

**Business Results**

●Net Sales

Consolidated net sales grew 5.1% year on year to reach ¥195,968 million. By business segment, sales at the menswear retail operation rose 5.6% to ¥160,688 million, sales at the credit card business increased 5.1% to ¥7,732 million, sales at the commercial printing business rose 1.7% to ¥9,294 million, and sales at the sundry sales operation grew 2.4% to ¥21,315 million.

●Operating Income & Expenses

Gross profit rose 6.3% from the previous fiscal year to ¥106,007 million, and gross margin improved by 0.6 percentage point, to reach 54.1%. The growth is primarily ascribable to a shift in the focus of sales at the menswear retail business to higher-end products.

Operating income grew 21.6% year on year to total ¥20,142 million. Although personnel costs, store rents, and depreciation expenses increased accompanying the opening of new stores at the menswear retail business, we endeavored to improve the cost efficiency of promotional activities, especially advertising flyers. As a result, in addition to an improvement in gross margin, effective efforts to rein in advertising and promotional spending translated to an increase in operating income.

●Other Gains & Losses

As for non-operating items, while interest payments decreased, there were no other big year-on-year changes. As such, ordinary income reflected nearly the full rise in operating income, increasing 19.1% from the prior year to ¥20,696 million.

With respect to one-time extraordinary charges, the Company booked ¥9,234 million in valuation losses on derivative transactions due to the adoption of market value accounting for writing down comprehensive long-term foreign exchange forward (and swap) contracts. The Company also took one-time charges of ¥972 million for the amortization of past service cost for retirement benefits to directors and corporate auditors, and ¥1,421 million for scrapping fixed assets related to store closures, relocations, renovation, and rebuilding. Extraordinary losses thus totaled ¥11,879 million.

As a result, net income came to ¥4,650 million. Also, net income per share decreased to ¥67.87, from the previous year's ¥123.76.

**Consolidated Statements of Income (Summary)**

	Year ended March 31, 2004	Year ended March 31, 2005
Net Sales	186,400	195,968
Cost of Sales	86,698	89,961
Gross Profit	99,701	106,007
Selling, General and Administrative Expenses	83,130	85,865
Operating Income	16,570	20,142
Non-operating Income	1,235	877
Interest and dividend income	350	284
Other	884	592
Non-operating Expenses	429	323
Interest expenses	334	230
Other	95	92
Ordinary Income	17,376	20,696
Extraordinary Gains	134	140
Extraordinary Losses	2,424	11,879
Loss on disposal and sale of fixed assets	1,530	1,421
Amortization of past service cost for retirement benefits to directors and corporate auditors	894	972
Loss on revaluation of investment to affiliated company	—	204
Valuation losses on derivative transactions	—	9,234
Other	—	44
Income before Income Taxes	15,086	8,957
Income Taxes-Current	7,820	8,710
Income Taxes-Deferred	△1,294	△4,664
Minority Interests	242	261
Net Income	8,317	4,650

(Note) Figures amounting to less than one million yen are rounded down.

**Cash Flows**

Cash and cash equivalents at the end of the year under review had risen 26.7% versus the year earlier, to ¥31,786 million. Compared with the start of the term, the balance was higher by ¥6,700 million.

●Cash flows from operating activities

Net cash provided by operating activities amounted to ¥14,860 million, compared with ¥6,867 million the previous year.

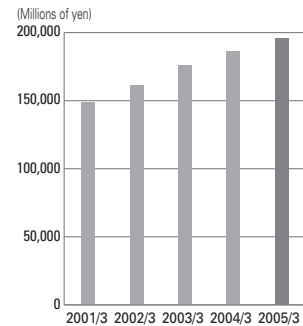
Income before income taxes amounted to ¥8,957 million, depreciation expenses came to ¥5,995 million, for retirement benefits to directors and corporate auditors increased by ¥1,128 million, losses from the sale and disposal of fixed assets under the store scrap-and-build strategy totaled ¥1,410 million, and the Company booked ¥9,234 million in valuation losses on derivative transactions due to the adoption of market value accounting for writing down comprehensive long-term foreign exchange forward (and swap) contracts. Meanwhile, trade receivables increased by ¥1,075 million, inventories rose by ¥2,351 million, other accounts payable declined by ¥2,311 million due to a decrease in factoring, loans receivable at the credit card business grew by ¥7,447 million, and corporate tax payments amounted to ¥7,717 million.

●Cash flows from investing activities

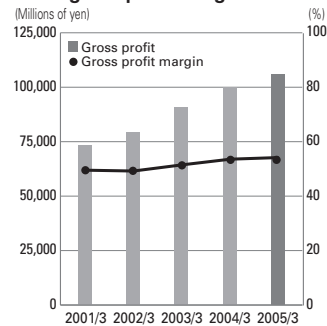
Net cash used in investing activities came to ¥4,499 million, compared with ¥9,711 million in the previous year.

