May 11, 2010

Summary of Financial Results for the Fiscal Year Ended March 31, 2010

Company name:	PC DEPOT CORPORATION	Stock Exchange listings: JASDAQ	
Securities code:	7618	URL: http://www.pcdepot.co.jp	
Representative:	Takahisa Nojima, President and Chief Executive Officer		
Contact:	Mitsuyoshi Hae, Director, Contact Personnel, Accounting and Finance		Tel: +81-(0) 45-472-7795

Scheduled date of Ordinary General Shareholders' Meeting: June 23, 2010
Scheduled date of filing of Annual Securities Report: June 24, 2010
Scheduled date of payment of dividend: June 24, 2010

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(1) Consolidated results of operations

(Percentages shown for net sales, operating income, ordinary income and net income represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 2010	44,740	4.3	1,226	(2.7)	1,306	(8.6)	676	(1.1)
Fiscal year ended Mar. 2009	42,899	1.1	1,259	2.5	1,428	6.6	684	(16.1)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 2010	3,107.98	—	8.1	7.7	2.7
Fiscal year ended Mar. 2009	3,108.18	—	8.6	9.3	2.9

Reference: Equity in income (losses) of affiliates: Fiscal year ended Mar. 2009: (19) million yen
Fiscal year ended Mar. 2008: (40) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2010	17,954	8,738	47.7	40,514.17
As of Mar. 31, 2009	15,873	8,392	51.9	37,439.99

Reference: Shareholders equity: As of Mar. 31, 2010: 8,570 million yen
As of Mar. 31, 2009: 8,242 million yen

(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 period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 2010	182	(1,561)	1,330	1,753
Fiscal year ended Mar. 2009	1,846	(2,646)	746	1,802

2. Dividends

	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
(Record date)	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 2009	—	350.00	—	350.00	700.00	154	22.5	1.9
Fiscal year ended Mar. 2010	—	350.00	—	350.00	700.00	151	22.5	1.8
Fiscal year ending Mar. 2011 (forecasts)	—	350.00	—	350.00	700.00		18.1	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	21,860	7.7	640	17.9	650	11.6	225	(29.1)	1,063.65
Full year	46,800	4.6	1,740	41.9	1,750	34.0	820	21.2	3,876.41

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly companies: 1 (Company name: PC DEPOT KYUSYU CORPORATION)

Excluded companies: ― (Company name:)

Note: Please refer to “Corporate Group” on page 10 for further information.

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements

1) Changes caused by revision of accounting standards: None

2) Other changes: Yes

Note: Please refer to “Significant Accounting Policies in the Preparation of Consolidated Financial Statements” on page 22 for further information.

(3) Number of outstanding shares (common shares)

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

FY2009: 225,020 shares

FY2008: 225,020 shares

2) Number of treasury stock at the end of period

FY2009: 13,484 shares

FY2008: 4,873 shares

Note: Please refer to “Per Share Information” on page 43 for the number of shares used in calculating consolidated net income per share.

(For reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(1) Non-consolidated results of operations (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 2010	40,182	(1.1)	817	(18.1)	991	(19.9)	546	(9.3)
Fiscal year ended Mar. 2009	40,620	1.3	997	11.7	1,237	16.7	602	(12.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 2010	2,509.20	―
Fiscal year ended Mar. 2009	2,737.91	―

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2010	15,771	7,168	45.5	33,888.63
As of Mar. 31, 2009	13,519	6,971	51.6	31,665.93

Reference: Shareholders equity: As of Mar. 31, 2010: 7,168 million yen
As of Mar. 31, 2009: 6,971 million yen

3. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	19,360	5.0	426	23.0	500	16.1	165	(36.7)	780.01
Full year	41,500	3.3	1,280	56.6	1,400	41.2	660	20.8	3,210.04

*** <u>Cautionary statement with respect to forward-looking statements</u>**

Earnings forecasts in these materials are based on the judgment of management using information available at the time it was prepared, and embody substantial uncertainly. Actual results may differ from these forecasts due to changes in the business environment and other factors. Please refer to page 3-4 regarding preconditions or other related matters for the forecast shown above.

1. Results of Operations

(1) Analysis of results of operating

In the current consolidated fiscal year (Apr. 1, 2009 to Mar. 31, 2010), the Japanese economy recovered steadily due to the effects of governmental economic measures. However, unemployment rate is still high, and consumers tend to save money for protecting their livelihoods, and so the consumption environment has been severe.

In this circumstance, the PCs with the new OS “Windows 7” were released in October 2009, and the PCs with the new CPU were released in January 2010, and so the shipment volume of PCs was larger than that for the previous year. Meanwhile, the governmental economic measure “Eco-point System” did not cover PC-related products. This produced negative effects on our businesses. In the third quarter, in the wake of the Eco-point System, our competition with electronics retail stores became fierce, and our gross profit decreased. In the fourth quarter, the partial revision of the Eco-point System induced rush demand, and the sales of television sets, etc. at volume electronics stores increased, while our company, which operates general PC stores, was faced with the severe situation.

As for services, we added the PC data communication service based on Mobile Virtual Network Operator (MVNO), which was released in the first quarter, and the service of adjusting household PCs to the wireless environment. These services were highly evaluated by customers. In November, the new virus dubbed “blackout” emerged, and from December to the beginning of the following year, the websites of companies, etc. were attacked by “Gumblar.” When individual users accessed it through corporate websites, etc., their PCs were infected by virus, which degraded the safety of PCs and the Internet. Our company attempted to improve the safety of customers’ PCs, by improving our technical services, such as charge-free diagnosis.

Consequently, the sales of our services were healthy; its ratio to the value for the previous year was 145.7%. The number of subscribers to the monthly-membership maintenance services (Premium Service) was about 132,000 as of the end of the current consolidated fiscal year, which was larger than expected.

Then, the sales of our services increased steadily, but gross profit decreased due to the fierce competition in PC sale, etc. since the third quarter, and so the ratio of the gross profit on sales for the current consolidated fiscal year to the value for the previous year was 108.2%.

As for store operation, we plan to open 5-6 new directly-managed stores in the current term; we opened Sayama Head Store (Saitama Prefecture) in May, Inagi-wakabadai Store (Tokyo) in Aug., Kamisu Store (Ibaraki Prefecture) in Dec., and Makuhari Inter Store (Chiba Prefecture) in Mar., and closed Merukusu-shinnarashino Store (Chiba Prefecture) in Feb. PC DEPOT KYUSYU CORPORATION (former: PC DEPOT Max, franchisee and equity method affiliate), which became a consolidated subsidiary on Jul. 1, keeps operating four stores. As of the end of the current consolidated fiscal year, the number of stores was 43 for directly-managed stores, 4 for subsidiaries, 17 for franchised stores, and 64 in total. As for “PC Clinic” franchised by the volume electronics stores with the in-shop method, 4 new stores were opened in the current term and 1 store was closed in Aug. The number of stores as of the end of the current consolidated fiscal year was 24.

As for the Internet-related business, ejworks Corporation received the ISP business right from 4 companies since Jul. 2008, and so the subscribers to the provider increased, and the business performance for the current term was healthy.

As a result, the net sales of our corporate group were 44,740 million yen, 4.3% larger than the value for the previous year; operating income was 1,226 million yen, 2.7% smaller than the value for the previous year; ordinary income was 136 million yen, 8.6% smaller than the value for the previous year; and net income was 676 million yen, 1.1% smaller than the value for the previous year. The total sales of the PC DEPOT Group, including franchised stores, were 56,575 million yen.

(2) Outlook for next fiscal year

In the next term, the Japanese economy is expected to recover, because of the underlying strength of the economies of developing countries and the effects of emergency economic measures of the government. On the other hand, the full-scale recovery of personal consumption is unlikely, because of the downturn in the employment situation and the anxiety over deflation, etc.

In addition, as the “Eco-point System,” which was enforced by the government in May 2009, will continue until Dec. 2010, the PC field will remain stringent, because the system covers few PC-related products and the competition with electronics retail stores will be fierce. Our company may also suffer from the adverse effects of the prolonged Eco-point System more seriously than expected.

The PC-related environment is changing rapidly, as the products integrated with digital appliances or mobile phones are increasing and an increasing number of digital products can be connected to the Internet. In the future, three-dimensional PC-related products

and smartphones with PC's functions will be released.
In order to cope with such a change in the business environment, our company will improve and increase our products and services so as to immediately provide customers with products, technical services, and monthly-membership maintenance services (Premium Service).
Under this policy, our large-scale stores will open TV sale corner on a trial basis from June. It will progress toward proposal-type solution sale that suits customers' needs such as usage related to three-dimensional or PC, and increase the number of stores in the future.
As for store operation, we will improve the safety management, including business audit, of "PC Clinic," which meets various requests from customers, so as to avoid the errors in delivery of repaired products and work. In addition, in order to respond to any accidents and disaster inside and outside our stores, Cyber Sheriff Center (store risk control section) will improve its patrol of stores nationwide (visual patrol with in-store cameras based on broadband) and improve the safety of store operation.
As for business expansion, we plan to open 5 new stores of "PC DEPOT," most of which will be large-scale ones, so as to dominate the Kanto region, and close unprofitable stores. As for the franchised "PC Clinic" stores, which are located inside electronics retail stores, we plan to open an experimental store that will be "directly managed" to promptly respond to progress of internet environment and demand for home networked environment etc. and aim to operate such a store on a full-scale basis, so as to solve troubles PC and Internet users encounter.
In Jun. 2010, we will establish distribution centers, to streamline the operation of our directly-managed stores in the Kanto region.
Our basic policy for corporate social responsibility (CSR) is to realize the elimination of digital divide due to the difference in "age, gender, income, education, and residence," etc. in the information society, through our stores.
Under this policy, we diagnose PCs customers purchased anywhere free of charge, and make efforts to improve the safety of the household network, including TV sets, from the viewpoint of CSR.
As for the Internet-related business, we aim to expand our business scale by acquiring the rights of the ISP businesses from small to medium-sized firms.
As for the outlook for the next fiscal year, net sales are estimated to be 46,800 million yen (4.6% larger than the value for the previous year), operating income 1,740 million yen (41.9% larger than the value for the previous year), ordinary income 1,750 million yen (34.0% larger than the value for the previous year), and net income 820 million yen (21.2% larger than the value for the previous year).
The above values were estimated based on currently available information, which has many uncertainties. Actual business performance may be different from the above estimated values, due to the changes in the business environment, etc.

(3) Analysis of the financial situation

i. Summary of the current fiscal year

The total assets as of the end of the current consolidated fiscal year were 17,954 million yen, which is 2,080 million yen larger than the value as of the end of the previous year. The total liabilities were 9,216 million yen, which is 1,734 million yen larger than the value as of the end of the previous year. Net working capital (which is calculated by subtracting current liabilities from current assets) was 4,038 million yen, which indicates the soundness of our finance.
The total investment in equipment in the current consolidated fiscal year was 1,659 million yen. It was used mainly for establishing Sayama Head Store, Inagi-wakabadai Store, Kamisu Store, and Makuhari Inter Store. These investments were made with our own funds and loans.

ii. Cash flows

The amount of cash and cash equivalents in the current consolidated fiscal year was 1,753 million yen, which is 48 million yen smaller than the value as of the end of the previous year (compared with a decrease of 54 million yen in the previous year).
The cash flow from operating activities increased by 182 million yen (compared with an increase of 1,846 million yen in the previous year), as the income taxes paid was 614 million yen, the increase in inventories was 564 million yen, income before income taxes was 1,265 million yen, and the depreciation and amortization was 512 million yen.
The cash flow from investing activities decreased by 1,561 million yen (compared with a decrease of 2,646 million yen in the previous year), as the purchase of non-current assets was 1,403 million yen and the Payments for lease and

guarantee deposits was 275 million yen.
The cash flow from financing activities increased by 1,330 million yen (compared with an increase of 746 million yen in the previous year), as the expenditure due to the purchase of treasury stock was 225 million yen, the cash dividends paid was 154 million yen, and the increase amount in debts was 1,714 million yen.

Reference: Trends in cash flow indicators

	FY2005	FY2006	FY2007	FY2008	FY2009
Shareholders’ equity ratio (%)	44.6	47.1	52.4	51.9	47.7
Shareholders’ equity ratio based on market value (%)	121.5	54.6	30.2	20.8	29.7
Interest-bearing debt to cash flow ratio (years)	0.7	－	0.6	0.7	18.7
Interest coverage ratio (times)	122.3	－	77.4	176.5	4.7

The above figures are calculated as follows:
Shareholders’ equity ratio: Shareholders’ equity / Total assets
Shareholders’ equity ratio based on market value: Market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows
Interest coverage ratio: Operating cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding (excluding treasury stock).
3. Cash flows are calculated using the figures for operating cash flows in the consolidated statements of cash flows.
4. Interest-bearing debt includes all debt on the consolidated balance sheets that incur interest.
5. Interest-bearing debt to cash flow ratio and interest coverage ratio for FY2006 are not listed, because operating cash flows were negative.

(4) Policy on the distribution of profits

One of our important missions is to return an appropriate amount of profit to shareholders. Our basic policy is to return profit through dividends that have long-term stability with a consolidated payout ratio of about 20%, while aiming to strengthen our financial systems and enrich our retained earnings and considering that our business expansion depends on our store management. Basically, we pay dividends for surplus money twice per year: interim and year-end dividends. These dividends are paid in accordance with the resolution by the board of directors, unless otherwise specified by law.
In addition, we plan to discuss the acquisition of treasury stock, as a flexible financial measure and a method for returning profit.
Based on the above policy, we plan to set the dividend for surplus money as of the end of the current term at 350 yen, as specified first. Adding the interim dividend of 350 yen, the total dividend amount will be 700 yen.
In the current fiscal year, based on the resolution of the board of directors, we acquired 3,611 common shares of our company in the market.
As for the dividends for the next term, considering the necessity to enrich our retained earnings to expand our businesses, we plan to set the interim dividend at 350 yen and the year-end dividend at 350 yen, that is, the annual dividend at 700 yen. However, payout ratio and dividend, etc. may be revised, according to the change in our business performance.
As for retained earnings, we will allocate them for strengthening our financial systems, opening new stores, renewing existing stores, and enlarging stores, with the purpose of improving our business performance further.

