

## Financial Results for the Fiscal Year Ended December 31, 2008

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Scheduled date of General Meeting of Shareholders: March 26, 2009

Scheduled date of payment of dividend: March 27, 2009

Scheduled date of filing of Annual Securities Report: March 26, 2009

(Figures are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2008 (January 1 – December 31, 2008)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 2008	33,457	6.4	1,460	(13.3)	1,423	(15.5)	1,143	36.0
Year ended December 2007	31,453	29.1	1,684	56.5	1,685	54.9	840	50.8

	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended December 2008	18,087.62	-	22.2	12.8	4.4
Year ended December 2007	13,135.00	13,063.51	19.5	18.7	5.4

Reference: Equity in earnings of affiliates (million yen)

Dec. 2008: (6)

Dec. 2007: -

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2008	12,078	5,534	45.8	91,718.49
As of December 31, 2007	10,231	4,750	46.4	73,817.27

Reference: Shareholders' equity (million yen)

Dec. 2008: 5,534

Dec. 2007: 4,750

#### (3) Consolidated cash flow position

	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
Year ended December 2008	830	(73)	2,502	4,814
Year ended December 2007	213	(581)	24	1,555

### 2. Dividends

Record date	Dividend per share					Total dividends (annual) (Million yen)	Dividend payout ratio (consolidated) (%)	Dividend on equity (consolidated) (%)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen			
Year ended December 2007	-	0.00	-	1,300.00	1,300.00	83	9.9	1.9
Year ended December 2008	-	0.00	-	1,300.00	1,300.00	78	7.2	1.6
Year ending December 2009 (forecast)	-	0.00	-	1,300.00	1,300.00	-	15.4	-

\* Because of the partial transfer and/or dissolution of consolidated subsidiaries, financial statements will be presented on a non-consolidated basis for the fiscal year ending December 2009, and therefore the earnings forecast for the fiscal year ending December 2009 has been compiled on a parent company basis.

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2009 (January 1 – December 31, 2009)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	-	-	-	-	-	-	-	-	-
Full year	-	-	-	-	-	-	-	-	-

\* Because of the partial transfer and/or dissolution of consolidated subsidiaries, financial statements will be presented on a non-consolidated basis for the fiscal year ending December 2009, and therefore a consolidated-basis earnings forecast is not presented.

For further details, please refer to "Results of Operations, Transition to non-consolidated financial statements" on page 4.

**4. Others**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes

Excluded: 1 (Japan Pro Staff Co., Ltd.)

Note: Please refer to "Corporate Group" on page 8 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

(3) Number of shares outstanding (common shares)

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

Dec. 2008: 66,928 shares      Dec. 2007: 66,928 shares

2) Number of treasury stock at the end of period

Dec. 2008: 6,581 shares      Dec. 2007: 2,577 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2008 (January 1 – December 31, 2008)**

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 2008	32,437	9.5	1,409	(14.4)	1,395	(15.5)	1,122	38.8
Year ended December 2007	29,618	59.5	1,647	133.1	1,650	122.2	808	149.4

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Year ended December 2008	17,758.81	-
Year ended December 2007	12,629.14	12,560.41

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2008	12,109	5,565	46.0	92,226.15
As of December 31, 2007	10,059	4,801	47.7	74,616.26

Reference: Shareholders' equity (million yen)    Dec. 2008: 5,565    Dec. 2007: 4,801

**2. Non-consolidated Forecasts for the Fiscal Year Ending December 31, 2009 (January 1 – December 31, 2009)**

*(Percentages represent year-on-year changes)*

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	15,000	(5.9)	440	(3.8)	420	(9.6)	220	(39.0)	3,645.58
Full year	30,000	(7.5)	1,040	(26.2)	1,000	(28.3)	510	(54.6)	8,451.12

**\* Cautionary statement with respect to forward-looking statements**

The earnings forecasts are based on judgments made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual figures may differ from these forecasts for a number of factors.

Please refer to "1. Results of Operations, (1) Analysis of Results of Operations" on page 4 for further information concerning these forecasts.

## 1. Results of Operations

### (1) Analysis of Results of Operations

#### 1) Summary

The operating environment was extremely challenging in 2008. Japan's economy weakened due to sharp declines in corporate earnings and employment. The economic downturn is linked to turmoil in global financial markets and falling stock prices originating with the US subprime mortgage problem as well as to sharp increases in the cost of crude oil and raw materials and the yen's rapid appreciation. In addition, there was weakness in consumer spending, which has a significant effect on the performance of the Bell-Park Group.

In this environment, the Bell-Park Group focused on making its mobile phone sales business more profitable.

In the mobile phone sales business, Bell-Park's core operations, carriers took aggressive steps such as launching a variety of handset models and introducing new rate plans. But at the same time, the mobile phone handset replacement cycle has lengthened due to the introduction of installment sales by carriers, and as result the number of units sold across the entire market has declined. In the fiscal year under review (January-December 2008) there was a 5.3 million net increase in new subscribers, down from 5.58 million in the previous fiscal year (January-December 2007).

SoftBank, which is the primary carrier that Bell-Park handles, rolled out a series of proactive marketing efforts. In February 2008 it launched a "White Plan Student Discount," in July it began selling the Apple's iPhone™ 3G, and it has also been continuously running TV commercials that have been extremely well-received. As a result, SoftBank has ranked first in Japan for the 20 consecutive months, starting in May 2007, in terms of the net increase in subscribers. However, demand for upgrades to new SoftBank handsets was also weak because of the fall 2006 start of installment sales plan for handsets caused the handset replacement cycle to become longer.

In this environment, the Bell-Park Group concentrated on expanding its sales network and on measures to boost profitability at each store. As a result, new handset sales increased 4.0% year-on-year to 171,965 units. But replacement sales decreased 7.0% to 157,934 units. The combined number of handsets sold to both new and existing subscribers declined 1.6% to 329,899 units. In the fiscal year under review, there was a net increase of six shops in the SoftBank shop network, bringing the number of directly operated stores to 93 and the number of franchised stores to 17, for a total of 110 stores. To enhance per-store profits, we worked to bring customers into stores with proactive sales promotions and we worked to boost per-customer gross profit by focusing on sales of accessories and higher margin handset models, while we also worked to control selling, general and administrative expenses by making store operations more efficient by improving the skills of employees and allocating personnel more effectively.

