

Brief announcement of non-consolidated financial statements (Japanese GAAP) for the accounting period ended March 2011

May 6, 2011

Name of listed company: Taya Co., Ltd.
Code number: 4679
(URL <http://www.taya.co.jp/>)
Representative: Kazumasa Taya
President

Listed stock exchange: Tokyo Stock Exchange (First Section)
Location of head office: Tokyo

Inquiries to be addressed to: Hisashi Tashiro
Senior Managing Executive Officer, Manager of Corporate Planning and Promotion Office, Director
TEL (03) 5772 - 8411

Scheduled date of the general shareholders' meeting: June 21, 2011
Scheduled date of submission of financial statements: June 22, 2011
Supplementary material on financial results: to be prepared
Financial results briefing: to be held
Scheduled date of starting the payment of dividend: June 22, 2011

(Amounts less than 1 million yen were rounded down.)

1. Financial results for the accounting period ended March 2011 (April 1, 2010 to March 31, 2011)

(1) Operating results (The percentages represent the rates of increase or decrease over the previous accounting period)

	Sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Period ended March 2011	12,556	(0.9)	208	-	194	-
Period ended March 2010	12,667	(2.6)	5	(98.1)	9	(96.7)

	Current net profit		Current net profit per share		Current net profit per share after adjustment of latent shares		Return on shareholder's equity		Ratio of ordinary income to total assets		Ratio of operating income to sales	
	million yen	%	yen	sen	yen	sen	%	%	%	%		
Period ended March 2011	(37)	-	(7.48)	-	-	-	(0.8)	2.3	1.7			
Period ended March 2010	(176)	-	(34.83)	-	-	-	(3.7)	0.1	0.0			

(NOTE) Profit and loss on investments based on the equity method for the year ended March 2011: - million yen; for the year ended March 2010: - million yen.

(2) Financial position

	Total assets		Net assets		Capital ratio		Net assets per share	
	million yen		million yen		%		yen sen	
Period ended March 2011	8,479		4,408		52.0		871.77	
Period ended March 2010	8,495		4,557		53.7		901.25	

(NOTE) Shareholders' equity at the end of the year ended March 2011: 4,408 million yen; for the year ended March 2010: 4,557 million yen.

(3) Cash flow

	Cash flow from operations		Cash flow from investments		Cash flow from financial operations		Closing balance of cash and cash equivalents	
	million yen		million yen		million yen		million yen	
Period ended March 2011	480		(292)		(169)		1,277	
Period ended March 2010	71		(372)		144		1,260	

2. Dividend payments

	Annual amount of dividend per share					Annual total amount of dividends	Divided payout ratio	Ratio of dividend to net assets
	First quarter	Second quarter	Third quarter	Final	Full year			
Period ended March 2010	yen sen	yen sen	yen sen	yen sen	yen sen	million yen	%	%
Period ended March 2010	-	0.00	-	22.00	22.00	111	-	2.4
Period ended March 2011	-	0.00	-	22.00	22.00	111	-	2.5
Period ending March 2012 (Projection)	-	0.00	-	22.00	22.00	-	61.8	-

3. Projected financial results for the period ending March 2012 (April 1, 2011 to March 31, 2012)

(The percentages shown for full year represent the rates of increase or decrease over the previous accounting period.)

The percentages shown for second quarter represent the rates of increase or decrease over the second quarter of the previous year.)

	Sales		Operating income		Ordinary income		Current net profit		Current net profit per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	sen
Second quarter	6,350	1.2	75	58.1	65	61.3	25	-	4.94	
Full year	13,000	3.5	410	96.2	400	105.2	180	-	35.59	

4. Others

(1) Change of important accounting policy

- 1) Change associated with the revision of the accounting standards, etc.: Yes
- 2) Change other than the above 1): None

(NOTE) Please refer to page 23 (Change of accounting method) for the details.

(2) The number of outstanding shares (common stock)

1) The number of outstanding shares (including treasury stocks) at the end of the year ended March 2011: 5,100,000 shares; for the year ended March 2010: 5,100,000 shares.

2) The number of the treasury stock at the end of the current year ended March 2011: 42,860 shares; for the year ended March 2010: 42,860shares.

3) The average number of shares outstanding for the year ended March 2011: 5,057,140 shares; for the year ended March 2010: 5,057,203 shares.

(NOTE) Please refer to page 39 (Per share information) for the number of shares to be the base for the calculation of current net profit per share.

* Representation of Implementation Conditions regarding Audit Procedures

This annual financial summary does not fall within the scope of the Audit Procedures for Financial Statements referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the annual financial summary, the Company has not finished audit procedures based on the Financial Instruments and Exchange Act.

* Explanation on an appropriate use of the projected business performance and other remarks

* Statements concerning revisions to the business performance forecasts contain estimates based on the Company's future outlook and plans as of the date of the announcement of this material, and actual business performance may differ from the projected figures because of various uncertainties involved in forecasting. Please refer to page 4 of the attached material for the above projected business performance.

Contents

1. Operating results	4
(1) Analysis of business performance	4
(2) Analysis of financial status.....	5
(3) Basic dividend policy and dividend of current year and next year	7
(4) Business and other management risks.....	7
2. Status of the corporate group.....	8
3. Management policy.....	9
(1) Basic management policy.....	9
(2) Targeted financial indexes	9
(3) Medium- to long-term corporate strategy	9
(4) Items to be addressed	11
4. Financial Statements	12
(1) Balance sheet	12
(2) Income statement	14
(3) Statement of shareholders' equity	15
(4) Cash flow statement.....	17
(5) Note concerning events or conditions that may cast significant doubt over the precondition of a going concern	19
(6) Material accounting policy	19
(7) Change of accounting method	23
(8) Notes on financial statements	24
(Notes on balance sheet)	24
(Notes on income statement)	25
(Notes on statement of shareholders' equity).....	26
(Notes on cash flow statement).....	28
(Note on lease transactions).....	29
(Financial products)	30
(Note on securities).....	35
(Note on derivative transactions).....	35
(Profit and loss under the equity method, etc.)	36
(Transactions with related parties).....	36
(Notes on deferred tax accounting).....	36
(Note on Retirement benefits).....	37
(Stock options and others)	38
(Asset retirement obligations).....	38
(Related to leasing of real estate, lease etc.)	38
(Segment information)	38
(Per share information)	39
(Important post-balance sheet events)	40
5. Others	41
(1) Change in officers	41
(2) Others.....	41

1. Operating results

(1) Analysis of business performance

(Operating results of the current fiscal year)

The Japanese economy in the fiscal year under review gradually improved, though a severe employment situation and deflation still continued. However, the Great East Japan Earthquake that shook the country on Mar. 11 caused a great damage on the Japanese economy, making for an outlook uncertain.

The beauty industry is facing an increasingly tough business environment as customers are still becoming more and more savings-oriented, with a preference for low-priced products due to falling incomes and employment uncertainty. In addition, consumer sentiment plunged as a result of the earthquake and rolling blackouts.

Under these circumstances, the Company has been providing service menus that satisfy customers, working to improve the techniques of beauticians and customer service skills. The Company has also been enhancing services at existing salons to “Improve our skills to help achieve customers’ wishes to become beautiful” under the 3C slogans—”Chance,” “Catch,” and “Challenge.”

We introduced eight new hair colors every season, such as “Macaron Colors” in the spring, “Sherbet Colors” in the summer, and “Dessert Colors” in the autumn and winter and “Candy Colors” during this spring, so as to stimulate customer demand. We have also been working to maintain the freshness of customers’ hairstyles by strengthening our unique “Style Check Support Service.”

The Company opened three new salons (Shampoo Ktyoto Shijo Salon, TAYA Nakano Marui Salon and Shampoo River Walk Kita-Kyusyu Salon) and totally remodeled two salons (TAYA Keyaki-dori Salon and TAYA Ohashi Salon). Meanwhile, we closed a salon (Shampoo Shijo Kawara-machi Hankyu Salon) due to the closure of the building. As of the end of the fiscal year under review, the total number of beauty salons increased by two from the previous fiscal year-end to 147.

However, the Great East Earthquake that hit Japan on Mar. 11 and rolling blackouts conducted after the earthquake greatly affected businesses of salons in eastern Japan resulting in a sales decrease to 86.3% from the previous year at all salons during March.

As a result, the Company’s sales for the fiscal year under review were 12,556 million yen, down 0.9% from a year earlier. The Company recorded an operating income of 208 million yen, 37 times as much as that of a year earlier, and ordinary income of 194 million yen, 20 times as much as that of a year earlier. Meanwhile, 85 million yen for the adjustment of asset retirement obligations, an impairment loss of 28 million yen and loss due to the disaster of 7 million yen were posted as a special loss. As a result, the Company posted a current net loss of 37 million yen (net loss of 176 million yen in the previous fiscal year).

(Outlook for the next period)

In terms of the outlook for the next period, it is difficult to forecast the outlook as the impact of the great earthquake on the Japanese economy is immeasurable, while issues with the nuclear power plant and issues of power supply remain.

Under these circumstances, the Company, under the slogan “Ability to make

others happy”, will improve skills or service levels of all employees and provide new services so as to put a smile on our customers’ faces during this severe situation, thereby aiming at “a salon where customers are happy and willing to come”.

As for measures for salons, though some procurement issues remain in equipment or devices due to the earthquake, the Company will open salons in areas where synergy effects with existing salons are expected or improve management efficiency through “scrap and build”.

Taking the above into account, the business performance of the next fiscal year is predicted to be as follows:

(Outlook for the business performance in the fiscal year ending March 2012)

Sales	13,000 million yen	(Year-on year increase: 3.5%)
Operating income	410million yen	(Year-on year increase: 96.2%)
Ordinary income	400 million yen	(Year-on year increase: 105.2%)
Current net profit	180 million yen	(Year-on year increase: 217 million yen)

The impact on the Company caused by various issues rising from the earthquake is thought to be changing. The Company predicts the business performance based on matters that can be assumed at the current time. The Company will hereafter carefully evaluate the impact caused by changes in the situation.

(2) Analysis of financial status

1) Status of assets, liabilities and shareholders’ equity

The total asset as of the end of the current fiscal year was 8,479 million yen, a decrease of 16 million yen from that of the end of the previous fiscal year.

The remaining balance of current assets was 2,368 million yen (a decrease of 49 million yen from that at the end of the previous fiscal year) and the remaining balance of fixed assets was 6,110 million yen (an increase of 32 million yen from that at the end of previous fiscal year). The main factor underlying the increase was a rise of 35 million yen in cash and deposits. The main factor underlying the decrease was a decline of accounts receivable of 73 million yen.

