

Summary of Settlement of Consolidated Accounts for the Fiscal Year ended March 31, 2010

May 13, 2010

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
(URL: <http://www.imhds.co.jp>)

Representative: Kunio Isihizuka, President and Representative Director

Contact: Yasuhiro Suzuki, Executive Manager, Investor Relations Corporate Administration Div., Administration
Headquarters, Isetan Mitsukoshi Holdings Ltd.

TEL: (03) 5843-5115

Scheduled date of the general meeting of shareholders: June 28, 2010

Scheduled date of filing of the financial report (Yukashoken Houkokusho): June 28, 2010

Scheduled date of commencement of payment of cash dividends: June 29, 2010

(Figures are rounded down to the nearest million yen)

1. Consolidated Business Results for the First Half of Fiscal 2009 (From April 1, 2009, to March 31, 2010)

(1) Results of consolidated operations

(Percentage figures indicate changes from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income (Loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2009	1,291,617	(9.5)	4,177	(78.7)	19,730	(43.7)	(63,521)	-
FY2008	1,426,684	-	19,582	-	35,052	-	4,683	-

	Net Income (Loss) per Share (Basic)	Net Income per Share (Diluted)	Return on Equity	Recurring Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2009	(162.51)	-	(14.3)	1.5	0.3
FY2008	12.08	12.07	1.0	2.6	1.4

(Reference) Equity in earnings of affiliates: FY2009: 3,389 million yen, FY2008: 4,368 million yen

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholder's Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2009	1,238,006	425,120	33.4	1,049.09
FY2008	1,351,633	489,740	35.2	1,225.85

(Reference) Shareholders' equity: FY2009: 413,861 million yen, FY2008: 475,369 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 the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2009	(3,604)	47,443	(41,688)	37,366
FY2008	18,162	(27,429)	7,116	34,749

2. Dividends

(Record date)	Cash Dividends per Share (Yen)					Total Cash Dividends (Full Year)	Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Total			
FY2008	Yen -	Yen -	Yen -	Yen 14.00	Yen 14.00	Millions of yen 5,429	% 115.9	% 1.1
FY2009	Yen -	Yen -	Yen -	Yen 10.00	Yen 10.00	Millions of yen 3,945	% -	% 0.9
FY2010 (Forecast)				Yen 10.00	Yen 10.00		% 39.4	

Note: The year-end cash dividends for fiscal 2009 comprise a common dividend of 10 yen and a special dividend of 4 yen.

3. Forecast of Consolidated Results for Fiscal 2010 (From April 1, 2010, to March 31, 2011)

(Percentage figures indicate changes from the same period of the previous year)

	Net Sales		Operating Income (Loss)		Recurring Income		Net Income (Loss)		Net Income (Loss) per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	580,000	(6.0)	(6,500)	-	1,000	(85.4)	(6,000)	-	(15.21)
Full Year	1,250,000	(3.2)	4,500	7.7	20,000	1.4	10,000	-	(25.35)

4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Note: For details, please refer to “Outline of the Group” on Page 7.

(2) Changes in accounting policies concerning preparation of consolidated financial statements

1) Changes in line with revision to accounting standards: Yes

2) Other changes: Yes

(3) Number of shares issued and outstanding (common stock)

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

FY2009: 394,578,474 shares

FY2008: 387,859,022 shares

2) Number of shares of treasury stock at the end of the period

FY2009: 89,621 shares

FY2008: 69,981 shares

(Reference) Summary of Non-consolidated Business Results

1. Non-consolidated Business Results for Fiscal 2010 (From April 1, 2009, to March 31, 2010)

(1) Results of Non-consolidated operations

(Percentage figures indicate changes from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2009	12,072	0.1	6,577	(23.8)	6,584	(22.5)	6,209	(20.0)
FY2008	12,058	-	8,628	-	8,491	-	7,759	-

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
FY2009	15.89	15.88
FY2008	20.01	20.00

(2) Non-consolidated financial position

	Total Assets	Net Assets	Shareholder's Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2009	458,309	457,389	99.6	1,156.96
FY2008	451,467	450,534	99.6	1,159.82

(Reference) Shareholders' equity: FY2009: 456,448 million yen, FY2008: 449,801 million yen

Disclaimer regarding Forward-looking Statements

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable. Actual results, performance, achievements or financial position may be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

For assumptions on which forward-looking statements are based, please refer to “1. Business Results (1) Analysis of Business Results” on Page 3.

Note:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Business Results

(1) Analysis of Business Results

1) Business results of fiscal 2009

During the fiscal year (from April 1 to March 31, 2010) ended March 31, 2010 (fiscal 2009), despite some indicators showing that the economy is bottoming out, deflation persisted while employment and personal consumption remained sluggish, as more time will be needed before an actual recovery in the Japanese economy is realized.

In the department store sector, sales have declined year on year for 25 consecutive months since March 2008 due to increasing cost consciousness by consumers in addition to intensifying competition both among department store groups and between department stores and other retail formats. Moreover, the termination of operations of stores is continuing while industry sales show an ongoing contraction.

Amid this environment, the Isetan Mitsukoshi Group formulated its Three-Year Plan (fiscal 2010 - fiscal 2012). Under the plan, the Isetan Mitsukoshi Group will strive to become “my indispensable department store” for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in their many different roles in life. By doing so, we aim to become the world’s foremost solution provider with high profitability and sustained growth. The Three-Year Plan incorporates urgent strategic measures (I: Reinforce contact with customers and review relationships with suppliers; II: Promote improvement of Group foundations and structural reforms; and III: Cultivate growth businesses).

As a result of the aforementioned initiatives, consolidated net sales for the fiscal year amounted to ¥1,291,617 million, a decrease of 9.5% from the previous fiscal year; operating income amounted to ¥4,177 million, a decrease of ¥78.7%; recurring income was ¥19,730 million, a decrease of 43.7%; and a net loss of ¥63,521 million was recorded, compared with net income of ¥4,683 million recorded in the previous year.

Department Store Business

In the mainstay department store business, we worked to establish a foundation for the Group and promoted structural reforms in response to the major changes in the environment. First of all, in accordance with the Group’s store policy, operations of the Mitsukoshi Ikebukuro store and Mitsukoshi Kagoshima store were terminated on May 6, 2009. The fixed assets of the Mitsukoshi Ikebukuro store were transferred in January 2010. Additionally, operations were terminated at the Isetan Kichijoji store on March 14, 2010 and at 11 small outlets of Mitsukoshi on March 27. Moreover, Sapporo ALTA, a specialty store operator, plans to terminate operations in the last part of August 2010.

Also during the fiscal year, Mitsukoshi, Ltd. upgraded and expanded its Second Life Support Plan (an early-retirement special support plan), while Isetan Co., Ltd. did the same for its Next Career Plan, as each company enhanced its previous plans.

