

May 10, 2011

Consolidated Summary Report For the Fiscal Year Ended March 31, 2011 [Under Japan GAAP]

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 General meeting of shareholders: June 25, 2011
 Dividend payment date t: June 27, 2011
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 Supplementary explanations of financial results: Yes
 Financial results briefing: Yes

(Amounts less than one million yen are rounded down)

1. Financial results for the current fiscal year (April 1, 2010 – March 31, 2011)**(1) Results of Operations (Consolidated)**

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary profit		Net income	
	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %	Million yen	YoY Change %
Fiscal year ended March 2011	73,345	3.2	2,748	(2.2)	3,157	0.6	568	(58.8)
Fiscal year ended March 2010	71,091	17.5	2,811	15.5	3,137	17.4	1,378	34.6

Comprehensive Income

Fiscal year ended March 2011 464 million yen (65.9%)

Fiscal year ended March 2010 1,365 million yen (-%)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal year ended March 2011	31.57	-	4.5	8.3	3.7
Fiscal year ended March 2010	76.96	76.94	11.3	8.8	4.0

(Reference): Income from investment in affiliates (Equity method)

Fiscal year ended March 2011 (4 million yen)

Fiscal year ended March 2010 1 million yen

(2) Financial Condition (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2011	39,107	12,738	32.6	703.19
As of March 31, 2010	36,549	12,714	34.8	708.88

(Reference) : Shareholders' equity

Fiscal year ended March 2011: 12,738 million yen

Fiscal year ended March 2010: 12,714 million yen

(3) Cash Flows (Consolidated)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2011	3,544	(2,070)	264	6,505

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2010	4,262	(1,905)	(1,955)	4,711

2. Dividends

	Dividend per share					Total dividends	Dividend Payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2010	-	-	-	20.00	20.00	358	26.0	2.9
Fiscal year ended March 2011	-	-	-	22.00	22.00	398	69.7	3.1
Fiscal year ending March 2012 (est.)	-	-	-	22.00	22.00		24.9	

3. Forecast for the fiscal year ending March 2012 (Consolidated, April 1, 2011 - March 31, 2012)

	Net sales		Operating income		Ordinary profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	37,100	2.8	1,000	37.8	1,100	16.6	400	-	22.08
Full year	77,000	5.0	3,200	16.4	3,500	10.8	1,600	181.6	88.33

Note: The percentage figures represent year-on-year changes.

4. Others

1. Significant changes in subsidiaries during the period (changes in specific subsidiaries accompanied by changes in the scope of consolidation):

Yes

New: 1 company (SCI BOC FRANCE)

Excluded: 1 company (YCC Co., Ltd.)

2. Changes in accounting principles, procedures and presentation rules applied in the preparation of consolidated financial statements

(1) Changes due to revision of accounting standards: Yes

(2) Changes due to other reasons: None

3. Number of shares outstanding (common stock)

(1) Shares outstanding (including treasury stock)	As of March 31, 2011	19,473,200	As of March 31, 2010	19,473,200
(2) Treasury stock	As of March 31, 2011	1,358,682	As of March 31, 2010	1,536,708
(3) Average number of shares outstanding	As of March 31, 2011	17,999,222	As of March 31, 2010	17,917,778

Non-consolidated Financial Results (For reference)**1. Financial results for the current fiscal year (April 1, 2010 – March 31, 2011)****(1) Results of operations (Non-consolidated)**

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2011	55,243	24.2	2,722	11.9	2,659	6.9	864	(23.2)
Fiscal year ended March 2010	44,462	9.4	2,433	5.1	2,487	4.0	1,126	10.9

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended March 2011	48.04	-
Fiscal year ended March 2010	62.86	62.85

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2011	38,561	13,026	33.8	719.12
As of March 31, 2010	33,087	12,413	37.5	692.07

(Reference): Shareholders' equity

Fiscal year ended March 2011: 13,026 million yen Fiscal year ended March 2010: 12,413 million yen

* Presentation on the status of audit process:

This earnings release is not subject to the audit process as required by the Financial Instruments and Exchange Act of Japan. As of the date when this earnings release was issued, the audit process on financial statements as required by the Financial Instruments and Exchange Act had not been finalized.