In the other business segment, we sold 50% of our equity interest in Japan Pro Staff Co., Ltd., a wholly owned human resources subsidiary engaged in staffing business, to P and P Corporation in June 2008. Japan Pro Staff is now an equity method affiliate of the Company and a consolidated subsidiary of P and P. In association with this transfer of shares, we recorded a 173 million yen gain on sale of investments in affiliates as an extraordinary income. Nikka Co., Ltd., a wholly owned subsidiary, executed a return of capital to shareholders in December 2008. There was an accompanying 317 million yen decrease in income tax.

Due to the above factors, operating income was 1,460 million yen, down 13.3%, on net sales of 33,457 million yen, up 6.4%, compared to the previous fiscal year. Ordinary income declined 15.5% to 1,423 million yen and net income was 1,143 million yen, up 36.0% from the previous fiscal year.

#### Operating segment information

Effective from the current fiscal year, operating segment information is not presented, since the amounts for net sales, operating income and assets of the mobile phone sales business represent more than 90% of total net sales, operating income and total assets, and because Japan Pro Staff has become an equity-method affiliate.

## 2) Outlook for the next fiscal year

We expect that the business climate will remain extremely challenging in the year ahead. The downturn in corporate earnings and the slump in consumer spending will likely become even more severe as a result of the global economic downturn that was triggered by the subprime mortgage crisis.

In this challenging economic environment we expect the climate for the mobile phone sales industry to remain difficult, particularly with respect to new subscribers. However, at the same time, we expect to see at least a certain amount of demand for replacement handsets even during this recession. For users, mobile phones have become an indispensable item that they use every day, and now that they can be purchased on an installment basis for just a few thousand yen per month they are much cheaper than high-priced items like autos. Furthermore, not only do they wear out after two or three years of use, but there have also been major advances in mobile technology from the perspective of people who bought their handsets two or three years ago. For these reasons, we expect that there will continue to be demand for new handsets in the future.

Based on this outlook, we will cultivate human resources in order to strengthen their selling ability as well as their skills in proposing ideas to customers and consulting services, which in turn should lead to an increase in the volume of sales. Furthermore, an economic downturn represents a good opportunity to bring in talented people, so we will recruit aggressively with the aim of raising the overall quality of our workforce. We also aim to improve our store locations and build an even more profitable sales network.

Based on this outlook, Bell-Park is forecasting net sales of 30,000 million yen (down 7.5% year on year), operating income of 1,040 million yen (down 26.2%), ordinary income of 1,000 million yen (down 28.3%) and net income of 510 million yen (down 54.6%) for the fiscal year ending in December 31, 2009.

### Transition to non-consolidated financial statements

Until last fiscal year, the Bell-Park Group was made up of Bell-Park and five consolidated subsidiaries. However, in June 2008, a 50% stake in Japan Pro Staff Co., Ltd. was transferred to P and P Corporation, and the former is now being treated as an equity-method affiliate.

Additionally, in September 2008 shareholders resolved to dissolve consolidated subsidiaries Upward Mobility Co., Ltd. and Mobile Tiger Co., Ltd., and the liquidation of these subsidiaries was completed in December 2008.

Finally, consolidated subsidiary Opt Power Co., Ltd. will cease operating and become a dormant company in the fiscal year ending December 31, 2009. Because we have determined this dormant subsidiary and another, Nikka Co., Ltd. are not significant enough to prevent reasonable determinations concerning the financial position and the operating performance of the Bell-Park Group, we will not prepare consolidated-basis financial statements. Accordingly, financial statements will be prepared on a non-consolidated basis beginning in the fiscal year ending December 31, 2009.

## **(2) Analysis of Financial Position**

### 1) Assets, liabilities and net assets

Total assets increased 1,847 million yen year on year to 12,078 million yen as of December 31, 2008. The main reasons were a 3,259 million yen increase in cash on hand and in banks, a 208 million yen decrease in accounts receivable-trade and operating accounts receivable, and a 1,146 million yen decrease in inventories. The increase in cash on hand and in banks is explained in "2) Cash flows" below.

Liabilities increased 1,062 million yen to 6,543 million yen. There were a 1,085 million yen decrease in accounts payable-trade and operating accounts payable, a 260 million yen decrease in accrued expenses, a 584 million yen decrease in accrued income taxes, and a 129 million yen decrease in allowance for early subscription cancellations, and a 1,360 million yen increase in short-term borrowings, a 200 million yen increase in current portion of long-term debt, and a 1,300 million yen increase in long-term debt.

Net assets increased 784 million yen to 5,534 million yen mainly due to net income of 1,143 million yen and a 274 million yen for the purchase of treasury stock.

## 2) Cash flows

There was an increase of 3,259 million yen in cash and cash equivalents during the current fiscal year, to 4,814 million yen as of December 31, 2008.

Net cash provided by operating activities was 830 million yen, compared with 213 million yen one year earlier. This was a net result of income before income taxes of 1,568 million yen, a decline in inventories of 1,180 million yen, a decrease in accounts payable-trade and operating accounts payable of 1,085 million yen and a decrease in income taxes paid of 917 million yen.

Net cash used in investing activities was 73 million yen, compared with 581 million yen one year earlier. There were proceeds of 191 million yen from sale of investments in affiliates resulting in change in scope of consolidation, payments of 101 million yen for purchase of property, plant and equipment, payments of 74 million yen for transfer of a business and payments of 81 million yen for leasehold deposits.

Net cash provided by financing activities was 2,502 million yen, compared with 24 million yen one year earlier. There were proceeds from increase in short-term borrowings of 1,360 million yen and increase in long-term debt of 1,500 million yen, payments for purchase of treasury stock of 274 million yen.

(Reference) Trends in cash flow indicators were as follows:

	FY2006	FY2007	FY2008
Shareholders' equity ratio (%)	49.9	46.4	45.8
Shareholders' equity ratio at market cap (%)	69.0	56.4	31.0
Interest-bearing debt to cash flow ratio (years)	-	-	3.4
Interest coverage ratio	403.5	295.0	32.9

The shareholders' equity ratio is calculated by dividing shareholders' equity by total assets.

The shareholders' equity ratio at market cap is calculated by dividing market capitalization by total assets.

The interest-bearing debt to cash flow ratio is calculated by dividing interest-bearing debt by operating cash flows.

The interest coverage ratio is calculated by dividing operating cash flows by interest payments.

\* All of the above indicators are calculated using figures from the consolidated financial statements.

\* Market capitalization is calculated based on the number of shares outstanding (excluding treasury stock).