(5) Business risks

PC DEPOT discusses below the major risk factors to its Group’s business performance, share price, or financial condition. From the viewpoint of pro-active disclosure to investors, PC DEPOT also includes factors that are not necessarily business risks but which it thinks are important for investors to know to make informed investment decisions and better understand its business activities. Because PC DEPOT recognizes the potential for these risks to materialize, it will strive to prevent their occurrence and prepare a speedy and appropriate response in the event that they do occur in order to avert any impact on the Company’s business activities.
Forward-looking statements are based on the judgment of management as of the submission of this report.

1) Business performance

Ⅰ. PC sales

The penetration rate of PCs, which are our leading products, for households exceeded 80%, and sales are expected to increase when customers replace their PCs with new ones and purchase additional PCs. However, if the average unit price of PCs decreases significantly, there is a risk that our business performance will worsen and our leading products change suddenly.

Ⅱ. Competition

PC DEPOT's core business is operating a chain of comprehensive PC stores, and it differentiates itself from volume electronics stores by providing technical maintenance and support in addition to offering a rich lineup of PC related merchandise at its large stores. Also, it opens stores near volume electronics stores to increase customer traffic through synergies. However, a significant lowering of PC prices by the competition could reduce the average selling price and lower the profitability of PC sales.

Ⅲ. About the monthly-membership maintenance services (Premium Service)

Our company offers monthly-membership maintenance services (Premium Service) to customers who demand continuous services, including maintenance and network setting.

We make efforts to improve our services and keep their quality so that customers can use PCs and the Internet safety without anxiety. If the subscribers to this service decreased suddenly, the business and performance of our corporate group may be affected.

Ⅳ. Business performance of subsidiaries

One subsidiary of PC DEPOT is involved in the Internet provider business. The Group's business and performance could be impacted in the rare case that the subsidiary sees a sharp outflow of its provider subscribers.

Ⅴ. About uncollectible accounts receivable

As part of monthly-membership maintenance services (Premium Service), we lend equipment to subscribers. In the MVNO business, information terminals are sold on installment basis. As such services increase, accounts receivable augment, and so we strengthen credit management, so as not to increase uncollectible accounts. However, if uncollectible accounts become larger than expected, the business performance of our company may be affected.

Ⅵ. Franchise credit losses

PC DEPOT processes the procurement debts of franchise stores as accounts receivable-other (credit) and the credit card settlement amounts of franchise stores as deposits received (debt) in accordance with franchise contracts. This offset processing hedges some of the risk of credit losses, but PC DEPOT may not be able to recover all or some of the difference if the franchise store's parent body were to go bankrupt.

Ⅶ. Proprietary brand products

PC DEPOT's private brand "OZZIO" is our original brand. PC DEPOT adopts an "exclusive brand system" whereby it converts products developed and manufactured by their original equipment manufacturer to its own brand, and although manufacturing and aftermarket responsibilities lie with the manufacturer, PC DEPOT could be liable for damages beyond its duty as the seller of the products in the rare event that accidents or other issues arise with the products.

Ⅷ. About the continuation of the Eco-point System

The government decided to continue the "Eco-point System," which was started in May 2009, until Dec. 2010. We sell few products covered by this system, and so the visitors to our stores may decrease. In this circumstance, we will discuss and promote the strengthening of measures for promoting customers to visit our stores, but if the visitors to our stores decrease than expected or if related economic measures or employment systems are developed or changed, the business performance of our company may be affected.

2) Store openings

I. New store openings

PC DEPOT's business performance relates closely to its new store openings. A change or delay in store opening plans could therefore impact the Group's business performance.

Similarly, a change or delay in the store opening plans of franchise stores could impact the Group's business performance.

II. Store closings

PC DEPOT will strive to quickly close stores if their profitability deteriorates due to intensifying market competition, in order to limit the negative impact to overall results as much as possible. However, losses from the store's closure, and/or losses from delays in opening a substitute store, could impact the Group's business performance.

III. Store rental

PC DEPOT generally signs rental contracts for the buildings in which its stores are located. All or a portion of guarantees and/or deposit money could become unrecoverable if the lessor were to go bankrupt.

IV. Restrictions on opening stores in areas near franchise stores

PC DEPOT may be unable to open new stores in areas near franchise stores.

3) Business structure

I. Dependence on president

President and Chief Executive Officer Takahisa Nojima is the founder of the PC DEPOT Group and has been its CEO since founding. Mr. Nojima has a wealth of experience and knowledge about the retail industry and volume electronics retailers in particular, and plays an extremely important role in decision-making and execution of management policy and business strategy. The Group is working to strengthen information sharing among directors and employee managers at board of director meetings, board of managing directors, management meetings, and other meetings, and strengthen management organization, to prepare a management structure that is not overly reliant on Mr. Nojima. However, the Group's business and performance could be impacted were Mr. Nojima unable to continue his activities at the Group for some reason.

II. Human resources

The PC DEPOT Group will need to further bolster its sales staff, technical staff, and its workforce in the store development department, service product planning & sales department, the administration department, and other group departments, to further expand the business and respond to the diversification of operations. However, the hiring of new graduates and mid-career workers, and human resources training, may not go as planned, creating problems in the appropriate allocation of human resources that reduces the Company's competitiveness and ability to expand operations, thereby impacting the Group's business and performance.

Ⅲ. About the increase in information terminals that can be connected to the Internet except PCs

As the new OS "Windows 7" was released, the demand for "replacement" and "additional purchase," etc. contributed to the increase in the shipment volume of PCs in Japan.

However, as an increasing number of people, especially young people, use the Internet through mobile phones and the terminals connectable to the Internet, including television sets and smartphones, increase, there is a possibility that the sales volume of PCs will decrease and the business and performance of our corporate group will be affected.

IV. Software used to provide technical maintenance and support

The PC DEPOT Group strives to improve the safety of PCs, Internet, and data, but the possibility exists that an unforeseen virus could infect the software it uses to provide technical maintenance and support at PC Clinic, or the software it provides in "Premium Service," a proprietary membership service that offers maintenance services for a

monthly fee.
PC DEPOT would make a priority of resolving and tackling the problem if it occurred, but this could be very costly and a virus and/or other problems could cause a significant decline in the number of “Premium Service” members, thereby impacting the Group’s business and performance.

V. MVNO
PC DEPOT from April 2009 became a mobile virtual network operator (MVNO) in which it re-sells mobile services to customers using the networks of existing telecommunications companies. PC DEPOT books a certain level of sales, and provides monthly-rate services to customers. However, its telecommunications sales and related service sales could decline if the networks of existing telecommunications companies are interrupted or suspended, thereby impacting the Company’s business performance.

VI. Delays in developing service products
The PC DEPOT Group develops and provides its own distinct service products in the field of technical maintenance and services. Delays in developing and providing service products could lower the Group’s competitiveness, thereby impacting its business and performance.

VII. Mistakes in returning products to their proper owners, and procedural mistakes
PC DEPOT receives customers’ PCs at its stores in order to provide inspection and repair services to answer their cries of “Help!”
There is the possibility that the Company could make a mistake in returning products received from customers to their proper owners, or make mistakes in fixing products. The Company uses store oversight to prevent and curb such mistakes from occurring, but in the rare event that such a mistake occurs, damage claims may be made which could impact the Group’s business and performance.

4) System trouble
POS system trouble caused by natural disasters (earthquakes, etc.) or a computer virus could suspend store operations.
Also, system trouble related to “Premium Service,” a proprietary membership service that provides maintenance services for a monthly fee, or the provider business of a subsidiary, could interrupt the Group’s ability to provide these services.
This could damage the Group’s credibility and/or cause it to lose business opportunities, thereby impacting its business and performance.

5) About legal regulations
(ｉ) Large-Scale Retail Stores Location Law
Our stores are located along main roads, and their acreage is 500-1,000 tsubo (1,650-3,300 m2). When a store with a selling floor area of over 1,000 m2 is opened or enlarged, it may be restricted by the law.
In detail, the inspection conducted in accordance with the law may delay the opening of new stores and the enlargement of existing stores, affecting our store operation strategies as well as our business performance.
<Outline of Large-Scale Retail Stores Location Law>
Gist: In order to harmonize large-scale stores with local community, it is necessary to cope with the influence of crowd and material flow around large-scale stores on the surrounding living environment, including traffic and environmental issues, and so this law specifies municipal procedures, etc. so as to harmonize large-scale stores with the surrounding environment, while considering the opinions of local residents.
Outline 1. This law is targeted at large-scale stores with a selling floor area of over 1,000 m2. The following items regarding the harmony with local community and regional development are to be adjusted.
a). Items to be considered for satisfying the demand for parking, securing the convenience of local residents and commercial convenience (e.g. traffic jam, car and bicycle parking, and traffic safety)
b). Items to be considered for avoiding the worsening of the surrounding living environment,

including the generation of noise.

2. This law is enforced by prefecture governments and government-designated cities, while reflecting the opinions of municipalities and providing a broad range of citizens with the chance to express their opinions.

(ⅱ) Others

Our company abides by various legal restrictions in addition to the above law, and obtains necessary permissions and approvals, to conduct our businesses. Accordingly, if legal regulations or ordinances are amended unexpectedly, we may incur new costs and the business and performance of our corporate group may be affected.

6) Brand

PC DEPOT is the franchise headquarters that provides PCs and related merchandise and technical services. Trouble at companies with which it concludes franchise contracts could lower the brand image of the overall Group, which in turn could diminish trust in the Group, cause an outflow of human resources, and make it difficult to retain human resources, thereby impacting the Group’s business and performance.

7) About similar business models

Our original businesses, including technical and monthly-membership maintenance services as general PC stores and the MVNO business (service-added communications) account for part of our sales and profit. We make efforts to legally protect intellectual property, such as system patents, in various ways, but our intellectual property is not fully protected. Therefore, if our competitors imitate our businesses infringing our intellectual property and business competition becomes fierce, our performance may be affected. In addition, if another firm imitates our businesses in a wrong way, it may degrade the reliability and image of our company.

8) Internal administrative system

The PC DEPOT Group is working to develop internal control for compliance. To establish a more thorough internal administrative system, it has established a General audit and control office, and confirms the compliance posture of board directors, executive officers, and employees regarding the conducting of corporate activities with high ethical principles by having them sign oaths and confirmation documents.

However, in the rare event that directors or employees engage in activities that violate laws and regulations intentionally or due to negligence, this could impact the Group’s business and performance.

9) Protection of personal information

The PC DEPOT Group pays careful attention to the protection of personal information, strengthening its personal information administrative system, and limiting access to personal information acquired and held by the Group. In particular, ejworks corporation, a subsidiary, properly administers personal information, complying as a telecommunications company with the Personal Information Protection Law, and the Guidelines on the Protection of Personal Information in the Telecommunications Industry formulated by the Ministry of Internal Affairs and Communications.

Store operations are conducted according to the basic principle regarding personal information of “Don’t ask, don’t hold, and don’t bring in.” Also, call centers for “Premium Service,” a proprietary membership service that offers maintenance services for a monthly fee, handle personal information strictly according to certain rules including restrictions on entry/exit and who is allowed to access personal information.

However, the possibility is not zero that personal information might leak outside and/or be misused either intentionally or unintentionally by persons affiliated with the PC DEPOT Group. In the rare event that such a situation occurs, the Group’s credibility would be seriously diminished, thereby impacting its business activities.

10) M&A activity

The PC DEPOT Group, in addition to selling PCs and other related merchandise, contributes to local communities by providing technical maintenance and support including free diagnosis. The Group may be considered to be in the same industry as volume electronics retailers, but it provides distinct services within the industry, and differs substantially in terms of size relative to its peers. There is a risk, therefore, that it could be acquired by industry peers, and this could impact the Group's business and performance.

11) Natural disasters

Natural disasters (earthquakes, typhoons, etc.) that occur in regions where the PC DEPOT Group or franchisees operate stores could damage stores and/or cause vacancies in positions due to the death or injury of directors or employees. This could cause sales to decline, and new costs to emerge to restore stores to their original state and replenish the workforce, thereby impacting the Group's business and performance.

12) Domestic pandemic from new influenza viruses

Besides the seasonal flu, a global pandemic from new influenza viruses could break out, and if this increased the number of infected people in Japan to a dangerous level, some stores operated by the Group – and perhaps the entire store network – might suspend their operations. In addition, subsidiaries might be unable to continue business for a certain period. This could have a major impact on the Group's business and performance.

13) Directors

I. Shares owned by the President and CEO

Takahisa Nojima, President and Chief Executive Officer of PC DEPOT, owned 43.67% of the Company's outstanding shares at the end of March 2010, and in the rare event that something were to happen to the president and his shareholdings were to be sold on the market, this could impact the price formation of the Company's share.

II. Relatives of the President and CEO

Takahisa Nojima, President and Chief Executive Officer of PC DEPOT, is the younger brother of Mr. Hiroshi Nojima, the Director and Representative Executive Officer of NOJIMA CORPORATION (based in Yokohama, Kanagawa Prefecture), and is a major shareholder of the said company's share. The two companies compete with one another in the sale of PCs and related merchandise, but the two groups have no business relationship whatsoever.