Regarding Group department stores, in October 2009, we transferred shares in Shizuoka Isetan Co., Ltd., Niigata Isetan Co., Ltd. and Iwataya Co., Ltd. held by Isetan to Isetan Mitsukoshi Holdings and made these three companies direct subsidiaries.

Marui Imai Inc. is undergoing civil rehabilitation proceedings following the approval of commencement of the proceedings in January 2009. On July 31, 2009, Sapporo Marui Imai Ltd. and Hakodate Marui Imai Ltd., which were established by the Company, acquired Marui Imai’s Sapporo operations and Hakodate operations, respectively, and started operations on August 1. On April 1, 2010, we spun off Mitsukoshi’s regional stores into independent operating companies with the aim of establishing a structure capable of quickly implementing optimal community-focused business policies in each region.

In the Niigata, Fukuoka and Sapporo regions, where there are overlapping stores within the Group, we are taking the following measures. On April 1, 2010, Niigata Isetan Co., Ltd. took over the operations of the Mitsukoshi Niigata store and changed its name to Niigata Isetan Mitsukoshi Ltd. In Fukuoka, Iwataya Co., Ltd. and Fukuoka Mitsukoshi Ltd. plan to integrate operations on October 1, 2010. Meanwhile, in Sapporo, the timing of a merger between Sapporo Marui Imai Ltd. and Sapporo Mitsukoshi Ltd. is currently being considered.

Turning to overseas department stores, by expanding our department store business in China and Southeast Asia, where growth is expected, Isetan Mitsukoshi aims to build an earnings foundation that can contribute to the overall Group. In China, despite the global economic slowdown, we recorded a large rise in same-store sales, excluding Shanghai Mei Long Zhen Isetan Shanghai, which completed remodeling in March, due to ongoing growth in apparel in addition to the effects of policies aimed at sustaining economic growth throughout the entire country. In Southeast Asia, however, overall sales fell below the level recorded in the previous fiscal year owing to weakness in a recovery of demand.

At the end of 2010, we plan to open the Serangoon store as our sixth store in Singapore, while in China we plan to open our second store in Tianjin in spring 2011, making this our fifth store in China.

Despite the implementation of the aforementioned measures, Isetan Mitsukoshi was unable to attain an overall

improvement in business results under the harsh economic conditions, and revenues and profits declined.

In Thailand, on April 3, 2010, the Isetan Bangkok suspended operations amid growing turmoil between demonstrators and government authorities in central Bangkok.

As a result, segment sales amounted to ¥1,201,280 million, a decrease of 9.2% from the previous year, and operating income was ¥7,190 million, a decrease of 62.4% from the previous fiscal year.

Credit & Finance Business

The credit & finance business recorded lower revenues and profits due to the effects of harsh circumstances in the department store business, a main source of earnings. Isetan I Card Co., Ltd., which became the Company's direct subsidiary, changed its name to MICARD Co. Ltd. as of September 1, 2009 and began issuing a new Mitsukoshi M Card in April 2010. On April 1, 2010, MICARD Co. Ltd absorbed the operations of Mitsukoshi Insurance Service Co., Ltd.

As a result, segment sales amounted to ¥14,206 million, a decrease of 7.0% from the previous year. An operating loss of ¥1,228 million was recorded, compared with operating income of ¥1,182 million in the previous fiscal year.

Other Retail & Specialty Store Business

In the other retail & specialty stores business, we began initiatives aimed at creating synergies within the Group, which included the opening of a food floor in the Mitsukoshi Ebisu store by Queen's Isetan Co., Ltd., which engages in the supermarket business. Nevertheless, revenues declined owing to the effects of sluggish personal consumption. Queen's Isetan Co., Ltd. closed its Toyochō store on August 31, 2009 and its Kita Yono store on January 17, 2010.

As a result, segment sales amounted to ¥58,997 million, a decrease of 7.6% from the previous fiscal year. This segment posted an operating loss of ¥232 million, compared with an operating loss of ¥503 million in the previous fiscal year.

Customer Organization Management Business

In the customer organization management business, Mitsukoshi Tomonokai Co., Ltd. and Isetan Clover Circle Co., Ltd. strove to enhance customer satisfaction through customer organization management at department stores. On April 1, 2010, Mitsukoshi Tomonokai Co., Ltd. and Isetan Clover Circle Co., Ltd. integrated operations after being placed under the control of MICARD Co. Ltd. and its name was changed to MI TOMONOKAI Co., Ltd. It will commence the reciprocal use of Tomonokai shopping cards and shopping certificates.

Segment sales were ¥4,675 million, a decrease of 6.2% from the previous fiscal year, and the operating loss amounted to ¥2,400 million, compared with an operating loss of ¥2,758 million in the previous fiscal year.

Other Businesses

In the other businesses segment, Group companies engaged in sales and marketing support focused on establishing a highly productive operational infrastructure in order to achieve the effect of the management integration early. These companies include Isetan Mitsukoshi Business Support Ltd., a logistics subsidiary, and Isetan Mitsukoshi Human Solutions Ltd., a personnel services subsidiary, both established in April 2009. In April 2010, we transferred Isetan Building Management Co., Ltd., a building maintenance services company, from Isetan to the Company and established Isetan Mitsukoshi Building Management Ltd.

In January 2010, we transferred 66.6% of the outstanding shares of Mitsukoshi Kankyo Building Management Co., Ltd, a wholly owned subsidiary of Mitsukoshi, as well as all shares in Nagoya Building Services Co., Ltd., to Iing Co., Ltd.

As a result, segment sales were ¥122,482 million, a decrease of 14.4% from the previous fiscal year, and operating income was ¥1,173 million, a decrease of 50.1%.

2) Forecast for fiscal 2009

In the retail industry, with little hope for a significant improvement in the employment and income environments, consumer sentiment is expected to remain sluggish and the future will continue to be uncertain. Amid this environment, Isetan Mitsukoshi expects to record a decrease in net sales but will strive to secure an increase in profits.

For fiscal 2010, Isetan Mitsukoshi forecasts consolidated net sales of ¥1,250,000 million, a decrease of 3.2%, operating income of ¥4,500 million, an increase of 7.7%; recurring income of ¥20,000 million, an increase of 1.4%; and net income of ¥10,000 million, compared with a net loss of ¥63,521 million in the previous fiscal year.

(2) Analysis of Financial Position

Assets

Total assets amounted to ¥1,238,006 million, a decrease of 8.4% from the end of the previous fiscal year. Within assets, current assets were ¥225,252 million, a decrease of 13.6% from the end of the previous fiscal year. Property and equipment amounted to ¥1,012,753 million, a decrease of 7.2% from the end of the previous fiscal year.

Looking at principal current assets, cash and bank deposits amounted to ¥37,682 million, notes and accounts receivable-trade were ¥97,314 million and merchandise totaled ¥55,501 million.

Among principal categories of property and equipment, tangible fixed assets amounted to ¥743,910 million, intangible fixed assets were ¥48,104 million and investments and other assets amounted to ¥220,738 million.

