Summary of Financial Statements for the Second Quarter of Fiscal Year Ending April 2011

December 2, 2010

Name of listed company: **AIN PHARMACIEZ INC.**
Exchange listed on: First Section of Tokyo Stock Exchange and Sapporo Securities Exchange
Code number: 9627 URL: http://www.ainj.co.jp/
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Date of filing Quarterly Securities Report: December 15, 2010
Date of scheduled payment of dividends: -
Supplementary documents for this summary of financial statements: Yes
Explanation meeting for financial results Yes (for institutional investors and analysts)

(Amounts are rounded down to nearest million yen.)

1. Consolidated results for the second quarter of fiscal year ending April 30, 2011 (May 1, 2010 to October 31, 2010)

(1) Consolidated operating results

(The percentages indicate the rates of increase or decrease compared with the preceding second quarter.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended October 31, 2010	61,840	3.5	3,417	20.1	3,469	25.6	1,697	25.8
Six months ended October 31, 2009	59,740	5.1	2,846	31.0	2,762	33.4	1,349	62.5

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended October 31, 2010	115.47	-
Six months ended October 31, 2009	101.01	100.88

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2010	72,061	27,230	37.7	1,705.14
As of April 30, 2010	65,898	21,492	32.5	1,520.81

Reference: Shareholders' equity As of October 31, 2010 ¥27,181 million As of April 30, 2010 ¥21,445 million

2. Dividends

Record date	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of year	Full year
	Yen	Yen	Yen	Yen	Yen
Year ended April 30, 2010	–	–	–	40.00	40.00
Year ending April 30, 2011	–	–			
Year ending April 30, 2011 (forecast)			–	45.00	45.00

Note: Revision of the above forecasts during the period under review: None

3. Consolidated financial forecasts for the fiscal year ending April 30, 2011 (May 1, 2010 to April 30, 2011)

(The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	132,000	5.2	7,800	20.1	7,650	20.2	3,820	22.0	249.99

Note: Revision of the above forecasts during the period under review: Yes

4. Other

(1) Major changes in subsidiaries during the period: None

(Note) This refers to changes in specified subsidiaries resulting from changes in scope of consolidation during the period under review.

(2) Application of simplified accounting methods/specified accounting methods: Yes

(Note) This refers to whether the simplified accounting methods and specified accounting methods for preparation of quarterly consolidated financial statements were adopted.

(3) Changes in accounting principles, procedures or presentation methods, etc.

1. Changes as a result of revisions to accounting standards, etc.: Yes
2. Changes other than 1: None

(Note) This refers to the changes in the accounting principles, procedures and the presentation methods for preparation of quarterly consolidated financial statements stated in "Changes in Basis of Presentation of Quarterly Consolidated Financial Statements."

(4) Number of outstanding shares (common stock):

1. Number of outstanding shares (including treasury stock):

As of October 31, 2010	15,944,106 shares
As of April 30, 2010	14,104,106 shares

2. Number of shares held in treasury:

As of October 31, 2010	2,992 shares
As of April 30, 2010	2,942 shares

3. Average number of shares outstanding:

Six months ended October 31, 2010	14,699,456 shares
Six months ended October 31, 2009	13,355,903 shares

*Status of execution of the quarterly review of financial statements:

The procedure for the review of the financial statements under the Financial Instruments and Exchange Act was not complete at the moment of disclosing this summary.

*Statement regarding the proper use of financial forecasts and other special remarks

The above forecasts are calculated based on the information available as of the publication date of this material, and actual financial results may vary due to change in future economic conditions and others. For detail of the financial forecasts, see "Qualitative information on the consolidated financial forecasts" on page 3 of the Attachment.

Contents

1. Qualitative information / financial statements

(1) Qualitative information on the consolidated operating results

During the first six months of the current fiscal year (May 1, 2010 to October 31, 2010), despite a moderate improvement being witnessed with corporate profits recovering and consumer spending picking up, the Japanese economy remained fraught with concerns, including worries about the potential downturn of the global economy as well as changes in foreign exchange rates and stock prices.