*Cautionary statement regarding forecasts of operating results and special notes:

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from those projected in the forward-looking statements due to a variety of factors. Please see "Analysis of Results of Operations" (p. 2) in the attached materials for items pertaining to the forecast stated above.

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1. Results of Operations

(1) Analysis of Results of Operations

Overview of the Consolidated Fiscal Year ended March 31, 2011

During the consolidated fiscal year under review, the BOOKOFF Corporation Ltd. Group focused on its core “reuse business,” which “turns your unneeded household goods into something useful for a new owner,” and actively pursued opportunities across a range of reuse genres, from books and CDs to clothing, sports equipment and children’s goods.

Going forward, the Group will continue striving to make a circulation-based society a reality through a variety of reuse businesses, with “BOOKOFF provides the infrastructure for a waste-free lifestyle for people who don’t want to toss things away,” or “BOOKOFF is for people who don’t let things go to waste,” as its business mission.

Starting in the consolidated fiscal year ended in March 2010, the Group has set its sights on expansion, and is aiming to become a comprehensive reuse company with the BOOKOFF Business at the center. The Group is promoting the opening of new outlets, centering on BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes, and BOOKOFF large-scale urban stores. During the consolidated fiscal year under review, the Group opened three BOOKOFF SUPER BAZAAR stores, each with a sales area exceeding 4,290 square meters, and four BOOKOFF large-scale urban stores. The Group endeavored to reduce its initial investment in order to increase investment efficiency, but the newly launched stores have gotten off to a strong start as a result of efforts to provide early training for staff hired for the store openings and to enhance the headquarters support system.

Enhancing profitability is one of the issues facing management, and during the consolidated fiscal year under review the Group advanced efforts to improve its gross margin ratio and reduce selling, general and administrative expenses. Improvements to the gross margin ratio were achieved through product-specific adjustments to selling and purchase prices based on considerations of the demand-supply balance, and through inventory level reviews. With regard to selling, general and administrative expenses, personnel costs rose as the Group strengthened its personnel structure in keeping with the expansion of the reuse business. However, the Group reduced general administrative expenses such as rent by implementing company-wide cost reductions.

Amid these developments, the Great East Japan Earthquake in March 2011 resulted in damage to products, structures and facilities at a portion of the Group’s stores in the Tohoku and Kanto regions, and the majority of stores experienced an unavoidable reduction in business hours due the temporary suspension of operations after the earthquake and scheduled power outages. Fortunately, however, neither the Group’s customers nor its employees were seriously injured, and the entire company devoted itself to achieving a rapid resumption of operations. Nearly all of the Group’s stores have been able to return to business as usual, with a few exceptions.

Through financial contributions, donations of books, and the “sell and support program” under which customers can donate funds by selling books, the Group worked to contribute to the recovery of disaster-stricken areas to the best of its ability.

In addition to the loss on disaster resulting from the earthquake, the Group recorded an extraordinary loss, including a loss on adjustment for changes of accounting standard for asset retirement obligations of ¥626 million and an impairment loss of ¥365 million on a portion of its stores.

As a result of the foregoing, sales rose while profit declined in the consolidated fiscal year under review. Consolidated net sales amounted to ¥73,345 million (an increase of 3.2% compared to the previous fiscal year), operating income amounted to ¥2,748 million (a 2.2% decline), ordinary profit came to ¥3,157 million (a 0.6% increase), and net income amounted to ¥568 million (a 58.8% decline).

Effective from the consolidated fiscal year ended March 2011, the Group has 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 Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, released on March 31, 2008). The Group has made the following changes to its business segments for the purpose of carrying out reporting in line with the management approach.

Segment	Main Business Activities
BOOKOFF Business	As the headquarters for the BOOKOFF chain of reuse shops for books, software, etc., responsible for operating both domestic and overseas franchise systems as well as directly operated stores Operates directly operated B-Hobby reuse shops for plastic models, trading cards, etc. Operates BOOKOFF Online Internet-based book and software reuse shop
Reuse Business	Develops chain of reuse shop for products other than those handled by the BOOKOFF Business (children’s clothing, children’s goods, women’s clothing, miscellaneous goods, sports equipment, accessories, etc.) Operates stores in the HARDOFF chain of reuse shops for secondhand hardware products (audio/visual products, computers, etc.)
Packaged Media Business	Operates TSUTAYA chain of video rental stores Operates Aoyama Book Center, Ryusui Shobo and yc-vox new book stores
Other	Operates stores not included in the preceding segments (KID-O-KID indoor playground chain, etc.)

