



**(2) Financial Position**

(Millions of yen, except per-share data)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets (%)	Shareholders' Equity per Share (Yen)
As of September 30, 2005	151,542	54,504	36.0	2,481.93
As of September 30, 2004	137,486	43,110	31.4	2,068.61
Last Fiscal Year	150,048	52,128	34.7	2,398.50

(Notes) ①Number of issued shares (consolidation):

As of September 30, 2005	21,960,399 shares
As of September 30, 2004	20,840,022 shares
As of June 30, 2005	21,733,699 shares

②Number of treasury stocks:

As of September 30, 2005	236,760 shares
As of September 30, 2004	2,407 shares
As of June 30, 2005	277,464 shares

**(3) The Consolidated Statements of Cash Flows**

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Three Months Ended September 30, 2005	3,085	344	304	18,788
Three Months Ended September 30, 2004	—	—	—	—
Last Fiscal Year	8,431	(14,950)	12,669	15,055

The consolidated statements of cash flows for the first quarter ended September 30, 2004 are omitted because the disclosure of the consolidated statements of cash flows for quarterly reports has started from this first quarter ended September 30, 2005.

**Consolidated Financial Position**

Total assets at the end of the first quarter ended September 30, 2005 increased by ¥1,494 million from the end of the previous fiscal year ended June 30, 2005 to ¥151,542 million.

This was due to the increase by the investment of facility and equipment for four newly opened stores and the acquisition of shares of ORIGIN TOSHU Co., Ltd. by ¥6,537 million as well as the decrease by the inventories control and the sales of land and buildings by assets liquidation for four existing stores by book value of ¥8,852 million.

Cash and cash equivalents at the end of the first quarter ended September 30, 2005 was ¥18,788 million.

This resulted from the increase of ¥3,085 million by cash flows from operating activities, ¥344 million by cash flows from investing activities and ¥304 million by cash flows from financing activities.

**3. Consolidated Business Forecast : For the year ending June 30, 2006 (From July 1, 2005 to June 30, 2006)**

(Millions of yen, except per-share data)

	Net Sales	Recurring Income	Net Income	Net Income per Share
Six Months Ending December 31, 2005	130,000	8,080	4,500	204.91
Year Ending June 30, 2006	258,000	15,600	8,600	391.61

(Notes) ①Net income per share in the consolidated business forecast was computed dividing net income by the number of shares issued net of number of treasury stocks as of September 30, 2005, or 21,960,399 shares.

②Statements made in this report with respect to our consolidated business forecasts are forward-looking statements about our future performance. These statements are based on management's assumption and briefs in the light of information currently available to us, and therefore, undue reliance should not be placed on them. Various important factors could cause actual results to be materially different from those discussed in the forward-looking statements.

**Qualitative information for the business forecast**

There is no amendment of business forecast since its announcement on August 19, 2005.

## Consolidated Balance Sheets

	(Millions of yen)		
	As of September 30, 2005 (Unaudited)	As of September 30, 2004 (Unaudited)	As of June 30, 2005 (Audited)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits .....	¥18,788	¥17,109	¥15,055
Accounts receivable-trade .....	2,132	2,080	2,311
Less: Allowance for doubtful accounts .....	(3)	(2)	(4)
Inventories .....	37,965	34,093	39,447
Prepaid expenses .....	1,036	936	1,002
Deferred tax assets .....	1,051	865	1,169
Other current assets .....	1,990	1,807	2,213
Total current assets .....	62,959	56,888	61,193
<b>Investments and advances:</b>			
Investment securities .....	12,235	4,481	6,044
Advance payment for fixed leasehold deposits ..	384	399	387
Long-term loans receivable .....	871	1,161	876
Less: Allowance for doubtful accounts .....	(40)	(3)	(5)
Total investments and advances .....	13,450	6,038	7,302
<b>Property and equipment, net:</b>			
Land .....	20,299	23,160	24,316
Buildings and structures .....	35,738	33,082	40,312
Vehicles and delivery equipment .....	54	52	54
Equipment .....	9,694	8,167	9,479
Construction in progress .....	1,143	2,098	1,063
Less: Accumulated depreciation .....	(12,624)	(9,345)	(12,245)
Net property and equipment .....	54,304	57,214	62,979
<b>Intangibles</b> .....	3,920	1,601	2,421
<b>Other assets:</b>			
Fixed leasehold deposits .....	13,776	12,507	13,121
Prepaid expenses .....	1,274	964	1,183
Deferred tax assets .....	—	495	82
Other non-current assets .....	1,859	1,779	1,767
Total other assets .....	16,909	15,745	16,153
Total assets .....	¥151,542	¥137,486	¥150,048