2. Corporate Group

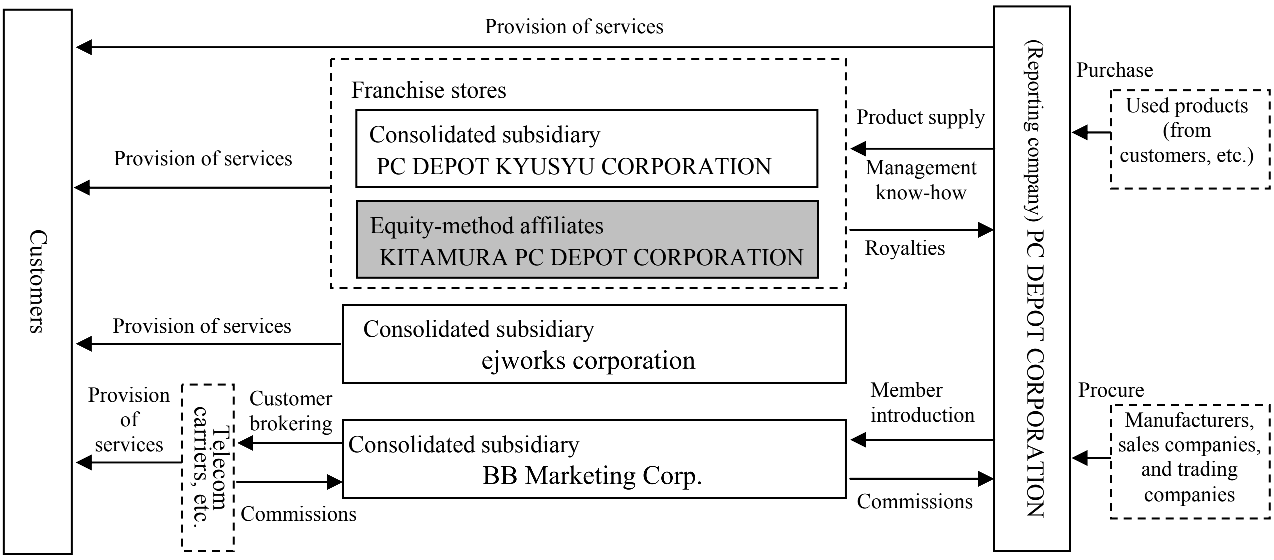
(1) Business content

The PC DEPOT Group consists of PC DEPOT CORPORATION ("the Company") which submits these consolidated financial statements, 3 subsidiaries (ejworks corporation, BB Marketing Corp. and PC DEPOT KYUSYU CORPORATION), and 1 affiliate (KITAMURA PC DEPOT CORPORATION) whose primary business is to provide IT solutions to all PC home users.
Below is a description of the positioning of companies within the Group, and relationships among different business segments. This shows the same classification with business segments.

i. PC Sales Business
Our company operates the community-based chain store "PC DEPOT," whose core business is to sell personal computers and related products and offer technical services for home users, under the concept of "affordable, reliable, convenient, and thoughtful." In addition to selling PCs, peripheral, network, mobile, and AV devices, we buy and sell secondhand products, etc. We also offer technical services; provider and data communication services (MVNO business); and monthly- membership maintenance services (Premium Service), etc.
The Company operated 44 directly-managed stores as of March 31, 2010 in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures, 4 subsidiaries stores in Kyusyu regions, and 17 franchise stores in the Tohoku, Chubu, Kinki, Chugoku, Shikoku regions.
The number of "PC Clinic" stores, opened as franchises within volume electronics retailers, was 24 stores at the end of the fiscal year.
The Group books only sales from directly-managed stores and income from royalties from franchise stores in its sales figures, and does not include product supply sales to franchise stores.

ii. Internet-related business
As for subsidiaries, ejworks corporation operates an Internet services provider business, Web production and other IT solutions businesses, and BB Marketing Corp. operates sales agencies that handle subscription applications for Yahoo!BB and other providers.

[Business Diagram]
This is a business diagram of the items described below.



[Status of affiliated companies]

Name	Address	Capital or investment (thousand yen)	Main businesses	Voting right ratio (%)	Remarks
(Consolidated subsidiary) ejworks corporation (Note 2)	Kouhoku-ku, Yokohama-shi	211,068	Internet service provider business	94.2	Agency for customers Charging system outsourcing Lease of fixed assets
(Consolidated subsidiary) BB Marketing Corporation	Kouhoku-ku, Yokohama-shi	100,000	Agency business related to the procedures for subscribing to Yahoo BB services	65.0	Agency for subscribing to Yahoo BB services
(Consolidated subsidiary) PC DEPOT KYUSYU CORPORATION (Note 2)	Kouhoku-ku, Yokohama-shi	240,000	Retailing of PCs and related products	100.0	Supply products Provide operation know-how. Financial support. 2 part-time directors
(Equity method affiliate) KITAMURA PC DEPOT CORPORATION	Kochi-shi, Kochi Prefecture	310,000	Retailing of PCs and related products	40.0	Supply products Provide operation know-how. 1 part-time director.

Note 1: There are no companies that submitted financial reports.
Note 2: It corresponds to a specific subsidiary.
Note 3: PC DEPOT Max Co.,Ltd. was newly included within the scope of consolidation because PC DEPOT Max Co.,Ltd., a former equity method affiliate of our corporate group, was consolidated through the acquisition of additional stocks on July 1, 2009. PC DEPOT Max Co., Ltd. was renamed “PC DEPOT KYUSYU CORPORATION” on July 1, 2009.

3. Management Policies

(1) Basic management policy

PC DEPOT's basic philosophy is "the Company exists for customers," "individual growth translates into growth for the Company," and "growth for the Company contributes to society." Its basic management policy is to 1) provide products and services that satisfy as many customers as possible, 2) have respect for self-development and merit backed by a vision of a retailing professional, and 3) become an essential company that produces results recognized by society and is helpful to the local community.

Based on this basic policy, the Company aims as a comprehensive PC roadside retailer to develop stores that satisfy customers by ensuring a lineup of merchandise that meet the needs of primarily home users from beginners to advanced users, and build stores that are the largest in their respective region.

Many problems arise in using PCs such as breakdowns, virus infections, data damage, and the necessity for various settings. The Company aims to meet demand for specialized technical maintenance and support to resolve such problems by establishing PC Clinics in all its stores to improve the safety of local customers' PCs, Internet, and data. Specifically, it aims to capture new customers that are feeling inconvenienced by providing free diagnosis and offering a large service menu. Also, to meet demand for ongoing technical service support, it offers a unique "Premium Service" (a proprietary membership service that offers maintenance services for a monthly fee) to boost service sales, improve customer satisfaction, and raise productivity.

Through the sale of these products and services and the development of stores that meet the needs of local communities, the Company aims to create stores that customers can feel offer "attractive prices, safety, convenience and kindness."

In the Internet-related business as well, the Company focuses on responding to cries of "Help!" from PC users, and as an Internet comprehensive services operator, on providing solutions and supporting customers' Internet usage.

The Company aims to create a challenging corporate culture where all employees view contribution to society as a common value, and where a spirit of public service and professional growth is cultivated.

Through these efforts, we hope to improve our potential and productivity, maximize our corporate value, and meet the expectations from shareholders.

(2) Performance targets

Our corporate group emphasizes consolidated ordinary profit and ROE as the management indicators for maximizing our corporate value, and aims to achieve over 9% of ROE.

(3) Medium to long-term business strategy

PC DEPOT believes that constant change is important. It will continue to promote store management supported by customers, and aims to expand the size of its business and create a lean corporate structure. It looks to expand market share by growing its unique business model fusing products, services, and membership support, and by expanding its area coverage through the opening of dominant stores and franchise stores. It aims to make the company Japan's No.1 IT solutions store while contributing to local society.

(4) Challenges

Major issue for our corporate group is described as below.

1. Expansion of the store network

As the penetration rate of PCs for households reached 80% and PCs are now used on a daily basis, diversifying customers' needs, our company aims to open new stores of "PC DEPOT" with strategic dominance, enlarge stores with scrap & build, discuss the reopening of the directly-managed stores of "PC Clinic," promote the franchise business, and provide local customers with the environment in which they can use PCs and the Internet without anxiety.

2. Falling average selling prices

As for the current consolidated fiscal year, in October 2009, the PCs with the new OS "Windows 7" were released, and in January 2010, the PCs with the new CPU were released. The average unit price of PCs decreased by about 10% from

the previous year, and that of peripheral devices also decreased. As for the next consolidated fiscal year, the average unit price of PCs is estimated to decrease by 5-10%, and that of peripheral devices, etc. is also estimated to decrease.
On the other hand, as products that can be connected to the Internet are increasing, we will introduce such products and related services, etc. proactively, and propose new product genres.

3. Improvement in the safety of store operation
An increasing number of accidents occur in our stores. Considering that the risk of accidents augments as stores and employees increase, it is important to avoid them.
Accordingly, Cyber Sheriff Center (store risk control section) of the headquarters patrol stores nationwide (visual patrol with in-store cameras based on broadband). In addition, Cyber Sheriff Center can swiftly respond to earthquakes and new influenza, which spread last year, etc. so that customers can visit our stores without anxiety.
Our company operates stores and avoids the risk of accidents, etc. under the concept of “prioritizing safety over costs.”

4. Expansion of service products
As the products that can be connected to the Internet are increasing, household products, including PCs and games, are becoming wireless and connectable to the Internet. Our company will enrich our service system so that customers can use PCs and products that can be connected to the Internet safety without anxiety, and keep offering troubleshooting services.
In addition, we will improve the contents of monthly-membership maintenance services (Premium Service) for customers who demand continuous maintenance, in order to cope with such a change in demand.

5. Quality management of stores
We operate “PC DEPOT” as well as “PC Clinic,” and so it is important to manage the quality of each store. It is essential to conduct thoroughgoing quality control in addition to producing manuals and educating employees. To do so, we will strengthen the auditing of all stores of “PC DEPOT” and “PC Clinic.”

6. Increase in store opening expenses
PC DEPOT plans to continue opening new “dominant” stores primarily in the Kanto region. It previously opened stores with average sales floor space of 900 square meters, but will move to increase the number of large-sized stores primarily through new store openings. While concerns exist that larger stores will increase rent, personnel expenses, and other costs, it plans to tamp down increases in selling, general and administrative expenses via improvements in the cost structure.

7. Securing human resources for store network expansion
The outlook for the business environment does not warrant optimism given competition among industries and formats including competition between companies and among Internet retailers and manufacturers that sell directly.
As the store network expands, PC DEPOT believes that securing human resources, and sales staff and engineers in particular, is an important challenge, and aims to secure stable human resources through the conversion of part-timers and contract workers into regular employees. It will also strive to improve the quality of its human resources by expanding educational activities that previously targeted mainly regular employees to include part-timers as well.

8. Fortification of organizational strength to tolerate business expansion
Our core business is to offer PC-related products and services, but we plan to develop new products and services, as products that can be connected to the Internet are increasing. To realize it, we will develop personnel systems for motivating employees and part-time workers, clarify the responsibilities and authorities of individual employees and divisions, and improve recruitment systems, fortifying organizational strength.

9. Promotion of corporate social responsibility (CSR) activities
Our company operates general PC stores, and considers that we need to keep in mind our social missions and do

business administration from the viewpoint of CSR. The basic policy for CSR is to eliminate the digital divide in the information society due to the difference in “age, gender, income, education, and residence,” etc. via our stores.
Under this policy, we have PC Clinic in every store to solve customers’ troubles, diagnose any PCs customers purchased anywhere for free, regardless of customer’s age, gender, income, etc., in order to improve the safety of PCs, the Internet, and data in every region.
We make efforts to improve our sociality by offering every kind of solution, so that local customers think that our stores are indispensable.

4. Consolidated Financial Statements
(1) Consolidated balance sheets

(Thousands of yen)

	FY2008 (As of Mar. 31, 2009)	FY2009 (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits	1,802,500	1,753,981
Accounts receivable-trade	1,779,891	2,251,074
Inventories	*1 4,446,137	*1 5,315,725
Accounts receivable-other	*2 617,034	*2 624,370
Deferred tax assets	179,572	167,163
Other	340,811	412,247
Allowance for doubtful accounts	(9,291)	(13,106)
Total current assets	9,156,656	10,511,455
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,934,096	2,679,909
Accumulated depreciation	(610,238)	(766,465)
Buildings and structures, net	1,323,858	1,913,444
Tools, furniture and fixtures	1,305,535	1,557,661
Accumulated depreciation	(860,345)	(1,074,658)
Tools, furniture and fixtures, net	445,190	483,002
Construction in progress	33,705	344,153
Other	105,010	105,010
Accumulated depreciation	(1,499)	(1,630)
Other, net	103,510	103,379
Total property, plant and equipment	1,906,264	2,843,979
Intangible assets		
Goodwill	1,382,385	1,024,972
Other	315,607	260,913
Total intangible assets	1,697,992	1,285,885
Investments and other assets		
Investment securities	*3 270,440	*3 279,708
Deferred tax assets	65,911	71,178
Guarantee deposits	1,389,868	1,478,521
Lease deposits	1,208,756	1,328,826
Other	177,896	154,643
Total investments and other assets	3,112,873	3,312,878
Total non-current assets	6,717,130	7,442,743
Total assets	15,873,787	17,954,199

(Thousands of yen)

	FY2008 (As of Mar. 31, 2009)	FY2009 (As of Mar. 31, 2010)
Liabilities		
Current liabilities		
Accounts payable-trade	2,618,767	2,764,150
Short-term loans payable	60,000	800,000
Current portion of long-term loans payable	370,056	690,252
Accounts payable-other	*2 1,499,323	*2 1,215,712
Income taxes payable	445,287	391,304
Provision for bonuses	80,658	98,050
Provision for merchandise warranties	49,785	33,615
Other	563,735	479,904
Total current liabilities	5,687,612	6,472,989
Non-current liabilities		
Long-term loans payable	948,280	1,936,247
Long-term accounts payable-other	—	123,799
Provision for retirement benefits	25,378	2,727
Provision for directors’ retirement benefits	158,835	22,911
Long-term guarantee deposited	661,666	657,507
Total non-current liabilities	1,794,160	2,743,192
Total liabilities	7,481,772	9,216,181
Net assets		
Shareholders’ equity		
Capital stock	1,601,196	1,601,196
Capital surplus	1,888,605	1,888,605
Retained earnings	4,944,667	5,468,659
Treasury stock	(186,226)	(411,462)
Total shareholders’ equity	8,248,243	8,546,999
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(5,941)	23,207
Total valuation and translation adjustments	(5,941)	23,207
Minority interests	149,713	167,811
Total net assets	8,392,014	8,738,017
Total liabilities and net assets	15,873,787	17,954,199