Total liabilities as of the end of the current fiscal year amounted to 4,070 million yen, an increase of 133 million yen from that at the end of previous fiscal year. The remaining balance of current liabilities was 2,175 million yen (a decrease of 116 million yen from that at the end of previous fiscal year) and the remaining balance of fixed liabilities was 1,894 million yen (an increase of 249 million yen from that at the end of previous fiscal year). The main factors underlying the increase were a rise of 189 million yen in asset retirement obligations and a net rise of 204 million yen in corporate bonds. The main factor underlying the decrease was a net decline of 204 million in short or long-term loans payable.

The shareholders’ equity as of the end of current fiscal year was 4,408 million yen, a decrease of 149 million yen from that at the end of previous fiscal year. As a result of the above, the capital-to-asset ratio decreased from 53.7% at the end of previous fiscal year to 52.0%.

2) Cash flows

Cash and cash equivalents (“funds” hereinafter) as of the end of the current fiscal year increased by 17 million yen from the previous fiscal year to 1,277 million yen.

Detailed cash flows in the current period are shown below.

(Cash flow from operations)

The increase in funds as the result of operating activities in the current fiscal year amounted to 480 million yen (71 million yen in the same period of the previous year). This is primarily attributable to a pretax net profit of 55 million yen, depreciation expenses of 284 million yen, adjustment for changes in the accounting standard for asset retirement obligations of 85 million yen and the decrease in accounts receivable of 73 million yen, while there was a payment 31 million yen in corporate taxes.

(Cash flow from investments)

The funds used as a result of investment activities in the current fiscal year amounted to 292 million yen (372 million yen in the same period last year). This is mainly attributable to the outflow of the acquisition of tangible fixed assets 246 million yen used to open new salons.

(Cash flow from financial activities)

The funds used as a result of financing activities in the current fiscal year amounted to 169 million yen. (In the same period last year 144 million yen was gained.) This is mainly attributable to the net increase of corporate bonds of 204 million yen and the net decrease of outstanding short and long-term loans payable of 204 million yen and payment of dividends of 110 million yen.

(Reference) Trend of cash flow indices

	35th period ended March 2009	36th period ended March 2010	37th period ended March 2011
Capital ratio (%)	55.2	53.7	52.0
Mark-to-market capital ratio (%)	44.1	41.3	39.2
Interest-bearing debt/Operating cash flow ratio (year)	3.0	28.6	4.0
Interest coverage ratio (multiple)	18.6	2.0	14.7

Capital ratio: Net worth/Total assets

Mark-to-market capital ratio: Total market capitalization/Total assets

Interest-bearing debt/Operating cash flow ratio: Interest bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest payment

* 1. Total market capitalization was computed by multiplying closing stock prices

- at year-end by total outstanding shares (excluding treasury stocks) at year-end.
2. Operating cash flow represents cash flow from operating activities in the cash flow statement. Interest-bearing debt represents all interest-bearing debts recorded on the balance sheet. In addition, interest payments represent the interest payment recorded in the cash flow statement.

(3) Basic dividend policy and dividend of current year and next year

It is the Company's basic policy to ensure the stable distribution of dividends to its shareholders, to return profits to shareholders in line with the Company's business results, and to make every effort to expand its operations. The retained earnings of the Company will be used to strengthen its financial position by maximizing corporate value. Retained earnings will also be used to expand the Company's businesses in the future to meet the expectations of shareholders.

Though the business results were disappointing due to the East Great Earthquake that occurred at the end of the fiscal year, the Company is prepared to pay 22 yen per share as a regular dividend for the current fiscal year under the basic policy above. The Company is scheduled to pay a regular dividend of 22 yen per share for fiscal year ending March 2012.

(4) Business and other management risks

The operating results, stock price and financial conditions of the Company may be affected by risks which are explained as below.

The matters concerning the future mentioned in the following are judged by the Company based on the current conditions at the end of the current fiscal year.

- 1) Specific management policy adopted by the Company:

It is essential for the business development of the Company to employ beauticians having national licenses. For the maintenance and improvement of its service quality, the Company has been recruiting such licensed beauticians as regular salaried employees in principle and sending them out to the job after educating them by the novice training course or the mid-career new employee training course held at the Company's training facilities and offices. When the recruiting or the educational training does not proceed on as planned, the business development, operation performance, etc., of the Company may be disturbed.

- 2) Situation to cause unusual fluctuation of the financial conditions and the operation performance:

The sales amount of the Company tends to increase in July, when the sense of season is felt strongly, December among other winter months and March, when the entrance and graduation ceremonies of kindergartens, schools and companies as well as the welcome parties are held, in comparison with other months of the year. On the other hand, such bad weathers as cool summer, warm winter, long rain and typhoon may adversely affect the business development, operation performance, etc., of the Company.

- 3) Heavy dependence on specific business partners, etc., with which the continuity of business is unstable:

For majority cases of the business development by the Company, the salons are located in the rental spaces or the shops of other businesses rather than the Company's own properties. Although the relations with the landlords and developers are favorable at this moment, when such occasion arises that the continuation of such business partner becomes questionable, there may be the possibility that the lease and guarantee money cannot be recovered or the Company's salon has to be removed or the business has to be discontinued, and the business development, operation performance, etc. of the Company may be disturbed.

- 4) Heavy dependence on specific products or technologies, of which future prospects are unknown:

For the development of the Company's business, as stated above, it is deemed important to have the beauticians, who have national licenses and are highly supported by the customers, do the job. If such specialists quit the Company in large number, the business development, operation performance, etc. of the Company may be disturbed.

- 5) Specific legal regulations, etc.

The Beauticians Law, which applies to the business the Company engages in, may possibly be revised or the way in which this law is construed may alter if there is any change in the social situation, or such like. This may affect the Company's business.

- 6) Management of personal information:

The Company has been doing its best to perfectly protect the security of personal information by continuously improving the customer database access conditions and the security systems. In addition, the Company has reinforced the internal security control environment by conducting thorough education of the employees to heighten their consciousness in the handling of information, constraining the number of staff authorized to access the information and constructing a supervision system.

The Company will conduct tight security control of personal information hereafter; however, should a leakage of personal information occur, the business development, operation performance, etc. of the Company may be disturbed.

- 7) Accounting for the impairment

When impairment is needed for assets of the Company due to the decline of the substantial value, there may be some impact on the Company's operating results.

2. Status of the corporate group

The statement is omitted, since there is no material change from the "Business System Diagram (Outline of Business)" shown in the latest financial report (published on June 23, 2010).

3. Management policy

(1) Basic management policy

The Company aims to enhance the techniques, creativity, sensitivity and service quality of its beauty therapists, while placing great emphasis throughout its businesses on the use of exceptional practical techniques. Our Company's principal goal is to add beauty to the lives of our customers through hair care, in line with the Company's mission statement: "Our contribution to society is to provide everybody with hopes and dreams."

The Company acknowledges that its role in society, in conducting its businesses, is to pursue the four goals of customer satisfaction, shareholder satisfaction, employee satisfaction and community satisfaction.

(2) Targeted financial indexes

The Company aims at achieving the major financial indexes below:

- 1) Return on shareholders' equity 15% (Results of current period: (0.8) %)
- 2) Ratio of ordinary income to sales 10% (Results of current period: 1.6%)
- 3) Current net profit per share 150yen (Results of current period:(7.48) yen)

(3) Medium- to long-term corporate strategy

The Company has been promoting the midterm management plan called "TAYA-Solid 2012" (announced on May 8, 2009), based on its basic management policy. However, there was a discrepancy between business performance in the fiscal year ended March 2011 and this mid-term management plan due to the earthquake and thus the outlook of the recovery from the great earthquake and nuclear power plant crisis is still uncertain. We consider the achieving of the target in the next fiscal year (which ends in March 2012 and is the final target year) to be difficult.

However, the Company will continue to implement measures within the mid-term management plan, which are essential to the company at the present and in the future.

The Company will develop a new mid-term management plan based on future situations and announce it when it is developed.

The outline of Medium-term Management Plan "TAYA-Solid 2012" is as follows:

Basic Policies

- (1) To strengthen the profit-making structure and shift operations toward a profit-oriented growth strategy
- (2) To promote the expansion of the salon network based on the area strategy
- (3) To enhance capital efficiency and realize the improvement of corporate value

By implementing the above, the Company will firm up its position as the leading company in the industry and establish a foundation for a long-lasting growth.

Midterm business targets

(Target fiscal year: Fiscal year ending March 2012)

Sales	14,700 million yen (100.0%)
Operating income	920 million yen (6.3%)
Ordinary income	920 million yen (6.3%)
Current net profit	410 million yen (2.8%)
EPS	81 yen

[Results in the fiscal year ended in March 2011]

[Sales	12,556 million yen (100.0%)]
[Operating income	208 million yen (1.7%)]
[Ordinary income	194 million yen (1.6%)]
[Current net profit	(37) million yen (-)]
[EPS	(7.48) yen]

Main measures to be taken:

- (1) Personal policy
 - 1) Enhancement of the quality and quantity of designers
 - 2) Thorough implementation of effective staff assignment
- (2) Sales policy
 - 1) Promotion of individuation and personalization
- (3) Salon development policy
 - 1) Effective expansion of salon network
- (4) Corporate reform policy:
 - 1) Improvement of profitability
 - 2) Implementation of CSR
- (5) Exercising functions of management organization
 - 1) Swift decision-making and promotion of management activities
 - 2) Restrengthening double system
 - 3) Pursuing customer satisfaction

(4) Items to be addressed

In accordance with its mission statement, the Company will continue to create an environment that benefits its customers, regardless of their age, gender or race. The Company, as a leading company in the hairdressing industry, responding to diversifying customer needs and lifestyles, will simultaneously pursue profitability and growth, with the emphasis on continuously developing new technology, training its employees, disseminating information, increasing the number of its beauty salons, and reasonably reducing costs.

The Company will also comply with laws and ordinances, further enhance its internal control system and strive to improve and reinforce its corporate culture to be able to quickly and flexibly cope with changes in such management environments as the economic structure and social situation.