Liabilities

Total liabilities amounted to ¥812,885 million, a decrease of 5.7% from the end of the previous fiscal year. Among liabilities, current liabilities amounted to ¥439,026 million, a decrease of 12.4% from the end of the previous fiscal year. Long-term liabilities were ¥373,858 million, an increase of 3.6% from the end of the previous fiscal year.

Looking at principal current liabilities, notes and accounts payable amounted to ¥94,940 million and short-term borrowings were ¥85,683 million.

As principal long-term liabilities, long-term debt amounted to ¥71,600 million, deferred tax liabilities were ¥194,106 million, reserve for accrued employees' retirement benefits totaled ¥46,672 million and negative goodwill was ¥39,703 million.

Net Assets

Net assets amounted to ¥425,120 million, a decrease of 13.2% from the end of the previous fiscal year.

Cash Flows

Cash and cash equivalents were ¥37,366 million, an increase of ¥2,616 million from the end of the previous fiscal year.

1) Cash flows from operating activities

Net cash used in operating activities amounted to ¥3,604 million, a ¥21,767 million difference from net cash provided by operating activities in the previous fiscal year. This consisted of such principal cash inflows as a decrease in receivables of ¥5,663 million and a decrease in inventories of ¥10,558 million, whereas such principal outflows included special retirement allowances paid amounting to ¥19,644 million.

2) Cash flows from investing activities

Net cash provided by investing activities amounted to ¥47,443 million, a difference of ¥74,873 million from net cash used in investing activities in the previous fiscal year. The main items were proceeds from sales of tangible fixed assets amounting to ¥68,368 million, while a principal outflow was payment for transfer of business amounting to ¥13,125 million.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥41,688 million, a difference of ¥48,804 million from net cash provided by financing activities in the previous fiscal year. The principal items were an inflow of ¥65,000 million from proceeds from borrowings of long-term debt, while outflows included a decrease in short-term borrowings of ¥27,015 million and repayment of long-term debt amounting to ¥83,560 million.

(Reference) Cash flow indicators

	FY2008	FY2009
Equity ratio (%)	35.2	33.4
Market value equity ratio (%)	21.7	32.0
Interest-bearing debt to cash flow ratio (years)	12.8	—
Interest coverage ratio (times)	5.7	—

Equity ratio: Shareholders' equity / Total assets

Market value equity ratio: Total market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses paid

Notes:

1. All the above indicators are calculated on a consolidated basis.
2. Total market capitalization is calculated based on the number of shares issued and outstanding excluding treasury stock.
3. Cash flows are cash flows from operating activities.
4. Interest-bearing debt includes all liabilities on which interest is paid stated in the Consolidated Balance Sheets.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2008 and Fiscal 2009

The Company's basic stance is to continually raise long-term corporate value and maintain a stable level of dividends, while returning profits to shareholders upon making comprehensive considerations of such factors as the management environment, business results and the soundness of our financial condition.

Under this policy, we will pay annual cash dividends per share of ¥10 for the fiscal year under review.

Although we expect the harsh management environment to continue, we will make efforts to pay cash dividends per share of ¥10 for the next fiscal year.

For the immediate future, we will allocate retained earnings for capital investment, including at principal stores, as well as for reducing interest-bearing debt, as we strive to raise corporate value.

2. Outline of the Group

The Isetan Mitsukoshi Holdings Group consists of Isetan Mitsukoshi Holdings Ltd. (the Company) and its 40 consolidated subsidiaries and 12 affiliates accounted for by the equity method (as of March 31, 2010). The Group is engaged in five businesses: department stores; credit & finance; other retail & specialty stores; customer organization management; and other businesses. Details of the businesses and affiliated companies in each business are described below.

Department Stores Business

This segment comprises retailing of apparel (ladies' wear, men's wear and children's wear), accessories, household and sundry goods, and foods. This business is positioned at the core of the Isetan Mitsukoshi Holdings Group.

(Principal affiliated companies)

Mitsukoshi, Ltd., Isetan Co., Ltd., Shizuoka Isetan Co., Ltd., Niigata Isetan Co., Ltd., Iwataya Co., Ltd., Sapporo Marui Imai Ltd., Hakodate Marui Imai Ltd., Shanghai Mei Long Zhen Isetan Department Store Co., Ltd. (People's Republic of China), Tianjin Isetan Co., Ltd. (People's Republic of China), Chengdu Isetan Co., Ltd. (People's Republic of China), Shenyang Isetan Co., Ltd. (People's Republic of China), Isetan (Singapore) Ltd., Isetan (Thailand) Co., Ltd., Isetan of Japan Sdn. Bhd. (Malaysia), Mitsukoshi (U.S.A.) Inc., The Printemps Ginza Co., Ltd., Usui Department Store Co., Ltd., West Japan Railway Isetan Ltd., Hamaya Department Store Co., Ltd., Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan)

Note: For the purposes of business segment reporting, ITM Clover Co., Ltd., which owns equity in Isetan (Thailand) Co., Ltd., is included in the department store business.

Credit & Finance Business

This segment includes credit and finance operations.

(Principal affiliated companies)

MICARD Co. Ltd., Mitsukoshi Insurance Service Co., Ltd., AZ Card Co., Ltd.

Other Retail & Specialty Stores Business

This segment includes retail operations (ladies' wear and sundry goods), supermarkets and restaurants.

(Principal affiliated companies)

Mamma Co., Ltd., Queen's Isetan Co., Ltd., R & I Dining Co., Ltd., Centresta Co., Ltd.

Customer Organization Management Business

This segment is engaged in department store customer organization management.

(Principal affiliated companies)

Mitsukoshi Tomonokai Co., Ltd., Isetan Clover Circle Co., Ltd., Iwataya Tomonokai Co., Ltd.