	(Millions of yen)		
	As of September 30, 2005 (Unaudited)	As of September 30, 2004 (Unaudited)	As of June 30, 2005 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable-trade .....	¥22,445	¥20,091	¥22,671
Short-term loans payable .....	3,050	5,500	125
Current maturities of long-term debt .....	10,069	7,363	9,146
Commercial paper .....	—	10,000	—
Accrued income taxes .....	1,742	1,707	3,295
Accrued expense .....	1,417	1,520	1,688
Other current liabilities .....	3,192	3,186	3,360
Total current liabilities .....	41,915	49,367	40,285
<b>Long-term liabilities:</b>			
Long-term debt .....	52,376	43,468	56,052
Allowance for retirement benefits for directors .....	158	146	155
Deferred tax liabilities .....	1,112	—	—
Other non-current liabilities .....	1,477	1,384	1,428
Total long-term liabilities .....	55,123	44,998	57,635
Total liabilities .....	97,038	94,365	97,920
Minority interests .....	—	11	—
<b>Shareholders' equity:</b>			
Common stock .....	10,053	7,154	9,654
Additional paid-in capital .....	11,367	8,469	10,968
Retained earnings .....	33,849	27,353	32,346
Net unrealized gains on investment securities .....	528	148	675
Total .....	55,797	43,124	53,643
Less: Treasury stock, at cost .....	(1,293)	(14)	(1,515)
Total shareholders' equity .....	54,504	43,110	52,128
Total liabilities, minority interests and shareholders' equity .....	¥151,542	¥137,486	¥150,048

## Consolidated Statements of Income

	(Millions of yen)		
	Three Months Ended September 30, 2005 (Unaudited)	Three Months Ended September 30, 2004 (Unaudited)	Year Ended June 30, 2005 (Audited)
Net sales .....	¥62,621	¥57,039	¥232,778
Cost of goods sold .....	48,081	43,736	179,330
Gross profit .....	14,540	13,303	53,448
Selling, general and administrative expenses .....	11,268	10,202	42,634
Operating income .....	3,272	3,101	10,814
Other income (expenses):			
Interest and dividend income .....	81	85	244
Interest expense .....	(130)	(78)	(403)
Stock issuance cost .....	(6)	(0)	(19)
Bond issuance cost .....	—	(8)	(163)
Other income, net .....	824	654	2,483
Extraordinary item-losses due to fire .....	—	—	(266)
Income before income taxes and minority interests .....	4,041	3,754	12,690
Income taxes:			
Current .....	1,506	1,536	5,742
Deferred .....	143	63	(188)
Income before minority interests .....	2,392	2,155	7,136
Minority interests .....	—	(15)	(27)
Net income .....	¥2,392	¥2,170	¥7,163

### Recurring income:

According to accounting principles and practices generally accepted in Japan, recurring income is shown below:

	(Millions of yen)		
	Three Months Ended September 30, 2005 (Unaudited)	Three Months Ended September 30, 2004 (Unaudited)	Year Ended June 30, 2005 (Audited)
Operating income .....	¥3,272	¥3,101	¥10,814
Other income (expenses):			
Interest and dividend income .....	81	85	244
Interest expense .....	(130)	(78)	(403)
Stock issuance cost .....	(6)	(0)	(19)
Bond issuance cost .....	—	(8)	(163)
Other income, net .....	773	591	2,368
Recurring income .....	3,990	3,691	12,841
Other and extraordinary income (expenses):			
Other income and expenses, net .....	51	63	115
Extraordinary item-losses due to fire .....	—	—	(266)
Income before income taxes and minority interests .....	¥4,041	¥3,754	¥12,690

## Consolidated Statements of Retained Earnings

	(Millions of yen)		
	Three Months Ended September 30, 2005 (Unaudited)	Three Months Ended September 30, 2004 (Unaudited)	Year Ended June 30, 2005 (Audited)
<b>Additional paid-in capital:</b>			
Balance at beginning of the period .....	¥10,968	¥8,449	¥8,449
Exercise of stock options .....	36	20	259
Conversion of convertible bonds .....	363	—	2,260
Balance at end of the period .....	<b>11,367</b>	8,469	10,968
<b>Retained earnings:</b>			
Balance at beginning of the period .....	<b>32,346</b>	25,808	25,808
Net income .....	<b>2,392</b>	2,170	7,163
Cash dividends .....	<b>(869)</b>	(625)	(625)
Purchase and sale of shares .....	<b>(20)</b>	—	—
Balance at end of the period .....	<b>¥33,849</b>	¥27,353	¥32,346