	Interior and exterior planning, design, construction of stores in all segments
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Performance by business segment is as follows:

(BOOKOFF Business)

Consolidated net sales for this segment came to ¥50,001 million (an increase of 4.8% compared to the previous fiscal year) during the consolidated fiscal year under review. The segment opened a total of 30 new stores directly operated by the Group (including the acquisition of 14 stores from franchise partners), of which 4 stores were large-scale urban stores, and 18 franchise stores. (Store closures amounted to 11 stores directly operated by the Group and 42 stores operated under franchise). Of the new stores launched, six were BOOKOFF SUPER BAZAAR stores.

Although new store openings provided a boost to sales, full-year net sales at directly operated existing BOOKOFF stores were 99.5% of the corresponding figure for the previous fiscal year. Sales of books, including CDs and comics, were sluggish. However, efforts to product-specific adjustments to selling and purchase prices based on considerations of the demand-supply balance and inventory level reviews have led to a recovery in gross profits and an improvement in the gross margin ratio.

The segment expanded its offerings of plastic models and trading cards. And an increase in merchandise achieved through changes to existing stores' sales floors and the opening of new stores that are annexed to existing stores, are contributing to an improvement in existing store sales.

However, due to the temporary suspension of operations in the Tohoku and Kanto regions as a result of the Great East Japan Earthquake and shortened business hours caused by scheduled power outages, net sales at directly operated existing BOOKOFF stores for the fiscal year ended March 2011 were 89.1% of the corresponding figure for the previous fiscal year.

(Reuse Business)

Consolidated net sales for this segment amounted to ¥9,761 million (an increase of 9.2% compared to the previous fiscal year) during the consolidated fiscal year under review. New store openings amounted to 11 stores directly operated by the Group (store closures amounted to 20 stores directly operated by the Group and 3 stores operated under franchise). Of the total, six new stores were launched inside BOOKOFF SUPER BAZAAR stores.

In addition to an increase in sales fueled by the launch of new stores, full-year net sales at directly operated existing reuse stores (exclusive of the Group's franchisees) were 102.9% of the corresponding figure for the previous fiscal year. The segment strengthened its personnel structure, pressed ahead with sales floor improvements, particularly at BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes, and expanded sales of clothing, miscellaneous goods and accessories.

In addition, the segment strove to improve profitability through the closure and integration of unprofitable stores.

Meanwhile, due to the temporary suspension of operations in the Tohoku and Kanto regions as a result of the Great East Japan Earthquake and shortened business hours caused by scheduled power outages, net sales at directly operated existing reuse stores for the fiscal year ended March 2011 were 73.8% of the corresponding figure for the previous fiscal year.

(Packaged Media Business)

Consolidated net sales for this segment amounted to ¥12,943 million (a decline of 3.9% compared to the previous fiscal year) during the consolidated fiscal year under review. New store openings amounted to two stores (store closures amounted to five stores directly operated by the Group). Sales at TSUTAYA stores fell compared to the previous fiscal year amid intense competition, but an improved gross margin ratio and a reduction in selling, general and administrative expenses offset the decline. The segment improved the profitability of its new book store business by pushing ahead with closures of unprofitable stores.

(Other)

Consolidated net sales for this segment amounted to ¥638 million (a decline of 33.8% compared to the previous fiscal year) during the consolidated fiscal year under review. There were no new store openings (store closures amounted to two stores directly operated by the Group).