(2) Consolidated statements of income

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Net sales	42,899,424	44,740,133
Cost of sales	*1 32,214,037	*1 33,182,396
Gross profit	10,685,386	11,557,737
Selling, general and administrative expenses		
Advertising expenses	1,094,203	1,259,377
Sales commission	369,693	397,377
Directors' compensations	133,163	134,967
Salaries and allowances	2,619,547	2,876,980
Bonuses	225,618	264,019
Provision for bonuses	80,658	98,050
Retirement benefit expenses	49,939	48,077
Provision for directors' retirement benefits	22,083	8,788
Depreciation	340,463	432,858
Amortization of goodwill	212,593	344,439
Rent expenses on real estates	1,629,954	1,794,203
Supplies expenses	397,427	418,839
Other	2,250,063	2,253,279
Total selling, general and administrative expenses	9,425,409	10,331,259
Operating income	1,259,976	1,226,477
Non-operating income		
Interest income	6,402	5,081
Dividends income	1,260	1,790
Sales incentives	72,412	73,294
Rent income	114,138	94,678
Commission fee	33,307	37,893
Other	105,247	59,145
Total non-operating income	332,769	271,883
Non-operating expenses		
Interest expenses	10,459	38,664
Commission fee	—	1,092
Rent expenses	107,840	126,076
Equity in losses of affiliates	40,020	19,494
Other	5,627	6,852
Total non-operating expenses	163,948	192,181
Ordinary income	1,428,798	1,306,179
Extraordinary income		
Gain on transfer to defined contribution pension plan	—	39,481
Gain on sales of investment securities	—	1,287
Total extraordinary income	—	40,768

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Extraordinary loss		
Loss on retirement of noncurrent assets	*2 16,375	*2 7,608
Loss on valuation of investment securities	9,457	—
Impairment loss	—	*3 13,595
Head office transfer cost	*4 43,634	—
Loss on closing of stores	4,619	28,390
Penalty income cancellation, etc.	—	32,000
Loss on valuation of inventories	36,366	—
Total extraordinary losses	110,453	81,594
Income before income taxes	1,318,344	1,265,354
Income taxes-current	606,281	576,852
Income taxes-deferred	13,951	(11,191)
Total income taxes	620,232	565,660
Minority interests in income	13,856	22,861
Net income	684,255	676,831

(3) Consolidated statements of changes in net assets

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,601,196	1,601,196
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	1,601,196	1,601,196
Capital surplus		
Balance at the end of previous period	1,888,605	1,888,605
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	1,888,605	1,888,605
Retained earnings		
Balance at the end of previous period	4,414,514	4,944,667
Changes of items during the period		
Dividends from surplus	(154,102)	(152,839)
Net income	684,255	676,831
Total changes of items during the period	530,153	523,992
Balance at the end of current period	4,944,667	5,468,659
Treasury stock		
Balance at the end of previous period	(186,226)	(186,226)
Changes of items during the period		
Purchase of treasury stock	—	(225,236)
Total changes of items during the period	—	(225,236)
Balance at the end of current period	(186,226)	(411,462)
Total shareholders' equity		
Balance at the end of previous period	7,718,090	8,248,243
Changes of items during the period		
Dividends from surplus	(154,102)	(152,839)
Net income	684,255	676,831
Purchase of treasury stock	—	(225,236)
Total changes of items during the period	530,153	298,755
Balance at the end of current period	8,248,243	8,546,999

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	4,263	(5,941)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,205)	29,148
Total changes of items during the period	(10,205)	29,148
Balance at the end of current period	(5,941)	23,207
Minority interests		
Balance at the end of previous period	147,127	149,713
Changes of items during the period		
Net changes of items other than shareholders' equity	2,585	18,098
Total changes of items during the period	2,585	18,098
Balance at the end of current period	149,713	167,811
Total net assets		
Balance at the end of previous period	7,869,481	8,392,014
Changes of items during the period		
Dividends from surplus	(154,102)	(152,839)
Net income	684,255	676,831
Purchase of treasury stock	—	(225,236)
Net changes of items other than shareholders' equity	(7,619)	47,247
Total changes of items during the period	522,533	346,002
Balance at the end of current period	8,392,014	8,738,017

(4) Consolidated statements of cash flows

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Cash flow from operating activities		
Income before income taxes	1,318,344	1,265,354
Depreciation and amortization	413,718	512,663
Impairment loss	—	13,595
Amortization of goodwill	212,593	344,439
Increase (decrease) in allowance for doubtful accounts	2,236	3,815
Increase (decrease) in provision for bonuses	4,431	11,743
Increase (decrease) in provision for merchandise warranties	(59,012)	(16,170)
Loss (gain) on sales of investment securities	—	(1,287)
Loss (gain) on valuation of investment securities	9,457	—
Increase (decrease) in provision for directors' retirement benefits	19,551	(135,923)
Increase (decrease) in provision for retirement benefits	16,483	(24,990)
Interest and dividends income	(7,662)	(6,872)
Interest expenses	10,459	38,664
Foreign exchange losses (gains)	175	516
Loss on retirement of noncurrent assets	16,375	7,608
Equity in (earnings) losses of affiliates	40,020	19,494
Loss on closing of stores	4,619	28,390
Head office transfer cost	43,634	—
Decrease (increase) in notes and accounts receivable-trade	(204,170)	(356,772)
Decrease (increase) in inventories	626,160	(564,243)
Decrease (increase) in accounts receivable-other	273,950	10,345
Increase (decrease) in notes and accounts payable-trade	(101,216)	28,941
Increase (decrease) in accounts payable-other	(180,346)	(348,993)
Decrease (increase) in other assets	(42,916)	(36,253)
Increase (decrease) in other liabilities	170,708	40,714
Other, net	(5,784)	(2,085)
Subtotal	2,581,813	832,694
Interest and dividends income received	5,283	4,917
Interest expenses paid	(11,591)	(40,566)
Income taxes paid	(729,255)	(614,194)
Net cash provided by (used in) operating activities	1,846,250	182,850

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Cash flow from investing activities		
Purchase of property, plant and equipment	(884,247)	(1,346,975)
Proceeds from sales of property, plant and equipment	16,469	—
Purchase of intangible assets	(1,358,674)	(56,172)
Purchase of investment securities	(120,000)	—
Proceeds from sales of investment securities	—	2,250
Proceeds from share of profits on investments in partnership	2,356	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	*2 3,552
Payments for lease and guarantee deposits	(428,524)	(275,135)
Proceeds from collection of lease and guarantee deposits	139,017	98,044
Repayments of guarantee deposits received	(10,158)	(10,158)
Proceeds from guarantee deposits received	—	6,000
Other	(2,811)	17,263
Net cash provided by (used in) investing activities	(2,646,572)	(1,561,332)
Cash flow from financing activities		
Increase in short-term loans payable	2,460,000	4,960,000
Decrease in short-term loans payable	(2,400,000)	(4,520,000)
Proceeds from long-term loans payable	1,040,000	1,900,000
Repayment of long-term loans payable	(188,664)	(625,173)
Purchase of treasury stock	—	(225,236)
Cash dividends paid	(154,013)	(154,347)
Cash dividends paid to minority shareholders	(11,271)	(4,763)
Net cash provided by (used in) financing activities	746,051	1,330,479
Effect of exchange rate change on cash and cash equivalents	(175)	(516)
Net increase (decrease) in cash and cash equivalents	(54,446)	(48,519)
Cash and cash equivalents at beginning of period	1,856,947	1,802,500
Cash and cash equivalents at end of period	1,802,500	1,753,981

Going Concern Assumption

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)
Not applicable.

FY 2009 (Apr. 1, 2009 – Mar. 31, 2010)
Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 2 ejworks corporation BB Marketing Corp.	(1) Number of consolidated subsidiaries: 2 ejworks corporation BB Marketing Corp. PC DEPOT KYUSYU CORPORATION From the current consolidated fiscal year, PC DEPOT Max Co., Ltd., which was our equity-method affiliate, has been become our subsidiary as a result of acquisition of additional stocks. Thus, financial results of this company are included in the consolidated financial statements. The PC DEPOT Max Co., Ltd., has changed its name to PC DEPOT KYUSYU CORPORATION.
	(2) Number of non-consolidated subsidiaries: None.	(2) Same as on the left.
2. Application of equity method	(1) Number of affiliates accounted for under equity method: 2 Name of companies: PC DEPOT Max Co., Ltd. KITAMURA PC DEPOT CORPORATION	(1) Number of affiliates accounted for under equity method: 1 Name of companies: KITAMURA PC DEPOT CORPORATION Changes in the equity-method affiliates From the current consolidated fiscal year, the PC DEPOT Max Co., Ltd has been excluded from the equity-method range because it has become our subsidiary as a result of acquisition of additional stocks.
	(2) Affiliates not accounted for under equity method: None.	(2) Affiliates not accounted for under equity method: None.
3. Fiscal year of consolidated subsidiaries	The fiscal years of consolidated subsidiaries end on the closing date of consolidated financial statements.	Same as on the left.
4. Accounting standards (1) Valuation standards and methods for principal assets	(1) Marketable securities Available-for-sale securities Securities with market quotations Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Stated at cost determined by the moving-average method.	(1) Marketable securities Available-for-sale securities Securities with market quotations Same as on the left. Securities without market quotations Same as on the left.

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
	(2) Inventories Merchandise Mainly stated at cost determined by the moving-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). (Change in accounting policy) In prior years, inventories for regular sales purposes were computed primarily by the moving average cost method. With the adoption of "Accounting Standards for Measurement of Inventories" (ASBJ Statement No. 9: July 5, 2006) from the current fiscal year, inventories are computed primarily by the moving average cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). The effect of this change was to decrease gross profit, operating income and ordinary income by 33,500 thousand yen, and income before income taxes by 69,866 thousand yen. The impact on segment operations is shown in the Segment Information section.	(2) Inventories Merchandise Mainly stated at cost determined by the moving-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). ―――――
(2) Depreciation and amortization of principal depreciable assets	(1) Property, plant and equipment Depreciation of property, plant and equipment is calculated using the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, which are depreciated using the straight-line method. Useful life of principle assets is as follows: Buildings and structures: 6-47 years Tools, furniture and fixtures: 3-15 years (2) Intangible assets (excluding lease assets) Amortization of intangible assets is calculated using the straight-line method. Software development costs are amortized over an expected useful life of five years by the straight-line method. (3) Long-term prepaid expenses Long-term prepaid expenses are amortized using the straight-line method.	(1) Property, plant and equipment (excluding lease assets) Same as on the left. (2) Intangible assets (excluding lease assets) Same as on the left. (3) Long-term prepaid expenses Same as on the left.

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
	(4) Lease assets Depreciation of lease assets is calculated using the straight-line method with no residual value, assuming the lease period to be the useful life of the asset. For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions.	(4) Lease assets Same as on the left.
(3) Recognition of significant allowances	(1) Allowance for doubtful accounts To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibles. (2) Provision for bonuses To properly reserve for employee bonus obligations, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve amount. (3) Provision for merchandise warranties To provide for five-year after-sales service cost for merchandise, an estimated amount is reserved based on the historical performance. (4) Provision for retirement benefits To properly reserve for employees' retirement benefits, an allowance is provided for the amount deemed to have accrued at the end of the current fiscal year based on the projected benefit obligations and pension assets at the end of the fiscal year.	(1) Allowance for doubtful accounts Same as on the left. (2) Provision for bonuses Same as on the left. (3) Provision for merchandise warranties Same as on the left. (4) Provision for retirement benefits To properly reserve for employees' retirement benefits, an allowance is provided for the amount deemed to have accrued at the end of the current fiscal year based on the projected benefit obligations and pension assets at the end of the fiscal year in part of subsidiaries. (Additional information) From the current consolidated fiscal year, the Company has changed from the approved retirement annuity system to the defined contribution annuity system. As a result of terminating the previous system, the Company booked an extraordinary income of 39,481 thousand yen attributed to the transfer to the defined contribution pension plan. It should be mentioned that the company which has newly become one of our consolidated subsidiaries during this consolidated fiscal year adapts the retirement lump sum grants system. Thus, in preparation for the provision of the retirement benefits to the employees of this subsidiary, the accrued retirement benefits is posted based on the projected benefit obligations and pension assets at the end of the fiscal year.

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
	(5) Provision for directors' retirement benefits To properly reserve for directors' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.	(5) Provision for directors' retirement benefits To properly reserve for directors' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits in part of subsidiaries. (Additional information) The Company had been posting an allowance payable at the end of the fiscal year pursuant to the Company's rule on directors' retirement benefits. However, it was resolved at the conclusion of the General Meeting of Shareholders on June 18, 2009, that the directors' retirement benefits program for the directors will be abolished. At the same meeting, the final payment of retirement benefits to directors was approved. The final payment of retirement benefit will be paid upon retirement of the incumbent directors. Therefore, the reserve for the retirement benefits for directors 123,799 thousand yen was reversed and posted on the "Long-term accounts payable" under the non-current liabilities. Please note that, as before, some subsidiaries are booking an allowance payable at the end of the fiscal year pursuant to the Company's rule in preparation for the provision of their directors' retirement benefits.
(4) Other significant accounting policies in the preparation of financial statements	Accounting for national and local consumption taxes National and local consumption taxes are accounted by the tax-exclusion method.	Accounting for national and local consumption taxes Same as on the left.
5. Valuations on assets and liabilities of consolidated subsidiaries	Assets and liabilities in consolidated subsidiaries are evaluated based on their full market value.	Same as on the left.
6. Amortization of goodwill and negative goodwill	Goodwill is amortized by the straight-line method over a period of five years.	Same as on the left.
7. Scope of cash and cash equivalents on statements of cash flows	For the purpose of statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of 3 months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.	Same as on the left.

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
(Accounting Standards for Lease Transactions) In prior years, the Company accounted for finance leases where there is no transfer of ownership as ordinary lease transactions for accounting purposes. In the current fiscal year, the Company started to apply "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan) and "Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan), and using an accounting method for leases that is based on the method used for ordinary purchases and sales. For finance leases where there is no transfer of ownership that started prior to the fiscal year when these standards were first applied, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions. The application of these standards does not have a material effect on earnings.	———

Additional information

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
———	(Accounting procedure for J-ESOP) At the board meeting on March 15, 2010, it was resolved that the Company will introduce "J-ESOP (Employee Stock Ownership Plan)", a program to provide the company's shares to the employees as a new benefit service. This program intends to enhance motivation and willingness of employees for improving the share price and business performance by enhancing connectivity between share price and the performance and sharing economic effects with shareholders. In line with the introduction of this program, the Trust and Custody Services Bank Co., Ltd. (the Trust), obtained the Company's 5,000 shares as of March 19, 2010. For the account processing of the J-ESOP, the Company and the Trust are integrated to place emphasis on the economic reality. Thus, the Company's shares owned by the Trust as well as the assets, debts, expenditure and profit of the Trust are included in the consolidated balance sheets, consolidated statements of income, consolidated statement of changes in net assets, and consolidated cash flows. Therefore, the number of shares includes the shares owned by the Trust. The number of shares owned by the Trust as of March 31, 2010, is 5,000 shares.