4. Financial statements

(1) Balance sheet

Unit: thousand yen

	Previous fiscal year (as of March 31, 2010)	Current fiscal year (as of March 31, 2011)
Assets		
Current assets		
Cash and deposits	1,486,084	1,521,609
Accounts receivable-trade	546,543	472,748
Merchandise	40,602	48,941
Materials for beauty treatments	31,974	30,832
Supplies	24,494	24,961
Prepaid expenses	130,357	132,676
Deferred tax assets	122,401	114,392
Others	36,093	23,109
Bad debt reserves	(1,184)	(915)
Total current assets	2,417,368	2,368,356
Fixed assets		
Tangible fixed assets		
Buildings	3,766,313	4,040,016
Accumulated depreciation	(1,899,333)	(2,191,620)
Buildings (net value)	*1 1,866,979	*1 1,848,395
Structures	26,304	26,304
Accumulated depreciation	(18,103)	(19,394)
Structures (net value)	8,200	6,910
Equipment, tools and fixtures	50,429	50,429
Accumulated depreciation	(48,672)	(49,274)
Equipment, tools and fixtures (net value)	1,757	1,155
Land	*1 1,377,828	*1 1,377,828
Lease assets	105,579	116,706
Accumulated depreciation	(27,915)	(50,362)
Lease assets (net value)	77,663	66,344
Total tangible fixed assets	3,332,429	3,300,634
Intangible fixed assets		
Software	1,181	866
Lease assets	13,676	10,345
Others	30,097	30,097
Total intangible fixed assets	44,955	41,309
Investments and other assets		
Investments in subsidiaries and affiliated companies	125	125
Long-term loans to employees	1,390	1,460
Bankruptcy reorganization claims	11,650	1,650
Long-term prepaid expenses	48,153	43,507
Deferred tax assets	180,433	250,534
Long-term deposits	300,000	300,000
Security deposit and guarantee money	*1 2,134,183	*1 2,152,514
Others	36,230	35,804
Long-term bad debt reserves	(11,708)	(16,735)
Total of investment and other assets	2,700,457	2,768,860
Total fixed assets	6,077,842	6,110,804
Total assets	8,495,211	8,479,161

Unit: thousand yen

	Previous fiscal year (as of March 31, 2010)	Current fiscal year (as of March 31, 2011)
Liabilities		
Current liabilities		
Notes payable	349,602	342,844
Accounts payable-trade	88,070	56,662
Short-term loans payable	*1 217,260	*1 106,900
Long-term loans payable due within one year	*1 426,492	*1 341,579
Corporate bonds to be redeemed within one year	66,000	126,000
Lease obligations	24,446	27,379
Accounts payable-other	223,078	163,484
Accrued expenses	523,823	500,276
Unpaid corporate taxes	60,995	186,763
Unpaid consumption taxes	54,310	67,195
Advances received	21	40
Deposits received	37,820	36,673
Unearned revenues	995	988
Bonus reserve	219,090	218,810
Total current liabilities	2,292,008	2,175,598
Fixed liabilities		
Corporate bonds	134,000	278,000
Long-term loans payable	*1 949,255	*1 940,423
Lease obligations	67,163	56,251
Retirement benefit reserve	347,431	361,375
Long-term accounts payable	147,628	69,725
Asset Retirement Obligations	-	189,132
Total fixed liabilities	1,645,477	1,894,908
Total liabilities	3,937,486	4,070,506
Net assets		
Shareholders' equity		
Capital stock	1,480,180	1,480,180
Capital surplus		
Capital reserve	1,702,245	1,702,245
Total capital surplus	1,702,245	1,702,245
Retained earnings		
Profit reserve	66,920	66,920
Other retained earnings		
Separate reserve	860,000	860,000
Earned surplus carried forward	567,012	417,941
Total retained earnings	1,493,932	1,344,861
Treasury stock	(118,632)	(118,632)
Total shareholders' equity	4,557,725	4,408,654
Total net assets	4,557,725	4,408,654
Total liabilities and net assets	8,495,211	8,479,161

(2) Income statement

Unit: thousand yen

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Sales		
Sales of beauty treatments	11,261,813	11,151,594
Sales of goods	1,353,585	1,359,676
Others	52,578	45,139
Totals sales	12,667,977	12,556,410
Cost of sales		
Cost of beauty treatments	10,483,405	10,199,898
Cost of goods sold	658,961	655,256
Others	31,812	21,011
Total cost of sales	11,174,179	10,876,167
Gross profit	1,493,798	1,680,243
Sales and administrative expenses	*1 1,488,286	*1 1,471,319
Operating income	5,512	208,923
Non-operating income		
Interest received	4,146	1,776
Real estate lease	13,599	10,656
Others	38,281	30,421
Total non-operating income	56,027	42,854
Non-operating expenses		
Interest expense	34,448	31,501
Interest paid for corporate bonds	1,047	2,145
Bond issuance cost	3,917	6,024
Real estate rental expenses	7,904	10,067
Others	4,507	7,105
Total non-operating expenses	51,825	56,844
Ordinary income	9,713	194,934
Extraordinary income		
Income from compensation for closed salons and shops	10,991	-
Gain on redemption of memberships	3,755	-
Reversal of allowance for bad debts	369	279
Total extraordinary income	15,115	279
Extraordinary losses		
Loss from disposal of fixed assets	*2 48,937	*2 2,552
Impairment loss	*3 64,459	*3 28,913
Retirement benefits for officers	50,000	-
Loss caused by the disaster	-	7,376
Reserve for bad loans	-	15,037
Loss on adjustment for changes of Accounting Standard for Asset Retirement Obligations	-	85,671
Total extraordinary losses	163,397	139,550
Current net profit or loss before tax	(138,568)	55,662
Corporate tax, inhabitant tax and enterprise tax	61,627	155,567
Amount of adjustment for corporate tax	(24,072)	(62,091)
Total of corporate tax and others	37,555	93,475
Current net loss	(176,123)	(37,813)

(3) Statement of shareholders' equity

Unit: thousand yen

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance as of previous fiscal year	1,480,180	1,480,180
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	1,480,180	1,480,180
Capital surplus		
Capital reserve		
Balance as of previous fiscal year	1,702,245	1,702,245
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	1,702,245	1,702,245
Total capital surplus		
Balance as of previous fiscal year	1,702,245	1,702,245
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	1,702,245	1,702,245
Retained earnings		
Profit reserve		
Balance as of previous fiscal year	66,920	66,920
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	66,920	66,920
Other retained earnings		
Separate reserve		
Balance as of previous fiscal year	860,000	860,000
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	860,000	860,000
Earned surplus carried forward		
Balance as of previous fiscal year	854,396	567,012
Changes during the current fiscal year		
Dividend of surplus	(111,259)	(111,257)
Current net loss	(176,123)	(37,813)
Net changes during the current fiscal year	(287,383)	(149,070)
Balance as of current fiscal year	567,012	417,941
Total retained earnings		
Balance as of previous fiscal year	1,781,316	1,493,932
Changes during the current fiscal year		
Dividend of surplus	(111,259)	(111,257)
Current net loss	(176,123)	(37,813)
Net changes during the current fiscal year	(287,383)	(149,070)
Balance as of current fiscal year	1,493,932	1,344,861
Treasury stock		
Balance as of previous fiscal year	(118,543)	(118,632)
Changes during the current fiscal year		
Acquisition of treasury stock	(89)	-
Net changes during the current fiscal year	(89)	-

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Balance as of current fiscal year	(118,632)	(118,632)
Total shareholders' equity		
Balance as of previous fiscal year	4,845,198	4,557,725
Changes during the current fiscal year		
Dividend of surplus	(111,259)	(111,257)
Current net loss	(176,123)	(37,813)
Acquisition of treasury stock	(89)	-
Net changes during the current fiscal year	(287,473)	(149,070)
Balance as of current fiscal year	4,557,725	4,408,654
Total net asset		
Balance as of previous fiscal year	4,845,198	4,557,725
Changes during the current fiscal year		
Dividend of surplus	(111,259)	(111,257)
Current net loss	(176,123)	(37,813)
Acquisition of treasury stock	(89)	-
Net changes during the current fiscal year	(287,473)	(149,070)
Balance as of current fiscal year	4,557,725	4,408,654

(4) Cash flow statement

(Unit: Thousand yen)

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Cash flow from operations		
Current net profit or loss before tax	(138,568)	55,662
Depreciation	257,417	284,592
Impairment loss	64,459	28,913
Increase (decrease) in bonus reserve	(3,359)	(279)
Increase (decrease) in retirement benefit reserve	47,629	13,943
Increase (decrease) in bad debt reserve	(369)	14,758
Interest received	(4,146)	(1,776)
Interest paid	34,448	31,501
Loss from retirement of fixed assets	25,212	2,552
Income from compensation for closed salons and shops	(10,991)	-
Gain on redemption of memberships	(3,755)	-
Retirement benefits for directors	50,000	-
Loss on adjustment for changes of Accounting Standard for Asset Retirement Obligations	-	85,671
Loss caused by the disaster	-	7,376
(Decrease) increase in accounts receivable-trade	(7,289)	73,795
(Decrease) increase in inventory	16,824	(8,037)
Increase (decrease) in trade payables	5,500	(44,110)
Increase (decrease) in unpaid consumption tax, etc.	20,818	12,884
Others	(7,875)	(26,142)
Sub-total	345,956	531,306
Amount of received interest	5,344	1,944
Amount of interest payments	(35,659)	(32,577)
Income from compensation for closed salons and shops received	-	10,991
Paid retirement benefits for officers	(50,000)	-
Paid corporate taxes	(194,272)	(31,454)
Cash flow from operations	71,369	480,210
Cash flow from investments		
Payment for time deposits	(908,376)	(534,717)
Income from withdrawal of time deposits	978,437	516,609
Payment for acquisition of tangible fixed assets	(459,227)	(246,404)
Expenditure for security deposit and guarantee money payment	(48,961)	(24,619)
Income due to the recovery of security deposit and guarantee money	77,099	4,820
Revenue from redemption of memberships	3,800	-
Others	(14,858)	(8,578)
Cash flow from investments	(372,086)	(292,890)
Cash flow from financial operations		
Income from additional short-term loans	974,000	433,000
Repayment of short-term loans	(896,440)	(543,360)
Income from long-term loans	587,000	457,300
Repayment of long-term loans	(425,122)	(551,045)
Proceeds from issuance of bonds	200,000	300,000
Outflow by redemption of corporate bonds	(130,000)	(96,000)
Expenditure for long-term accounts payable repayment	(31,952)	(32,794)
Expenditure for lease obligation repayment	(22,433)	(26,009)

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Expenditure for acquiring treasury stock	(89)	-
Dividend payments	(110,818)	(110,779)
Cash flow from financial operations	144,143	(169,688)
Translation adjustments on cash and cash equivalents	(122)	(214)
Amount of increase (decrease) in cash and cash equivalents	(156,695)	17,416
Opening balance of cash and cash equivalents	1,416,771	1,260,076
Closing balance of cash and cash equivalents	*1 1,260,076	*1 1,277,492

(5) Note concerning events or conditions that may cast significant doubt over the precondition of a going concern