Under the economic circumstances described above, the AIN PHARMACIEZ Group (the Group) sought to expand its operations by aggressively opening and developing dispensing pharmacies and urban drug stores while strengthening its financial position by means including a capital increase of ¥4.7 billion in total through a public offering and a private placement.

In addition, in order to enhance its creditworthiness and its management transparency, the Group acquired a new credit rating on September 28, 2010 (a long-term senior debts rating of BBB+ from Japan Credit Rating Agency, Ltd.).

Financial results for the first six months were favorable: net sales were ¥61,840 million (3.5% up year on year), ordinary income ¥3,469 million (25.6% up year on year), and net income ¥1,697 million (25.8% up year on year).

The financial results by business segments are as indicated below.

(Pharmaceutical business)

In the pharmaceutical business, the Group sought to expand the scale of its sales and profitability by developing dispensing pharmacies, including through M&As, as well as by promoting the use of generic drugs and pursuing higher efficiency in pharmacy operations.

With respect to sales, the Group compensated for the effects of the April 2010 revisions to drug prices and dispensing fees with new store openings, despite a delay in the implementation of its original pharmacy opening plan. Profits increased thanks to the changes made in the proportion of additional technical fees for handling generic drugs and a higher pharmacy operational efficiency.

Accordingly, our revenues and profits increased in the first six months: net sales were ¥54,409 million (2.9% up year on year) and operating income of ¥4,485 million (19.3% up year on year).

During the said period, the Group opened 11 new stores in total and closed four stores, resulting in 404 operating dispensing pharmacies in total.

(Product sales business)

In the product sales business, the Group endeavored to strengthen its sales and earnings capabilities by promoting the development of *ainz & tulpe*, a mainstay urban drugstore, in major cities across Japan while improving its merchandizing and drastically revising its sales and administrative expenses.

Our business performance on a same-store basis generally improved year-on-year both in terms of sales and profits due to lower purchase prices resulting from a partial logistical integration with the Seven & i Holdings Group.

Net sales for the first six months were ¥7,315 million (9.0% up year on year), and operating loss amounted to ¥108 million (cf. operating loss of ¥198 million in the year-earlier period).

During the said period, there were a total of three new openings of *ainz & tulpe* urban drugstores: Tokyo Station Store within Japan Railway's Tokyo Station, BISSE ODORI Store in Chuo-ku, Sapporo and coppice KICHIJOJI Store near Japan Railway's Kichijoji Station in Musashino-shi, Tokyo. With the closure of one cosmetics shop during the period, the number of our drug stores at the end of the period totaled 51.

(Other businesses)

Net sales and operating loss from other businesses were ¥116 million and ¥35 million, respectively.

(Note) Effective from May 1, 2010, the Company applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, released on March 27, 2009) and the Guidance on Accounting Standards for the Disclosure about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, released on March 21, 2008). Since these applications do not have any effect on the Company's business segmentation, a year-on-year comparison is provided for the first six months of the current fiscal year.

(2) Qualitative information on the consolidated financial position

The balance of total assets at the end of the second quarter increased by ¥6,162 million from the end of the previous fiscal year to ¥72,061 million. This is mainly attributable to the increase in cash on hand and in banks associated with the capital increase through a public offering and a private placement and to a rise in inventories and accounts receivable.

The balance of liabilities increased by ¥423 million to ¥44,830 million. This is primarily because of the increase in accounts payable. Interest-bearing debts decreased by ¥1,655 million to ¥13,321 million.

The balance of net assets rose by ¥5,738 million to ¥27,230 million. This is mainly due to the increase of ¥2,374 million each in common stock and capital surplus from capital increase through a public offering as well as the increase of net income for the first six months of current fiscal year. As a result, the equity ratio improved by 5.2 points to 37.7%.

(Cash flows)

In the first six months of the current fiscal year, cash and cash equivalents (hereunder “cash”) increased by ¥4,007 million from the previous fiscal year end to ¥15,196 million.

Cash flows from each activity and their relevant factors are as follows.