\* Net cash provided by (used in) operating activities on the statement of cash flows is used as operating cash flow.  
Interest paid on the statement of cash flows is interest payments.

### (3) Fundamental Policy Regarding Distribution of Earnings and Dividends for the Current and Next Fiscal Years

Bell-Park's policy is to return earnings to shareholders in a stable and consistent manner. Dividend payments will also take into consideration the need to maintain sufficient retained earnings to preserve the Group's operating results, expansion of sales network, strengthening its management framework and support aggressive future business expansion.

In accordance with this policy, the Company has planned a year-end dividend applicable to the fiscal year ending December 31, 2008 to 1,300 yen per share. The Company also intends to distribute a year-end dividend of 1,300 yen per share for the fiscal year ending December 31, 2009.

#### **(4) Business Risks**

The following is a list of the primary items that represent risks with regard to the Bell-Park Group's business activities. The Group actively discloses all items that it believes are significant with regard to investment decisions, including items that do not represent business-related risks. However, investors should be aware that this is not a complete risk of risks that can affect operating results. Recognizing that these risks may occur, the Group has a policy of taking steps to prevent their occurrence and to prepare responses.

Mobile phone sales business:

##### 1) Reliance on a particular vendor

SoftBank brand accounts for 100% of the products that Bell-Park purchases and sells. Consequently, the operating results of the Company are highly vulnerable to changes in procurement terms, commissions and other transaction terms of SOFTBANK MOBILE Corp. introduction of new products and services by this company, and business outlook of SOFTBANK MOBILE.

##### 2) Sales agent contract

The Company operates SoftBank shops on the basis of a sales agent contract with SOFTBANK MOBILE. This contract is automatically renewed each year, but can be cancelled at any time. Therefore, there is a risk that the sales agent contract may be cancelled.

##### 3) Shop opening plans

The opening of SoftBank shops is determined by the strategies of SOFTBANK MOBILE. Therefore, changes in SOFTBANK MOBILE's strategies can affect the Company's plans for new shops and its results of operations.

##### 4) Sale of mobile phones

In the mobile phone sales business, the number of new subscribers is falling as Japan's penetration rate climbs. Furthermore, handset life cycles are short and prices can easily drop because of the steady stream of new products incorporating new functions and other forms of added value.

##### 5) Commissions received from mobile communication carriers

The Company receives commissions from mobile communication carriers for acting as their agent in the sale of mobile communication service contracts. Depending on changes in the business policies of these carriers, there may be revisions in terms affecting these commissions, such as the amount paid, period over which commissions are paid, services for which commissions are paid, proportion of each subscription line's calling charges and other items. A major change in these terms could have a significant impact on the Company's results of operations.

Furthermore, contracts with communication carriers include a requirement to pay a cancellation fee when customers cancel a subscription soon after signing up. Consequently, the Company maintains an allowance for early subscription cancellations that is based on estimated payments in accordance with past short-term cancellation rates. Nevertheless, the possibility exists that an increase in these cancellations may cause cancellation fees to exceed the allowance. This could have a significant impact on the Company's results of operations.

#### 6) Competition with other mobile phone retailers

New products and services are constantly emerging due to technological progress in the mobile communication industry. There are a large number of primary sales agents throughout Japan that have sales agent contracts with carriers as Bell-Park does. Furthermore, the rising penetration rate of mobile phones is reducing sales to new subscribers. These trends indicate that the Company and other mobile phone retailers will face an increasingly competitive environment.

This competition could lower the Company's profit margins and have other negative effects on results of operations.

#### 7) Mobile Business Study Group

Based on the final report of the Mobile Business Study Group, the Ministry of Internal Affairs and Communications proposed that carriers offer rate plans in which communications charges are separate from the price of the handset (split plans). Installment sales of mobile phone handsets proliferated rapidly after carriers began introducing these split plans.

The study group also examined a broad range of other issues, including the elimination of SIM locks (see note). Depending on the direction taken by the study group, there could be a serious impact on the entire mobile phone market.

#### (Note) SIM lock

A SIM (subscriber identity module) is an IC card issued by each mobile communications carrier. This card contains a unique identification number to specify each handset's telephone number. In order to recover sales incentives, carriers design handsets so they can be used only with that carrier's SIM. If this SIM lock is released, mobile phone service subscribers will be able to use handsets sold by another carrier by simply replacing the SIM card.

#### Customer information:

With respect to the leakage of customer information, the Group is striving to reinforce its internal management system through means including employee training. However, in the event of an inadvertent leak of customer information, there could be an adverse impact on the Group's financial condition and operating results due to erosion in public confidence or a requirement to pay financial damages. In addition, there may be an increase in expenses required to establish a customer information protection system in the future.

## 2. Corporate Group

The Bell-Park group of companies is made up of Bell-Park Co., Ltd., two consolidated subsidiaries, and an equity-method affiliate. The Group is engaged in the mobile phone sales business, which mainly involves the sale of mobile phones.

Business activities and the positioning of each company are as follows.