(Performance Trends)

(Unit: million yen)

	Fiscal Year Ended March 2010	Fiscal Year Ended March 2011
Net sales	71,091	73,345
BOOKOFF Business	47,724	50,001
Directly operated store sales	42,462	44,568
Sales to Franchisees	874	761
Online sales	2,204	2,517
Other services	2,183	2,514
Reuse Business	8,940	9,761
Packaged Media Business	13,462	12,943
Other	963	638
Operating income	2,811	2,748
Ordinary profit	3,137	3,157
Extraordinary gains	119	139
Extraordinary losses	634	1,628
Income before income taxes	2,622	1,668
Net income	1,378	568

(Amounts rounded down to the nearest one million yen)

(Store Opening/Closing Trends by Segment)

(Reference Information: Store Openings/Closings by Segment)

(Unit: number of stores)

		Fiscal Year Ended March 2010		Fiscal Year Ended March 2011	
		Open	Close	Open	Close
BOOKOFF Business	Group	18	26	30	11
	Franchise	28	16	18	42
Reuse Business	Group	20	4	11	20
	Franchise	0	4	0	3
Packaged Media Business	Group	2	1	2	5
	Franchise	-	-	-	-
Other	Group	2	0	0	2
	Franchise	-	-	-	-
Total Store Openings/Closings	Group	42	31	43	38
	Franchise	28	20	18	45
Fiscal Year-End Total	Group	482		487	
	Franchise	630		603	

Outlook for the Fiscal Year Ending March 31, 2012

(Overall Outlook)

The BOOKOFF Corporation Ltd. Group will continue to open new stores that will become the infrastructure for the reuse market, focusing on BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes that combine reuse merchandise including clothing and sports equipment with BOOKOFF stores, as well as BOOKOFF large-scale urban stores.

The Group believes that by virtue of their mixed-use design, BOOKOFF SUPER BAZAAR stores will lead to an increased merchandise selection and a broader customer base, which will in turn translate into greater earnings. Current plans call for the opening of four to five new stores in the fiscal year to March 2012. While stressing the reduction of costs associated with launching such large-scale stores, such as start-up costs incurred at the time of opening and the initial investment, the Group will aim to realize expedited profitability.

As a result, the Group forecasts consolidated net sales of ¥77,000 million, operating income of ¥3,200 million, ordinary profit of ¥3,500 million and net income of ¥1,600 million for the fiscal year ending on March 31, 2012.

(Outlook by Business Segment)

(BOOKOFF Business)

In the fiscal year to March 2012, The Group expects to open four to five new BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes and eight BOOKOFF large-scale urban stores, including replacements for existing stores. Efforts will continue at existing stores to achieve increased customer satisfaction through service enhancements, and to improve gross margin ratio through product-specific adjustments to selling and purchase prices based on considerations of the demand-supply balance and other measures. BOOKOFF stores will also expand their offerings of merchandise that resonates with customers, such as plastic models and trading cards.

BOOKOFF Online, launched in August 2007, has achieved full-year profitability for two consecutive fiscal years, including the consolidated fiscal year under review, and it is steadily growing. The business will strive for improved earnings in the fiscal year to March 2012 by boosting sales through more active use of its mobile website, which was launched in February 2011.

As a result of the foregoing, the Group forecasts net sales of ¥53,200 million for this segment.

(Reuse Business)

The Group expects to open four to five new BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes in the fiscal year to March 2012. Judging from the primary distribution market for the products it handles, the Group believes that there is significant pent-up capacity in the reuse market. The Group will push to expand this segment's share of the reuse market by accelerating openings of BOOKOFF SUPER BAZAAR stores that feature BOOKOFF stores, with their strong customer appeal, as the core.

As a result, the Group forecasts net sales of ¥11,000 million for this segment.

(Packaged Media Business)

The rental division faces severe competition, and sales of new CDs have also been affected by a shrinking market. Still, the Group expects to be able to offset this through continued improvements in gross margin ratio and reductions in selling, general and administrative expenses.

As a result, the Group forecasts net sales of ¥12,400 million for this segment.

(Other)

The Group forecasts net sales of ¥400 million for this segment.