This was the result of ¥18,177 million used to acquire property, plant, and equipment related to new store openings and renovation of

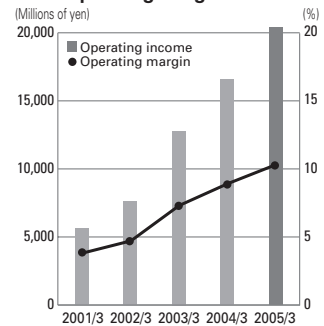
●Net Sales



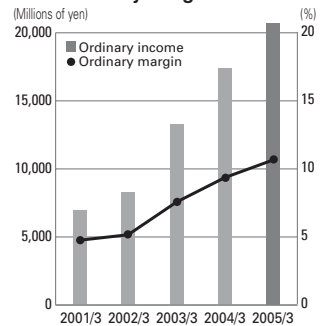
●Gross profit and gross profit margin



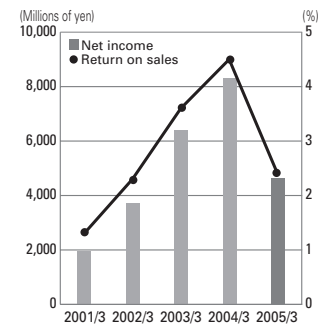
●Operating income and operating margin



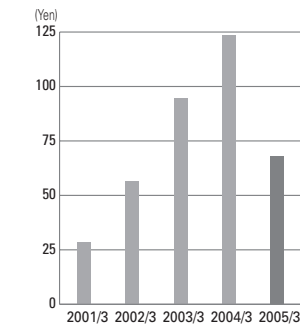
●Ordinary income and ordinary margin



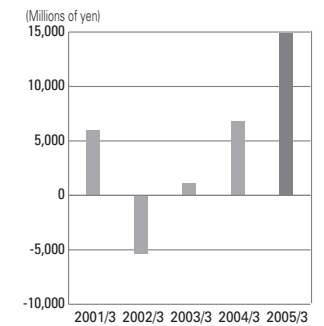
●Net income and return on sales



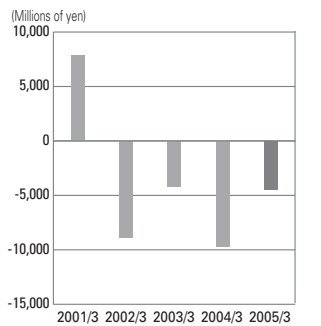
●Net income per share



●Operating cash flow



●Investing cash flow



existing stores for the menswear retail and sundry sales operations, a net ¥1,762 million decline in term deposits due in part to the use of ¥2,209 million in long-term loans for a construction assistance fund, and a net ¥11,819 million decrease associated with the trading of marketable securities and investment securities.

●Cash flows from financing activities

Net cash used in financing activities totaled ¥3,660 million, compared with ¥2,468 million the year earlier.

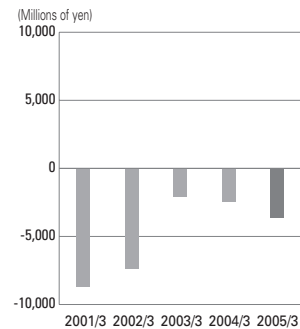
This was mainly the result of redeeming ¥20,000 million in corporate bonds at maturity, share buybacks amounting to ¥1,958 million (including treasury stock), and ¥2,635 million paid out in the form of dividends, against ¥10 billion procured through corporate bond issuances and ¥10 billion secured in long-term borrowings.

Consolidated Statements of Cash Flows (Summary)

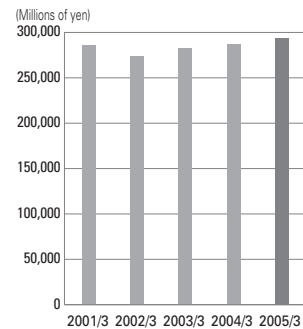
	Millions of yen	
	Year ended March 31, 2004	Year ended March 31, 2005
Cash flows from operating activities	6,867	14,860
Cash flows from investing activities	△9,711	△4,499
Cash flows from financing activities	△2,468	△3,660
Effect of exchange rate changes on cash and cash equivalents	0	—
Net increase (△decrease) in cash and cash equivalents	△5,311	6,700
Cash and cash equivalents at beginning of year	30,397	25,086
Cash and cash equivalents at end of year	25,086	31,786

(Note) Figures amounting to less than one million yen are rounded down.