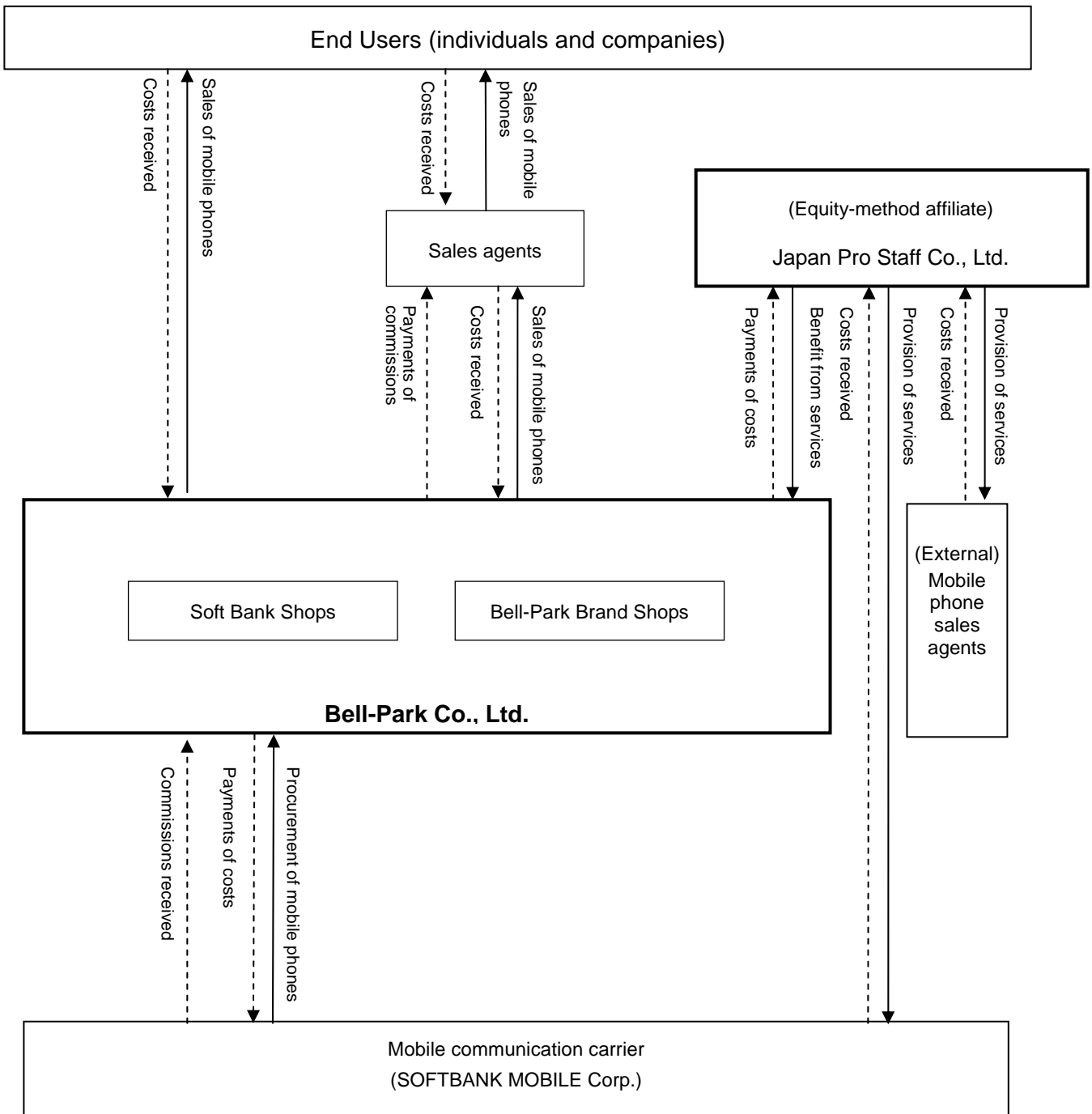
Bell-Park Co., Ltd. is engaged mainly in the following activities.

- 1) Accepts applications for mobile communication service contracts from new users as an agent of mobile communication carriers, and sales of mobile phones to users.
- 2) Accepts applications from current mobile communication service subscribers for a change to a new model of phone as an agent of mobile communication carriers, and sales of mobile phones to users.
- 3) Accepts applications from current mobile communication service subscribers for changes in subscription terms as an agent of mobile communication carriers.
- 4) Consignment sales of mobile phones through Bell-Park's secondary sales agents.
- 5) Outright sales of mobile phones to Bell-Park's secondary sales agents.
- 6) Acts as intermediary for installment credit contracts

Equity-method affiliate Japan Pro Staff Co., Ltd. is engaged mainly in the following activities.

- 1) Supplies personnel mainly to work at retail shops selling mobile phones and other products.
- 2) Trains sales personnel as an agent for mobile communication carriers operating retail shops selling mobile phones.
- 3) Recruits employees for companies.

A flowchart of business operations is shown below.



Note: There are two more consolidated subsidiaries, but these companies are not shown because it has no material impact on consolidated operations.

Effective from the current fiscal year, Japan Pro Staff Co., Ltd., a consolidated subsidiary in prior periods, is reclassified as an equity-method affiliate, as the Company sold a part of its equity interest in Japan Pro Staff in June 2008.

### **3. Management Policies**

#### **(1) Fundamental Management Policies**

We strongly believe in our ability, potential and the possibilities of the future. We will continue to diligently pursue excellence by innovatively meeting the challenges and opportunities that arise. The goal is the mutual prosperity of customers, shareholders, vendors and all other stakeholders. Management is also committed to strictly observing all laws and regulations and, to preserve the trust of the public, conducting business operations that are fair and transparent in every respect.

#### **(2) Targeted Performance Indicators**

The Group's medium- and long-term strategy is to expand and reinforce its sales network in the mobile phone sales business. To execute these strategies and generate new sources of growth, the Group believes that the achieving steady profits and reliable procurement of funds are the key factors. Therefore, the Group is placing emphasis on (1) increasing ordinary income and (2) increasing cash flow margin.

#### **(3) Medium- and Long-term Strategies**

The mobile phone sales industry –the industry in which the Group operates– underwent dizzying changes in 2006 and 2007, including SoftBank's acquisition of Vodafone Japan, the introduction of number portability system, the entry of new carriers, the introduction of inexpensive rate plans, and the introduction of installment sales as a new sales method. The Group recognizes that the operating environment will likely change at even faster pace in the future due to the introduction of new technologies and stronger competition on the services front as companies enhance the functionality of their handsets, including the further fusion of Internet and broadcast features.

In this environment, the Group is dedicated to becoming a highly profitable organization with a focus on communications-related businesses. As its medium-term policy, the Group will concentrate on strengthening its mobile phone sales business to assure it emerge as a winner in the mobile phone sales industry. Along with seeking to expand the size of the business by treating this changing business environment as a business opportunity, the Group will work to build an efficient and expanding framework of operations, raise its marketing ability at the store level and strengthen its negotiating skills with carriers.

#### **(4) Key Issues**

Key issues in each business segment based on these medium- and long-term policies described above are as follows.

##### **(1) Build a highly profitable store network**

Competition for customers intensified and per-store customer traffic declined after a massive number of SoftBank shops were opened the year before last. Moreover, the sales environment has become more challenging as the handset replacement cycle has become longer due to the introduction of installment sales. Nevertheless, we recognize that further increasing our per-store profitability is an important issue. We recognize that this economic downturn is a good opportunity to move to better locations, so we aim to improve the physical positioning of our store network and build a highly profitable sales network.

##### **(2) Strengthen selling power**

It is difficult to differentiate our shops from those of other mobile phone sales agencies, since store formats are standardized. Under the circumstances, increasing our selling power and raising the sales volume are also important management issues. Specifically, we aim to raise the quality of our workforce by fostering human resources in order to strengthen their skills in proposing ideas to customers and consulting services, and by recruiting aggressively, because this economic downturn is a good opportunity to bring in talented people.

