	365,257	-545,805	482,462
Subtotal	1,046,271	240,007	2,478,248
Interests and dividends received	41,428	39,517	52,190
Interest paid	-66,508	-61,764	-118,976
Expenditure for dissolution of leases	-1,171	—	-1,453
Expenditure for repayment of claims in rehabilitation	—	—	-106,419
Income taxes paid	-86,700	-118,817	-86,836
Corporate tax refunds	5,897	3,407	5,897
Net cash provided by (used in) operating activities	939,217	102,350	2,222,651
II. Cash Flows from Investing Activities			
(Increase) decrease in cash into time deposits	211,540	—	211,540
Expenditure for acquisition of tangible fixed assets	-1,107,767	-542,995	-1,666,204
Gain on sale of tangible fixed assets	101,810	59,029	237,759
Expenditure for acquisition of intangible fixed assets	-136,584	-48,869	-168,760
Expenditure for acquisition of investment securities	-50,505	-40,052	-154,772
Gain on sale of investment securities	125,803	—	325,805
Proceeds from acquisition of shares of subsidiaries due to a change in the scope of consolidation	1,544,953	—	1,544,953
Expenditure for additional acquisition of shares of subsidiaries	—	-800	-7,287
Payments for transfer of business	—	-265,754	—
Loan expense	-380,060	-339,000	-742,560
Proceeds from recovery of loan	398,322	88,062	765,529
Others	-136,299	114,625	-50,720
Net cash provided by (used in) investing activities	571,213	-975,754	295,283

Term Item	Previous Interim Period (April 1, 2006 to September 30, 2006)	Current Interim Period (April 1, 2007 to September 30, 2007)	Summarized Statements of Cash Flows (Consolidated) for the Previous Fiscal Year (April 1, 2007 to March 31, 2007)
	Amount	Amount	Amount
III. Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	-128,653	97,000	-152,653
Gain on long-term debt	755,533	450,000	1,055,533
Expenditure for repayment of long-term debt	-820,921	-827,080	-1,651,737
Payment for redemption of bonds	-120,000	-120,000	-240,000
Proceeds from a new stock issue	8,128	—	8,128
Expenditure for acquisition of treasury stock	—	-46,864	-51,566
Dividends paid	-53,258	-105,274	-53,411
Cash dividends paid to minority shareholders	—	—	-24,043
Net cash provided by (used in) financing activities	-359,171	-552,219	1,109,749
IV. Translation Balance Relating to Cash and Cash Equivalents	14	-129	24
V. Increase (Decrease) in Cash and Cash Equivalents	1,151,273	-1,425,752	1,408,209
VI. Balance of Cash and Cash Equivalents at Beginning of Period	1,156,532	2,628,584	1,156,532
VII. Decrease 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	2,371,649	1,202,832	2,628,584

5. Interim Non-consolidated Financial Statements

(1) Interim Non-consolidated Balance Sheet

(Thousands of yen)

Item	As of September 30, 2006		As of September 30, 2007		Summarized Balance Sheets for the Previous Fiscal Year (As of March 31, 2007)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
(Assets)		%		%		%
I. Current assets						
1. Cash and term deposits	1,371,327		562,038		1,698,770	
2. Notes receivable-trade	2,342		5,656		5,764	
3. Accounts receivable-trade	1,026,656		992,269		937,358	
4. Inventories	562,026		406,838		487,056	
5. Short-term loan payable			1,070,100		539,496	
6. Others	1,091,455		558,592		507,027	
7. Reserve for doubtful accounts	-4,774		-3,156		-27,227	
Total current assets	4,049,033	31.6	3,592,339	32.3	4,148,247	33.6
II. Fixed assets						
1. Tangible fixed assets						
(1) Buildings	729,199		369,051		709,600	
(2) Machinery and equipment	2,126,909		1,714,309		1,915,233	
(3) Land	1,400,100		1,357,987		1,412,756	
(4) Others	427,189		342,687		387,691	
Total tangible fixed assets	4,683,399	36.6	3,784,036	34.1	4,425,282	35.8
2. Intangible fixed assets	279,591	2.2	242,107	2.2	264,115	2.1
3. Investments and other assets						
(1) Investment securities	1,413,286		1,377,964		1,241,746	
(2) Deposits and reserve	1,749,880		1,525,997		1,675,551	
(3) Others	1,025,016		981,180		996,262	
(4) Reserve for doubtful accounts	-407,291		-396,317		-392,334	
Total investments and other assets	3,780,891	29.5	3,488,825	31.4	3,521,227	28.5
Total fixed assets	8,743,882	68.3	7,514,969	67.7	8,210,625	66.4
III. Deferred assets	7,524	0.1	2,508	0.0	5,016	0.0
Total assets	12,800,439	100.0	11,109,816	100.0	12,363,888	100.0