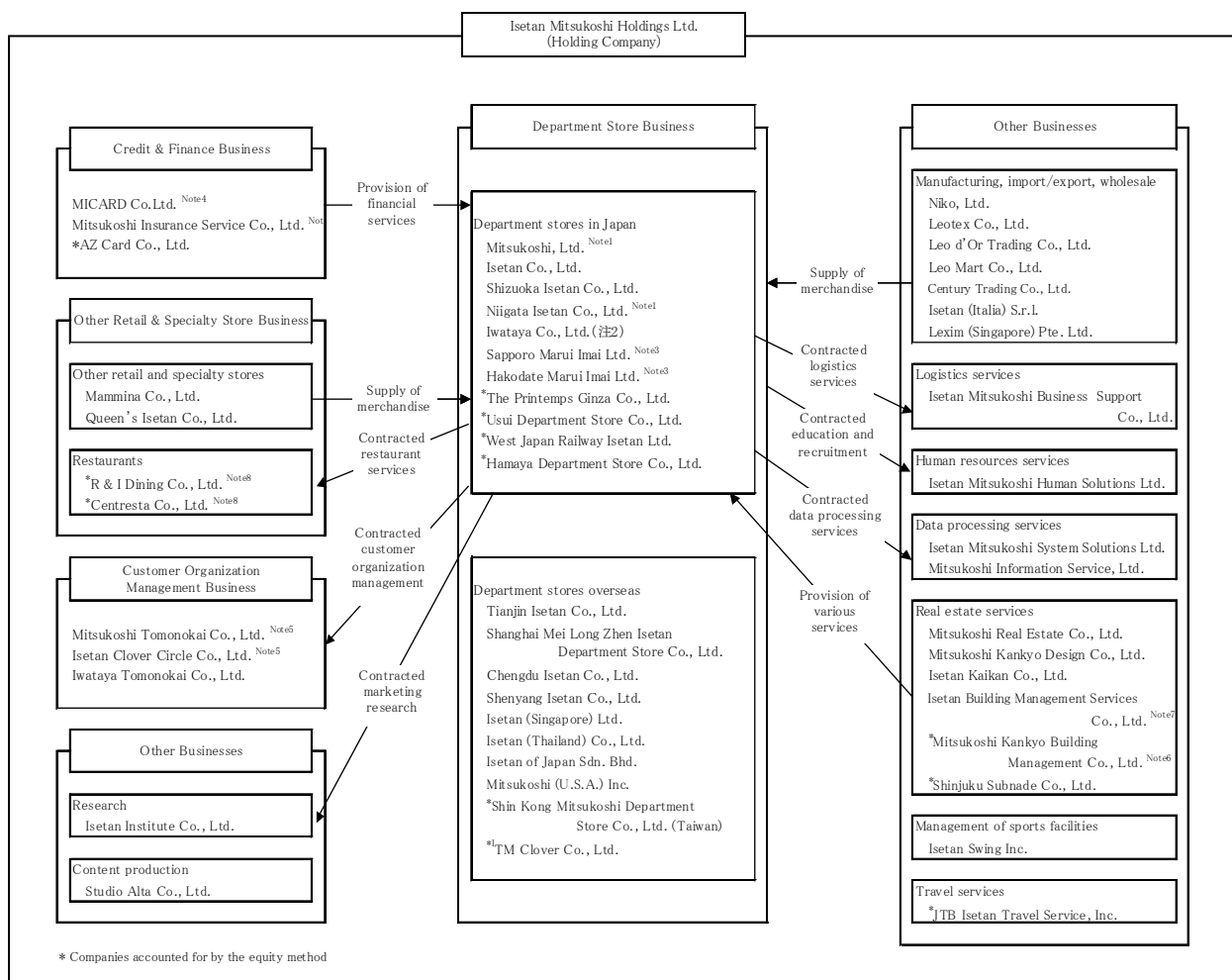
Other Businesses

This segment includes human resources services, data processing services, real estate services and travel services.

(Principal affiliated companies)

Niko, Ltd., Leotex Co., Ltd., Leo d'Or Trading Co., Ltd., Leo Mart Co., Ltd., Century Trading Co., Ltd., Isetan (Italia) S.r.l., Lexim (Singapore) Pte. Ltd., Isetan Mitsukoshi Business Support Co., Ltd., Isetan Mitsukoshi Human Solutions Ltd., Isetan Mitsukoshi System Solutions Ltd., Mitsukoshi Information Service, Ltd., Mitsukoshi Real Estate Co., Ltd., Mitsukoshi Kankyo Design Co., Ltd., Isetan Kaikan Co., Ltd., Isetan Building Management Service Co., Ltd., Studio Alta Co., Ltd., Isetan Swing Inc., Isetan Institute Co., Ltd., Mitsukoshi Kankyo Building Management Co., Ltd., Shinjuku Subnade Co., Ltd., JTB Isetan Travel Service, Inc.

Business Relationships among Isetan Mitsukoshi Holdings Group Companies



Notes:

- In the department store business, on April 1 2010, Mitsukoshi, Ltd. transferred operations in the regions of Sapporo, Sendai, Nagoya, Hiroshima, Takamatsu, Matsuyama and Fukuoka to the regional operating companies Sapporo Mitsukoshi Ltd., Sendai Mitsukoshi Ltd., Nagoya Mitsukoshi Ltd., Hiroshima Mitsukoshi Ltd., Takamatsu Mitsukoshi Ltd., Matsuyama Mitsukoshi Ltd. and Fukuoka Mitsukoshi Ltd. In Niigata, the operation of Mitsukoshi, Ltd. department stores was taken over by Niigata Isetan Co., Ltd., which changed its name to Niigata Mitsukoshi Isetan Ltd.
- Iwataya Co., Ltd. became a wholly owned subsidiary of Isetan Mitsukoshi Holdings on October 15, 2009. Iwataya Co., Ltd. and Mitsukoshi Fukuoka Ltd. are scheduled to integrate operations on October 1, 2010.
- Sapporo Marui Imai Ltd. and Hakodate Marui Imai Ltd. were established by the Company on May 29, 2009 and started operations on August 1.
- On April 1, 2010, MICARD Co. Ltd. merged with Mitsukoshi Insurance Service Co., Ltd., with MICARD Co. Ltd. being the surviving company.
- On April 1, 2010, Mitsukoshi Tomonokai Co., Ltd. merged with Isetan Clover Circle Co., Ltd., with Mitsukoshi Tomonokai Co., Ltd. being the surviving company and its name was changed to MI TOMONOKAI Co. Ltd.
- Mitsukoshi Kankyo Building Management Co., Ltd. became an affiliate because Mitsukoshi, Ltd. sold a portion of shares held in that company. Mitsukoshi Kankyo Building Management Co., Ltd. therefore was removed from the scope of consolidation during the fiscal year under review and became an equity-method affiliate. Nagoya Building Service Co., Ltd. was removed from the scope of consolidation because Mitsukoshi, Ltd. sold all shares in that company.
- On April 1, 2010, Isetan Building Management Service Co., Ltd. changed its name to Isetan Mitsukoshi Building Management Ltd.
- On January 1, 2010, Centresta Co., Ltd. merged with R & I Dining Co., Ltd., with Centresta Co., Ltd. being the surviving company.

3. Management Policies

(1) Basic Management Policies

By orchestrating capabilities and assets cultivated by Mitsukoshi and Isetan, the Group strives to become “my indispensable department store” for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in their many different roles in life. Inspired by this vision, we aim to become the world’s foremost solution provider with high profitability and sustained growth.

(2) Target Performance Indicators

- ① Maximize customer satisfaction and raise operating income that will serve as a source of funds for reinvestments for cultivating growth business.
- ② Reduce interest-bearing debt to improve our financial foundations.