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

(Thousands of yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
*1. Breakdown of inventories Merchandise 4,445,364 Work in process 773 Total 4,446,137	*1. Breakdown of inventories Merchandise 5,310,370 Work in process 3,653 Supplies 1,701 Total 5,315,725
*2. Accounts payable for purchases made jointly with franchise stores are paid after the Company has received the amount due from the franchise stores for their portion of these purchases. The Company posts these joint purchase accounts payable as “Accounts payable-other” and the amounts due from franchise stores as “Accounts receivable-other”. At the end of the fiscal year, “Accounts payable-other” totaled 456,236 thousand yen and “Accounts receivable-other” totaled 922,243 thousand yen.	*2. Accounts payable for purchases made jointly with franchise stores are paid after the Company has received the amount due from the franchise stores for their portion of these purchases. The Company posts these joint purchase accounts payable as “Accounts payable-other” and the amounts due from franchise stores as “Accounts receivable-other”. At the end of the fiscal year, “Accounts payable-other” totaled 403,210 thousand yen and “Accounts receivable-other” totaled 762,691 thousand yen.
*3. The following items are applicable to affiliates Investment securities (equity) 100,516	*3. The following items are applicable to affiliates Investment securities (equity) 76,193

Notes to Consolidated Statements of Income

(Thousands of yen)

<table>
<tr><th>FY2008
(Apr. 1, 2008 – Mar. 31, 2009)</th><th>FY2009
(Apr. 1, 2009 – Mar. 31, 2010)</th></tr>
<tr><td>*1. Ending inventories are shown after reductions in book values to reflect declines in profitability and following inventory valuation losses are included in the cost of sales.
33,500</td><td>*1. Ending inventories are shown after reductions in book values to reflect declines in profitability and following inventory valuation losses are included in the cost of sales.
3,457</td></tr>
<tr><td>*2. Breakdown of loss on retirement of non-current assets
Buildings and structures 11,189
Tools, furniture and fixtures 3,631
Other 1,554
Total 16,375</td><td>*2. Breakdown of loss on retirement of non-current assets
Buildings and structures 4,503
Tools, furniture and fixtures 3,104
Other —
Total 7,608</td></tr>
<tr><td>——————</td><td>*3. The Group recognized an impairment loss on noncurrent assets for the following groups of assets
<table>
<tr><th>Location</th><th>Usage</th><th>Item</th></tr>
<tr><td>Kanagawa</td><td>Retail stores</td><td>Buildings and structures
Other property, plant and equipment</td></tr>
</table>
The Group attempts to recognize impairment losses by grouping retail stores as the smallest units for generating cash flows. For stores where business activities are consistently unprofitable and there is a small probability of recovering the entire amount of non-current assets for that asset group, the Company reduces the book value of that asset group to the amount that can be recovered. The resulting non-current asset impairment loss of 13,595 thousand yen was recognized as an extraordinary loss.

* Breakdown of impairment loss
<table>
<tr><th rowspan="2">Location</th><th colspan="3">Impairment loss</th></tr>
<tr><th>Buildings and structures</th><th>Other</th><th>Total</th></tr>
<tr><td>Kanagawa</td><td>9,221</td><td>4,374</td><td>13,595</td></tr>
</table>
Net sales prices are used to determine the value of non-current assets that can be recovered for an asset group. Residual values are determined mainly by tax law regulations, etc. that are used for appraisals for fixed asset taxes and for calculating depreciation.</td></tr>
<tr><td>*4. Head office relocation expenses represent expenses incurred during the fiscal year to restore the previous building to its original condition, losses on the disposal of equipment and facilities, and other items.</td><td>——————</td></tr>
</table>

Notes to Consolidated Statements of Changes in Net Assets

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

1. Type and number of outstanding shares and treasury stock (Shares)

	Number of shares as of Mar. 31, 2008	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of Mar. 31, 2009
Outstanding shares				
Common shares	225,020	―	―	225,020
Total	225,020	―	―	225,020
Treasury stock				
Common shares (Note)	4,873	―	―	4,873
Total	4,873	―	―	4,873

2. Items related to acquisition rights for new shares and treasury stock
   Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 13, 2008	Common shares	77,051	350	Mar. 31, 2008	Jun. 19, 2008
Board of Directors meeting on Nov. 4, 2008	Common shares	77,051	350	Sep. 30, 2008	Dec. 8, 2008

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 12, 2009	Common shares	77,051	Retained earnings	350	Mar. 31, 2009	Jun. 19, 2009

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

1. Type and number of outstanding shares and treasury stock (Shares)

	Number of shares as of Mar. 31, 2009	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of Mar. 31, 2010
Outstanding shares				
Common shares	225,020	—	—	225,020
Total	225,020	—	—	225,020
Treasury stock				
Common shares *1, 2	4,873	8,611	—	13,484
Total	4,873	8,611	—	13,484

(Note)1. At the board meeting on March 15, 2010, it was resolved that the Company will introduce "J-ESOP (Employee Stock Ownership Plan)", a program to provide the company's shares to the employees as a new benefit service. In line with the introduction of this program, the Trust and Custody Services Bank Co., Ltd. (the Trust), acquired the Company's stock of 5,000 shares as of March 19, 2010.
Therefore, the number of treasury stock includes the Company's shares owned by the Trust as of March 31, 2010. The number of shares owned by the Trust as of March 31, 2010, is 5,000 shares.
2. The increasing number of treasury stock, 8,611 shares, are consisted by the acquisition of treasury stock at decision of Board of directors' meeting and the Company's shares owned by the Trust.

2. Items related to acquisition rights for new shares and treasury stock

Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 12, 2009	Common shares	77,051	350	Mar. 31, 2009	Jun. 19, 2009
Board of Directors meeting on Nov. 5, 2009	Common shares	75,787	350	Sep. 30, 2009	Dec. 7, 2009

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 11, 2010	Common shares	75,787	Retained earnings	350	Mar. 31, 2010	Jun. 23, 2010

(Note) The amount above includes 1,750 thousand yen of dividend for 5,000 shares of the Company's shares owned by the Trust as of March 31, 2010.

Notes to Consolidated Statements of Cash Flows

(Thousands of yen)

<table>
<tr><th>FY2008
(Apr. 1, 2008 – Mar. 31, 2009)</th><th>FY2009
(Apr. 1, 2009 – Mar. 31, 2010)</th></tr>
<tr><td>*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows

Cash and deposits 1,802,500
Time deposits with maturities longer than three months —
Cash and cash equivalents 1,802,500</td><td>*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows

Cash and deposits 1,753,981
Time deposits with maturities longer than three months —
Cash and cash equivalents 1,753,981</td></tr>
<tr><td>―――――</td><td>*2. The breakdown of the assets and debts of a company which newly became our subsidiary by acquisition of additional stocks
The following is the breakdown of the assets and debts of PC DEPOT Kyushu Co., Ltd., which recently became our subsidiary by acquisition of additional stocks, as well as the relationships between its acquisition price and expenditure (net) for acquisition;

Current assets 501,298
Non-current assets 24,425
Goodwill 19,699
Current liabilities (492,783)
Non-current liabilities (27,343)
Stock acquisition price 25,296
Equity-method value by the time of acquisition (2,059)
Acquisition price of the shares that were additionally obtained 23,237
Cash and cash equivalents of the new subsidiary (26,790)
Balance: Expenditure for acquisition (3,552)</td></tr>
</table>

Leases transactions

(Thousands of yen)

FY2008
(Apr. 1, 2008 – Mar. 31, 2009)

1. Finance lease transactions

Lease transactions contracted before March 31, 2008 are continuously permitted to be accounted for as operating lease transactions, and as if capitalized information is as follows.

(1) Amounts equivalent to acquisition cost, accumulated depreciation, and accumulated impairment loss of leased property for each year

	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net leased property
Tools, furniture and fixtures	158,542	100,474	28,464	29,603
Total	158,542	100,474	28,464	29,603

(2) Obligations under finance lease at the end of each year

Obligations under finance lease at the end of each year

Due within one year	25,664
Due after one year	4,925
Total	30,590

Balance of allowance for impariment loss on leased property	10,842

(3) Lease payments, reversal of allowance for impairment loss on leased property, amounts equivalent to depreciation, and interest expense for each year.

Lease payments	48,232
Payment of the lease obligation for impaired leased property	9,292
Depreciation expense	46,253
Interest expense	903
Imapairment loss	—

(4) Calculation method used to determine the amount equivalent to depreciation

The amount equivalent to depreciation is computed using the straight-line method over the period of finance leases, assuming no residual value.

(5) Calculation method used to determine the amount equivalent to interest expense

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

2. Operating lease transactions

Non-cancelable operating lease transactions

Due within one year	206,622
Due after one year	742,583
Total	949,206

FY2009
(Apr. 1, 2009 – Mar. 31, 2010)

1. Finance lease transactions

Lease transactions contracted before March 31, 2008 are continuously permitted to be accounted for as operating lease transactions, and as if capitalized information is as follows.

(1) Amounts equivalent to acquisition cost, accumulated depreciation, and accumulated impairment loss of leased property for each year

	Acquisition cost	Accumulated depreciation	Net leased property
Tools, furniture and fixtures	96,379	77,111	19,267
Total	96,379	77,111	19,267

(2) Obligations under finance lease at the end of each year

Obligations under finance lease at the end of each year

Due within one year	12,448
Due after one year	7,637
Total	20,086

(3) Lease payments, reversal of allowance for impairment loss on leased property, amounts equivalent to depreciation, and interest expense for each year.

Lease payments	33,734
Payment of the lease obligation for impaired leased property	10,842
Depreciation expense	32,194
Interest expense	619

(4) Calculation method used to determine the amount equivalent to depreciation

The amount equivalent to depreciation is computed using the straight-line method over the period of finance leases, assuming no residual value.

(5) Calculation method used to determine the amount equivalent to interest expense

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

2. Operating lease transactions

Non-cancelable operating lease transactions

Due within one year	205,822
Due after one year	581,161
Total	786,983

Deferred Tax Accounting

(Thousands of yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

1. Significant components of deferred tax assets and liabilities

(Deferred tax assets)	
Current assets	
Accrued enterprise tax denied	36,049
Accrued business office taxes denied	6,797
Provision for bonuses denied	32,779
Provision for merchandise warranties denied	20,232
Loss on valuation of inventories denied	53,683
Adjustments to accounts receivable-trade	26,189
Other	3,841
Total	179,572
Non-current assets	
Provision for directors' retirement benefits denied	64,424
Impairment loss on non-current assets denied	21,583
Excess depreciation	32,379
Loss on valuation of investment securities denied	86,413
Provision for retirement benefits denied	10,313
Other	4,419
Sub-total	219,534
Valuation reserve	(153,622)
Total	65,911
Total deferred tax assets	245,484

2. Significant sources of difference between the statutory and effective tax rates

	(%)
Effective tax rate	40.6
(Adjustment)	
Entertainment expenses, etc. not deductible for tax purpose	0.3
Per capita residential tax	1.8
Tax on retained earnings	1.9
Changes in valuation reserve	1.6
Equity in losses of affiliates	1.2
Other	(0.4)
Effective tax rate	47.0

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

1. Significant components of deferred tax assets and liabilities

(Deferred tax assets)	
Current assets	
Accrued enterprise tax denied	33,146
Accrued business office taxes denied	6,662
Provision for bonuses denied	36,292
Provision for merchandise warranties denied	13,661
Loss on valuation of inventories denied	35,160
Adjustments to accounts receivable-trade	12,668
Other	29,572
Total	167,163
Non-current assets	
Provision for directors' retirement benefits denied	59,469
Impairment loss on noncurrent assets denied	20,348
Excess depreciation	42,671
Loss on valuation of investment securities denied	84,773
Other	339
Sub-total	207,601
Valuation reserve	(135,084)
Less deferred tax assets (non-current)	(1,338)
Total	71,178
Total deferred tax assets	238,342
(Deferred tax liabilities)	
Noncurrent liabilities	
Valuation difference on available-for-sale securities	(1,338)
Less deferred tax assets (non-current)	(1,338)
Total	—
Total deferred tax liabilities	—
Difference: Deferred tax assets (net)	238,342

2. Significant sources of difference between the statutory and effective tax rates

	(%)
Effective tax rate	40.6
(Adjustment)	
Entertainment expenses, etc. not deductible for tax purpose	0.3
Per capita residential tax	2.0
Tax on retained earnings	0.7
Changes in valuation reserve	(1.5)
Equity in losses of affiliates	0.6
Retained loss of unrecognized net asset in subsidiaries	0.8
Other	1.2
Effective tax rate	44.7

Segment Information

a. Operating segment information

FY2008 (Apr. 1, 2008 – Mar. 31, 2009) (Thousands of yen)

	PC sales business	Internet-related business	Total	Elimination or corporate	Consolidated
I Net sales, operating income and ordinary income					
Net sales					
(1) External sales	40,335,463	2,563,960	42,899,424	—	42,899,424
(2) Inter-segment sales and transfers	284,736	98,230	382,966	(382,966)	-
Total	40,620,200	2,662,190	43,282,390	(382,966)	42,899,424
Operating expenses	39,622,464	2,399,949	42,022,413	(382,966)	41,639,447
Operating income	997,735	262,241	1,259,976	—	1,259,976
Ordinary income	1,197,729	263,126	1,460,856	(32,058)	1,428,798
II. Assets, depreciation, impairment loss and capital expenditures					
Assets	13,349,336	2,656,334	16,005,671	(131,883)	15,873,787
Depreciation	390,054	251,996	642,050	—	642,050
Impairment loss	—	—	—	—	—
Capital expenditures (Notes 2)	1,248,061	70,043	1,318,105	—	1,318,105

Notes: 1. Operating segments are determined in accordance with the characteristics of each business activity. The activities of each segment area as follows.