(Consolidated Earnings Forecast)

(Unit: million yen)

	Fiscal Year Ended March 2011	Fiscal Year Ending March 2012 (Forecast)	Change	% Change
Net Sales	73,345	77,000	3,654	5.0
Operating Income	2,748	3,200	451	16.4
Ordinary profit	3,157	3,500	342	10.8
Net Income	568	1,600	1,031	181.6

(Amounts rounded down to the nearest one million yen)

(2) Analysis of Financial Condition

1. Assets, Liabilities and Net Assets for the Consolidated Fiscal Year Ended March 31, 2011

(Current Assets)

Current assets as of March 31, 2011 amounted to ¥19,333 million (¥1,173 million at the end of the previous fiscal year), an increase of ¥1,959 million. Merchandise increased by ¥410 million in line with the Group's business expansion. In addition, the Group obtained approximately ¥2.0 billion in temporary funding from financial institutions in late March in order to ensure the stability of the business following the Great East Japan Earthquake. This resulted in a ¥1,799 million increase in cash and deposits.

(Noncurrent Assets)

Noncurrent assets as of March 31, 2011 amounted to ¥19,773 million (¥19,175 million at the end of the previous fiscal year), an increase of ¥598 million. Property, plant and equipment increased by ¥372 million on investment in new store openings and the application of the Accounting Standard for Asset Retirement Obligations, while intangible assets including computer software and goodwill increased by ¥606 million due to investments in computer systems and the acquisition of franchise stores. Meanwhile, two companies, BOOKOFF FRANCE E.U. R. L. and SCI BOC FRANCE, were newly consolidated effective from the consolidated fiscal year under review, resulting in a ¥380 million decrease in investments and other assets.

(Liabilities)

Liabilities as of March 31, 2011 amounted to ¥26,369 million (¥23,834 million at the end of the previous fiscal year), an increase of ¥2,534 million. The Group obtained approximately ¥2.0 billion in temporary funding from financial institutions in late March in order to ensure the stability of the business following the Great East Japan Earthquake. This resulted in a ¥1,802 million increase in short- and long-term loans payable. Elsewhere, the Group recorded ¥173 million in new asset retirement obligations in keeping with the application of the Accounting Standard for Asset Retirement Obligations, while accounts payable-trade declined by ¥411 million.

(Net Assets)

Net assets as of March 31, 2011 amounted to ¥12,738 million (¥12,714 million at the end of the previous fiscal year), an increase of ¥23 million.

2. Cash Flows

Cash and cash equivalents ("cash") as of March 31, 2011 amounted to ¥6,505 million, an increase of ¥1,793 million compared to the end of the previous consolidated fiscal year.

Consolidated cash flows and the primary factors behind their fluctuation for the consolidated fiscal year under review are as follows:

(Cash Flows from Operating Activities)

Net cash from operating activities amounted to ¥3,544 million. An increase to cash resulting from income before income taxes of ¥1,668 million and depreciation in the amount of ¥2,348 million were the primary factors.

Compared to the previous consolidated fiscal year, net cash from operating activities declined by ¥717 million. Income before income taxes, minus the impact caused by the application of the Accounting Standard for Asset Retirement Obligations and disaster losses, were in line with the previous consolidated fiscal year's, but depreciation and amortization increased by ¥390 million, while changes in inventories, notes and accounts receivable – trade and notes and accounts payable – trade resulted in a ¥491 million decrease in cash, and differences between income tax refunds and income taxes paid decreased by ¥378 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥2,070 million. The primary factors included a ¥569 million outlay for the acquisition of plant, property and equipment resulting from new store openings, a ¥666 million outlay for the acquisition of intangible assets resulting from the introduction of a POS system, investments in computer systems in the online division and an outlay of ¥786 million resulting from the acquisition of franchise stores.

Compared to the previous consolidated fiscal year, net cash used in investing activities increased by ¥165 million. Outlays increased by ¥491 for the acquisition of franchise stores, but in the previous fiscal year, the Group recorded outlays of ¥258 million for the purchase of stocks of subsidiaries and affiliates. This resulted as the Group undertook a capital increase in a subsidiary company and acquired the equity shares of a company with the aim of making it a wholly owned subsidiary.

(Cash Flows from Financing Activities)

Net cash from financing activities increased by ¥264 million. While the Group made advances in the repayment of lease obligations and long-term accounts payable – other, the increase was primarily due to the procurement of approximately ¥2.0 billion in temporary funding from financial institutions in late March in order to ensure the stability of the business following the Great East Japan Earthquake. Compared to the previous consolidated fiscal year, net cash increased by ¥2,220 million. In addition to the receipt of temporary funding from financial institutions, outlays increased by ¥115 million as the result of the disposal and purchase of treasury stock.