During the first six months, net cash provided by operating activities was ¥2,756 million (cf. ¥4,298 million was provided a year earlier) with the inflows of ¥3,281 million in income before income taxes and minority interests and ¥1,370 million in the increase of accounts payable as well as with the outflow of ¥2,267 million in other accounts receivable and ¥1,697 million in income tax payments.

Net cash used for investing activities amounted to ¥1,147 million (cf. ¥1,406 million was used a year earlier) mainly due to the payments of ¥637 million for the acquisition of property, plant and equipment, and intangible fixed assets, ¥132 million for the acquisition of investment securities, ¥121 million for loans receivable.

Net cash provided by financing activities was ¥2,398 million (cf. ¥73 million was generated a year earlier). This is mainly attributable to the repaid amount of ¥1,655 million as a difference between borrowings and repayments of interest-bearing debts, the proceeds of ¥4,720 million from the issuance of new shares by way of a public offering and a private placement in September 2010, and the dividend payments of ¥564 million.

(3) Qualitative information on the consolidated financial forecasts

While the Company’s business performance remains broadly favorable, centered mainly on established stores, we revised our sales forecast for the full year to ¥132,000 million, down ¥5,750 million yen from our most recently announced consolidated sales forecast for the full year by comprehensively considering certain factors including possible changes in the timing of store openings in the pharmaceutical and product sales businesses from the third quarter of the current fiscal year.

No revision was made with respect to operating income, ordinary income, net income and net income per share from the most recently announced consolidated financial forecast for the full year.

The following table shows differences from the consolidated financial forecasts previously announced for the full year.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	137,750	7,800	7,650	3,820	249.99
Revised forecast (B)	132,000	7,800	7,650	3,820	249.99
Amount of change (B-A)	(5,750)	―	―	―	
Percentage change (%)	(4.2)	―	―	―	
Actual results of previous fiscal year	125,495	6,492	6,362	3,131	228.08

2. Other information

(1) Major changes in subsidiaries during the period: None

(2) Application of simplified accounting methods/specified accounting methods

1. Calculation method for depreciation of fixed assets

   Depreciation of fixed assets was calculated by the method in which the estimated annual depreciation amount based on the budget for the current fiscal year was proportionally distributed over the year to adjust actual results of acquisition, sale or retirement during the year.

2. Judgment on the collectability of deferred tax assets

   As no significant change was found in the management environment and the occurrence of temporary differences after the end of the previous consolidated fiscal year, the projected financial results and tax planning for the future used in the settlement of the previous consolidated fiscal year were used in the judgment on the collectability of deferred tax assets.

3. Calculation method for deferred and accrued accounts

   Deferred and accrued accounts were calculated by posting estimated figures based on a reasonable computation method.

4. Calculation of tax expenses

   Tax expenses were calculated by reasonably estimating the effective tax rate after the application of the tax effect accounting to the net income before taxes for the consolidated fiscal year including the first six months period, and multiplying the estimated effective tax rate by the net income before taxes and other adjustments for the quarter.

   In addition, deferred income taxes are included in income taxes.

(3) Changes in accounting principles, procedures or presentation methods

1. Calculation method for depreciation of fixed assets

   Effective from May 1, 2010, the Company applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, released on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, released on March 31, 2008).

   This reduced operating income and ordinary income for the first six months of the current fiscal year by ¥14,056 thousand each, and net income before income taxes and minority interests for the same period by ¥174,652 thousand. The change in asset retirement obligations due to the application of the accounting standards was ¥359,044 thousand.

2. Judgment on the collectability of deferred tax assets

   Effective from May 1, 2010, the Company applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, released on December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, released on December 26, 2008), partial amendments to the Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, released on December 26, 2008), the revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, revised on December 26, 2008), the revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, revised on December 26, 2008) and the revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised on December 26, 2008).