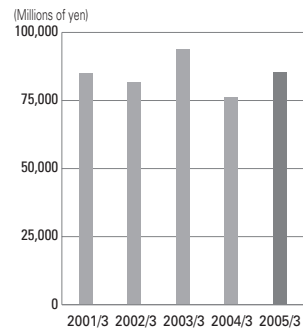
●Financing cash flow



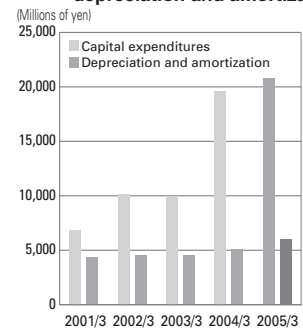
●Total assets



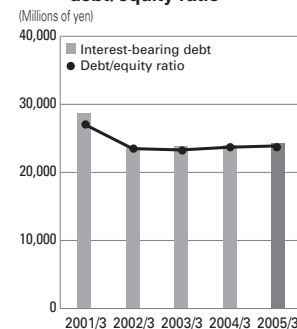
●Working capital



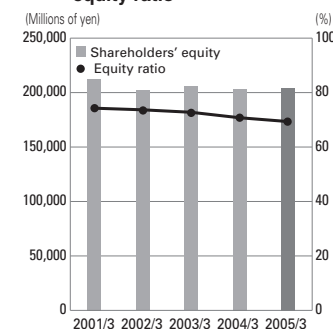
●Capital expenditures and depreciation and amortization



●Interest-bearing debt and debt/equity ratio



●Shareholders' equity and equity ratio



Financial Position

●Assets

Total assets at the end of the fiscal year under review were down by ¥6,083 million or 4.0% compared with the end of the previous fiscal year, at ¥145,657 million. This was mainly because even though loans receivable at the credit card business rose ¥7,447 million and inventories grew ¥2,351 million year on year, investments and other assets dropped sharply by ¥16,421 million due to the management of more short-term funds, such as leasing trust beneficial interests, and deferred booking of derivative assets due to the adoption of market value accounting.

Fixed assets increased ¥12,926 million or 9.6% compared with the previous year, to total ¥148,266 million.

Property, plant, and equipment increased by ¥9,146 million or 12.3%, to ¥83,476 million, due to a year-on-year rise of ¥5,368 million in buildings and structures as well as ¥3,175 million increase in land holdings arising from new store openings and other investments. Also, actuarial differences arose for taxation of derivative valuation losses (¥9,234 million), so deferred tax assets climbed by ¥4,543 or 147.8%, to total ¥7,616 million.

●Liabilities

Current liabilities at the end of the term under review decreased by ¥15,219 million or 20.1% from the end of the previous fiscal year, to total ¥60,366 million. This is mostly explained by the redemption of corporate bonds at maturity, which decreased the amount of bonds scheduled for redemption within a year (current portion of bonds payable) by ¥20 billion, to zero. In addition, other accounts payable decreased by ¥2,628 million.

Fixed liabilities increased by ¥21,209 million or 306.2% to ¥28,137 million. In addition to issuing a total of ¥10 billion in bonds, long-term borrowings grew by ¥9,320 million. Moreover, allowance for retirement benefits for directors and corporate auditors increased by ¥1,128 million.

●Shareholders' equity

Shareholders' equity increased by ¥682 million or 0.3% year on year, to ¥204,049 million. Although capital surplus grew by ¥1,750 million due in part to net income booked in the term under review, shareholders' equity increased only modestly because the Company used ¥1,251 million to buy back its own shares. As a result of the above, the equity ratio (the ratio of shareholders' equity to total assets) stood at 69.4% at the end of the term, down from 70.8% at the end of the previous term.

Consolidated Balance Sheets (Summary)

Assets	(Millions of yen)	
	March 31, 2004	March 31, 2005
Current Assets	151,741	145,657
Cash and cash equivalents	24,931	24,371
Trade notes and accounts receivable	7,631	8,706
Marketable securities	14,212	14,097
Inventories	34,746	37,098
Loans receivable	41,962	49,410
Other	28,916	12,571
Allowance for doubtful receivables	△659	△598
Fixed Assets	135,340	148,266
Property, Plant and Equipment	74,329	83,476
Buildings and structures	45,443	50,812
Land	22,773	25,948
Other	6,112	6,713
Intangible Fixed Assets	1,082	1,184
Investments and Other Assets	59,928	63,605
Investment securities	8,379	8,492
Long-term loans	1,121	1,077
Deferred tax assets	3,073	7,616
Guarantee deposits and lease deposits	44,105	43,850
Refundable insurance premium for directors, corporate auditors and employees	866	187
Other	2,532	2,425
Allowance for doubtful receivables	△148	△43
Total Assets	287,081	293,924

Liabilities (Millions of yen)

	March 31, 2004	March 31, 2005
Current Liabilities	75,586	60,366
Trade notes and accounts payable	10,987	17,777
Short-term bank loans	3,340	4,280
Current portion of bonds payable	20,000	—
Other accounts payable	21,471	18,842
Other	19,787	19,466
Long-term Liabilities	6,927	28,137
Corporate bonds	—	10,000
Long-term debt	680	10,000
Other	6,247	8,137
Total Liabilities	82,513	88,504
Minority Interests	1,200	1,370
Shareholders' Equity		
Common Stock	62,504	62,504
Capital surplus	62,370	62,411
Retained earnings	100,464	102,214
Land revaluation difference	△19,563	△19,486
Net unrealized gain (loss) on available-for-sale securities	5	71
Treasury stock	△2,414	△3,665
Total Shareholders' Equity	203,367	204,049
Total Liabilities, Minority Interests and Shareholders' Equity	287,081	293,924

(Note) Figures amounting to less than one million yen are rounded down.