(Trends in Equity Ratio, Equity Ratio Based on Market Value, Ratio of Interest-Bearing Debt to Cash Flow and Interest Coverage Ratio)

	Fiscal Year Ended March 2009	Fiscal Year Ended March 2010	Fiscal Year Ended March 2011
Equity ratio (%)	33.6	34.8	32.6
Equity ratio based on market value (%)	46.9	48.7	30.2
Ratio of interest-bearing debt to cash flow (years)	8.9	3.7	5.0
Interest coverage ratio (times)	8.0	16.9	13.0

Notes: Equity ratio (%): Shareholders' equity/total assets
 Equity ratio based on market value: Market capitalization/total assets
 Ratio of interest-bearing debt to cash flow (years): Interest-bearing debt/cash flows from operating activities
 Interest-bearing debt is the sum of short-term loans payable, the current portion of long-term loans payable, long-term loans payable and long-term accounts payable – other.
 Interest Coverage Ratio (times): Cash flows from operating activities/interest expense

3. Basic Policy on Profit Distribution and Dividends for FY 2010 and FY 2011

The BOOKOFF Corporation Ltd. Group considers the distribution of profits to be one of its highest management priorities, and aims to realize a payout ratio of around 25% on a consolidated net income basis.

While striving to generate increased returns to shareholders through continuous improvements in performance, the company intends to effectively utilize internal reserves toward strategic investments that will enhance its financial standing and strengthen the foundation of future business activities.

For the consolidated fiscal year ended March 31, 2011, the company will raise the dividend to 22 yen per share (69.7% consolidated payout ratio). This is in keeping with its basic policy and with the plan issued at the start of the fiscal year, and it excludes the considerable impact to net income resulting from the application of the Accounting Standard for Asset Retirement Obligations and the Great East Japan Earthquake. For the fiscal year ending in March 2012, the Group plans to maintain its targeted payout ratio of around 25%, and therefore plans to pay a dividend of 22 yen per share.

4. Business Risks

Of items with the potential to affect business results and financial position, the Group has identified the following as those with the potential to have a material influence on decision-making by investors.

The items presented in the following text are those identified by the Group (BOOKOFF Corporation Ltd. and its subsidiaries) as of the end of the consolidated fiscal year to March 2011.

1) Business Activities and Operations

1. Revenue Trends by Business Segment

The Group divides its main business activities into three categories: the BOOKOFF Business, the Reuse business and the Packaged Media Business.

The BOOKOFF Business comprises BOOKOFF stores that engage in the purchase and sale of articles such as secondhand books, CDs, DVDs and videogame software, and B-Hobby stores that engage in the purchase and sale of articles including secondhand toys and trading cards. BOOKOFF pursues store development through directly operated and franchise stores throughout Japan and in four other countries (the U.S., France Canada, and South Korea). It also runs the Internet-based BOOKOFF Online electronic commerce website.

The Reuse Business utilizes store management know-how cultivated by the BOOKOFF Business and operates stores engaged in the purchase and sale of articles including secondhand children's goods, women's clothing, sports equipment and accessories. In addition, as a franchisee of Hard Off Corporation Co. Ltd., the Reuse Business operates HARDOFF stores engaged in the purchase and sale of personal computers and audio-visual products.

The Packaged Media Business operates the TSUTAYA chain of DVD and CD rental stores as a franchisee of Culture Convenience Club Co., Ltd. ("CCC"), and also operates Ryusui Shobo, Aoyama Book Center and yc-vox, which are the Group's directly operated new book stores.

The Group is currently targeting expansion as a comprehensive reuse company with BOOKOFF as the center, and is concentrating its energies on the development of BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes. Earnings at each BOOKOFF SUPER BAZAAR store that is classified as belonging to the Reuse Business show signs of accelerating. However, due to low name recognition and the shallow penetration of reuse goods in the merchandise categories handled, a certain amount of time is necessary before earnings for the Reuse Business stores achieve stability comparable to those for BOOKOFF stores. And the status of the Reuse Business' development could potentially affect the Group's business results and financial position.