(3) Mid-term Business Strategies

The Isetan Mitsukoshi Group Three-year Plan (Fiscal 2010-2012), the Group’s mid-term business plan, sets out the following three basic policies:

[Key Strategy 1]

Reinforce contact with customers and review relationships with suppliers (Reform department store business model)

The major role of a department store is to identify customer needs at points of contact, adjust and devise merchandise and services to meet these needs and create new demand. It is becoming difficult to fulfill this role using conventional methods. To overcome this dilemma, we will review the flow of the entire supply chain through the following three initiatives. (1) We will strengthen contact with customers and fulfill our traditional role as a retailer in order to swiftly and accurately identify changing customer values and needs, and reflect these in merchandise in a timely manner. (2) We will review relationships with suppliers by initially seizing the initiative in purchasing and reforming the transaction structure in each part of the supply chain all the way upstream. This will eliminate waste, increase the value of merchandise, minimize opportunity loss and facilitate the creation of new merchandise and services. (3) We will establish a structure that supports the implementation of (1) and (2).

[Key Strategy 2]

Promote improvement of Group foundations and structural reforms

Pressing challenges are to redress rapidly declining corporate strength. To this end, we will resolutely and swiftly “integrate operating companies in the Tokyo metropolitan area,” “shift to a regional operating company system and shared area-based management” and “conduct a review of affiliates and peripheral businesses,” with the objective of realizing the positive effects of the management integration that exceed initial expectations and driving a quick recovery in profits.

[Key Strategy 3]

Cultivate growth businesses

Amid a contraction of the traditional department store market, to generate stable profits and ensure our survival as a group, we must cultivate businesses that have potential for high earnings and growth in addition to our domestic department store business. At present, we will focus on 1) the department store business in Asia, 2) the card business and 3) the solutions business in which we have accumulated expertise and know-how. These businesses have the potential to reap benefits early on by investing in personnel and working to strengthen operational foundations.

(4) Issues to be Addressed

To ensure our survival as a department store, based on the above key strategies, the Isetan Mitsukoshi Group has increased floor space at the Mitsukoshi Ginza store and will make strategic investments for cards and systems. At the same time, the Group reallocated its management resources by terminating operations at unprofitable stores and implementing systems such as the Second Life Support System. To respond to the rapidly changing environment amid a contracting department store industry, the Group must directly face the fundamental issue that it is “not addressing customer needs” and must generate positive benefits from the merger while quickly and vigorously implementing various strategies and aim to raise value as a department store.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2008 (As of March 31, 2009)	Fiscal 2009 (As of March 31, 2010)
ASSETS		
Current assets		
Cash and bank deposits	41,102	37,682
Notes and accounts receivable—trade	104,001	97,314
Marketable securities	566	567
Merchandise	63,838	55,501
Finished goods	1,102	911
Work in process	101	80
Raw materials and supplies	1,362	1,161
Deferred tax assets	23,654	10,101
Other current assets	27,734	24,873
Less: Allowance for doubtful accounts	(2,606)	(2,941)
Total current assets	260,856	225,252
Property and equipment		
Tangible fixed assets		
Buildings and structures	466,064	444,123
Less: Accumulated depreciation	(273,686)	(271,514)
Buildings and structures, net	192,378	172,609
Land	567,144	537,609
Construction in progress	7,027	16,128
Other tangible fixed assets	62,270	64,116
Less: Accumulated depreciation	(44,008)	(46,552)
Other tangible fixed assets, net	18,261	17,564
Total tangible fixed assets	784,811	743,910
Intangible fixed assets		
Software	12,425	12,493
Other intangible fixed assets	62,217	35,611
Total intangible fixed assets	74,642	48,104
Investments and other assets		
Investment securities	95,189	94,798
Long-term loans receivable	12,727	12,932
Guarantee deposits	89,290	84,203
Deferred tax assets	7,915	5,607
Other assets	28,237	25,251
Less: Allowance for doubtful accounts	(2,038)	(2,055)
Total investments and other assets	231,322	220,738
Total property and equipment	1,090,776	1,012,753
Total assets	1,351,633	1,238,006

(Millions of yen)

	Fiscal 2008 (As of March 31, 2009)	Fiscal 2009 (As of March 31, 2010)
LIABILITIES		
Current liabilities		
Notes and accounts payable	99,004	94,940
Short-term borrowings	165,742	85,683
Commercial paper	30,000	40,000
Income taxes payable	3,441	5,529
Gift vouchers	88,145	84,249
Deferred tax liabilities	12	0
Reserve for bonuses	4,976	8,245
Allowance for point cards	1,858	2,955
Reserve for loss from redemption of gift vouchers	19,228	20,710
Other current liabilities	88,580	96,711
Total current liabilities	500,990	439,026
Long-term liabilities		
Long-term debt	37,100	71,600
Deferred tax liabilities	194,393	194,106
Reserve for accrued employees' retirement benefits	63,561	46,672
Negative goodwill	52,937	39,703
Other long-term liabilities	12,909	21,776
Total long-term liabilities	360,902	373,858
Total liabilities	861,892	812,885
NET ASSETS		
Shareholders' equity		
Common stock	50,006	50,024
Capital surplus	319,118	324,984
Retained earnings	118,424	49,473
Less: Treasury stock	(64)	(81)
Total shareholders' equity	487,484	424,399
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities	(3,016)	125
Deferred gains (losses) on hedges	(15)	16
Foreign currency translation adjustments	(9,083)	(10,680)
Total valuation and translation adjustments	(12,115)	(10,538)
Stock acquisition rights	733	941
Minority interests	13,637	10,317
Total net assets	489,740	425,120
Total liabilities and net assets	1,351,633	1,238,006

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal 2008 (From April 1, 2008, to March 31, 2009)	Fiscal 2009 (From April 1, 2009, to March 31, 2010)
Net sales	1,426,684	1,291,617
Cost of sales	1,029,238	930,931
Gross profit	397,446	360,685
Selling, general and administrative expenses		
Advertising	36,047	30,754
Allowance for point cards	1,573	2,375
Salaries, payroll costs and bonuses	116,107	111,605
Pension expenses	7,539	7,821
Provision of allowance for doubtful accounts	801	1,258
Depreciation and amortization	24,253	22,411
Leases	48,507	46,895
Business consignment expenses	38,566	34,815
Other expenses	104,467	98,569
Total selling, general and administrative expenses	377,863	356,508
Operating income	19,582	4,177
Non-operating income		
Interest income	868	831
Dividend income	1,088	826
Equity in earnings of affiliates	4,368	3,389
Income from unredeemed gift vouchers	10,803	6,759
Amortization of negative goodwill	13,235	13,275
Other non-operating income	4,854	4,794
Total non-operating income	35,219	29,877
Non-operating expenses		
Interest expenses	3,016	2,128
Loss on retirement of property and equipment	1,846	950
Provision of reserve for loss from redemption of gift vouchers	9,487	6,316
Other non-operating expenses	5,398	4,930
Total non-operating expenses	19,749	14,324
Recurring income	35,052	19,730
Extraordinary gain		
Gain on sales of property and equipment	1,056	16,751
Gain on sales of investment securities	273	936
Gain on sales of shares of affiliate	—	202
Total extraordinary gain	1,330	17,889