3. Consolidated financial statements

(1) Consolidated balance sheets

(Thousand yen)

	Six months ended October 31, 2010 (As of October 31, 2010)	Fiscal year ended April 30, 2010 (As of April 30, 2010)
Assets:		
Current assets:		
Cash on hand and in banks	15,196,110	11,188,462
Notes and accounts receivable	8,532,954	9,269,803
Merchandise	7,278,465	6,841,202
Supplies	106,113	96,821
Deferred tax assets	738,617	723,032
Short-term loans	952,640	892,880
Other accounts receivable	3,701,471	1,404,247
Other current assets	635,908	850,723
Allowance for doubtful accounts	(31,105)	(24,957)
Total current assets	37,111,175	31,242,215
Fixed assets:		
Property, plant and equipment:		
Buildings and structures, net	6,220,518	5,993,445
Land	5,011,521	5,001,721
Other property, plant and equipment, net	1,633,038	1,515,631
Total property, plant and equipment	12,865,078	12,510,799
Intangible fixed assets:		
Goodwill	11,742,052	12,154,420
Other intangible fixed assets	975,889	923,368
Total intangible fixed assets	12,717,941	13,077,789
Investments and other assets:		
Investments in securities	2,842,169	2,802,672
Deferred tax assets	1,159,126	995,611
Deposits and guarantees	4,537,291	4,462,540
Other investments and other assets	1,008,361	1,013,395
Allowance for doubtful accounts	(217,815)	(220,215)
Total investments and other assets	9,329,134	9,054,003
Total fixed assets	34,912,155	34,642,592
Deferred assets		
Stock issuance cost	38,423	14,042
Total deferred assets	38,423	14,042
Total assets	72,061,753	65,898,850

(Thousand yen)

	Six months ended October 31, 2010 (As of October 31, 2010)	Fiscal year ended April 30, 2010 (As of April 30, 2010)
Liabilities:		
Current liabilities:		
Accounts payable	21,036,930	19,666,791
Short-term debt	6,285,152	6,549,284
Accrued income taxes	1,710,343	1,709,338
Deposits received	3,309,727	3,036,027
Allowance for bonuses to employees	981,393	875,171
Allowance for bonuses to directors	11,545	21,072
Reserve for reward obligation	315,346	297,728
Other current liabilities	1,847,975	1,984,635
Total current liabilities	35,498,413	34,140,049
Long-term liabilities:		
Long-term debt	7,036,094	8,427,212
Allowance for retirement benefits	1,118,442	1,017,997
Other long-term liabilities	1,177,808	821,540
Total long-term liabilities	9,332,345	10,266,750
Total liabilities	44,830,758	44,406,799
Net Assets:		
Shareholders' equity:		
Common stock	8,682,976	6,308,456
Capital surplus	7,872,970	5,498,450
Retained earnings	11,007,509	9,874,264
Treasury stock	(4,607)	(4,445)
Total shareholders' equity	27,558,849	21,676,725
Valuation and translation adjustments:		
Unrealized holding losses on securities	(376,955)	(231,603)
Total valuation and translation adjustments	(376,955)	(231,603)
Minority interests	49,101	46,929
Total net assets	27,230,994	21,492,051
Total liabilities and net assets	72,061,753	65,898,850

(2) Consolidated statements of income

(Thousand yen)

	Six months ended October 31, 2009 (May 1, 2009 to October 31, 2009)	Six months ended October 31, 2010 (May 1, 2010 to October 31, 2010)
Net sales	59,740,895	61,840,968
Cost of sales	51,664,935	52,697,173
Gross profit	8,075,960	9,143,795
Selling, general and administrative expenses	5,229,677	5,725,810
Operating income	2,846,283	3,417,985
Non-operating income:		
Interest income	22,820	29,296
Dividend income	13,653	20,165
Commissions received	41,275	23,677
Real estate rental revenue	31,923	43,162
Consignment income	21,287	42,771
Other non-operating income	41,291	110,930
Total non-operating income	172,252	270,003
Non-operating expenses:		
Interest expenses	153,806	117,064
Loss on sales of accounts receivable	41,723	34,801
Real estate rental expenses	15,614	24,684
Other non-operating expenses	44,795	41,555
Total non-operating expenses	255,940	218,106
Ordinary income	2,762,596	3,469,882
Extraordinary income:		
Gain on sale of investments in securities	52,381	—
Gain on sale of property, plant and equipment	—	979
Gain on transfer of business	—	19,047
Reversal of allowance for doubtful accounts	2,400	2,400
State subsidy	—	38,648
Other extraordinary income	—	583
Total extraordinary income	54,781	61,659
Extraordinary losses:		
Loss on disposal of fixed assets	29,885	35,207
Loss on devaluation of investments in securities	44,521	34,689
Impairment losses	54,910	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	160,596
Other extraordinary losses	32,805	19,914
Total extraordinary losses	162,123	250,407
Income before income taxes and minority interests	2,655,253	3,281,134
Income taxes	1,302,851	1,581,670
Income before minority interests	—	1,699,463
Minority interests	3,285	2,171
Net income	1,349,117	1,697,291