N/A

(6)Material accounting policy

Items	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
1. Standard and method of evaluating inventories	<p>Merchandise and materials for beauty treatment: The Company now mainly uses a cost accounting approach with a moving-average method (a method in which book value is written down based on a decrease in profitability and is used for balance sheet values).</p> <p>Supplies: at cost, based on the final purchase cost.</p>	<p>Merchandise and materials for beauty treatment: Same as on the left</p> <p>Supplies: Same as on the left</p>
2. Depreciation of fixed assets	<p>(1) Tangible fixed assets (excluding lease assets) Declining method. However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding attached equipment). Major items are deemed to have the following useful lives: Buildings: 8 to 60 years Furniture and fixtures: 3 to 10 years Depreciation for buildings leased on fixed term contracts is calculated based on each fixed term instead of their useful lives.</p> <p>(2) Intangible fixed assets (excluding lease assets) Straight-line method. The straight-line method is applied to software for the Company's use based on the usable period in the Company (five years).</p>	<p>(1) Tangible fixed assets (excluding lease assets) Same as on the left</p> <p>(2) Intangible fixed assets (excluding lease assets) Same as on the left</p>
	<p>(3) Lease assets This was calculated based on the straight-line method over the lease period with a residual value of zero. Of finance lease contracts under which ownership does not transfer to the lessee, lease contracts that began on March 31, 2008 or before are based on the accounting method applied to operating lease transactions.</p>	<p>(3) Lease assets Same as on the left</p>
	<p>(4) Long-term prepaid expenses Straight-line method.</p>	<p>(4) Long-term prepaid expenses Same as on the left</p>

Items	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
3. Accounting method for deferred assets	Bond issuance cost The cost shall be treated as an expense when it occurs.	Bond issuance cost Same as on the left
4. Accounting standards for reserves	(1) Reserves for bad debts As the reserve for losses from the default on payment of accounts receivable, the amount that is impossible to collect is set aside based on the actual bad debt ratio for general receivables and by individually considering the possibility of collecting specified receivables, such as receivables over which there is concern about their collection. (2) Bonus reserve A reserve is set aside for the payment of bonuses to employees to provide for bonuses accrued in the current fiscal year, based on bonuses to be paid in the future.	(1) Reserves for bad debts Same as on the left (2) Bonus reserve Same as on the left

Items	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
	<p>(3) Retirement benefits and allowances reserve The Company sets aside an amount based on the expected amount of retirement benefit liabilities at the end of the current fiscal year, to cover employees' retirement benefits and allowances. The entire difference from the actuarial calculation shall be treated as an expense in the accounting period when that difference occurs. (Change in accounting policy) From the current fiscal year, the Company applies [Partial Amendments to [Accounting Standard for Retirement Benefits] (No.3)] (Corporate Accounting Standards No. 19 (July 31, 2008). Expenses related to differences in projected benefit obligations that occur due to the adoption of this accounting standard were 29,174 thousand yen in the initial year. As a result, operating income and ordinary income decreased by 29,174 thousand yen and pretax net loss increased by the same amount. Since the entire difference from the actuarial calculation shall be treated as an expense in the accounting period when that difference occurs, there is no outstanding difference in retirement benefit liabilities obligation that occurs by the adoption of this accounting standard.</p>	<p>(3) Retirement benefits and allowances reserve The Company sets aside an amount based on the expected amount of retirement benefit liabilities at the end of the current fiscal year, to cover employees' retirement benefits and allowances. The entire difference from the actuarial calculation shall be treated as an expense in the accounting period when that difference occurs.</p>
5. Method for hedging accounting	<p>(1) Method for hedging accounting Because interest rate swap transactions satisfy the requirements for special treatment, this special treatment is applied to these transactions. (2) Hedging vehicles and hedged items Hedging vehicles: Interest rate swap Hedged items: Borrowings (3) Hedging policy The Company uses hedging transactions in order to avert risks associated with interest rate changes in the future.</p>	<p>(1) Method for hedging accounting Same as on the left (2) Hedging vehicles and hedged items Hedging vehicles: Same as on the left Hedged items: Same as on the left (3) Hedging policy Same as on the left</p>

Items	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
	(4) Valuation method for the effectiveness of hedging activities The Company's method satisfies the requirements for special treatment of interest rate swap transactions, and the effectiveness of hedging activities is determined based on the effectiveness of that method.	(4) Valuation method for the effectiveness of hedging activities Same as on the left
6. Scope of funds in the Cash Flow Statement	Funds in the Cash Flow Statement (cash and cash equivalents) consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that can be converted into cash easily, involve only a minor risk of value fluctuation, and can be reimbursed within three months of their acquisition.	Same as on the left
7. Other important matters that are the bases for the preparation of financial statements	(1) Accounting for consumption taxes, etc. Based on net sales exclusive of taxes.	(1) Accounting for consumption taxes, etc. Same as on the left

(7) Change of accounting method

Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
_____	<p>(Adoption of the accounting standard concerning asset retirement obligations)</p> <p>From the current fiscal year, the Company has adopted “The accounting standard concerning asset retirement obligations” (ASBJ Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for asset retirement obligations” (ASBJ Guidance No. 21, March 31, 2008).</p> <p>Due to the adoption, operating income and ordinary income were decreased by 38,950 thousand yen, respectively, and before-tax net profit decreased by 124,622 thousand yen.</p>

(8) Notes on financial statements
(Notes on balance sheet)

Unit: thousand yen

Previous fiscal year (as of March 31, 2010)	Current fiscal year (as of March 31, 2011)																																												
<p>*1. Assets provided as security and secured debt</p> <p>Assets provided as security as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">474,653</td> </tr> <tr> <td style="padding-left: 20px;">Land</td> <td style="text-align: right;">1,317,838</td> </tr> <tr> <td style="padding-left: 20px;">Security deposit and guarantee money</td> <td style="text-align: right;"><u>267,913</u></td> </tr> <tr> <td style="padding-left: 40px;">Total</td> <td style="text-align: right;">2,060,406</td> </tr> </table> <p>Secured debts are as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Short-term loans payable</td> <td style="text-align: right;">142,260</td> </tr> <tr> <td style="padding-left: 20px;">Long-term loans payable (including long-term loans repayable within one year)</td> <td style="text-align: right;"><u>1,278,525</u></td> </tr> <tr> <td style="padding-left: 40px;">Total</td> <td style="text-align: right;">1,420,785</td> </tr> </table> <p>2. Contingent liabilities</p> <p>Guarantee liabilities</p> <p style="padding-left: 40px;">Guarantee for borrowings from financial institutions by former employees based on a program to assist employees become independent</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 80px;"></td> <td style="text-align: right;">10,258</td> </tr> </table> <p>3 The Company has made an overdraft agreement with two banks so as to effectively raise working capital. The amount not to be funded under the agreement at the end of the current fiscal year is as follows;</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Overdraft limit</td> <td style="text-align: right;">300</td> </tr> <tr> <td style="padding-left: 20px;"><u>Funded amount</u></td> <td style="text-align: right;"><u>75</u></td> </tr> <tr> <td style="padding-left: 20px;">Balance</td> <td style="text-align: right;">225</td> </tr> </table>	Buildings	474,653	Land	1,317,838	Security deposit and guarantee money	<u>267,913</u>	Total	2,060,406	Short-term loans payable	142,260	Long-term loans payable (including long-term loans repayable within one year)	<u>1,278,525</u>	Total	1,420,785		10,258	Overdraft limit	300	<u>Funded amount</u>	<u>75</u>	Balance	225	<p>*1. Assets provided as security and secured debt</p> <p>Assets provided as security as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">453,267</td> </tr> <tr> <td style="padding-left: 20px;">Land</td> <td style="text-align: right;">1,317,838</td> </tr> <tr> <td style="padding-left: 20px;">Security deposit and guarantee money</td> <td style="text-align: right;"><u>273,589</u></td> </tr> <tr> <td style="padding-left: 40px;">Total</td> <td style="text-align: right;">2,044,696</td> </tr> </table> <p>Secured debts are as follows</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Short-term loans payable</td> <td style="text-align: right;">91,900</td> </tr> <tr> <td style="padding-left: 20px;">Long-term loans payable (including long-term loans repayable within one year)</td> <td style="text-align: right;"><u>1,029,216</u></td> </tr> <tr> <td style="padding-left: 40px;">Total</td> <td style="text-align: right;">1,121,116</td> </tr> </table> <p>2. Contingent liabilities</p> <p>Guarantee liabilities</p> <p style="padding-left: 40px;">Guarantee for borrowings from financial institutions by former employees based on a program to assist employees become independent</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 80px;"></td> <td style="text-align: right;">6,934</td> </tr> </table> <p>3 The Company has made an overdraft agreement with two banks so as to effectively raise working capital. The amount not to be funded under the agreement at the end of the current fiscal year is as follows;</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Overdraft limit</td> <td style="text-align: right;">300</td> </tr> <tr> <td style="padding-left: 20px;"><u>Funded amount</u></td> <td style="text-align: right;"><u>15</u></td> </tr> <tr> <td style="padding-left: 20px;">Balance</td> <td style="text-align: right;">285</td> </tr> </table>	Buildings	453,267	Land	1,317,838	Security deposit and guarantee money	<u>273,589</u>	Total	2,044,696	Short-term loans payable	91,900	Long-term loans payable (including long-term loans repayable within one year)	<u>1,029,216</u>	Total	1,121,116		6,934	Overdraft limit	300	<u>Funded amount</u>	<u>15</u>	Balance	285
Buildings	474,653																																												
Land	1,317,838																																												
Security deposit and guarantee money	<u>267,913</u>																																												
Total	2,060,406																																												
Short-term loans payable	142,260																																												
Long-term loans payable (including long-term loans repayable within one year)	<u>1,278,525</u>																																												
Total	1,420,785																																												
	10,258																																												
Overdraft limit	300																																												
<u>Funded amount</u>	<u>75</u>																																												
Balance	225																																												
Buildings	453,267																																												
Land	1,317,838																																												
Security deposit and guarantee money	<u>273,589</u>																																												
Total	2,044,696																																												
Short-term loans payable	91,900																																												
Long-term loans payable (including long-term loans repayable within one year)	<u>1,029,216</u>																																												
Total	1,121,116																																												
	6,934																																												
Overdraft limit	300																																												
<u>Funded amount</u>	<u>15</u>																																												
Balance	285																																												

(Notes on income statement)