2. Secondhand Article Procurement and Inventory Control

In contrast with new merchandise, there is no company responsible for the production and sale of secondhand articles. Purchases from individual customers within each store's immediate market account for the bulk of the Group's procurement of such goods. Due to this fact, the Group has devised measures to encourage store visits by customers, which take both hardware and software into account and cover areas such as store design, operations manuals, employee training, advertising and publicity. And, in addition to creating a system to ensure that each store secures a stable supply of merchandise, the Group has established additional systems that make it possible for customers to buy and sell goods without visiting a store, such as a "dispatch purchase" service under which store staff conduct merchandise purchases and sales at customers' homes, and the "Takuhonbin" service whereby shipping companies handle the collection of goods from customers' homes.

However, trends in the primary distribution market for books, CDs and DVDs (including the potential shrinkage of the primary distribution market for packaged media due to the rise of digital commerce) and competition could affect merchandise procurement. Therefore, there is no guarantee that the Group will be able to secure a stable supply of secondhand merchandise, either in terms of quantity and quality. There is the risk that lost sales opportunities resulting from product shortages caused by the procurement status of secondhand articles could occur, potentially affecting the Group's performance.

Another feature of secondhand merchandise is that, unlike new merchandise, adjusting purchasing volumes is challenging. The purchase of merchandise in excessive volumes could lead to increased inventories and a higher loss ratio, potentially affecting the Group's performance and financial position.

3. Development of Human Assets

Based on its philosophy that "people are assets," the Group refers to its employees as "human assets." Working from the perspective of developing its human assets, the Group entrusts the manager of each of its stores with broad authority over matters pertaining to operations, including hiring of part-time staff, staff training and evaluations, advertising and publicity, sales promotions, and sales floor layout. In an environment in which a store's performance can fluctuate depending on the skill with which a store is managed and the level of service, this type of policy is aimed at enabling store managers to develop into well-balanced human assets by gaining experience in all areas, ranging from personnel matters to store operations to managing by the numbers. However, a special characteristic of the BOOKOFF Corporation Ltd. Group is that because each individual store in the Group's BOOKOFF and Reuse businesses is responsible for all operations from purchasing to sales, the level of service provided by stores has a direct bearing on merchandise procurement, and this could result in potentially significant sales fluctuations. Therefore, stores' operations standards may be influenced by the degree to which human assets are developed, and this could affect the Group's earnings performance.

The Group also recognizes that securing and quickly developing its human assets is an important management issue in proactive store development. The Group is working to achieve the accelerated development of its human assets through the enrichment of its training system. However, in the event that the development of appropriate human assets does not keep pace with plans for new stores, it is possible that store development may not proceed as expected and the Group's performance could be affected.

4. New Store Development Policy

With the aim of being "a company that creates the infrastructure for people who don't let things go to waste," the Group will continue to open stores, focusing on the BOOKOFF SUPER BAZAAR concept, which combines various stores from the Reuse Business with BOOKOFF stores, and large-scale BOOKOFF stores in metropolitan areas and so-called "cities designated by government ordinance."

In order to continue expanding both the number of stores and each store's sales area, the Group intends to use its store development division to pursue a policy of nimble store development. However, the Group's business results and financial position could be affected if issues such as property conditions prevent the execution of development plans, or if the Group's plans to open stores change as a result of regulations, such as those pertaining to store opening adjustment under the "Large-Scale Retail Store Location Law."

5. Franchise Development

The Group develops BOOKOFF and other reuse stores through the use of franchises, and aims to achieve mutual prosperity for both the Group and for franchisees. It has set up a nationwide branch system in Japan, and at each branch it has posted branch managers and supervisors who provide support to franchise stores. Additionally, the Group has instituted support measures such as training programs for franchise store managers, full-time and part-time staff, "contract management" involving store managers who are dispatched by the company to manage stores, "store transfer," or the transfer of directly operated stores to franchisees so that they may achieve efficient store operations, and "store acquisition," whereby the company purchases franchise stores. Furthermore, the Group views the sharing of management philosophies and views about stores and human assets among franchisees to be of the utmost importance, and the Group will continue to emphasize communication with franchises in its role as franchise headquarters.