(Millions of yen)

	Fiscal 2008 (From April 1, 2008, to March 31, 2009)	Fiscal 2009 (From April 1, 2009, to March 31, 2010)
Extraordinary loss		
Loss on valuation of inventories	1,494	—
Loss on disposal of property and equipment	570	3,685
Impairment losses	4,982	27,141
Loss on valuation of investment securities	8,078	1,443
Loss on sales of investment securities	—	186
Loss on sales of shares of affiliate	—	519
Loss on liquidation of affiliates	1,278	431
Loss on structural reforms	8,492	42,515
Other extraordinary loss	—	1,421
Total extraordinary loss	24,897	77,344
Income (loss) before income taxes and minority interests	11,484	(39,723)
Income taxes—current	7,232	7,071
Income taxes—deferred	(1,297)	16,040
Total income taxes	5,934	23,112
Minority interests in earnings of consolidated subsidiaries	867	685
Net income (loss)	4,683	(63,521)

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2008 (From April 1, 2008, to March 31, 2009)	Fiscal 2009 (From April 1, 2009, to March 31, 2010)
Shareholders' equity		
Common stock		
Balance at March 31, 2009	36,763	50,006
Changes during the year		
Issuance of new shares	6	18
Increase by share transfers	13,236	—
Total changes during the year	13,242	18
Balance at March 31, 2010	50,006	50,024
Capital surplus		
Balance at March 31, 2009	43,343	319,118
Changes during the year		
Issuance of new shares	6	18
Increase by share transfers	275,766	—
Increase from a share exchange	—	5,847
Disposal of treasury stock	2	(0)
Total changes during the year	275,774	5,865
Balance at March 31, 2010	319,118	324,984
Retained earnings		
Balance at March 31, 2009	115,776	118,424
Changes during the year		
Dividends from surplus	(1,983)	(5,429)
Net income (loss)	4,683	(63,521)
Change of scope of consolidation	(52)	—
Total changes during the year	2,647	(68,951)
Balance at March 31, 2010	118,424	49,473
Treasury stock		
Balance at March 31, 2009	(1)	(64)
Changes during the year		
Increase by share transfers	(29)	—
Acquisition of the Company's own shares	(65)	(20)
Disposal of treasury stock	31	3
Total changes during the year	(62)	(17)
Balance at March 31, 2010	(64)	(81)
Total shareholders' equity		
Balance at March 31, 2009	195,881	487,484
Changes during the year		
Issuance of new shares	12	36
Dividends from surplus	(1,983)	(5,429)
Increase by share transfers	288,974	—
Increase from a share exchange	—	5,847
Net income (loss)	4,683	(63,521)
Acquisition of the Company's own shares	(65)	(20)
Disposal of treasury stock	34	3
Change of scope of consolidation	(52)	—
Total changes during the year	291,602	(63,084)
Balance at March 31, 2010	487,484	424,399

(Millions of yen)

	Fiscal 2008 (From April 1, 2008, to March 31, 2009)	Fiscal 2009 (From April 1, 2009, to March 31, 2010)
Valuation and translation adjustments		
Net unrealized gains on other securities		
Balance at March 31, 2009	6,788	(3,016)
Changes during the year		
Changes in items other than shareholders' equity during the year (net)	(9,804)	3,141
Total changes during the year	(9,804)	3,141
Balance at March 31, 2010	(3,016)	125
Deferred gains on hedges		
Balance at March 31, 2009	(2)	(15)
Changes during the year		
Changes in items other than shareholders' equity during the year (net)	(12)	31
Total changes during the year	(12)	31
Balance at March 31, 2010	(15)	16
Foreign currency translation adjustments		
Balance at March 31, 2009	975	(9,083)
Changes during the year		
Changes in items other than shareholders' equity during the year (net)	(10,059)	(1,596)
Total changes during the year	(10,059)	(1,596)
Balance at March 31, 2010	(9,083)	(10,680)
Total valuation and translation adjustments		
Balance at March 31, 2009	7,761	(12,115)
Changes during the year		
Changes in items other than shareholders' equity during the year (net)	(19,876)	1,576
Total changes during the year	(19,876)	1,576
Balance at March 31, 2010	(12,115)	(10,538)
Stock acquisition rights		
Balance at March 31, 2009	648	733
Changes during the year		
Changes in items other than shareholders' equity during the year (net)	85	208
Total changes during the year	85	208
Balance at March 31, 2010	733	941
Minority interests		
Balance at March 31, 2009	14,424	13,637
Changes during the year		
Changes in items other than shareholders' equity during the year (net)	(786)	(3,320)
Total changes during the year	(786)	(3,320)
Balance at March 31, 2010	13,637	10,317

(Millions of yen)

	Fiscal 2008 (From April 1, 2008, to March 31, 2009)	Fiscal 2009 (From April 1, 2009, to March 31, 2010)
Total net assets		
Balance at March 31, 2009	218,716	489,740
Changes during the year		
Issuance of new shares	12	36
Dividends from surplus	(1,983)	(5,429)
Increase by share transfers	288,974	—
Increase from a share exchange	—	5,847
Net income (loss)	4,683	(63,521)
Acquisition of the Company's own shares	(65)	(20)
Disposal of treasury stock	34	3
Change of scope of consolidation	(52)	—
Changes in items other than shareholders' equity during the year (net)	(20,577)	(1,535)
Total changes during the year	271,024	(64,620)
Balance at March 31, 2009	489,740	425,120

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2008 (From April 1, 2008, to March 31, 2009)	Fiscal 2009 (From April 1, 2009, to March 31, 2010)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	11,484	(39,723)
Depreciation and amortization	25,017	25,316
Amortization of negative goodwill	4,982	27,141
Increase (decrease) in allowance for bonuses	(13,235)	(13,275)
Increase (decrease) in allowance for doubtful accounts	(439)	357
Increase (decrease) in reserve for accrued employees' retirement benefits	(972)	(15,601)
Interest and dividend income	(1,957)	(1,658)
Interest expenses	3,016	2,128
Equity in loss (earnings) of affiliated companies	(4,368)	(3,389)
Loss (gain) on disposal of property and equipment	(1,055)	(16,681)
Loss (gain) on sales of investment securities	570	3,685
Loss (gain) on valuation of investment securities	(270)	(750)
Loss on liquidation of affiliates	8,078	1,443
Loss on structural reforms	1,278	431
Decrease (increase) in receivables	8,492	42,515
Decrease (increase) in inventories	8,936	5,633
Increase (decrease) in payables	4,984	10,558
Increase (decrease) in accrued liabilities	(17,349)	(3,275)
Increase (decrease) in accrued expenses	(2,971)	(681)
Other, net	(7,476)	(5,157)
Sub-total	26,746	19,016
Interest and dividend income received	4,713	3,962
Interest expense paid	(3,197)	(2,064)
Income taxes paid	(10,099)	(4,873)
Special retirement allowances paid	—	(19,644)
Net cash provided by operating activities	18,162	(3,604)
Cash flows from investing activities		
Increase in fixed deposits	(6,725)	(251)
Decrease in fixed deposits	1,062	6,222
Payments for purchase of tangible fixed assets	(26,762)	(21,438)
Proceeds from sales of tangible and intangible fixed assets	5,828	68,368
Payments for purchase of intangible fixed assets	(5,129)	(5,215)
Payments for purchase of marketable securities and investment securities	(10,945)	(354)
Proceeds from sales of marketable securities and investment securities	4,508	2,907
Payments for purchase of shares of consolidated subsidiaries accompanying changes of consolidation scope	—	587
Proceeds from sales of shares of consolidated subsidiaries accompanying changes of consolidation scope	(532)	—
Payment for transfer of business	—	(13,125)
Proceeds from collection of lease and guarantee deposits	11,035	7,227
Expenditure for lease and guarantee deposits	(938)	(1,652)
Other, net	1,169	4,169
Net cash provided by (used in) investing activities	(27,429)	47,443