Unit: thousand yen

Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)																																																																														
<p>*1. The percentage of sales and administrative expenses that are classified as sales expenses is approximately 7.6%, and the same percentage of general expenses is approximately 92.4%. The major items and their amounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Advertising expenses</td><td style="text-align: right;">113,773</td></tr> <tr><td style="padding-left: 20px;">Remuneration to officers</td><td style="text-align: right;">151,359</td></tr> <tr><td style="padding-left: 20px;">Salary and bonuses</td><td style="text-align: right;">608,042</td></tr> <tr><td style="padding-left: 20px;">Reserve for bonus additionally counted</td><td style="text-align: right;">65,681</td></tr> <tr><td style="padding-left: 20px;">Retirement benefit expenses</td><td style="text-align: right;">10,325</td></tr> <tr><td style="padding-left: 20px;">Welfare expenses</td><td style="text-align: right;">92,851</td></tr> <tr><td style="padding-left: 20px;">Traveling & transportation expenses</td><td style="text-align: right;">52,853</td></tr> <tr><td style="padding-left: 20px;">Depreciation costs</td><td style="text-align: right;">23,282</td></tr> </table> <p>*2. Fixed assets disposal loss</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Buildings</td><td style="text-align: right;">25,212</td></tr> <tr><td style="padding-left: 20px;">Restoration expenses</td><td style="text-align: right;">22,326</td></tr> <tr><td style="padding-left: 20px;">Others</td><td style="text-align: right;">1,398</td></tr> <tr><td style="padding-left: 40px;">Total</td><td style="text-align: right;">48,937</td></tr> </table> <p>*3. Impairment loss The Company posted an impairment loss for the following asset groups in the current fiscal year:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Purpose of usage</th> <th style="text-align: center;">Type</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Shibuya-ku, Tokyo</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Buildings, tools, furniture, and fixtures</td> </tr> <tr> <td style="text-align: center;">Hachioji-shi, Tokyo</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Building</td> </tr> <tr> <td style="text-align: center;">Chuo-ku, Osaka-shi</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Buildings, lease assets, tools, furniture, and fixtures</td> </tr> <tr> <td style="text-align: center;">Yachiyo-shi, Chiba Prefecture</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Building</td> </tr> <tr> <td style="text-align: center;">Omiya-ku, Saitama-shi</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Building</td> </tr> <tr> <td style="text-align: center;">Matsudo-shi, Chiba Prefecture</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Building</td> </tr> <tr> <td style="text-align: center;">Nerima-ku, Tokyo</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Building</td> </tr> </tbody> </table> <p>The Company regards each salon as a group, by considering it to be a basic and minimum unit that generates cash flows. The book value of a group of assets of salons whose operating activities continuously result in losses is reduced to a collectible value, and the reduced value is posted as impairment loss in the extraordinary loss section. The impairment loss consists of 63,539 thousand yen for buildings, 857 thousand yen for lease assets and 62 thousand yen for tools, furniture, and fixtures. In addition, the collectible value of such group of assets is measured based on usable value, and future cash flows are discounted by 2%.</p>	Advertising expenses	113,773	Remuneration to officers	151,359	Salary and bonuses	608,042	Reserve for bonus additionally counted	65,681	Retirement benefit expenses	10,325	Welfare expenses	92,851	Traveling & transportation expenses	52,853	Depreciation costs	23,282	Buildings	25,212	Restoration expenses	22,326	Others	1,398	Total	48,937	Location	Purpose of usage	Type	Shibuya-ku, Tokyo	Salon	Buildings, tools, furniture, and fixtures	Hachioji-shi, Tokyo	Salon	Building	Chuo-ku, Osaka-shi	Salon	Buildings, lease assets, tools, furniture, and fixtures	Yachiyo-shi, Chiba Prefecture	Salon	Building	Omiya-ku, Saitama-shi	Salon	Building	Matsudo-shi, Chiba Prefecture	Salon	Building	Nerima-ku, Tokyo	Salon	Building	<p>*1. The percentage of sales and administrative expenses that are classified as sales expenses is approximately 7.5%, and the same percentage of general expenses is approximately 92.5%. The major items and their amounts are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Advertising expenses</td><td style="text-align: right;">111,577</td></tr> <tr><td style="padding-left: 20px;">Remuneration to officers</td><td style="text-align: right;">125,426</td></tr> <tr><td style="padding-left: 20px;">Salary and bonuses</td><td style="text-align: right;">622,370</td></tr> <tr><td style="padding-left: 20px;">Reserve for bonus additionally counted</td><td style="text-align: right;">66,375</td></tr> <tr><td style="padding-left: 20px;">Retirement benefit expenses</td><td style="text-align: right;">5,419</td></tr> <tr><td style="padding-left: 20px;">Welfare expenses</td><td style="text-align: right;">105,478</td></tr> <tr><td style="padding-left: 20px;">Traveling & transportation expenses</td><td style="text-align: right;">50,588</td></tr> <tr><td style="padding-left: 20px;">Depreciation costs</td><td style="text-align: right;">18,794</td></tr> </table> <p>*2. Fixed assets disposal loss</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Buildings</td><td style="text-align: right;">2,552</td></tr> </table> <p>*3. Impairment loss The Company posted an impairment loss for the following asset groups in the current fiscal year:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Purpose of usage</th> <th style="text-align: center;">Type</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Chuo-ku, Sapporo-shi</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Building</td> </tr> <tr> <td style="text-align: center;">Izumi-ku Sendai-shi</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Buildings and lease assets</td> </tr> <tr> <td style="text-align: center;">Nakagyo-ku Kyoto-shi</td> <td style="text-align: center;">Salon</td> <td style="text-align: center;">Buildings and lease assets</td> </tr> </tbody> </table> <p>The Company regards each salon as a group, by considering it to be a basic and minimum unit that generates cash flows. The book value of a group of assets of salons whose operating activities continuously result in losses is reduced to a collectible value, and the reduced value is posted as impairment loss in the extraordinary loss section. The impairment loss consists of 22,009 thousand yen for buildings and 6,904 thousand yen for leased assets. In addition, the collectible value of such group of assets is measured based on usable value, and future cash flows are discounted by 2%.</p>	Advertising expenses	111,577	Remuneration to officers	125,426	Salary and bonuses	622,370	Reserve for bonus additionally counted	66,375	Retirement benefit expenses	5,419	Welfare expenses	105,478	Traveling & transportation expenses	50,588	Depreciation costs	18,794	Buildings	2,552	Location	Purpose of usage	Type	Chuo-ku, Sapporo-shi	Salon	Building	Izumi-ku Sendai-shi	Salon	Buildings and lease assets	Nakagyo-ku Kyoto-shi	Salon	Buildings and lease assets
Advertising expenses	113,773																																																																														
Remuneration to officers	151,359																																																																														
Salary and bonuses	608,042																																																																														
Reserve for bonus additionally counted	65,681																																																																														
Retirement benefit expenses	10,325																																																																														
Welfare expenses	92,851																																																																														
Traveling & transportation expenses	52,853																																																																														
Depreciation costs	23,282																																																																														
Buildings	25,212																																																																														
Restoration expenses	22,326																																																																														
Others	1,398																																																																														
Total	48,937																																																																														
Location	Purpose of usage	Type																																																																													
Shibuya-ku, Tokyo	Salon	Buildings, tools, furniture, and fixtures																																																																													
Hachioji-shi, Tokyo	Salon	Building																																																																													
Chuo-ku, Osaka-shi	Salon	Buildings, lease assets, tools, furniture, and fixtures																																																																													
Yachiyo-shi, Chiba Prefecture	Salon	Building																																																																													
Omiya-ku, Saitama-shi	Salon	Building																																																																													
Matsudo-shi, Chiba Prefecture	Salon	Building																																																																													
Nerima-ku, Tokyo	Salon	Building																																																																													
Advertising expenses	111,577																																																																														
Remuneration to officers	125,426																																																																														
Salary and bonuses	622,370																																																																														
Reserve for bonus additionally counted	66,375																																																																														
Retirement benefit expenses	5,419																																																																														
Welfare expenses	105,478																																																																														
Traveling & transportation expenses	50,588																																																																														
Depreciation costs	18,794																																																																														
Buildings	2,552																																																																														
Location	Purpose of usage	Type																																																																													
Chuo-ku, Sapporo-shi	Salon	Building																																																																													
Izumi-ku Sendai-shi	Salon	Buildings and lease assets																																																																													
Nakagyo-ku Kyoto-shi	Salon	Buildings and lease assets																																																																													

(Notes on statement of shareholders' equity)

Previous fiscal year (April 1, 2009 to March 31, 2010)

1. Matters concerning the types and total number of shares outstanding and the types and number of treasury stocks

Unit: shares

	Balance at the end of the previous fiscal year	Increase during the current fiscal year	Decrease during the current fiscal year	Balance at the end of the current fiscal year
Shares outstanding				
Common stock	5,100,000	-	-	5,100,000
Total	5,100,000	-	-	5,100,000
Treasury stock				
Common stock (Note)	42,731	129	-	42,860
Total	42,731	129	-	42,860

(Note) An increase of 129 shares in the total number of common stocks of treasury stock is caused by acquisition of odd-lot shares.

2. Statement on stock warrant and treasury stock warrant

N/A

3. Matters concerning dividend

(1) Dividend paid

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 16, 2009	Common stock	111,259	22	March 31, 2009	June 17, 2009

(2) Dividends for which record date belongs to current fiscal year and effective date belongs to the next fiscal year

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Resource of dividend	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 22, 2010	Common stock	111,257	Retained earnings	22	March 31, 2010	June 23, 2010

Current fiscal year (April 1, 2010 to March 31, 2011)

1. Matters concerning the types and total number of shares outstanding and the types and number of treasury stocks

Unit: shares

	Balance at the end of the previous fiscal year	Increase during the current fiscal year	Decrease during the current fiscal year	Balance at the end of the current fiscal year
Shares outstanding				
Common stock	5,100,000	-	-	5,100,000
Total	5,100,000	-	-	5,100,000
Treasury stock				
Common stock (Note)	42,860	-	-	42,860
Total	42,860	-	-	42,860

2. Statement on stock warrant and treasury stock warrant

N/A

3. Matters concerning dividend

(1) Dividend paid

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 22, 2010	Common stock	111,257	22	March 31, 2010	June 23, 2010

(2) Dividends for which record date belongs to current fiscal year and effective date belongs to the next fiscal year

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Resource of dividend	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 21, 2011	Common stock	111,257	Retained earnings	22	March 31, 2011	June 22, 2011

(Notes on cash flow statement)

Unit: thousand yen

Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
*1 Relationship between the closing balance of cash and cash equivalents and the amount recorded in the Balance Sheet (as of March 31, 2010) Cash and cash accounts 1,486,084 Time deposit, deposited for a period of more than three months <u>(226,008)</u> Cash and cash equivalents <u>1,260,076</u>	*1 Relationship between the closing balance of cash and cash equivalents and the amount recorded in the Balance Sheet (as of March 31, 2011) Cash and cash accounts 1,521,609 Time deposit, deposited for a period of more than three months (244,116) Cash and cash equivalents 1,277,492
*2 Descriptions of important non-fund transactions -	*2 Descriptions of important non-fund transactions Assets and liabilities concerning asset retirement obligations were posted in the current fiscal year as follows; Building 185,812 Asset retirement obligations 189,132

(Note on lease transactions)