PC sales business: Sales of personal computers and related merchandise (includes income from royalties)

Internet-related business: Internet service provider business of a subsidiary, website production business, Internet-related services, business involving Yahoo! BB, and agency services for SoftBank mobile phone subscriptions

2. Change in accounting policy

Accounting Standards for Measurement of Inventories

As mentioned in the section on “Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements,” the Company and its consolidated subsidiaries have adopted “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9: Accounting Standards Board of Japan, July 5, 2006) effective from the current fiscal year.

Compared with the previous method, this change decreased operating income and ordinary income in the PC sales business by 33,500 thousand yen in the current fiscal year.

3. Capital expenditures include long-term prepaid expenses, lease and guarantee deposits, and construction assistance fund receivables used for opening of stores.

FY2009 (Apr. 1, 2009 – Mar. 31, 2010) (Thousands of yen)

	PC sales business	Internet-related business	Total	Elimination or corporate	Consolidated
I Net sales, operating income and ordinary income					
Net sales					
(1) External sales	42,027,419	2,712,714	44,740,133	—	44,740,133
(2) Inter-segment sales and transfers	213,003	116,524	329,528	(329,528)	—
Total	42,240,422	2,829,239	45,069,661	(329,528)	44,740,133
Operating expenses	41,404,662	2,449,908	43,854,571	(340,915)	43,513,656
Operating income	835,759	379,330	1,215,090	11,387	1,226,477
Ordinary income	944,890	378,266	1,323,156	(16,977)	1,306,179
II. Assets, depreciation, impairment loss and capital expenditures					
Assets	15,591,795	2,461,014	18,052,809	(98,610)	17,954,199
Depreciation	491,999	387,912	879,912	—	879,912
Impairment loss	13,595	—	13,595	—	13,595
Capital expenditures (Notes 2)	1,605,234	54,648	1,659,882	—	1,659,882

Notes: 1. Operating segments are determined in accordance with the characteristics of each business activity. The activities of each segment area as follows.

PC sales business: Sales of personal computers and related merchandise (includes income from royalties)

Internet-related business: Internet service provider business of a subsidiary, website production business, Internet-related services, business involving Yahoo! BB, and agency services for SoftBank mobile phone subscriptions

2. Change in accounting policy

Accounting Standards for Measurement of Inventories

Not applicable

3. Capital expenditures include long-term prepaid expenses, lease and guarantee deposits, and construction assistance fund receivables used for opening of stores.

b. Geographical segment information

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

Geographic segment information is not presented since the Company did not have consolidated subsidiaries or branch offices in areas other than Japan.

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

Geographic segment information is not presented since the Company did not have consolidated subsidiaries or branch offices in areas other than Japan.

c. Overseas sales

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

Overseas sales information is not presented since we had no overseas sales.

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

Overseas sales information is not presented since we had no overseas sales.

Business Combinations

Application of the Purchase Method

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

1. Summary of business combinations (business acquisition)

a.

Name of the company involved	K'S HOLDINGS CORPORATION
Description of acquired business	Management of four PC DEPOT stores
Reason for combination	The aim is to improve customer services, corporate value, growth potential and profitability by combining the technical services, sales operations and business infrastructure of the Company and K'S HOLDINGS CORPORATION.
Date of combination	August 1, 2008
Legal method of combination	Acquisition of business by the Company
Name of post-combination company	PC DEPOT CORPORATION

(1) Period of business results of the acquired business included in the consolidated financial statements

August 1, 2008 to March 31, 2009

(2) Acquisition cost and other particulars

1) Acquisition cost of the acquired business: 610 million yen
2) Breakdown of the cost of acquisition
Acquisition cost: 610 million yen

(3) Amount of goodwill recognized

1) Amount of goodwill: 135 million yen
2) Reason for recognition: The goodwill represents the future earnings power resulting from its growth potential.
3) Method and period of amortization: Goodwill is amortized over five years by the straight-line method.

(4) Summary of assets acquired and liabilities assumed on the date of combination

Assets			Liabilities
Inventories	416 million yen		-
Noncurrent assets	57 million yen		
Total	474 million yen	Total	-

(5) Estimated impact on the current fiscal year's consolidated statements of income if the business combination had completed at the beginning of the current fiscal year

Net sales	1,100 million yen
Ordinary income	30 million yen
Net income	16 million yen

Please note that the audit certificate is not obtained for the affected estimated cost.

b.

Name of the company involved	Kansai Broadband Co., Ltd.
Description of acquired business	Internet service providers “U-Broad.jp”, “h555.net”, “awaji-BB”, “Kyoto-Inet”, “inet! communications”
Reason for combination	The aim is to increase the number of provider subscribers
Date of combination	June 30, 2008
Legal method of combination	Acquisition of business by the Company’s subsidiary ejworks corporation
Name of post-combination company	ejworks corporation

(1) Period of business results of the acquired business included in the consolidated financial statements

June 30, 2008 to March 31, 2009

(2) Acquisition cost and other particulars

1) Acquisition cost of the acquired business: 276 million yen

2) Breakdown of the cost of acquisition

Acquisition cost: 276 million yen

(3) Amount of goodwill recognized

1) Amount of goodwill: 276 million yen

2) Reason for recognition: The goodwill represents the future earnings power resulting from its growth potential.

3) Method and period of amortization: Goodwill is amortized over five years by the straight-line method.

(4) Summary of assets acquired and liabilities assumed on the date of combination

Not applicable.

(5) Estimated impact on the current fiscal year’s consolidated statements of income if the business combination had completed at the beginning of the current fiscal year

Net sales	112 million yen
Ordinary income	(18) million yen
Net income	(10) million yen

Please note that the audit certificate is not obtained for the affected estimated cost.

c.

Name of the company involved	AIcompany Co., Ltd.
Description of acquired business	Internet service providers “Momotarou Internet Club”, “Ushiwakumaru Internet Service”, “VC-net”
Reason for combination	The aim is to increase the number of provider subscribers
Date of combination	October 20, 2008
Legal method of combination	Acquisition of business by the Company’s subsidiary ejworks corporation
Name of post-combination company	ejworks corporation

(1) Period of business results of the acquired business included in the consolidated financial statements

October 20, 2008 to March 31, 2009

(2) Acquisition cost and other particulars

1) Acquisition cost of the acquired business: 76 million yen

2) Breakdown of the cost of acquisition

Acquisition cost: 76 million yen

(3) Amount of goodwill recognized

1) Amount of goodwill: 76 million yen

2) Reason for recognition: The goodwill represents the future earnings power resulting from its growth potential.

3) Method and period of amortization: Goodwill is amortized over five years by the straight-line method.

(4) Summary of assets acquired and liabilities assumed on the date of combination

Not applicable.

(5) Estimated impact on the current fiscal year’s consolidated statements of income if the business combination had completed at the beginning of the current fiscal year

Net sales	34 million yen
Ordinary income	16 million yen
Net income	8 million yen

Please note that the audit certificate is not obtained for the affected estimated cost.

2. Summary of business combinations (absorption-type split)

a.

Name of the company involved	Daiwa Seiken Co., Ltd.
Description of acquired business	Internet service provider “117.net”
Reason for combination	The aim is to increase the number of provider subscribers
Date of combination	October 30, 2008
Legal method of combination	Spun off and absorbed by the Company’s subsidiary ejworks corporation
Name of post-combination company	ejworks corporation

(1) Period of business results of the acquired business included in the consolidated financial statements

October 30, 2008 to March 31, 2009

(2) Acquisition cost and other particulars

1) Acquisition cost of the acquired business: 37 million yen

2) Breakdown of the cost of acquisition

Acquisition cost: 37 million yen

(3) Amount of goodwill recognized

1) Amount of goodwill: 37 million yen

2) Reason for recognition: The goodwill represents the future earnings power resulting from its growth potential.

3) Method and period of amortization: Goodwill is amortized over five years by the straight-line method.

(4) Summary of assets acquired and liabilities assumed on the date of combination

Not applicable.

(5) Estimated impact on the current fiscal year’s consolidated statements of income if the business combination had completed at the beginning of the current fiscal year

Net sales	26 million yen
Ordinary income	3 million yen
Net income	2 million yen

Please note that the audit certificate is not obtained for the affected estimated cost.

b.

Name of the company involved	RAT Co., Ltd.
Description of acquired business	Hosting service “Net Platz”
Reason for combination	The aim is to increase the number of hosting subscribers
Date of combination	January 23, 2009
Legal method of combination	Spun off and absorbed by the Company’s subsidiary ejworks corporation
Name of post-combination company	ejworks corporation

(1) Period of business results of the acquired business included in the consolidated financial statements

January 23, 2009 to March 31, 2009

(2) Acquisition cost and other particulars

1) Acquisition cost of the acquired business: 42 million yen

2) Breakdown of the cost of acquisition

Acquisition cost: 41 million yen

Others 0 million yen

(3) Amount of goodwill recognized

1) Amount of goodwill: 42 million yen

2) Reason for recognition: The goodwill represents the future earnings power resulting from its growth potential.

3) Method and period of amortization: Goodwill is amortized over five years by the straight-line method.

(4) Summary of assets acquired and liabilities assumed on the date of combination

Tools, furniture and fixtures: 0 million yen

(5) Estimated impact on the current fiscal year’s consolidated statements of income if the business combination had completed at the beginning of the current fiscal year

Net sales 50 million yen

Ordinary income 16 million yen

Net income 8 million yen

Please note that the audit certificate is not obtained for the affected estimated cost.

c.

Name of the company involved	ISAO CORPORATION
Description of acquired business	Corporate Internet service provider “isao connection service”
Reason for combination	The aim is to increase the number of provider subscribers
Date of combination	March 31, 2009
Legal method of combination	Spun off and absorbed by the Company’s subsidiary ejworks corporation
Name of post-combination company	ejworks corporation

(1) Period of business results of the acquired business included in the consolidated financial statements

March 31, 2009 – March 31, 2009

(2) Acquisition cost and other particulars

1) Acquisition cost of the acquired business: 700 million yen (tentative) *Note
2) Breakdown of the cost of acquisition
Acquisition cost: 700 million yen (tentative) *Note

(3) Amount of goodwill recognized

1) Amount of goodwill: 700 million yen (tentative) *Note
2) Reason for recognition: The goodwill represents the future earnings power resulting from its growth potential.
3) Method and period of amortization: Goodwill is amortized over five years by the straight-line method.

(4) Summary of assets acquired and liabilities assumed on the date of combination

Not applicable.

(5) Estimated impact on the current fiscal year’s consolidated statements of income if the business combination had completed at the beginning of the current fiscal year

Net sales	388 million yen
Ordinary income	98 million yen
Net income	54 million yen

Note: The acquisition cost may change because the contract provides for the deduction of an amount in relation to the number of subscribers who terminate this service during the three-month period following this acquisition.

3. Business divesture

(1) Name of company to be divested, description of business, major reasons for divesture, business divesture date, and legal method of divesture

a. Name of company to be divested	K’S HOLDINGS CORPORATION
b. Description of business	Operation of 14 PC Clinic stores that provide technical services for PCs and digital home appliances
c. Major reasons for divesture	The aim is to improve customer services, corporate value, growth potential and profitability by combining the technical services, sales operations and business infrastructure of the Company and K’S HOLDINGS CORPORATION.
d. Business divesture date	August 1, 2008
e. Legal method of divesture	Transfer of business in exchange for cash

(2) Summary of accounting treatment

Book values of assets and liabilities of the business that was transferred are 2 million yen for inventories and 12 million yen for noncurrent assets. The loss or gain resulting from the transfer is immaterial.

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

1. Summary of business combinations (business acquisition)

Name of the company involved	PC DEPOT Max Co.,Ltd.
Description of acquired business	Sales of PCs and peripheral equipment, Agency business for internet service
Reason for combination	The Company obtained the shares 1) to accelerate the decision making process by making the PC DEPOT Max Co., Ltd., which was established in October, 2000, a wholly-owned subsidiary in order to establish more “PC DEPOT” stores in Kyushu and Chugoku regions, and 2) to have more stores in Kyushu region by creating more flexibility in choosing store locations (instead of the previous scheme of establishing stores within the Mr.Max premises).
Date of combination	July 1, 2009
Legal method of combination	Share acquisition
Name of post-combination company	PC DEPOT KYUSYU CORPORATION
Ratio of acquired voting rights	63.2%

(1) Period of business results of the acquired business included in the consolidated financial statements

July 1, 2009 to March 31, 2010

(2) Acquisition cost and other particulars

1) Acquisition cost of the acquired business: 23,237 thousand yen

2) Breakdown of the cost of acquisition

Acquisition cost: 19,031 thousand yen

Expense incurred in acquisition cost: 4,206 thousand yen

(3) Amount of goodwill recognized

1) Amount of goodwill: 19,699 thousand yen

2) Reason for recognition: The goodwill represents the future earnings power resulting from its growth potential.

3) Method and period of amortization: Goodwill is amortized over five years by the straight-line method.

(4) Summary of assets acquired and liabilities assumed on the date of combination

Current assets:	501,298 thousand yen
Non-current assets:	24,425 thousand yen
Total assets:	525,724 thousand yen
Current liabilities:	492,783 thousand yen
Non-current liabilities:	27,343 thousand yen
Total liabilities:	520,127 thousand yen

(5) Estimated impact on the current fiscal year’s consolidated statements of income if the business combination had completed at the beginning of the current fiscal year

Net sales	658,019 thousand yen
Ordinary income	8,767 thousand yen
Net income	8,414 thousand yen

(Estimation method)

The estimation of the influence was calculated as a balance between a) the sales and gain/loss information based on the assumption that the consolidation of the companies would have concluded by the beginning of the current consolidated fiscal year and b) sales and gain/loss information on the consolidated statements of income of the acquired company. Please note that the audit certificate is not obtained for the affected estimated cost.

Per Share Information

(Yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Net assets per share 37,439.99 Net income per share 3,108.18 Diluted net income per share is not presented since the Company has no outstanding dilutive securities.	Net assets per share 40,514.17 Net income per share 3,107.98 Diluted net income per share is not presented since the Company has no outstanding dilutive securities.