(3) Consolidated statements of cash flows

(Thousand yen)

	Six months ended October 31, 2009 (May 1, 2009 to October 31, 2009)	Six months ended October 31, 2010 (May 1, 2010 to October 31, 2010)
Cash flows from operating activities:		
Income before income taxes and minority interests	2,655,253	3,281,134
Depreciation and amortization	562,226	680,813
Impairment losses	54,910	—
Amortization of goodwill	433,303	440,940
Gain on transfer of business	—	(19,047)
Loss on devaluation of investments in securities	44,521	34,689
Increase in allowance for retirement benefits	65,530	100,445
Increase in allowance for bonuses to employees	123,710	106,221
Decrease in allowance for bonuses to directors	(12,309)	(9,527)
Interest and dividend income	(36,474)	(49,461)
Interest expenses	153,806	117,064
Loss on disposals and sales of property, plant and equipment	29,885	34,227
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	160,596
Decrease (increase) in accounts receivable	(768,735)	736,849
Increase in inventories	(511,767)	(463,854)
Increase in other accounts receivable	—	(2,267,194)
Increase in accounts payable	979,887	1,370,139
Other	1,893,889	269,213
Subtotal	5,667,639	4,523,249
Interest and dividends received	34,771	48,629
Interest paid	(154,218)	(117,710)
Income taxes paid	(1,249,946)	(1,697,685)
Net cash provided by operating activities	4,298,246	2,756,482
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment, and intangible fixed assets	(653,639)	(637,612)
Proceeds from sales of property, plant and equipment, and intangible fixed assets	3,674	4,039
Payments for purchases of investments in securities	(389,783)	(132,160)
Proceeds from sales of investments in securities	67,544	—
Payments for purchases of shares in affiliated companies	(270,000)	—
Proceeds from transfer of business	—	16,005
Payments for loans receivable	(560,000)	(121,565)
Proceeds from collections of loans receivable	226,458	8,000
Other	169,156	(284,434)
Net cash used in investing activities	(1,406,589)	(1,147,727)

(Thousand yen)

	Six months ended October 31, 2009 (May 1, 2009 to October 31, 2009)	Six months ended October 31, 2010 (May 1, 2010 to October 31, 2010)
Cash flows from financing activities:		
Proceeds from short-term debts	1,542,307	1,100,000
Repayments for short-term debts	(2,632,317)	(900,000)
Proceeds from long-term debts	1,150,000	100,000
Repayments for long-term debts	(1,962,044)	(1,955,250)
Payment for redemption of bonds	(56,000)	—
Proceeds from issuance of new shares	2,484,765	4,720,038
Repayments of lease obligations	(68,178)	(101,682)
Payments for purchase of treasury stock	(378)	(161)
Cash dividends paid	(384,941)	(564,046)
Dividend payments to minority shareholders	(126)	(6)
Net cash provided by financing activities	73,086	2,398,891
Increase in cash and cash equivalents	2,964,743	4,007,647
Cash and cash equivalents at beginning of the period	9,234,052	11,188,462
Cash and cash equivalents at end of the period	12,198,796	15,196,110

(4) Notes on the premise of a going concern

None

(5) Segment Information

[Business Segment Information]