Unit: thousand yen

Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)																																																								
<p>1. Finance lease transactions (Borrower) Finance lease transactions, excluding transactions that involve a transference of the ownership of the lease subject to the lessee.</p> <p>1) Contents of lease assets</p> <p>a) Tangible fixed assets Facilities in the beauty industry (equipment, tools and fixtures)</p> <p>b) Intangible fixed assets Software</p> <p>2) Method for calculating depreciation of lease assets As stated in Material accounting policy "2. Depreciation of fixed assets"</p> <p style="text-align: center;">Among non-transfer ownership finance lease transactions, those, which started on March 31, 2008, or before, are based on the accounting method applied to operating lease transactions as shown below.</p> <p>(1) Acquisition price of leased property, accumulated depreciation, and closing balance</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Acquisition price of leased property</th> <th style="text-align: center;">Accumulated depreciation</th> <th style="text-align: center;">Closing balance</th> </tr> </thead> <tbody> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">262,690</td> <td style="text-align: right;">170,885</td> <td style="text-align: right;">91,804</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">262,690</td> <td style="text-align: right;">170,885</td> <td style="text-align: right;">91,804</td> </tr> </tbody> </table> <p>(2) Closing balance of prepaid lease fees</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">One year or less</td> <td style="text-align: right;">45,512</td> </tr> <tr> <td style="padding-left: 20px;"><u>Over one year</u></td> <td style="text-align: right;"><u>50,034</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">95,547</td> </tr> </table> <p>(3) Lease fees paid, reversal of impairment loss of lease assets, amount equivalent to depreciation expenses, amount equivalent to paid interest and impairment loss</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">Lease fees paid</td> <td style="text-align: right;">82,850</td> </tr> <tr> <td style="padding-left: 20px;">Reversal of impairment loss of lease assets</td> <td style="text-align: right;">857</td> </tr> <tr> <td style="padding-left: 20px;">Amount equivalent to depreciation expenses</td> <td style="text-align: right;">78,258</td> </tr> <tr> <td style="padding-left: 20px;">Amount equivalent to paid interest</td> <td style="text-align: right;">3,811</td> </tr> <tr> <td style="padding-left: 20px;">Impairment loss</td> <td style="text-align: right;">857</td> </tr> </table> <p>(4) Method of calculating the amount equivalent to depreciation expenses This was calculated based on the straight-line method over the lease period with a residual value of zero.</p> <p>(5) Method of calculating the amount equivalent to interest paid The difference between the total amount of lease fees and the amount equivalent to the acquisition price of the leased properties is assumed to be the amount equivalent to the interest paid, and the method of allocation to each term is based on the interest method.</p>		Acquisition price of leased property	Accumulated depreciation	Closing balance	Tools, furniture and fixtures	262,690	170,885	91,804	Total	262,690	170,885	91,804	One year or less	45,512	<u>Over one year</u>	<u>50,034</u>	Total	95,547	Lease fees paid	82,850	Reversal of impairment loss of lease assets	857	Amount equivalent to depreciation expenses	78,258	Amount equivalent to paid interest	3,811	Impairment loss	857	<p>Finance lease transactions (Borrower) Finance lease transactions, excluding transactions that involve transference of the ownership of the lease subject to the lessee.</p> <p>1) Contents of lease assets</p> <p>a) Tangible fixed assets Facilities in the beauty industry (equipment, tools and fixtures)</p> <p>b) Intangible fixed assets Software</p> <p>2) Method for calculating depreciation of lease assets Same as on the left</p> <p style="text-align: center;">Same as on the left</p> <p>(1) Acquisition price of leased property, accumulated depreciation, and closing balance</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Acquisition price of leased property</th> <th style="text-align: center;">Accumulated depreciation</th> <th style="text-align: center;">Closing balance</th> </tr> </thead> <tbody> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">195,128</td> <td style="text-align: right;">147,633</td> <td style="text-align: right;">47,494</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">195,128</td> <td style="text-align: right;">147,633</td> <td style="text-align: right;">47,494</td> </tr> </tbody> </table> <p>(2) Closing balance of prepaid lease fees</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">One year or less</td> <td style="text-align: right;">35,547</td> </tr> <tr> <td style="padding-left: 20px;"><u>Over one year</u></td> <td style="text-align: right;"><u>14,487</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">50,034</td> </tr> </table> <p>(3) Lease fees paid, reversal of impairment loss of lease assets, amount equivalent to depreciation expenses, amount equivalent to paid interest and impairment loss</p> <table style="width: 100%;"> <tr> <td style="padding-left: 20px;">Lease fees paid</td> <td style="text-align: right;">47,694</td> </tr> <tr> <td style="padding-left: 20px;">Reversal of impairment loss of lease assets</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="padding-left: 20px;">Amount equivalent to depreciation expenses</td> <td style="text-align: right;">44,310</td> </tr> <tr> <td style="padding-left: 20px;">Amount equivalent to paid interest</td> <td style="text-align: right;">2,182</td> </tr> <tr> <td style="padding-left: 20px;">Impairment loss</td> <td style="text-align: right;">-</td> </tr> </table> <p>(4) Method of calculating the amount equivalent to depreciation expenses Same as on the left</p> <p>(5) Method of calculating the amount equivalent to interest paid Same as on the left</p>		Acquisition price of leased property	Accumulated depreciation	Closing balance	Tools, furniture and fixtures	195,128	147,633	47,494	Total	195,128	147,633	47,494	One year or less	35,547	<u>Over one year</u>	<u>14,487</u>	Total	50,034	Lease fees paid	47,694	Reversal of impairment loss of lease assets	-	Amount equivalent to depreciation expenses	44,310	Amount equivalent to paid interest	2,182	Impairment loss	-
	Acquisition price of leased property	Accumulated depreciation	Closing balance																																																						
Tools, furniture and fixtures	262,690	170,885	91,804																																																						
Total	262,690	170,885	91,804																																																						
One year or less	45,512																																																								
<u>Over one year</u>	<u>50,034</u>																																																								
Total	95,547																																																								
Lease fees paid	82,850																																																								
Reversal of impairment loss of lease assets	857																																																								
Amount equivalent to depreciation expenses	78,258																																																								
Amount equivalent to paid interest	3,811																																																								
Impairment loss	857																																																								
	Acquisition price of leased property	Accumulated depreciation	Closing balance																																																						
Tools, furniture and fixtures	195,128	147,633	47,494																																																						
Total	195,128	147,633	47,494																																																						
One year or less	35,547																																																								
<u>Over one year</u>	<u>14,487</u>																																																								
Total	50,034																																																								
Lease fees paid	47,694																																																								
Reversal of impairment loss of lease assets	-																																																								
Amount equivalent to depreciation expenses	44,310																																																								
Amount equivalent to paid interest	2,182																																																								
Impairment loss	-																																																								

(Financial products)

Previous fiscal year (April 1, 2009 to March 31, 2010)

1. Matters concerning situations of financial instruments

(1) Policy for handling financial instruments

The Company raises funds required for equipment in light of its equipment plan (mainly by borrowing from banks or the issuance of corporate bonds).

The Company invests extra funds on principal-protected time deposits and raises short-term working capital by borrowing from banks. The Company conducts derivatives transactions in order to avoid the risks to be explained later, without making speculative transactions.

(2) Descriptions and risk of financial instruments

Operating receivables including sales receivables, security deposit and guarantee money are exposed to the credit risks of trading counterparties. Banks have right to terminate long-term savings.

Most operating payables including notes payable and accounts payable are due and payable within three months.

Long-term debt and corporate bonds, mainly for the purpose of fund raising for equipment investment, are paid or redeemed with fixed amounts in a certain period of time. Though some long-term debts with floating interest rates are exposed to interest fluctuation risk, the Company avoids that risk by performing derivatives transactions (interest swap transactions). For the method of hedge accounting, see the aforementioned "Matters concerning important accounting policy: 5. The method of hedge accounting".

(3) Risk management system concerning financial instruments

1) Management of credit risk (Risk concerning nonperformance by counterparties)

In the Company, in accordance with the receivable management rule, sales groups and branches in the business division periodically monitor the situation of major transaction counterparties for operating receivables, security deposit and guarantee money and the accounting group manages due dates and outstanding balances every month in order to early grasp concerns on collection due to the worsening of their financial conditions and alleviate these concerns.

In long-term deposits, credit risk is small because we transact with only highly-rated banks.

In derivatives transactions, there is almost no credit risk since counterparties are limited to banks which are rated high.

2) Management of market risk (Interest fluctuation risk)

The Company conducts interest rate swap transactions in order to control the fluctuation risk of interest paid for borrowing.

In long-term deposits, interests received and the evaluation amount may vary depending on the change in interest rates and exchange rates.

The department in charge performs and manages derivatives transactions with the approval of the board of directors. Transaction results are reported monthly to the board of directors.

3) Management on liquidity risk concerning fund raising (Risk on the failure of

the payment on due dates)

In this Company the department in charge develops and updates cash management plans at appropriate times based on reports from each department and maintains liquidity in hands in order to manage liquidity risks.

2. Matters on the market value of financial instruments

Amounts recorded on the balance sheet on Mar. 31, 2010, market value and the balance is as follows;

	Amount recorded on the balance sheet (thousand yen)	Market value (thousand yen)	Balance (thousand yen)
(1) Cash and deposits	1,486,084	1,486,084	-
(2) Accounts receivable-trade	546,543	546,543	-
(3) Long-term deposits	300,000	287,817	(12,182)
(4) Security deposit and guarantee money	2,134,183	2,110,282	(23,901)
Total assets	4,466,812	4,430,728	(36,083)
(1) Notes payable	349,602	349,602	-
(2) Trade accounts payable	88,070	88,070	-
(3) Short-term loans	217,260	217,260	-
(4) Accounts payable-other	223,078	223,078	-
(5) Unpaid corporate taxes	60,995	60,995	-
(6) Unpaid consumption taxes	54,310	54,310	-
(7) Corporate bonds	200,000	199,443	(556)
(8) Long-term loans payable	1,375,747	1,377,534	1,787
(9) Lease obligations	91,610	87,894	(3,715)
(10) Long-term accounts payable	147,628	145,509	(2,118)
Total Liabilities	2,808,303	2,803,700	(4,602)
Derivatives transactions	-	-	-

(Note)The calculation method of the market value of financial instruments and matters concerning derivatives transactions

Assets

(1) Cash and deposits, (2) Accounts receivable-trade

As they are settled in a short time and the market value is almost the same as book value, the book value is used.

(3) Long-term deposits

The market value for long term deposits is calculated with the discounted present value obtained from future cash flow with yields of government bonds depending on the residual period.

(4) Security deposit and guarantee money

The market value for security deposit and guarantee money is calculated with the discounted present value obtained from the cash flow for each tenant with yields of government bonds depending on the residual period.

Liabilities

(1) Notes payable, (2) Trade accounts payable, (3) Short-term loans, (4) Accounts payable-other, (5) Unpaid corporate taxes and (6) Unpaid consumption taxes, etc.

As they are settled in a short time and the market value is almost the same as book value, the book value is used.

(7) Corporate bonds

The market value of corporate bonds is calculated with the discounted present value obtained with interest rate and guarantee fee, which are expected to adopt for the additional issuance of similar corporate bonds. Corporate bonds to be scheduled to be redeemed within a year are also included.