**(3) Strengthen management organization**

We will strengthen our corporate governance organization, establish an internal control system, secure competent employees and strengthen employee education and training systems.

**(5) Internal Control Systems**

The items concerned have been submitted to JASDAQ Securities Exchange and entered in the “Corporate Governance Statement.”

JASDAQ Securities Exchange: <http://jds.jasdaq.co.jp/tekiji/>

**(6) Other Important Business Matters**

No reportable information.

## 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Thousand yen)

Account	*	FY2007 (As of Dec. 31, 2007)		FY2008 (As of Dec. 31, 2008)	
		Amount	%	Amount	%
<b>Assets</b>					
I. Current assets					
1. Cash on hand and in banks		1,555,296		4,814,490	
2. Accounts receivable -trade and operating accounts receivable		3,569,575		3,361,500	
3. Inventories		2,892,220		1,745,590	
4. Deferred tax assets		175,596		105,452	
5. Other current assets		131,103		147,823	
Allowance for doubtful accounts		(722)		(1,609)	
Total current assets		8,323,070	81.3	10,173,248	84.2
II. Fixed assets					
1. Property, plant and equipment					
(1) Buildings		590,516		663,598	
Accumulated depreciation		140,938	449,578	216,576	447,021
(2) Structures		30,935		31,616	
Accumulated depreciation		4,338	26,597	7,817	23,799
(3) Vehicles		789		789	
Accumulated depreciation		328	460	616	172
(4) Furniture and fixtures		203,023		215,391	
Accumulated depreciation		96,153	106,870	145,553	69,838
Total property, plant and equipment		583,506	5.7	540,832	4.5
2. Intangible assets		73,065	0.7	89,670	0.7
3. Investments and other assets					
(1) Investment securities		34,341		72,712	
(2) Leasehold deposits		933,340		956,025	
(3) Deferred tax assets		103,431		91,123	
(4) Others		180,591		155,045	
Total investments and other assets		1,251,704	12.3	1,274,907	10.6
Total fixed assets		1,908,276	18.7	1,905,410	15.8
Total assets		10,231,346	100.0	12,078,659	100.0

(Thousand yen)

Account	*	FY2007 (As of Dec. 31, 2007)		FY2008 (As of Dec. 31, 2008)	
		Amount	%	Amount	%
<b>Liabilities</b>					
I. Current liabilities					
1. Accounts payable-trade and operating accounts payable		3,336,117		2,250,997	
2. Short-term borrowings		-		1,360,000	
3. Current portion of long-term debt		-		200,000	
4. Accounts payable-other		189,636		228,567	
5. Accrued expenses		459,481		199,002	
6. Accrued income taxes		736,598		151,841	
7. Reserve for employees' bonuses		79,580		87,280	
8. Allowance for early subscription cancellations		144,161		14,260	
9. Other current liabilities		410,597		621,839	
Total current liabilities		5,356,174	52.4	5,113,790	42.3
II. Long-term liabilities					
1. Long-term debt		-		1,300,000	
2. Liability for employees' retirement benefits		39,063		41,744	
3. Other long-term liabilities		85,917		88,187	
Total long-term liabilities		124,981	1.2	1,429,932	11.9
Total liabilities		5,481,155	53.6	6,543,723	54.2
<b>Net assets</b>					
I. Shareholders' equity					
1. Common stock		1,123,904	11.0	1,123,904	9.3
2. Capital surplus		1,587,769	15.5	1,587,757	13.1
3. Retained earnings		2,215,280	21.6	3,274,713	27.1
4. Treasury stock		(176,763)	(1.7)	(451,440)	(3.7)
Total shareholders' equity		4,750,191	46.4	5,534,935	45.8
Total net assets		4,750,191	46.4	5,534,935	45.8
Total liabilities and net assets		10,231,346	100.0	12,078,659	100.0

**(2) Consolidated Statements of Income**

(Thousand yen)

Account	*	FY2007 (Jan. 1 – Dec. 31, 2007)		FY2008 (Jan. 1 – Dec. 31, 2008)	
		Amount	%	Amount	%
I. Net sales		31,453,080	100.0	33,457,646	100.0
II. Cost of goods sold		24,566,596	78.1	26,049,138	77.9
Gross profit		6,886,484	21.9	7,408,507	22.1
III. Selling, general and administrative expenses					
1. Advertisement		217,699		203,768	
2. Salaries		1,440,073		1,729,550	
3. Miscellaneous wages		504,621		514,038	
4. Welfare expenses		248,762		327,980	
5. Provision of reserve for employees' bonuses		79,580		91,465	
6. Retirement benefit expenses		15,475		12,045	
7. Rent		720,735		968,443	
8. Depreciation		95,245		157,525	
9. Others		1,879,975	16.5	1,943,316	17.7
Operating income		1,684,314	5.4	1,460,372	4.4
IV. Non-operating income					
1. Interest income		103		189	
2. Leasing income		8,412		8,109	
3. Gain on donation of gift certificates		3,719		13,659	
4. Other non-operating income		3,886	0.1	5,804	0.1
V. Non-operating expenses					
1. Interest expenses		724		11,031	
2. Leasing expenses		10,754		8,109	
3. Commissions paid		-		33,463	
4. Equity in losses of affiliates		-		6,093	
5. Other non-operating expenses		3,556	0.1	5,838	0.2
Ordinary income		1,685,399	5.4	1,423,597	4.3

(Thousand yen)

Account	*	FY2007 (Jan. 1 – Dec. 31, 2007)			FY2008 (Jan. 1 – Dec. 31, 2008)		
		Amount		%	Amount		%
VI. Extraordinary income							
1. Gain on sale of fixed assets	*1	12,004			-		
2. Gain on sale of investment securities		13			-		
3. Gain on sale of investments in affiliates		-			173,711		
4. Gain on transfer of business		18,000			-		
5. Compensation for eviction		39,152			-		
6. Other extraordinary income		1,773	70,944	0.2	-	173,711	0.5
VII. Extraordinary loss							
1. Loss on sale of fixed assets	*2	60			12		
2. Loss on removal of fixed assets	*3	11,034			4,725		
3. Loss on sale of investment securities		3,525			5,150		
4. Loss on sale of membership rights		-			190		
5. Loss on valuation of membership rights		-			12,894		
6. Shop closures expenses		8,412	23,032	0.1	5,488	28,460	0.1
Income before income taxes			1,733,312	5.5		1,568,848	4.7
Income taxes - current		999,572			343,308		
Income taxes - deferred		(107,060)	892,511	2.8	82,451	425,759	1.3
Net income			840,800	2.7		1,143,088	3.4