(Millions of yen)

	Fiscal 2008 (From April 1, 2008, to March 31, 2009)	Fiscal 2009 (From April 1, 2009, to March 31, 2010)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	39,311	(27,015)
Proceeds from borrowings of long-term debt	30,000	65,000
Repayment of long-term debt	(70,973)	(83,560)
Redemption of bonds	(10,000)	—
Increase (decrease) in commercial paper	21,000	10,000
Dividends paid	(2,005)	(5,399)
Payment for purchase of own shares	34	3
Proceeds from sales of treasury stock	(65)	(20)
Dividends paid to minority shareholders	(119)	(172)
Other, net	(66)	(522)
Net cash provided by (used in) financing activities	7,116	(41,688)
Effect of exchange rate changes on cash and cash equivalents	(2,963)	465
Net increase (decrease) in cash and cash equivalents	(5,113)	2,616
Cash and cash equivalents at beginning of period	27,208	34,749
Increase in cash and cash equivalents by share transfers	13,244	—
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(589)	—
Cash and cash equivalents at end of year	34,749	37,366

Business segment information

Fiscal 2008 (From April 1, 2008, to March 31, 2008)

(Millions of yen)

	Department store business	Credit & finance business	Other retail & specialty store business	Customer organization management Business	Other businesses	Total	Elimination or corporate	Consolidated total
I Sales and Operating Income								
Sales								
(1) Sales to outside customers	1,322,221	9,862	54,081	363	40,155	1,426,684	—	1,426,684
(2) Intersegment sales or transfer	703	5,407	9,740	4,621	102,883	123,357	(123,357)	—
Total	1,322,925	15,269	63,822	4,985	143,039	1,550,042	(123,357)	1,426,684
Operating expenses	1,303,791	14,086	64,326	7,743	140,688	1,530,635	(123,533)	1,407,101
Operating income (loss)	19,134	1,182	(503)	(2,758)	2,351	19,406	175	19,582
II Assets, Depreciation and Amortization, Impairment Losses, and Capital Expenditures								
Assets	1,266,261	72,061	12,860	89,575	91,367	1,532,126	(180,493)	1,351,633
Depreciation and amortization	20,989	1,026	1,026	46	2,008	25,097	(79)	25,017
Impairment losses	5,756	—	1,414	—	24	7,195	—	7,195
Capital expenditure	22,256	2,955	1,826	6	3,694	30,739	(619)	30,120

Notes:

- Business segments are based on the segments defined for internal management purposes.
- Details of each business segment are as follows:
 - Department store business: Sales of apparel, accessories, household and sundry goods, and foods
 - Credit & finance business: Credit cards, money lending, brokerage of non-life insurance and businesses concerning solicitation for life insurance
 - Other retail & specialty store business: Sales of ladies' wear, foods, dry goods (clothing and textiles) and household goods
 - Other businesses: Management of real estate, services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel and data processing
- Impairment losses in the department store business include a ¥2,213 million loss recorded owing to structural reforms.

Fiscal 2009 (From April 1, 2009, to March 31, 2010)

(Millions of yen)

	Department store business	Credit & finance business	Other retail & specialty store business	Customer organization management business	Other businesses	Total	Elimination or corporate	Consolidated total
I Sales and Operating Income								
Sales								
(1) Sales to outside customers	1,200,454	9,004	49,583	259	32,315	1,291,617	—	1,291,617
(2) Intersegment sales or transfer	826	5,201	9,414	4,415	90,166	110,024	(110,024)	—
Total	1,201,280	14,206	58,997	4,675	122,482	1,401,642	(110,024)	1,291,617
Operating expenses	1,194,090	15,434	59,229	7,075	121,308	1,397,138	(109,698)	1,287,439
Operating income (loss)	7,190	(1,228)	(232)	(2,400)	1,173	4,503	(326)	4,177
II Assets, Depreciation and Amortization, Impairment Losses, and Capital Expenditures								
Assets	1,147,533	71,447	11,670	89,343	93,963	1,413,958	(175,952)	1,238,006
Depreciation and amortization	18,437	1,847	586	42	4,529	25,443	(126)	25,316
Impairment losses	26,880	—	258	—	2	27,141	—	27,141
Capital expenditure	23,245	1,817	201	11	4,348	29,623	(1,366)	28,256

Notes:

- Business segments are based on the segments defined for internal management purposes.
- Details of each business segment are as follows:
 - Department store business: Sales of apparel, accessories, household and sundry goods, and foods
 - Credit & finance business: Credit cards, money lending, brokerage of non-life insurance, and businesses concerning solicitation for life insurance
 - Other retail & specialty store business: Sales of ladies' wear, foods, dry goods (clothing and textiles), and household goods
 - Other businesses: Management of real estate, services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel, and data processing
- Regarding the methods of depreciation of tangible fixed assets for the department store business segment, effective from fiscal 2009, the Company uniformly depreciates building fixtures and structures using the straight-line method and the declining-balance method, respectively. As a result of this change, compared with the previous accounting treatment, operating income increased ¥2,279 million.

Geographical segment information

Fiscal 2008 (From April 1, 2008, to March 31, 2009) and Fiscal 2009 (From April 1, 2009, to March 31, 2010)

Geographical segment information is not provided since Japan accounted for over 90% of total sales of all segments.

Overseas sales

Fiscal 2008 (From April 1, 2008, to March 31, 2009) and Fiscal 2009 (From April 1, 2009, to March 31, 2010)

Information on overseas sales is not provided since overseas sales accounted for less than 10% of consolidated net sales for the first half of fiscal 2008.