(8) Long-term loans payable

The market value of long-term loans payable is calculated with the discounted present value obtained from principal and interests with interest rate estimated to be adopted for the additional similar borrowing. With respect to long-term loans payable with floating interests, exceptional handling of interest swap shall be adopted (See Notes: Derivatives transactions). The present value of that long-term loans payable is calculated from principal and interests, which is handled together with the interest swap, with interest rates reasonably estimated to be applied for similar borrowings. Long-term loans payable to be scheduled to be repaid within a year is included in long-term loans payable.

(9) Lease obligations, (10) Long-term accounts payable

The market value of them is calculated with the present value discounted with the interest rate estimated to be applied for similar lease transactions and long-term accounts payable transactions. Lease obligations include current and fixed liabilities. Long-term accounts payable scheduled to be paid in a year is included in accounts payable.

Derivatives transactions

See Notes: Derivatives transactions

3. Scheduled redeemed amount of monetary receivables after settlement day

	Within a year (thousand yen)	More than one year and within five years (thousand yen)	More than five years and within ten years (thousand yen)	More than ten years (thousand yen)
(1) Cash and deposits	1,486,084	-	-	-
(2) Accounts receivable-trade	546,543	-	-	-
(3) Long-term deposits (Note 1)	-	100,000	200,000	-
Total	2,032,628	100,000	200,000	-

(Note)

1. The scheduled redeemed amount for long-term deposits is the amount when banks don't exercise their termination rights.

2. Security deposits and guarantee money are not written because scheduled redemption is not determined.

4. Scheduled payment amounts of corporate bonds, long-term loans payable, lease obligations and long-term accounts payable after the settlement date.

	Within a year (thousand yen)	More than one year and within five years (thousand yen)	More than five years and within ten years (thousand yen)	More than ten years (thousand yen)
Corporate bonds	66,000	134,000	-	-
Long-term loans payable	426,492	902,135	47,120	-
Lease obligations	24,446	67,163	-	-
Other debt with interests	99,564	147,628	-	-
Total	616,503	1,250,926	47,120	-

Other debt with interests includes part of accounts payable-other and long-term accounts payable.

(Additional information)

From the current fiscal year, the Company has adopted "The accounting standard concerning financial instruments" (ASBJ Statement No. 10, March 10, 2008) and the "Guidance on Accounting Standard for the disclosure of the market value of financial instruments" (ASBJ Guidance No. 19, March 10, 2008).

Current fiscal year (April 1, 2010 to March 31, 2011)

1. Matters concerning situations of financial instruments

(1) Policy for handling financial instruments

The Company raises funds required for equipment in light of its equipment plan (mainly by borrowing from banks or the issuance of corporate bonds).

The Company invests extra funds on principal-protected time deposits and raises short-term working capital by borrowing from banks. The Company conducts derivatives transactions in order to avoid the risks to be explained later, without making speculative transactions.

(2) Descriptions and risk of financial instruments

Operating receivables including sales receivables, security deposit and guarantee deposits are exposed to the credit risks of trading counterparties. Banks have right to terminate long-term savings.

Most operating payables including notes payable and accounts payable are due and payable within three months.

Long-term debt and corporate bonds, mainly for the purpose of fund raising for equipment investment, are paid or redeemed with fixed amounts in a certain period of time.

(3) Risk management system concerning financial instruments

1) Management of credit risk (Risk concerning nonperformance by counterparties)

In the Company, in accordance with the receivable management rule, sales groups and branches in the business division periodically monitor the situation of major transaction counterparties for operating receivables, security deposits and guarantee money and the accounting group manages due dates and outstanding balances every month in order to early grasp concerns on collection due to the worsening of their financial conditions and alleviate these concerns.

In long-term deposits, credit risk is small because we transact with only highly-rated banks.

In derivatives transactions, there is almost no credit risk since counterparties are limited to banks which are rated high.

2) Management of market risk (Interest fluctuation risk)

The Company conducts interest rate swap transactions in order to control the fluctuation risk of interest paid for borrowing.

In long-term deposits, interests received and the evaluation amount may vary depending on the change in interest rates and exchange rates.

The department in charge performs and manages derivatives transactions with the approval of the board of directors. Transaction results are reported monthly to the board of directors.

3) Management on liquidity risk concerning fund raising (Risk on the failure of the payment on due dates)

In this Company the department in charge develops and updates cash management plans at appropriate times based on reports from each department and maintains liquidity in hands in order to manage liquidity risks.

2. Matters on the market value of financial instruments

Amounts recorded on the balance sheet on Mar. 31, 2011, market value and the balance is as follows;

	Amount recorded on the balance sheet (thousand yen)	Market value (thousand yen)	Balance (thousand yen)
(1) Cash and deposits	1,521,609	1,521,609	-
(2) Accounts receivable-trade	472,748	472,748	-
(3) Long-term deposits	300,000	289,317	(10,682)
(4) Security deposits and guarantee money	2,152,514	2,135,463	(17,050)
Total assets	4,446,871	4,419,139	(27,732)
(1) Notes payable	342,844	342,844	-
(2) Trade accounts payable	56,662	56,662	-
(3) Short-term loans	106,900	106,900	-
(4) Accounts payable-other	163,484	163,484	-
(5) Unpaid corporate taxes	186,763	186,763	-
(6) Unpaid consumption taxes	67,195	67,195	-
(7) Corporate bonds	404,000	408,082	4,082
(8) Long-term loans payable	1,282,002	1,305,631	23,629
(9) Lease obligations	83,631	82,161	(1,470)
(10) Long-term accounts payable	69,725	69,600	(124)
Total Liabilities	2,763,209	2,789,326	26,116

(Note)The calculation method of the market value of financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable-trade

As they are settled in a short time and the market value is almost the same as book value, the book value is used.

(3)Long-term deposit

The market value for long term deposits is calculated with the discounted present value obtained from future cash flow with yields of government bonds depending on the residual period.

(4) Security deposits and guarantee deposits

The market value for security deposits and guarantee money is calculated with the discounted present value obtained from the cash flow for each tenant with yields of government bonds depending on the residual period.

Liabilities

(1) Notes payable, (2) Trade accounts payable, (3) Short-term loans, (4) Accounts payable-other, (5) Unpaid corporate tax and (6) Unpaid consumption tax, etc.

As they are settled in a short time and the market value is almost the same as book value, the book value is used.

(7) Corporate bonds

The market value of corporate bonds is calculated with the discounted present value obtained with interest rate and guarantee fee, which are expected to adopt for the additional issuance of similar corporate bonds. Corporate bonds to be scheduled to be redeemed within a year are also included.

(8) Long-term loans payable

The market value of long-term borrowing is calculated with the discounted present value obtained from principal and interests with interest rate estimated to be adopted for the additional similar borrowing. Long-term loans payable to be scheduled to be repaid within a year is included in long-term loans payable.

(9) Lease obligations, (10) Long-term accounts payable

The market volume of them is calculated with the present value discounted with the interest rate estimated to be applied for similar lease transactions and long-term unpaid money transactions. Lease obligations include current and fixed liabilities. Long-term unpaid money scheduled to be paid in a year is included in unpaid money.

Derivatives transactions

See Notes: Derivatives transactions

3. Scheduled redeemed amount of monetary receivables after settlement day

	Within a year (thousand yen)	More than one year and within five years (thousand yen)	More than five years and within ten years (thousand yen)	More than ten years (thousand yen)
(1) Cash and deposits	1,521,609	-	-	-
(2) Accounts receivable-trade	472,748	-	-	-
(3) Long-term deposits (Note 1)	-	100,000	200,000	-
Total	1,994,357	100,000	200,000	-

(Note)

1. The scheduled redeemed amount for long-term deposits is the amount when banks don't exercise their termination rights.
2. Security deposits and guarantee money are not written because scheduled redemption is not determined.

4. Scheduled payment amounts of corporate bonds, long-term loans payable, lease obligations and long-term accounts payable after the settlement date.

	Within a year (thousand yen)	More than one year and within five years (thousand yen)	More than five years and within ten years (thousand yen)	More than ten years (thousand yen)
Corporate bonds	126,000	278,000	-	-
Long-term loans payable	341,579	898,769	41,654	-
Lease obligations	27,379	56,251	-	-
Other debt with interests	77,902	69,725	-	-
Total	572,861	1,302,746	41,654	-

Other debt with interests includes part of accounts payable-other and long-term accounts payable.

(Note on securities)

Previous fiscal year (As of March 31, 2010)

N/A

Current fiscal year (As of March 31, 2011)

N/A

(Note on derivative transactions)

Previous fiscal year (April 1, 2009 to March 31, 2010)

1. Derivatives transactions to which hedge accounting is not adopted.

N/A

2. Derivatives transactions to which hedge accounting is adopted

Interest related matters

The method of hedging accounting	Type of transactions	Hedged items	Previous fiscal year (March 31, 2010)		
			Contract amount (thousand yen)	Contract amount more than one year (thousand yen)	Mark-to-market (thousand yen)
Exceptional handling of interest rate swap	Interest swap transaction				
	Receiving floating interests while paying fixed interests	Long-term loans payable	18,090	-	(Note)

(Note) If exceptional treatment for interest rate swaps is adopted, such treatment is to be applied for the hedged items, long-term loans payable together. Its market

value is included in the market value of the long-term loans payable.

Current fiscal year (April 1, 2010 to March 31, 2011)

N/A

(Profit and loss under the equity method, etc.)