**(3) Consolidated Statement of Changes in Shareholders' Equity**

FY2007 (Jan. 1 – Dec. 31, 2007)

(Thousand yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec. 31, 2006	1,090,878	1,545,286	1,456,454	(208,036)	3,884,583
Changes in the fiscal year					
New stock issue	33,025	33,025			66,051
Dividend of surplus			(81,973)		(81,973)
Net income			840,800		840,800
Disposal of treasury stock		9,457		31,272	40,730
Changes (net) in items other than shareholders' equity					
Total changes in the fiscal year	33,025	42,483	758,826	31,272	865,608
Balance as of Dec. 31, 2007	1,123,904	1,587,769	2,215,280	(176,763)	4,750,191

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of Dec. 31, 2006	(346)	(346)	3,884,236
Changes in the fiscal year			
New stock issue			66,051
Dividend of surplus			(81,973)
Net income			840,800
Disposal of treasury stock			40,730
Changes (net) in items other than shareholders' equity	346	346	346
Total changes in the fiscal year	346	346	865,955
Balance as of Dec. 31, 2007	-	-	4,750,191

FY2008 (Jan. 1 – Dec. 31, 2008)

(Thousand yen)

	Shareholders' equity					Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance as of Dec. 31, 2007	1,123,904	1,587,769	2,215,280	(176,763)	4,750,191	4,750,191
Changes in the fiscal year						
Dividend of surplus			(83,655)		(83,655)	(83,655)
Net income			1,143,088		1,143,088	1,143,088
Acquisition of treasury stock				(274,688)	(274,688)	(274,688)
Disposal of treasury stock		(12)		12	-	-
Total changes in the fiscal year	-	(12)	1,059,432	(274,676)	784,743	784,743
Balance as of Dec. 31, 2008	1,123,904	1,587,757	3,274,713	(451,440)	5,534,935	5,534,935

**(4) Consolidated Statements of Cash Flows**

(Thousand yen)

		FY2007 (Jan. 1 – Dec. 31, 2007)	FY2008 (Jan. 1 – Dec. 31, 2008)
Account	*	Amount	Amount
I. Cash flows from operating activities			
Income before income taxes		1,733,312	1,568,848
Depreciation and amortization		95,245	157,525
Amortization of goodwill		10,920	14,562
Increase (decrease) in allowance for doubtful accounts		(2,751)	886
Increase in reserve for employees' bonuses		23,718	12,260
Increase (decrease) in allowance for early subscription cancellations		125,349	(129,901)
Increase in liability for employees' retirement benefits		9,749	5,793
Interest and dividend income		(103)	(189)
Interest expenses		724	11,031
Equity in losses of affiliates		-	6,093
Loss (gain) on sale of fixed assets		(11,944)	12
Loss on removal of fixed assets		11,034	4,725
Loss on sale of investment securities		3,511	5,150
Gain on sale of investments in affiliates		-	(173,711)
Loss on sale of membership rights		-	190
Loss on valuation of membership rights		-	12,894
Gain on transfer of business		(18,000)	-
Compensation for eviction		(39,152)	-
Decrease (increase) in accounts receivable-trade and operating accounts receivable		(600,276)	14,293
Decrease (increase) in inventories		(1,509,340)	1,180,281
Increase (decrease) in accounts payable-trade and operating accounts payable		676,522	(1,085,119)
Increase in accounts payable-other		24,535	48,642
Others		220,350	118,266
Subtotal		753,404	1,772,533
Interests and dividends received		103	189
Interests paid		(724)	(25,244)
Compensation received for eviction		39,152	-
Income taxes refund (paid)		(578,208)	(917,413)
Net cash provided by operating activities		213,728	830,065

(Thousand yen)

		FY2007 (Jan. 1 – Dec. 31, 2007)	FY2008 (Jan. 1 – Dec. 31, 2008)
Account	*	Amount	Amount
II. Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(324,755)	(101,136)
Proceeds from sale of property, plant and equipment		13,315	67
Payment for purchase of Intangible assets		(58,621)	(16,844)
Payment for purchase of investment securities		(49,083)	-
Proceeds from sale of investment securities		115,571	100
Proceeds from sale of investments in affiliates resulting in change in scope of consolidation	*2	-	191,658
Payment for purchase of business	*3	-	(74,416)
Proceeds from transfer of business	*4	27,429	-
Payment for leasehold deposits		(304,041)	(81,316)
Others		(1,063)	8,627
Net cash used in investing activities		(581,248)	(73,260)
III. Cash flows from financing activities			
Net increase in short-term borrowings		-	1,360,000
Proceeds from long-term debt		-	1,500,000
Proceeds from issuance of new shares		66,051	-
Proceeds from disposal of treasury stock		40,730	-
Payment for purchase of treasury stock		-	(274,688)
Cash dividends paid		(81,896)	(82,922)
Net cash provided by financing activities		24,885	2,502,388
IV. Increase (decrease) in cash and cash equivalents		(342,635)	3,259,193
V. Cash and cash equivalents at beginning of year		1,897,932	1,555,296
VI. Cash and cash equivalents at end of period	*1	1,555,296	4,814,490

**Notes to Consolidated Statement of Changes in Shareholders' Equity**

FY2007 (Jan. 1 – Dec. 31, 2007)

## 1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 31, 2006 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of Dec. 31, 2007 (Shares)
Outstanding shares				
Common shares *1	66,090.18	838.00	-	66,928.18
Total	66,090.18	838.00	-	66,928.18
Treasury stock				
Common shares *2	3,033.50	-	456.00	2,577.50
Total	3,033.50	-	456.00	2,577.50

Notes: 1. The increase in the number of common shares outstanding (838 shares) is due to the issue of new shares resulting from the exercise of stock acquisition rights.

2. The decrease in the number of common shares of treasury stock (456 shares) is due to the transfer resulting from the exercise of stock acquisition rights.