Six months ended October 31, 2009 (May 1, 2009 to October 31, 2009)

(Thousand yen)

	Pharmaceutical business	Product sales business	Other businesses	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to external customers	52,891,322	6,711,249	138,323	59,740,895	—	59,740,895
(2) Inter-segment sales and transfers	—	3,000	6,613	9,613	(9,613)	—
Total	52,891,322	6,714,249	144,937	59,750,509	(9,613)	59,740,895
Operating income (loss)	3,682,825	(238,900)	(35,385)	3,408,539	(562,256)	2,846,283

Notes: 1. Business segmentation

Businesses are segmented based on the method adopted for internal management.

2. Individual business segments involve the following activities.

Pharmaceutical business: Management of dispensing pharmacies, franchise operation, temporary staff/recruiting and consulting services, selling of pharmaceuticals and generic drugs.

Product sales business: Selling of pharmaceuticals, cosmetics and household groceries, franchise operation, consultant practice on opening of shopping centers, management of pharmacies

Other businesses: Real-estate leasing service

[Segment information by location]

This is not applicable because the Company has no subsidiary or important branch office located in foreign countries.

[Overseas net sales]

This is not applicable because the Company has no sales in foreign countries.

[Segment Information]

1. Description of the reportable segments

The Company's reporting segments consist of those of its components for which it is possible to obtain separate financial information that is examined by its Board of Directors on a regular basis for the purpose of deciding on the allocation of corporate resources and assessing business performance.

The Group's business comprises three units that together represent its main business units, namely, a pharmaceutical business that consists of dispensing pharmacies, selling of generic drugs, temporary staff/recruiting and consulting services, and a product sales business that consists of the management of urban, cosmetics and suburban drugstores, as well as other businesses that consist mainly of real-estate leasing services. The formulation and examination of business strategy is conducted individually for each business.

Accordingly, the reporting segments of the Group are composed of three units, namely, pharmaceutical business, product sales business and other businesses.

2. Net sales and profit (loss) by reportable segment

Six months ended October 31, 2010 (May 1, 2010 to October 31, 2010)

(Thousand yen)

	Reportable segments				Adjustment (Note) 1	Carried on Statement of Income (Note) 2
	Pharmaceutical business	Product sales business	Other businesses	Total		
Net sales						
(1) Sales to external customers	54,409,063	7,315,727	116,178	61,840,968	—	61,840,968
(2) Intersegment sales and transfers	—	—	6,613	6,613	(6,613)	—
Total	54,409,063	7,315,727	122,792	61,847,582	(6,613)	61,840,968
Segment income (loss)	4,485,998	(108,402)	(35,809)	4,341,787	(871,904)	3,469,882

Notes: 1. Segment income (loss) in "Adjustment" totaling (¥871,904 thousand) includes ¥708,780 thousand in overall group expenses, ¥97,594 thousand in loss that may not be allocated to the reporting segments, and ¥65,529 thousand in elimination due to inter-segment transactions.
The overall group expenses consist mainly of expenses associated with the administrative divisions of the parent company, such as general affairs and accounting divisions.

2. Segment income is adjusted with the ordinary income of quarterly income statements.

3. Impairment loss on fixed assets and goodwill by reportable segment

[Significant impairment loss on fixed assets]: None

[Significant changes in the amount of goodwill]: None

[Additional information]

Effective from May 1, 2010, the Company applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, released on March 27, 2009) and the Guidance on Accounting Standards for the Disclosure about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, released on March 21, 2008).

(6) Notes on significant changes in the amount of shareholders' equity

In the second quarter of the current fiscal year, the Company conducted the issuance of shares and secondary share offering through a public offering and a private placement in accordance with a resolution adopted by its Board of Directors on August 17, 2010 for the purpose of improving equity capital and strengthening the Company's financial position, as well as obtaining capital expenditure funds for new store openings. As a result, common stock and capital surplus increased by ¥2,374 million each during the first six months of the current fiscal year. At the end of the second quarter of the current fiscal year, common stock and capital surplus were respectively ¥8,682 million and ¥7,872 million.