Note1: The following is a reconciliation of net income per share and diluted net income per share

(Thousands of yen)

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Net income carried on the consolidated statements of income	684,255	676,831
Net income available to common shares	684,255	676,831
Amounts not available to common shareholders	—	—
Average number of common shares outstanding during the period (shares)	220,147	217,772
Number of common shares used in calculation of diluted net income per share Stock acquisition rights (shares)	—	—
Increase in the number of common shares (shares)	—	—
Summary of potential stock not included in the calculation of "Diluted net income per share" since there was no dilutive effect.	(Number of stock acquisition rights) Stock acquisition rights No.5: 55 Stock acquisition rights No.6: 364	(Number of stock acquisition rights) Stock acquisition rights No.5: — Stock acquisition rights No.6: —

Note2: The "number of common shares used in calculation of diluted net income per share" and "average number of common shares outstanding during the period" , which were used to calculate information per share in the current consolidated fiscal year, do not include the 5,000 shares owned by the Trust.

Subsequent Events

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
1. On May 12, 2009, the Board of Directors approved a resolution to terminate the retirement benefit program for directors and corporate auditors at the conclusion of the Ordinary General Shareholders' Meeting to be held on June 18, 2009.	―――――

Sales by Item

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)		FY2009 (Apr. 1, 2009 – Mar. 31, 2010)	
	Amount	%	Amount	%
PC	10,180,938	23.7	10,787,395	24.1
Monitor	1,549,086	3.6	1,372,539	3.1
Printer	942,013	2.2	936,102	2.1
Peripherals	12,444,711	29.0	12,367,600	27.6
Accessories and supplies	4,747,433	11.1	5,197,674	11.6
Software	1,512,706	3.5	1,526,476	3.4
Office automation equipment, used goods, and others	3,975,416	9.3	2,837,230	6.3
Total sales of products	35,352,304	82.4	35,025,018	78.2
Income from royalties	562,220	1.3	559,295	1.3
Income from technical service and commissions	4,420,938	10.3	6,443,105	14.4
Total PC sales business	40,335,463	94.0	42,027,419	93.9
Internet-related business	2,563,960	6.0	2,712,714	6.1
Total	42,899,424	100.0	44,740,133	100.0

Note: Total PC DEPOT Group sales, including franchise sales of 11,835,816 thousand yen included with other income from royalties, were 56,575,949 thousand yen.

Omission of Disclosure

Notes on transactions with related parties, financial instruments, marketable securities, derivative transactions, stock options, retirement benefits and lease properties are not presented since the disclosure of these information is not significant in the context of the financial results.

For the above notes, please refer to the "Securities report of the 16th term (from April 1, 2009, to March 31, 2010)", which will be submitted on June 24, 2010.

5. Non-consolidated Financial Statements

(1) Balance sheets

(Thousands of yen)

	FY2008 (As of Mar. 31, 2009)	FY2009 (As of Mar. 31, 2010)
Assets		
Current assets		
Cash and deposits	1,200,047	814,539
Accounts receivable-trade	1,357,168	1,825,020
Merchandise and finished goods	4,445,364	4,993,256
Prepaid expenses	175,790	191,543
Deferred tax assets	161,394	149,224
Short-term loans receivable	—	150,000
Accounts receivable-other	*2 613,309	*2 699,918
Other	134,779	140,008
Allowance for doubtful accounts	(3,400)	(7,327)
Total current assets	8,084,453	8,876,184
Non-current assets		
Property, plant and equipment		
Buildings	1,775,453	2,462,542
Accumulated depreciation	(524,375)	(660,289)
Buildings, net	1,251,077	1,802,252
Structures	148,604	198,904
Accumulated depreciation	(83,896)	(101,098)
Structures, net	64,707	97,805
Vehicles	1,910	1,910
Accumulated depreciation	(1,499)	(1,630)
Vehicles, net	410	279
Tools, furniture and fixtures	1,082,112	1,291,541
Accumulated depreciation	(705,458)	(861,130)
Tools, furniture and fixtures, net	376,653	430,410
Land	103,100	103,100
Construction in progress	33,705	344,153
Total property, plant and equipment	1,829,654	2,778,002
Intangible assets		
Software	173,071	124,954
Telephone subscription right	16,324	16,324
Goodwill	144,524	105,416
Total intangible assets	333,920	246,695
Investments and other assets		
Investment securities	169,923	203,514
Stocks of subsidiaries and affiliates	271,535	294,773
Long-term loans receivable from subsidiaries and affiliates	—	300,000
Long-term prepaid expenses	47,718	24,908
Deferred tax assets	54,456	59,306

(Thousands of yen)

	FY2008 (As of Mar. 31, 2009)	FY2009 (As of Mar. 31, 2010)
Guarantee deposits	1,389,868	1,478,521
Lease deposits	1,208,734	1,313,228
Other	129,168	116,689
Total investments and other assets	3,271,405	3,870,943
Total non-current assets	5,434,980	6,895,641
Total assets	13,519,433	15,771,826
Liabilities		
Current liabilities		
Accounts payable-trade	2,476,480	2,518,385
Short-term loans payable	—	800,000
Current portion of long-term loans payable	321,984	642,180
Accounts payable-other	*1, *2 1,259,488	*1, *2 1,332,934
Accrued expenses	132,512	198,087
Income taxes payable	419,076	260,867
Accrued consumption taxes	107,558	—
Advances received	93,867	123,241
Deposits received	23,466	27,248
Provision for bonuses	80,658	89,302
Provision for merchandise warranties	49,785	33,615
Total current liabilities	4,964,877	6,025,862
Non-current liabilities		
Long-term loans payable	756,352	1,792,391
Provision for directors' retirement benefits	139,998	—
Long-term guarantee deposited	661,666	661,107
Long-term accounts payable-other	—	123,799
Provision for retirement benefits	25,378	—
Total non-current liabilities	1,583,395	2,577,297
Total liabilities	6,548,273	8,603,160
Net assets		
Shareholders' equity		
Capital stock	1,601,196	1,601,196
Capital surplus		
Legal capital surplus	1,868,598	1,868,598
Other capital surplus	20,006	20,006
Total capital surplus	1,888,605	1,888,605
Retained earnings		
Legal retained earnings	12,000	12,000
Other retained earnings		
Retained earnings brought forward	3,661,525	4,055,119
Total retained earnings	3,673,525	4,067,119

(Thousands of yen)

	FY2008 (As of Mar. 31, 2009)	FY2009 (As of Mar. 31, 2010)
Treasury stock	(186,226)	(411,462)
Total shareholders' equity	6,977,101	7,145,458
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(5,941)	23,207
Total valuation and translation adjustments	(5,941)	23,207
Total net assets	6,971,159	7,168,665
Total liabilities and net assets	13,519,433	15,771,826

(2) Statements of income

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Net sales	40,620,200	40,182,840
Cost of sales		
Beginning goods	5,071,826	4,445,364
Cost of purchased goods	30,245,396	30,637,595
Total	35,317,222	35,082,959
Ending goods	*1 4,445,364	*1 4,991,555
Cost of goods sold	30,871,858	30,091,403
Gross profit	9,748,341	10,091,437
Selling, general and administrative expenses		
Advertising expenses	1,094,039	1,207,451
Sales commission	366,029	373,336
Directors' compensations	86,519	90,867
Salaries and allowances	2,330,496	2,524,766
Bonuses	223,389	260,710
Provision for bonuses	80,658	89,302
Retirement benefit expenses	49,939	47,690
Provision for directors' retirement benefits	17,142	4,013
Depreciation	335,206	424,036
Rent expenses on real estates	1,614,428	1,736,030
Supplies expenses	377,997	402,490
Other	2,175,095	2,113,628
Total selling, general and administrative expenses	8,750,942	9,274,323
Operating income	997,398	817,114
Non-operating income		
Interest income	6,402	9,705
Dividends income	33,318	18,767
Sales incentives	72,412	72,033
Rent income	114,138	128,268
Commission fee	33,307	44,351
Other	104,312	69,879
Total non-operating income	363,892	343,006
Non-operating expenses		
Interest expenses	10,409	34,455
Commission fee	—	1,092
Rent expenses	107,840	126,076
Other	5,627	6,852
Total non-operating expenses	123,878	168,477
Ordinary income	1,237,413	991,643

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	—	1,287
Reversal of allowance for doubtful accounts	110	—
Gain on transfer to defined contribution pension plan	—	39,481
Total extraordinary income	110	40,768
Extraordinary loss		
Loss on retirement of noncurrent assets	*2 16,375	*2 7,513
Loss on valuation of investment securities	9,457	—
Loss on valuation of stocks of subsidiaries and affiliates	26,588	—
Impairment loss	—	*3 13,595
Head office transfer cost	*4 27,747	—
Loss on closing of stores	4,619	28,390
Loss on valuation of inventories	—	32,000
Other	36,366	—
Total extraordinary losses	121,155	81,499
Income before income taxes	1,116,367	950,911
Income taxes-current	505,440	407,187
Income taxes-deferred	8,184	(2,708)
Total income taxes	513,624	404,479
Net income	602,742	546,432

(3) Statement of changes in net assets

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,601,196	1,601,196
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	1,601,196	1,601,196
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	1,868,598	1,868,598
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	1,868,598	1,868,598
Other capital surplus		
Balance at the end of previous period	20,006	20,006
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	20,006	20,006
Total capital surplus		
Balance at the end of previous period	1,888,605	1,888,605
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	1,888,605	1,888,605
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	12,000	12,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	12,000	12,000
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	3,212,885	3,661,525
Changes of items during the period		
Dividends from surplus	(154,102)	(152,839)
Net income	602,742	546,432
Total changes of items during the period	448,640	393,593
Balance at the end of current period	3,661,525	4,055,119
Total retained earnings		
Balance at the end of previous period	3,224,885	3,673,525
Changes of items during the period		
Dividends from surplus	(154,102)	(152,839)

(Thousands of yen)

	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Net income	602,742	546,432
Total changes of items during the period	448,640	393,593
Balance at the end of current period	3,673,525	4,067,119
Treasury stock		
Balance at the end of previous period	(186,226)	(186,226)
Changes of items during the period		
Purchase of treasury stock	—	(225,236)
Total changes of items during the period	—	(225,236)
Balance at the end of current period	(186,226)	(411,462)
Total shareholders' equity		
Balance at the end of previous period	6,528,461	6,977,101
Changes of items during the period		
Dividends from surplus	(154,102)	(152,839)
Net income	602,742	546,432
Purchase of treasury stock	—	(225,236)
Total changes of items during the period	448,640	168,357
Balance at the end of current period	6,977,101	7,145,458
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	4,263	(5,941)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,205)	29,148
Total changes of items during the period	(10,205)	29,148
Balance at the end of current period	(5,941)	23,207
Total net assets		
Balance at the end of previous period	6,532,725	6,971,159
Changes of items during the period		
Dividends from surplus	(154,102)	(152,839)
Net income	602,742	546,432
Purchase of treasury stock	—	(225,236)
Net changes of items other than shareholders' equity	(10,205)	29,148
Total changes of items during the period	438,434	197,505
Balance at the end of current period	6,971,159	7,168,665

Going Concern Assumption

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)
Not applicable.

FY 2009 (Apr. 1, 2009 – Mar. 31, 2010)
Not applicable.

Significant Accounting Policies

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
1. Valuation standards and methods for marketable securities	(1) Available-for-sale securities Securities with market quotations Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Stated at cost determined by the moving-average method. As for investments in limited liability investment partnerships and similar investment associations, the Company books the net value of proportional holdings based on the most recent available financial report of the association, according to the financial settlement date stipulated in the association contract. (2) Subsidiary and affiliate stock Stated at cost determined by the moving-average method.	(1) Available-for-sale securities Securities with market quotations Same as on the left. Securities without market quotations Stated at cost determined by the moving-average method. (2) Subsidiary and affiliate stock Same as on the left.
2. Valuation standards and methods for inventories	Merchandise Stated at cost determined by the moving-average method. However, books are stated at cost determined by the retail inventory method. (Change in accounting policy) In prior years, inventories for regular sales purposes were computed primarily by the moving average cost method. With the adoption of “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9: July 5, 2006) from the current fiscal year, inventories are computed primarily by the moving average cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). The effect of this change was to decrease gross profit, operating income and ordinary income by 33,500 thousand yen, and income before income taxes by 69,866 thousand yen. The impact on segment operations is shown in the Segment Information section.	Merchandise Mainly stated at cost determined by the moving-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins). ―――

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
3. Depreciation and amortization of non-current assets	(1) Property, plant and equipment (excluding lease assets) Depreciation of property, plant and equipment is calculated using the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, which are depreciated using the straight-line method. Useful life of principle assets is as follows: Buildings: 6-47 years Tools, furniture and fixtures: 3-15 years (2) Intangible assets (excluding lease assets) Amortization of intangible assets is calculated using the straight-line method. Software development costs are amortized over an expected useful life of five years by the straight-line method. (3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method. (4) Lease assets Depreciation of lease assets is calculated using the straight-line method with no residual value, assuming the lease period to be the useful life of the asset. For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions.	(1) Property, plant and equipment (excluding lease assets) Same as on the left. (2) Intangible assets (excluding lease assets) Same as on the left. (3) Long-term prepaid expenses Same as on the left. (4) Lease assets Same as on the left.

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
4. Recognition of allowances	(1) Allowance for doubtful accounts To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectability.	(1) Allowance for doubtful accounts Same as on the left.
	(2) Provision for bonuses To properly reserve for employee bonus obligations, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve amount.	(2) Provision for bonuses Same as on the left.
	(3) Provision for merchandise warranties To provide for five-year after-sales service cost for merchandise, an estimated amount is reserved based on the historical performance.	(3) Provision for merchandise warranties Same as on the left.
	(4) Provision for retirement benefits To properly reserve for employees' retirement benefits, an allowance is provided for the amount deemed to have accrued at the end of the current fiscal year based on the projected benefit obligations and pension assets at the end of the fiscal year.	(4) Provision for retirement benefits From the current consolidated fiscal year, the Company has changed from the approved retirement annuity system to the defined contribution annuity system. As a result of terminating the previous system, the Company booked an extraordinary income of 39,481 thousand yen attributed to the transfer to the defined contribution annuity system. It should be mentioned that the company which has newly become one of our consolidated subsidiaries during this consolidated fiscal year adapts the retirement lump sum grants system.
	(5) Provision for directors' retirement benefits To properly reserve for directors' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.	(5) Provision for directors' retirement benefits The Company had been posting an allowance payable at the end of the fiscal year pursuant to the Company's rule on directors' retirement benefits. However, it was resolved at the conclusion of the General Meeting of Shareholders on June 18, 2009, that the directors' retirement benefits program for the directors will be abolished. At the same meeting, the final payment of retirement benefits to directors was approved. The final payment of retirement benefit will be paid upon retirement of the incumbent directors. Therefore, the reserve for the retirement benefits for directors 1,000 yen was reversed and posted on the "Long-term accounts payable" under the non-current liabilities.
5. Other significant accounting policies in the preparation of financial statements	Accounting for consumption taxes National and local consumption taxes are accounted by the tax-exclusion method.	Accounting for consumption taxes Same as on the left.