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

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Dec. 31, 2007 (Thousand yen)
			As of Dec. 31, 2006	Increase	Decrease	As of Dec. 31, 2007	
Reporting company	Stock acquisition rights by way of stock options	Common shares	2,658.0	-	1,512.0	1,146.0	-

## 3. Dividends

## (1) Dividends payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Mar. 29, 2007	Common shares	81,973	1,300	Dec. 31, 2006	Mar. 30, 2007

## (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 (Thousand yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Mar. 27, 2008	Common shares	83,655	Retained earnings	1,300	Dec. 31, 2007	Mar. 28, 2008

FY2008 (Jan. 1 – Dec. 31, 2008)

## 1. Type and number of outstanding shares and treasury stock

	Number of shares as of Dec. 31, 2007 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of Dec. 31, 2008 (Shares)
Outstanding shares				
Common shares *1	66,928.18	-	0.18	66,928.00
Total	66,928.18	-	0.18	66,928.00
Treasury stock				
Common shares *1,2	2,577.50	4,003.68	0.18	6,581.00
Total	2,577.50	4,003.68	0.18	6,581.00

Notes: 1. The decrease in the number of common shares outstanding and treasury stock (0.18 shares) is due to the cancellation.

2. The increase in the number of common shares of treasury stock (4,003.68 shares) is due to the acquisition of treasury stock pursuant to the Board of Directors resolution (4,000 shares) and acquisition of odd lot shares (3.68 shares).

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

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Dec. 31, 2008 (Thousand yen)
			As of Dec. 31, 2007	Increase	Decrease	As of Dec. 31, 2008	
Reporting company	Stock acquisition rights by way of stock options	Common shares	1,146	-	131	1,015	-

## 3. Dividends

## (1) Dividends payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Mar. 27, 2008	Common shares	83,655	1,300	Dec. 31, 2007	Mar. 28, 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 (Thousand yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on Mar. 26, 2009	Common shares	78,451	Retained earnings	1,300	Dec. 31, 2008	Mar. 27, 2009

**5. Non-consolidated Financial Statements****(1) Non-consolidated Balance Sheets**

(Thousand yen)

Account	*	FY2007 (As of Dec. 31, 2007)		FY2008 (As of Dec. 31, 2008)	
		Amount	%	Amount	%
<b>Assets</b>					
I. Current assets					
1. Cash on hand and in banks		1,395,487		4,806,737	
2. Accounts receivable-trade		443,256		268,491	
3. Operating accounts receivable		2,925,806		3,086,983	
4. Merchandise		2,886,100		1,729,085	
5. Supplies		6,105		16,504	
6. Prepaid expenses		82,681		100,773	
7. Short-term loans receivable		1,074		1,074	
8. Accounts receivable-other		41,681		49,822	
9. Deferred tax assets		175,596		105,452	
10. Other current assets		489		281	
Allowance for doubtful accounts		(722)		(1,609)	
Total current assets		7,957,556	79.1	10,163,597	83.9
II. Fixed assets					
1. Property, plant and equipment					
(1) Buildings		582,594		663,598	
Accumulated depreciation		140,661	441,932	216,576	447,021
(2) Structures		30,935		31,616	
Accumulated depreciation		4,338	26,597	7,817	23,799
(3) Vehicles		789		789	
Accumulated depreciation		328	460	616	172
(4) Furniture and fixtures		199,050		215,391	
Accumulated depreciation		94,216	104,833	145,553	69,838
Total property, plant and equipment		573,824	5.7	540,832	4.5
2. Intangible assets					
(1) Goodwill		67,419		51,428	
(2) Leasehold rights		1,000		1,000	
(3) Trademarks		280		215	
(4) Software		59,592		62,664	
(5) Others		5,781		5,790	
Total intangible assets		134,073	1.3	121,099	1.0

(Thousand yen)

Account	*	FY2007 (As of Dec. 31, 2007)		FY2008 (As of Dec. 31, 2008)	
		Amount	%	Amount	%
3. Investments and other assets					
(1) Investment securities		34,341		27,517	
(2) Investments in affiliates		225,173		73,531	
(3) Long-term loans receivable		16,437		15,363	
(4) Leasehold deposits		897,543		956,025	
(5) Guarantee deposits		6,319		11,854	
(6) Membership rights		105,131		92,047	
(7) Long-term prepaid expenses		52,101		35,760	
(8) Deferred tax assets		92,425		71,568	
(9) Others		20		20	
(10) Allowance for possible losses on investments		(35,816)		-	
Total investments and other assets		1,393,677	13.9	1,283,688	10.6
Total fixed assets		2,101,575	20.9	1,945,620	16.1
Total assets		10,059,131	100.0	12,109,217	100.0

(Thousand yen)

Account	*	FY2007 (As of Dec. 31, 2007)		FY2008 (As of Dec. 31, 2008)	
		Amount	%	Amount	%
<b>Liabilities</b>					
I. Current liabilities					
1. Accounts payable-trade		2,833,668		1,936,993	
2. Operating accounts payable		503,180		314,004	
3. Short-term borrowings		-		1,360,000	
4. Current portion of long-term debt		-		200,000	
5. Accounts payable-other		187,300		228,560	
6. Accrued expenses		295,581		199,002	
7. Accrued income taxes		734,082		151,771	
8. Accrued consumption taxes		48,022		181,041	
9. Deposits received		304,374		419,193	
10. Reserve for employees' bonuses		75,352		87,280	
11. Allowance for early subscription cancellations		144,161		14,260	
12. Other current liabilities		9,575		21,604	
Total current liabilities		5,135,299	51.1	5,113,713	42.2
II. Long-term liabilities					
1. Long-term debt		-		1,300,000	
2. Liability for employees' retirement benefits		36,307		41,744	
3. Other long-term liabilities		85,917		88,187	
Total long-term liabilities		122,224	1.2	1,429,932	11.8
Total liabilities		5,257,524	52.3	6,543,646	54.0
<b>Net assets</b>					
I. Shareholders' equity					
1. Common stock		1,123,904	11.2	1,123,904	9.3
2. Capital surplus					
(1) Additional paid-in capital	1,578,312			1,578,312	
(2) Other capital surplus	9,457			9,445	
Total capital surplus		1,587,769	15.8	1,587,757	13.1
3. Retained earnings					
(1) Legal reserve	8,078			8,078	
(2) Other retained earnings					
Retained earnings brought forward	2,258,618			3,297,271	
Total retained earnings		2,266,696	22.5	3,305,349	27.3
4. Treasury stock		(176,763)	(1.8)	(451,440)	(3.7)
Total shareholders' equity		4,801,607	47.7	5,565,571	46.0
Total net assets		4,801,607	47.7	5,565,571	46.0
Total liabilities and net assets		10,059,131	100.0	12,109,217	100.0