Previous fiscal year (April 1, 2009 to March 31, 2010)

N/A

Current fiscal year (April 1, 2010 to March 31, 2011)

N/A

(Transactions with related parties)

Previous fiscal year (April 1, 2009 to March 31, 2010)

N/A

Current fiscal year (April 1, 2010 to March 31, 2011)

N/A

(Notes on deferred tax accounting)

Previous fiscal year (as of March 31, 2010)	Current fiscal year (as of March 31, 2011)																																																										
<p>1. Breakdown of the reasons for deferred tax assets and deferred tax liabilities (Unit: thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Denial of bonus reserve</td><td style="text-align: right;">89,147</td></tr> <tr><td>Impairment loss</td><td style="text-align: right;">31,047</td></tr> <tr><td>Loss carried forward</td><td style="text-align: right;">17,098</td></tr> <tr><td>Denial of retirement benefit reserve</td><td style="text-align: right;">141,369</td></tr> <tr><td>Others</td><td style="text-align: right;">43,286</td></tr> <tr><td>Total deferred tax assets</td><td style="text-align: right;"><u>321,950</u></td></tr> <tr><td>Valuation reserve</td><td style="text-align: right;"><u>(19,114)</u></td></tr> <tr><td>Net deferred tax assets</td><td style="text-align: right;"><u>302,835</u></td></tr> </table>	Denial of bonus reserve	89,147	Impairment loss	31,047	Loss carried forward	17,098	Denial of retirement benefit reserve	141,369	Others	43,286	Total deferred tax assets	<u>321,950</u>	Valuation reserve	<u>(19,114)</u>	Net deferred tax assets	<u>302,835</u>	<p>1. Breakdown of the reasons for deferred tax assets and deferred tax liabilities (Unit: thousand yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td colspan="2" style="text-align: center;">(Deferred tax assets)</td></tr> <tr><td style="width: 80%;">Denial of bonus reserve</td><td style="text-align: right;">89,033</td></tr> <tr><td>Impairment loss</td><td style="text-align: right;">38,469</td></tr> <tr><td>Denial of retirement benefit reserve</td><td style="text-align: right;">147,043</td></tr> <tr><td>asset retirement obligations</td><td style="text-align: right;">76,958</td></tr> <tr><td>Others</td><td style="text-align: right;">55,856</td></tr> <tr><td>Total deferred tax assets</td><td style="text-align: right;">407,361</td></tr> <tr><td>Valuation reserve</td><td style="text-align: right;">(16,185)</td></tr> <tr><td>Net deferred tax assets</td><td style="text-align: right;">391,176</td></tr> <tr><td colspan="2" style="text-align: center;">(Deferred tax liabilities)</td></tr> <tr><td>Asset retirement obligations</td><td style="text-align: right;">(26,249)</td></tr> <tr><td>Total deferred tax liabilities</td><td style="text-align: right;">(26,249)</td></tr> <tr><td>Net deferred tax assets</td><td style="text-align: right;">364,927</td></tr> </table> <p>2. Breakdown of main items which caused significant difference, if any, between the legal effective tax rate and the corporate tax rate after the adoption of deferred tax accounting (Unit: %)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Legal effective tax rate</td><td style="text-align: right;">40.7</td></tr> <tr><td colspan="2" style="text-align: center;">(Adjustment)</td></tr> <tr><td colspan="2" style="text-align: center;">Items which are not counted permanently as the loss such as</td></tr> <tr><td style="padding-left: 20px;">entertainment expenses</td><td style="text-align: right;">24.1</td></tr> <tr><td style="padding-left: 20px;">Per capita levy of local residential tax</td><td style="text-align: right;">107.8</td></tr> <tr><td style="padding-left: 20px;">Increase or decrease in valuation reserves</td><td style="text-align: right;">(5.3)</td></tr> <tr><td style="padding-left: 20px;">Others</td><td style="text-align: right;">0.6</td></tr> <tr><td>Corporate tax rate after the adoption of deferred tax accounting</td><td style="text-align: right;">167.9</td></tr> </table>	(Deferred tax assets)		Denial of bonus reserve	89,033	Impairment loss	38,469	Denial of retirement benefit reserve	147,043	asset retirement obligations	76,958	Others	55,856	Total deferred tax assets	407,361	Valuation reserve	(16,185)	Net deferred tax assets	391,176	(Deferred tax liabilities)		Asset retirement obligations	(26,249)	Total deferred tax liabilities	(26,249)	Net deferred tax assets	364,927	Legal effective tax rate	40.7	(Adjustment)		Items which are not counted permanently as the loss such as		entertainment expenses	24.1	Per capita levy of local residential tax	107.8	Increase or decrease in valuation reserves	(5.3)	Others	0.6	Corporate tax rate after the adoption of deferred tax accounting	167.9
Denial of bonus reserve	89,147																																																										
Impairment loss	31,047																																																										
Loss carried forward	17,098																																																										
Denial of retirement benefit reserve	141,369																																																										
Others	43,286																																																										
Total deferred tax assets	<u>321,950</u>																																																										
Valuation reserve	<u>(19,114)</u>																																																										
Net deferred tax assets	<u>302,835</u>																																																										
(Deferred tax assets)																																																											
Denial of bonus reserve	89,033																																																										
Impairment loss	38,469																																																										
Denial of retirement benefit reserve	147,043																																																										
asset retirement obligations	76,958																																																										
Others	55,856																																																										
Total deferred tax assets	407,361																																																										
Valuation reserve	(16,185)																																																										
Net deferred tax assets	391,176																																																										
(Deferred tax liabilities)																																																											
Asset retirement obligations	(26,249)																																																										
Total deferred tax liabilities	(26,249)																																																										
Net deferred tax assets	364,927																																																										
Legal effective tax rate	40.7																																																										
(Adjustment)																																																											
Items which are not counted permanently as the loss such as																																																											
entertainment expenses	24.1																																																										
Per capita levy of local residential tax	107.8																																																										
Increase or decrease in valuation reserves	(5.3)																																																										
Others	0.6																																																										
Corporate tax rate after the adoption of deferred tax accounting	167.9																																																										
<p>2. Because the Company posted a pretax net loss for the current fiscal year, a breakdown of major differences between the legal effective tax rates and the corporate tax rate after the adoption of deferred tax accounting are not disclosed.</p>																																																											

(Note on Retirement benefits)

1. Outline of the Company's retirement benefit system

The Company has adopted a lump sum retirement allowance system based on a defined benefit system.

2. Retirement benefit payment liability and its breakdown

Unit: thousand yen

	Previous fiscal year (as of March 31, 2010)	Current fiscal year (as of March 31, 2011)
Retirement benefit payment liability		
(1) Retirement benefit liabilities	(347,431)	(361,375)
(2) Retirement benefit reserves	(347,431)	(361,375)

3. Breakdown of retirement benefit payment expenses

Unit: thousand yen

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Retirement benefit cost	80,906	58,665
(1) Service costs	55,472	58,834
(2) Interest expense	5,891	2,432
(3) Disposed amount of the expense for the difference in actuarial calculation	19,543	(2,600)

4. Assumption for the calculation of retirement benefit liabilities

	Previous fiscal year (as of March 31, 2010)	Current fiscal year (as of March 31, 2011)
(1) Periodic allocation method of expected retirement benefit amounts	Periodic fixed amount standard	Periodic fixed amount standard
(2) Discount rate	0.7%	0.8%
(3) Number of years for amortization of the difference in actuarial calculation	Writing off the entire amount in the period it occurred	Same as on the left

(Stock options and others)

Previous fiscal year (April 1, 2009 to March 31, 2010)

N/A

Current fiscal year (April 1, 2010 to March 31, 2011)

N/A

(Asset retirement obligations)

The end of the current fiscal year (Mar 31, 2011)

1. Asset retirement obligations posted on the Balance Sheet

a. Outline of these asset retirement obligations posted

Obligations of the restoration to the original conditions on fixed-period lease agreement of beauty salons.

b. Calculation method of the amount of the subject asset retirement obligations

The amount of the asset retirement obligation is calculated for the property leased on the fixed-period agreement, estimating the lease period, using yield of government bond depending on the lease period as the discount rate.

c. Increase or decrease of the total amount of the subject asset retirement obligations in the current fiscal year

Opening balance (Note)	168,300 thousand yen
Increase due to the acquisition of tangible fixed assets	17,512
Adjustment by the lapse of time	<u>3,319</u>
Closing balance	<u>189,132</u>

(Note) The opening balance is set as the Company has adopted, as of the current fiscal year, "The accounting standard concerning asset retirement obligations" (ASBJ Statement No. 18, March 31, 2008), and the "Guidance on Accounting Standard for asset retirement obligations" (ASBJ Guidance No. 21, March 31, 2008).

2. Asset retirement obligations for those other than that posted on the balance sheet

The Company assumes liabilities concerning the restoration to original conditions at the evacuation for salons used on the lease agreement. However, it is impossible to make a reasonable estimation of asset retirement liabilities for lease agreements other than fixed term lease agreements, if the use period of the leases assets is not clear and transfer is not scheduled at the present time. Therefore, asset retirement obligations for them are not posted.

(Related to leasing of real estate, lease etc.)

Previous fiscal year (April 1, 2009 to March 31, 2010)

N/A

Current fiscal year (April 1, 2010 to March 31, 2011)

N/A

(Segment information)

Current fiscal year (From April 1 2010 to March 31 2011)

As the Company consists of one segment of beauty business, the description is omitted.

(Associated information)

Current fiscal year (From April 1 2010 to March 31 2011)

1. Information for each product or service

(Unit: thousand yen)

	Beauty treatments	Merchandise	Others	Total
Sales for external customers	11,151,594	1,359,676	45,139	12,556,410

2 Information for each region

(1) Sales amount

Sales to external customers in Japan exceed 90% of those on the income statement, the description is omitted.

(2) Tangible fixed assets

As the Company has no tangible fixed assets in other region than Japan, the description is omitted.

3 Information for each major customer

In sales to external customers, there is no customer that exceeds 10% of sales in the income statement, the description is omitted.

[Information on the impairment loss of fixed assets for each reportable segment]

Current fiscal year (From April 1 2010 to March 31 2011)

As the Company consists of one segment, the description is omitted.

(Per share information)

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Net assets per share (yen)	901.25	871.77
Current net loss per share (yen)	(34.83)	(7.48)
Current net profit per share after adjustment of latent shares	No statement is made of the amount of current net profit per share after adjusting for residual stocks, because the Company posted a current net loss per share and there were no residual stocks that had a dilution effect.	No statement is made of the amount of current net profit per share after adjusting for residual stocks because the Company posted a current net loss per share and there were no residual stocks that had a dilution effect.

Note: The base data for calculating current net loss per share are as follows.

	Previous fiscal year (April 1, 2009 to March 31, 2010)	Current fiscal year (April 1, 2010 to March 31, 2011)
Current net loss (thousand yen)	(176,123)	(37,813)
Amount which dose not belong to shareholders of common stock (thousand yen)	-	-
Net loss which belongs to common stock (thousand yen)	(176,123)	(37,813)
Average number of common stocks outstanding for the fiscal year (thousand shares)	5,057	5,057

(Important post-balance sheet events)
N/A

5. Others

(1) Change in officers

1) Change in the representatives

N/A

2) Change in other officers

Candidate for a new auditor

Auditor (permanent) Hideo Ishikawa (currently, corporate officer and the head of the Sales Management Group of the Sales Department)

Auditor (scheduled to retire)

Auditor (permanent) Yoshiaki Kubota

3) The scheduled day of assumption of office

June 21, 2011

(2) Others

Comparison of sales by category

(Unit: thousand yen)

Items	Previous year (April 1, 2009 to March 31, 2010)		Current year (April 1, 2010 to March 31, 2011)		Comparison with the previous year
	Amount	Breakdown	Amount	Breakdown	Increase or decrease
		%		%	
Beauty treatments	11,261,813	88.9	11,151,594	88.8	(110,219)
Merchandise	1,353,585	10.7	1,359,676	10.8	6090
Others	52,578	0.4	45,139	0.4	(7,438)
Total	12,667,977	100.0	12,556,410	100.0	(111,567)