## Consolidated Statements of Cash Flows

	(Millions of yen)		
	Three Months Ended September 30, 2005 (Unaudited)	Three Months Ended September 30, 2004 (Unaudited)	Year Ended June 30, 2005 (Audited)
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥4,041	—	¥12,690
Depreciation and amortization	1,128	—	4,441
Increase (decrease) in inventories	1,482	—	(4,333)
Increase (decrease) in trade payable	(226)	—	2,307
Other, net	(133)	—	(784)
Cash generated from operations	6,292	—	14,321
Received interest and dividend income	59	—	47
Interest paid	(207)	—	(381)
Income tax paid	(3,059)	—	(5,556)
Net cash provided by operating activities	3,085	—	8,431
<b>Cash flows from investing activities:</b>			
Payments for purchase of property and equipment	(1,262)	—	(11,685)
Proceeds from sales of property and equipment	8,926	—	8
Payments for leasehold deposits	(1,273)	—	(3,598)
Proceeds from termination of leasehold deposits	822	—	2,118
Payments for purchase of investments securities	(34)	—	(1,291)
Proceeds from sales of investments securities	580	—	1,213
Payments for acquisition of consolidated subsidiary shares	(3,559)	—	—
Payments for acquisition of equity-method-applied affiliate shares	(2,929)	—	—
Payments for investment in funds	(440)	—	—
Proceeds from refund of investment in funds	75	—	—
Other, net	(562)	—	(1,715)
Net cash used in investing activities	344	—	(14,950)
<b>Cash flows from financing activities:</b>			
Borrowing of short-term bank loans	3,500	—	15,124
Repayment of short-term bank loans	(575)	—	(15,848)
Proceeds from issuance of commercial paper	9,000	—	30,000
Payments for redemption of commercial paper	(9,000)	—	(40,000)
Borrowing of long-term debt	300	—	9,000
Repayment of long-term debt	(1,086)	—	(6,282)
Proceeds from issuance of bonds	—	—	23,000
Payments for redemption of bonds	(1,228)	—	(760)
Payments for purchase of treasury stock	—	—	(1,502)
Issuance of common stock	72	—	608
Payments of cash dividends	(869)	—	(625)
Other, net	190	—	(46)
Net cash provided by financing activities	304	—	12,669
Effect of exchange rate changes on cash and cash equivalents	—	—	1
Net increase in cash and cash equivalents	3,733	—	6,151
Cash and cash equivalents at beginning of the period	15,055	—	8,904
Cash and cash equivalents at end of the period	¥18,788	—	¥15,055

The disclosure of the consolidated statements of cash flows for quarterly reports has started from this first quarter ended September 30, 2005.

## Segment Overview

Business results for three months ended September 30, 2004 and 2005.

(Millions of yen)

	Three months Ended September 30, 2005 (Unaudited)		Three months Ended September 30, 2004 (Unaudited)		Last Fiscal Year (Audited)	
	Amounts	%	Amounts	%	Amounts	%
<b>Discount store operations</b>						
Electrical goods	12,033	19.2	11,429	20.0	47,976	20.6
Daily commodities	13,734	21.9	12,561	22.0	50,627	21.7
Foods	11,774	18.8	10,874	19.1	45,126	19.4
Watches, fashion goods	16,856	26.9	14,731	25.8	62,163	26.7
Sports, leisure goods	5,537	8.8	5,163	9.1	17,107	7.3
Others	1,173	2.0	1,186	2.1	5,046	2.3
Subtotal	61,107	97.6	55,944	98.1	228,045	98.0
<b>Rental business operations</b>	1,318	2.1	1,095	1.9	4,660	2.0
<b>Other operations</b>	196	0.3	—	—	73	0.0
<b>Total</b>	<b>62,621</b>	<b>100.0</b>	<b>57,039</b>	<b>100.0</b>	<b>232,778</b>	<b>100.0</b>

We reclassified the sales of the cellular phone business and agency business because of the fact that we have included sales related to operations of cellular phone business and agency business into sales of electrical goods in the discount store operations since the third quarter of last fiscal year.