**(2) Non-consolidated Statements of Income**

(Thousand yen)

Account	*	FY2007 (Jan. 1 – Dec. 31, 2007)			FY2008 (Jan. 1 – Dec. 31, 2008)		
		Amount		%	Amount		%
I. Net sales							
1. Merchandise sales		18,154,948			19,761,860		
2. Commissions received		11,463,263	29,618,212	100.0	12,675,951	32,437,812	100.0
II. Cost of goods sold							
1. Inventories - beginning of year		1,387,775			2,886,100		
2. Purchases		23,374,328			22,356,941		
3. Merchandise received from acquisition of business		-			33,650		
Total		24,762,103			25,276,692		
4. Merchandise paid for business transfer		9,304			-		
5. Inventories - end of year		2,886,100			1,729,085		
Net		21,866,697			23,547,607		
6. Commissions paid		1,178,485	23,045,183	77.8	1,661,229	25,208,836	77.7
Gross profit			6,573,028	22.2		7,228,975	22.3
III. Selling, general and administrative expenses							
1. Advertisement		216,221			203,657		
2. Promotion expense		-			410,416		
3. Salaries		1,333,347			1,677,239		
4. Miscellaneous wages		386,406			465,510		
5. Welfare expenses		221,835			315,446		
6. Provision of reserve for employees' bonuses		75,352			87,280		
7. Retirement benefit expenses		15,325			11,690		
8. Outsourcing expenses		434,643			95,478		
9. Rent		694,217			947,218		
10. Depreciation		93,017			156,302		
11. Others		1,455,384	4,925,752	16.6	1,449,137	5,819,378	18.0
Operating income			1,647,276	5.6		1,409,596	4.3

(Thousand yen)

Account	*	FY2007 (Jan. 1 – Dec. 31, 2007)		FY2008 (Jan. 1 – Dec. 31, 2008)	
		Amount	%	Amount	%
IV. Non-operating income					
1. Interest income		1,839		463	
2. Leasing income		8,412		8,109	
3. Outsourcing income	*1	700		14,063	
4. Gain on donation of gift certificates		3,719		13,659	
5. Other non-operating income		3,644	18,315	7,066	43,361
			0.1		0.1
V. Non-operating expenses					
1. Interest expenses		724		11,552	
2. Leasing expenses		10,754		8,109	
3. Commissions paid		-		33,463	
4. Other non-operating expenses		3,548	15,027	4,679	57,804
			0.1		0.1
Ordinary income			1,650,564		1,395,153
			5.6		4.3
VI. Extraordinary income					
1. Gain on sale of fixed assets	*2	12,004		-	
2. Gain on sale of investment securities		13		-	
3. Gain on sale of investments in affiliates		-		157,091	
4. Gain on transfer of business		18,000		-	
5. Gain on reversal of allowance for doubtful accounts		33,012		-	
6. Gain on reversal of allowance for investment loss		-	63,030	35,816	192,908
			0.2		0.6
VII. Extraordinary loss					
1. Loss on sale of fixed assets	*3	60		12	
2. Loss on removal of fixed assets	*4	4,688		4,725	
3. Loss on sale of investment securities		3,525		5,150	
4. Loss on liquidation of affiliates		-		3,750	
5. Loss on valuation of investments in affiliates		5,451		-	
6. Loss on sale of membership rights		-		190	
7. Loss on valuation of membership rights		-		12,894	
8. Shop closures expenses		4,484	18,209	5,488	32,210
			0.1		0.1
Income before income taxes			1,695,385		1,555,851
			5.7		4.8
Income taxes - current		1,000,167		342,540	
Income taxes - deferred		(113,201)	886,965	91,001	433,541
			3.0		1.3
Net income			808,419		1,122,309
			2.7		3.5

**(3) Non-consolidated Statement of Changes in Shareholders' Equity**

FY2007 (Jan. 1 – Dec. 31, 2007)

(Thousand yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance as of Dec. 31, 2006	1,090,878	1,545,286	-	1,545,286	8,078	1,532,172	1,540,250	(208,036)	3,968,379
Changes in the fiscal year									
New stock issue	33,025	33,025		33,025					66,051
Dividend of surplus						(81,973)	(81,973)		(81,973)
Net income						808,419	808,419		808,419
Disposal of treasury stock			9,457	9,457				31,272	40,730
Changes (net) in items other than shareholders' equity									
Total changes in the fiscal year	33,025	33,025	9,457	42,483	-	726,445	726,445	31,272	833,227
Balance as of Dec. 31, 2007	1,123,904	1,578,312	9,457	1,587,769	8,078	2,258,618	2,266,696	(176,763)	4,801,607

(Thousand yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of Dec. 31, 2006	(346)	(346)	3,968,033
Changes in the fiscal year			
New stock issue			66,051
Dividend of surplus			(81,973)
Net income			808,419
Disposal of treasury stock			40,730
Changes (net) in items other than shareholders' equity	346	346	346
Total changes in the fiscal year	346	346	833,574
Balance as of Dec. 31, 2007	-	-	4,801,607

FY2008 (Jan. 1 – Dec. 31, 2008)

(Thousand yen)

	Shareholders' equity									Total net assets
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance as of Dec. 31, 2007	1,123,904	1,578,312	9,457	1,587,769	8,078	2,258,618	2,266,696	(176,763)	4,801,607	4,801,607
Changes in the fiscal year										
Dividend of surplus						(83,655)	(83,655)		(83,655)	(83,655)
Net income						1,122,309	1,122,309		1,122,309	1,122,309
Acquisition of treasury stock								(274,688)	(274,688)	(274,688)
Disposal of treasury stock			(12)	(12)				12	-	-
Total changes in the fiscal year	-	-	(12)	(12)	-	1,038,653	1,038,653	(274,676)	763,964	763,964
Balance as of Dec. 31, 2008	1,123,904	1,578,312	9,445	1,587,757	8,078	3,297,271	3,305,349	(451,440)	5,565,571	5,565,571

## 6. Others

### (1) Changes in Directors

The Company plans to propose the following changes in directors to the general meeting of shareholders to be held on March 26, 2009.

1) Representative director

No reportable information.

2) Other directors

Candidates for retiring director

Director: Masaki Koroyasu

Candidates Mr. Koroyasu is external directors as prescribed in Article 2, item 15 of the Company Act.

*\* This financial report is solely a translation of summary 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.*