Omission of Disclosure

Disclosure of notes on lease transactions, related-party information, deferred tax accounting, securities, derivative transactions, retirement benefits, stock options, etc. is omitted since there is considered to be little need for disclosure of such information in the Summary of Settlement of Consolidated Financial Accounts.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Millions of yen)

	Fiscal 2008 (From October 1, 2008, to March 31, 2009)	Fiscal 2009 (From October 1, 2009, to March 31, 2010)
ASSETS		
Current assets		
Cash and bank deposits	142	168
Deferred tax assets	180	193
Short-term loans to subsidiaries and affiliates	4,900	3,200
Income taxes receivable	1,092	812
Other current assets	19	84
Total current assets	6,334	4,460
Property and equipment		
Tangible fixed assets		
Tools, furniture and fixtures	1	1
Accumulated depreciation	(0)	(0)
Tools, furniture and fixtures (net)	1	1
Total tangible fixed assets	1	1
Investments and other assets		
Investments in securities of subsidiaries and affiliates	445,131	453,847
Deferred tax assets	0	0
Total investments and other assets	445,131	453,847
Total property and equipment	445,132	453,849
Total assets	451,467	458,309

(Millions of yen)

	Fiscal 2008 (From October 1, 2008, to March 31, 2009)	Fiscal 2009 (From October 1, 2009, to March 31, 2010)
LIABILITIES		
Current liabilities		
Accounts payable-other	119	48
Accrued expenses	167	200
Reserve for bonuses	99	295
Income taxes payable	419	212
Other current liabilities	128	163
Total current liabilities	932	919
Total liabilities	932	919
NET ASSETS		
Shareholders' equity		
Common stock	50,006	50,024
Capital surplus		
Capital reserve	12,506	18,372
Other capital surplus	379,570	379,570
Total capital surplus	392,076	397,942
Retained earnings		
Other retained earnings		
Retained earnings carried forward	7,759	8,539
Total retained earnings	7,759	8,539
Less: Treasury stock	(40)	(58)
Total shareholders' equity	449,801	456,448
Stock acquisition rights	733	941
Total net assets	450,534	457,389
Total liabilities and net assets	451,467	458,309

(2) Non-consolidated Statement of Income

(Millions of yen)

	Fiscal 2008 (From October 1, 2008, to March 31, 2009)	Fiscal 2009 (From October 1, 2009, to March 31, 2010)
Operating revenues		
Dividend income	7,500	5,601
Consulting fee income	4,557	5,082
Revenues from services	—	1,387
Total operating revenues	12,058	12,072
Selling, general and administrative expenses		
Directors' compensations	397	424
Salaries, payroll costs and bonuses	1,259	2,742
Legal benefits costs	180	352
Tax and dues	231	233
Leases	154	185
Commissions paid	561	358
Business subcontracting fees	377	624
Other expenses	266	572
Total selling, general and administrative expenses	3,429	5,494
Operating income	8,628	6,577
Non-operating income		
Interest income	0	7
Other non-operating income	2	9
Total non-operating income	3	16
Non-operating expenses		
Interest expenses	13	9
Amortization of deferred organization expenses	126	—
Other non-operating expenses	—	0
Total non-operating expenses	139	10
Recurring income	8,491	6,584
Extraordinary gain		
Gain on reversal of stock acquisition rights	11	68
Total extraordinary gain	11	68
Extraordinary loss		
Loss on extinguishment of securities of subsidiaries and affiliates	324	—
Total extraordinary loss	324	—
Income before income taxes	8,178	6,652
Income taxes—current	600	455
Income taxes—deferred	(180)	(13)
Total income taxes	419	442
Net income	7,759	6,209

(3) Non-consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal 2008 (From October 1, 2008, to March 31, 2009)	Fiscal 2009 (From October 1, 2009, to March 31, 2010)
Shareholders' equity		
Common stock		
Balance at March 31, 2009	—	50,006
Changes during the year		
Issuance of new shares	6	18
Increase by share transfers	50,000	—
Total changes during the year	50,006	18
Balance at March 31, 2010	50,006	50,024
Capital surplus		
Capital reserve		
Balance at March 31, 2009	—	12,506
Changes during the year		
Issuance of new shares	6	18
Increase by share transfers	12,500	—
Increase from a share exchange	—	5,847
Total changes during the year	12,506	5,866
Balance at March 31, 2010	12,506	18,372
Other capital surplus		
Balance at March 31, 2009	—	379,570
Changes during the year		
Increase by share transfers	379,575	—
Disposal of treasury stock	(5)	(0)
Total changes during the year	379,570	(0)
Balance at March 31, 2010	379,570	379,570
Total capital surplus		
Balance at March 31, 2009	—	392,076
Changes during the year		
Issuance of new shares	6	18
Increase by share transfers	392,075	—
Increase from a share exchange	—	5,847
Disposal of treasury stock	(5)	(0)
Total changes during the year	392,076	5,865
Balance at March 31, 2010	392,076	397,942
Retained earnings		
Other retained earnings		
Retained earnings carried forward		
Balance at March 31, 2009	—	7,759
Changes during the year		
Dividends from surplus	—	(5,429)
Net income	7,759	6,209
Total changes during the year	7,759	780
Balance at March 31, 2010	7,759	8,539

(Millions of yen)

	Fiscal 2008 (From October 1, 2008, to March 31, 2009)	Fiscal 2009 (From October 1, 2009, to March 31, 2010)
Total retained earnings		
Balance at March 31, 2009	—	7,759
Changes during the year		
Dividends from surplus	—	(5,429)
Net income	7,759	6,209
Total changes during the year	7,759	780
Balance at March 31, 2010	7,759	8,539
Treasury stock		
Balance at March 31, 2009	—	(40)
Changes during the year		
Acquisition of the Company's own shares	(80)	(20)
Disposal of treasury stock	39	3
Total changes during the year	(40)	(17)
Balance at March 31, 2010	(40)	(58)
Total shareholders' equity		
Balance at March 31, 2009	—	449,801
Changes during the year		
Issuance of new shares	12	36
Dividends from surplus	—	(5,429)
Increase by share transfers	442,075	—
Increase from a share exchange	—	5,847
Net income	7,759	6,209
Acquisition of the Company's own shares	(80)	(20)
Disposal of treasury stock	34	3
Total changes during the year	449,801	6,646
Balance at March 31, 2010	449,801	456,448
Stock acquisition rights		
Balance at March 31, 2009	—	733
Changes during the year		
Changes in items other than shareholders' equity during the year (net)	733	208
Total changes during the year	733	208
Balance at March 31, 2010	733	941
Total net assets		
Balance at March 31, 2009	—	450,534
Changes during the year		
Issuance of new shares	12	36
Dividends from surplus	—	(5,429)
Increase by share transfers	442,075	—
Increase from a share exchange	—	5,847
Net income	7,759	6,209
Acquisition of the Company's own shares	(80)	(20)
Disposal of treasury stock	34	3
Changes in items other than shareholders' equity during the year (net)	733	208
Total changes during the year	450,534	6,855
Balance at March 31, 2010	450,534	457,389