(Thousands of yen)

Term Item	As of September 30, 2006		As of September 30, 2007		Summarized Balance Sheets for the Previous Fiscal Year (As of March 31, 2007)	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
(Liabilities)		%		%		%
I. Current liabilities						
1. Notes payable-trade	3,689		59,229		924	
2. Accounts payable-trade	826,008		685,467		644,018	
3. Short-term debt	628,000		101,000		604,000	
4. Current portion of long-term debt	1,555,200		1,609,000		1,583,200	
5. Current portion of bonds	240,000		240,000		240,000	
6. Corporate taxes payable	59,366		15,707		115,142	
7. Reserve for bonuses	70,347		59,500		83,090	
8. Reserve for directors' bonuses					20,000	
9. Allowance for point cards	94,145		—		115,018	
10. Others	657,985		842,258		817,993	
Total current liabilities	4,134,742	32.3	3,612,162	32.5	4,223,386	34.2
II. Long-term liabilities						
1. Corporate bonds	640,000		400,000		520,000	
2. Long-term loans payable	3,723,800		2,812,500		3,211,900	
3. Deposits on contract	1,279,912		827,080		1,179,164	
Total long-term liabilities	5,643,712	44.1	4,039,580	36.4	4,911,064	39.7
Total liabilities	9,778,455	76.4	7,651,742	68.9	9,134,450	73.9
(Net assets)						
I. Shareholders' equity						
1. Capital	1,017,880	8.0	1,017,880	9.2	1,017,880	8.2
2. Capital surplus						
(1) Capital reserve	265,346		265,346		265,346	
Total capital surplus	265,346	2.1	265,346	2.4	265,346	2.2
3. Retained earnings						
(1) Other retained earnings						
Unappropriated retained earnings	2,358,304		2,916,782		2,627,880	
Total retained earnings	2,358,304	18.4	2,916,782	26.2	2,627,880	21.3
4. Treasury stock	-611,500	-4.8	-709,931	-6.4	-663,067	-5.4
Total shareholders' equity	3,030,029	23.7	3,490,077	31.4	3,248,040	26.3
II. Valuation and translation adjustments						
1. Net unrealized gain on other securities	-8,045	-0.1	-32,003	-0.3	-18,602	-0.2
Total valuation and translation adjustments	-8045	-0.1	-32,003	-0.3	-18,602	-0.2
Total net assets	3,021,984	23.6	3,458,073	31.1	3,229,437	26.1
Total liabilities and net assets	12,800,439	100.0	11,109,816	100.0	12,363,888	100.0

(2) Interim Non-consolidated Statements of Income

(Thousands of yen)