Change in Significant Accounting Policies

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
(Accounting Standards for Lease Transactions) In prior years, the Company accounted for finance leases where there is no transfer of ownership as ordinary lease transactions for accounting purposes. In the current fiscal year, the Company started to apply "Accounting Standards for Lease Transactions" (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan) and "Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan), and using an accounting method for leases that is based on the method used for ordinary purchases and sales. For finance leases where there is no transfer of ownership that started prior to the fiscal year when these standards were first applied, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions. The application of these standards does not have a material effect on earnings.	―――

Additional information

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
―――	(Accounting procedure for J-ESOP) At the board meeting on March 15, 2010, it was resolved that the Company will introduce "J-ESOP (Employee Stock Ownership Plan)", a program to provide the company's shares to the employees as a new benefit service. This program intends to enhance motivation and willingness of employees for improving the share price and business performance by enhancing connectivity between share price and the performance and sharing economic effects with shareholders. In line with the introduction of this program, the Trust and Custody Services Bank Co., Ltd. (the Trust), obtained the Company's 5,000 shares as of March 19, 2010. For the account processing of the J-ESOP, the Company and the Trust are integrated to place emphasis on the economic reality. Thus, the Company's shares owned by the Trust as well as the assets, debts, expenditure and profit of the Trust are included in the consolidated balance sheets, consolidated statements of income, consolidated statement of changes in net assets, and consolidated cash flows. Therefore, the number of shares includes the shares owned by the Trust. The number of shares owned by the Trust as of March 31, 2010, is 5,000 shares.

Notes to Non-consolidated Financial Statements

Notes to Balance Sheets

(Thousands of yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
*1. The following items are applicable to affiliates Accounts payable-other 247,932	*1. The following items are applicable to affiliates Accounts payable-other 197,395
*2. Accounts payable for purchases made jointly with franchise stores are paid after the Company has received the amount due from the franchise stores for their portion of these purchases. The Company posts these joint purchase accounts payable as "Accounts payable-other" and the amounts due from franchise stores as "Accounts receivable-other". At the end of the fiscal year, "Accounts payable-other" totaled 456,236 thousand yen and "Accounts receivable-other" totaled 922,243 thousand yen.	*2. Accounts payable for purchases made jointly with franchise stores are paid after the Company has received the amount due from the franchise stores for their portion of these purchases. The Company posts these joint purchase accounts payable as "Accounts payable-other" and the amounts due from franchise stores as "Accounts receivable-other". At the end of the fiscal year, "Accounts payable-other" totaled 496,280 thousand yen and "Accounts receivable-other" totaled 916,509 thousand yen.

Notes to Statements of Income

(Thousands of yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
*1. Inventories at the end of the fiscal year are shown after reductions in book values to reflect declines in profitability and the next inventory valuation losses are included in the cost of sales. 33,500	*1. Inventories at the end of the fiscal year are shown after reductions in book values to reflect declines in profitability and the next inventory valuation losses are included in the cost of sales. 3,457
*2. Loss on retirement of non-current assets Buildings and structures 11,189 Tools, furniture and fixtures 3,631 Other 1,554 Total 16,375	*2. Loss on retirement of non-current assets Buildings and structures 4,503 Tools, furniture and fixtures 3,010 Total 7,513

(Thousands of yen)

<table>
<tr><th>FY2008
(Apr. 1, 2008 – Mar. 31, 2009)</th><th>FY2009
(Apr. 1, 2009 – Mar. 31, 2010)</th></tr>
<tr><td>—</td><td>*3. The Company recognized an impairment loss on non-current assets for the following groups of assets
<table>
<tr><td>Location</td><td>Usage</td><td>Item</td></tr>
<tr><td>Kanagawa</td><td>Retail stores</td><td>Buildings and structures
Other property, plant and equipment</td></tr>
</table>
The Company attempts to recognize impairment losses by grouping retail stores as the smallest units for generating cash flows. For stores where business activities are consistently unprofitable and there is a small probability of recovering the entire amount of non-current assets for that asset group, the Company reduces the book value of that asset group to the amount that can be recovered. The resulting non-current asset impairment loss of 13,595 thousand yen was recognized as an extraordinary loss.
* Breakdown of impairment loss
<table>
<tr><td rowspan="2">Location</td><td colspan="3">Impairment loss</td></tr>
<tr><td>Buildings and structures</td><td>Other</td><td>Total</td></tr>
<tr><td>Kanagawa</td><td>9,221</td><td>4,374</td><td>13,595</td></tr>
</table>
Net sales prices are used to determine the value of non-current assets that can be recovered for an asset group. Residual values are determined mainly by tax law regulations, etc. that are used for appraisals for fixed asset taxes and for calculating depreciation.</td></tr>
<tr><td>*4. Head office relocation expenses represent expenses incurred during the fiscal year to restore the previous building to its original condition, losses on the disposal of equipment and facilities, and other items.</td><td>—</td></tr>
</table>

Notes to Statements of Changes in Net Assets

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

Type and number of treasury stock (Shares)

	Number of shares as of Mar. 31, 2008	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of Mar. 31, 2009
Common shares	4,873	—	—	4,873
Total	4,873	—	—	4,873

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

Type and number of treasury stock (Shares)

	Number of shares as of Mar. 31, 2009	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of Mar. 31, 2010
Common shares *1,2	4,873	8,611	—	13,484
Total	4,873	8,611	—	13,484

(Note)1. At the board meeting on March 15, 2010, it was resolved that the Company will introduce “J-ESOP (Employee Stock Ownership Plan)”, a program to provide the company’s shares to the employees as a new benefit service. In line with the introduction of this program, the Trust and Custody Services Bank Co., Ltd. (the Trust), acquired the Company’s stock of 5,000 shares as of March 19, 2010.
Therefore, the number of treasury stock includes the Company’s shares owned by the Trust as of March 31, 2010. The number of shares owned by the Trust as of March 31, 2010, is 5,000 shares.
2. The increasing number of treasury stock, 8,611 shares, are consisted by the acquisition of treasury stock at decision of Board of directors’ meeting and the Company’s shares owned by the Trust.

Leases transactions

(Thousands of yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

1. Finance lease transactions

Lease transactions contracted before March 31, 2008 are continuously permitted to be accounted for as operating lease transactions, and as if capitalized information is as follows.

(1) Amounts equivalent to acquisition cost, accumulated depreciation, and accumulated impairment loss of leased property for each year

	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net leased property
Tools, furniture and fixtures	158,542	100,474	28,464	29,603
Total	158,542	100,474	28,464	29,603

(2) Obligations under finance lease at the end of each year

Obligations under finance lease at the end of each year

Due within one year	25,664
Due after one year	4,925
Total	30,590

Balance of allowance for impariment loss on leased property	10,842

(3) Lease payments, reversal of allowance for impairment loss on leased property, amounts equivalent to depreciation, and interest expense for each year.

Lease payments	48,232
Payment of the lease obligation for impaired leased property	9,292
Depreciation expense	46,253
Interest expense	903
Imapairment loss	—

(4) Calculation method used to determine the amount equivalent to depreciation

The amount equivalent to depreciation is computed using the straight-line method over the period of finance leases, assuming no residual value.

(5) Calculation method used to determine the amount equivalent to interest expense

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

2. Operating lease transactions

Non-cancelable operating lease transactions

Due within one year	206,622
Due after one year	742,583
Total	949,206

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

1. Finance lease transactions

Lease transactions contracted before March 31, 2008 are continuously permitted to be accounted for as operating lease transactions, and as if capitalized information is as follows.

(1) Amounts equivalent to acquisition cost, accumulated depreciation, and accumulated impairment loss of leased property for each year

	Acquisition cost	Accumulated depreciation	Net leased property
Tools, furniture and fixtures	43,143	38,432	4,711
Total	43,143	38,432	4,711

(2) Obligations under finance lease at the end of each year

Obligations under finance lease at the end of each year

Due within one year	4,919
Due after one year	—
Total	4,919

(3) Lease payments, reversal of allowance for impairment loss on leased property, amounts equivalent to depreciation, and interest expense for each year.

Lease payments	25,682
Payment of the lease obligation for impaired leased property	10,842
Depreciation expense	24,603
Interest expense	308

(4) Calculation method used to determine the amount equivalent to depreciation

Same as on the left.

(5) Calculation method used to determine the amount equivalent to interest expense

The amount equivalent to interest expense is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

2. Operating lease transactions

Non-cancelable operating lease transactions

Due within one year	205,822
Due after one year	581,161
Total	786,983

Deferred Tax Accounting

(Thousands of yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)		FY2009 (Apr. 1, 2009 – Mar. 31, 2010)	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
(Deferred tax assets)		(Deferred tax assets)	
Current assets		Current assets	
Accrued enterprise tax denied	33,841	Accrued enterprise tax denied	23,394
Accrued business office taxes denied	6,797	Accrued business office taxes denied	6,662
Provision for bonuses denied	32,779	Provision for bonuses denied	36,292
Allowance for doubtful accounts denied	1,381	Allowance for doubtful accounts denied	2,977
Provision for merchandise warranties denied	20,232	Provision for merchandise warranties denied	13,661
Valuation loss on goods denied	53,683	Valuation loss on goods denied	35,160
Other	12,677	Other	31,075
Total	161,394	Total	149,224
Non-current assets		Non-current assets	
Provision for directors' retirement benefits denied	56,895	Provision for directors' retirement benefits denied	50,311
Impairment loss on noncurrent assets denied	21,583	Impairment loss on non-current assets denied	20,348
Loss on valuation of investment securities denied	29,024	Loss on valuation of investment securities denied	27,383
Loss on valuation of stocks of subsidiaries and affiliates denied	57,389	Loss on valuation of stocks of subsidiaries and affiliates denied	57,389
Other	43,186	Other	40,296
Sub-total	208,079	Sub-total	195,729
Valuation reserve	(153,622)	Valuation reserve	(135,084)
Total	54,456	Less deferred tax liabilities (non-current)	(1,338)
Total deferred tax assets	215,851	Total	59,306
		Total deferred tax assets	208,530
		(Deferred tax liabilities)	
		Noncurrent liabilities	(1,338)
		Valuation difference on available-for-sale securities	(1,338)
		Less deferred tax assets (non-current)	–
		Total deferred tax liabilities	–
		Difference: Deferred tax assets (net)	208,530
2. Significant sources of difference between the statutory and effective tax rates		2. Significant sources of difference between the statutory and effective tax rates	
	(%)	The notes are omitted because the balance between the normal effective statutory tax rate and the corporate tax rate after adapting the deferred tax accounting is less than 5/100 of the normal effective statutory tax rate.	
Effective tax rate	40.6		
(Adjustment)			
Entertainment expenses, etc. not deductible for tax purpose	0.3		
Dividends income, etc. not deductible for tax purpose	(1.2)		
Per capita residential tax	2.0		
Tax on retained earnings	1.8		
Changes in valuation reserve	2.9		
Other	(0.4)		
Effective tax rate	46.0		

Business Combinations

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)

Notes on business combinations are not presented since it is presented in the "Business Combinations" section of the Notes to Consolidated Financial Statements.

FY2009 (Apr. 1, 2009 – Mar. 31, 2010)

Notes on business combinations are not presented since it is presented in the "Business Combinations" section of the Notes to Consolidated Financial Statements.

Per Share Information

(Yen)

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)		FY2009 (Apr. 1, 2009 – Mar. 31, 2010)	
Net assets per share	31,665.93	Net assets per share	33,888.63
Net income per share	2,737.91	Net income per share	2,509.20
Diluted net income per share is not presented since the Company has no outstanding dilutive securities.		Diluted net income per share is not presented since the Company has no outstanding dilutive securities.	

Note1: The following is a reconciliation of net income per share and diluted net income per share

(Thousands of yen)

Item	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
Net income carried on the consolidated statements of income	602,742	546,432
Net income available to common shares	602,742	546,432
Amounts not available to common shareholders	—	—
Average number of common shares outstanding during the period (shares)	220,147	217,772
Number of common shares used in calculation of diluted net income per share Stock acquisition rights (shares)	—	—
Increase in the number of common shares (shares)	—	—
Summary of potential stock not included in the calculation of "Diluted net income per share" since there was no dilutive effect.	(Number of stock acquisition rights) Stock acquisition rights No.5: 55 Stock acquisition rights No.6: 394	(Number of stock acquisition rights) Stock acquisition rights No.5: — Stock acquisition rights No.6: —

Note2: The "number of common shares used in calculation of diluted net income per share" and "average number of common shares outstanding during the period" , which were used to calculate information per share in the current consolidated fiscal year, do not include the 5,000 shares owned by the Trust.

Subsequent Events

FY2008 (Apr. 1, 2008 – Mar. 31, 2009)	FY2009 (Apr. 1, 2009 – Mar. 31, 2010)
1. On May 12, 2009, the Board of Directors approved a resolution to terminate the retirement benefit program for directors and corporate auditors at the conclusion of the Ordinary General Shareholders' Meeting to be held on June 18, 2009.	―――

6. Other

(1) Change in directors

1) Change in representative director

Not applicable.

2) Change in other directors (effective June 18, 2009)

Candidates for directors

Director: Atsuomi Obayashi (outside director)

Retiring director

Director: Naohisa Sudo (current potion: General Manager of Credit Management Department)

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.