Item	Term	Current Interim Period (April 1, 2006 to September 30, 2006)		Previous Interim Period (April 1, 2007 to September 30, 2007)		Summarized Statements of Income for the Previous Fiscal Year (April 1, 2007 to March 31, 2007)	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
I. Net sales		6,656,572	100.0	5,502,322	100.0	14,487,006	100.0
II. Cost of sales		4,183,423	62.8	4,026,080	73.2	9,259,375	63.9
Gross profit		2,473,148	37.2	1,476,241	26.8	5,227,631	36.1
III. Selling, general and administrative expenses		2,286,440	34.4	1,195,684	21.7	4,719,206	32.6
Operating income		186,707	2.8	280,556	5.1	508,424	3.5
IV. Non-operating income		99,700	1.5	218,580	4.0	165,084	1.2
V. Non-operating expenses		76,742	1.2	70,622	1.3	171,494	1.2
Ordinary income		209,666	3.1	428,514	7.8	502,015	3.5
VI. Extraordinary income		93,026	1.4	78,025	1.4	150,043	1.0
VII. Extraordinary losses		215,503	3.2	101,853	1.8	370,217	2.6
Income before income taxes and other adjustments		87,189	1.3	404,686	7.4	281,841	1.9
Corporate income, resident and business taxes		50,366		9,922		101,611	
Adjusted amount for corporate and other business taxes		-77,330		—		-203,500	
		-26,963	-0.4	9,922	0.2	-101,888	0.7
Net income		114,152	1.7	394,764	7.2	383,729	2.6

(3) Interim Non-consolidated Statements of Changes in Shareholders' Equity

Previous Interim Period (April 1, 2006 to September 30, 2006)

(Thousands of yen)

	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	1,013,816	261,282	261,282	2,315,680	2,315,680	-611,500	2,979,278
Changes during the interim period under review							
New share issuance	4,064	4,064	4,064				8,128
Dividends from surplus				-53,529	-53,529		-53,529
Directors' bonuses from profit appropriation				-18,000	-18,000		-18,000
Net income				114,152	114,152		114,152
Net changes of items other than shareholders' equity during the interim period under review							
Total changes during the interim period under review	4,064	4,064	4,064	42,623	42,623	—	50,751
Balance as of September 30, 2006	1,017,880	265,346	265,346	2,358,304	2,358,304	-611,500	3,030,029

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on other securities	Total valuation and translation adjustments	
Balance as of March 31, 2006	57,864	57,864	3,037,142
Changes during the interim period under review			
New share issuance			8,128
Dividends from surplus			-53,529
Directors' bonuses from profit appropriation			-18,000
Net income			114,152
Net changes of items other than shareholders' equity during the interim period under review	-65,910	-65,910	-65,910
Total changes during the interim period under review	-65,910	-65,910	-15,158
Balance as of September 30, 2006	-8,045	-8,045	3,021,984

Current Interim Period (April 1, 2007 to September 30, 2007)

(Thousands of yen)

	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	1,017,880	265,346	265,346	2,627,880	2,627,880	-663,067	3,248,040
Changes during the interim period under review							
Dividends from surplus				-105,862	-105,862		-105,862
Net income				394,764	394,764		394,764
Acquisition of treasury stock						-46,864	-46,864
Net changes of items other than shareholders' equity during the interim period under review							
Total changes during the interim period under review				288,901	288,901	-46,864	242,036
Balance as of September 30, 2007	1,017,880	265,346	265,346	2,916,782	2,916,782	-709,931	3,490,077

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on other securities	Total valuation and translation adjustments	
Balance as of March 31, 2007	-18,602	-18,602	3,229,437
Changes during the interim period under review			
Dividends from surplus			-105,862
Net income			394,764
Acquisition of treasury stock			-46,864
Net changes of items other than shareholders' equity during the interim period under review	-13,400	-13,400	-13,400
Total changes during the interim period under review	-13,400	-13,400	228,636
Balance as of September 30, 2007	-32,003	-32,003	3,458,073

Previous Fiscal Year (April 1, 2006 to March 31, 2007)

(Thousands of yen)

	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	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 from profit appropriation				-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							
Total changes during the fiscal year under review	4,064	4,064	4,064	312,200	312,200	-51,566	268,762
Balance as of March 31, 2007	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	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 from profit appropriation			-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	-76,467	-76,467	-76,467
Total changes during the fiscal year under review	-76,467	-76,467	192,294
Balance as of March 31, 2007	-18,602	-18,602	3,229,437