When opening a franchise store, it is necessary to secure a property that meets the conditions for opening a store, and it is possible that the company's business results could be affected if the number or timing of store openings did not proceed according to plan. Moreover, a franchisee might decide to review its plans to open stores as a franchise member due to circumstances that are not attributable to the company or because it might judge that the Group is not adequately fulfilling its functions as the franchisee headquarters although the company offers management guidance to franchisees. Events such as these would raise the possibility that the company would not secure the planned number of stores, potentially affecting the Group's business results.

6. BOOKOFF Online

In August 2007, the Group launched BOOKOFF Online, an Internet-based service selling books, CDs and DVDs through its consolidated subsidiary BOOKOFF Online Corporation. The business's sales have grown steadily since that time to the present, but in order to achieve further expansion, large additional investments may be necessary for such things as warehouse floor space and computer system enhancements. Meanwhile, the business's revenues and credibility could suffer direct damage in the event that its servers went down for a prolonged period due to system troubles, and this could affect the business results and financial position of the Group and BOOKOFF Online Corporation.

Elsewhere, NETOFF, Inc. (head office: Obu City, Aichi Prefecture; representative director: Takeshi Kuroda), which used to be one of the company's franchisees, sells reuse books, CDs and DVDs through the eBOOKOFF website under license from the company. In April of 2010, NETOFF disclosed that it was promoting a business alliance with CCC. NETOFF's business competes with BOOKOFF Online's, and competition between the companies could affect the business results and financial position of the Group and also of BOOKOFF Online Corporation.

7. Development of Overseas Stores

The Group has opened a total of 11 BOOKOFF stores in four countries (the U.S., France, Canada, and South Korea) through its overseas subsidiaries in each country (excluding stores operated under franchise; as of March 31, 2011).

The stores are largely profitable on a per store basis. However, in addition to differences in customs and cultures in each country, the stores' name recognition is low compared to BOOKOFF in Japan and the number of stores is small, so it appears that it will take a considerable amount of time to completely absorb the maintenance expenses for each overseas subsidiary (management division costs) and for profitability to improve to a level that would make it possible to make progress on recovering the Group's investment. Each overseas subsidiary is in the process of switching its business model from one of "exporting books from Japan and selling them locally" to one of "purchasing local books and selling them locally." The Group is gradually promoting efforts to recoup its investment by enhancing the profitability of existing stores. However, recovering the Group's investment could be further prolonged depending on future business conditions and trends in store openings. The status of the recovery effort could have a bearing on the Group's business results and financial position.

Among the Group's overseas subsidiaries, two consolidated subsidiaries have liabilities in excess of assets (as of February 2011). They are BOOKOFF CANADA TRADING INC., with excess liabilities of C\$411,000 and BOOKOFF FRANCE E.U.R.L., with €39,000.

8. New Book Store Business

The Group operates new book stores through BOOKOFF Media Co., Ltd. and Aoyama Book Center Co., Ltd. ("ABC"), both consolidated subsidiaries. Consignment sales (return policy) account for nearly all sales for the new book store business, so the inventory risk is low. Yet because the inventory investment required for early-stage merchandise is large while profit margins are low, the period required to recoup the investment tends to be prolonged.

ABC has been operating eight Aoyama Book Center and Ryusui Shobo stores dealing in new books since November 2008, when it acquired the business of Yohan Book Service Inc., which had applied to initiate reorganization proceedings under the Civil Rehabilitation Law. However, it has ¥143 million in liabilities in excess of assets (as of February 2011).

ABC has been promoting the closure of unprofitable stores and working to recoup its investment by improving the profitability of existing stores through enhanced product appeal and streamlined store operations. However, recovering ABC's investment could be further prolonged depending on future business conditions and trends in store openings. The status of the recovery effort could have a bearing on the Group's business results and financial position.

9. Compliance System

With compliance both in Japan and abroad and respect for social norms as its goals, the Group has introduced an internal auditing system, instituted the compliance management committee as a permanent body, and is working to achieve thorough compliance by building Group-wide awareness of the issue.

Nevertheless, the possibility of future problems involving the management system cannot be ruled out. In such an event, the Group's business results could potentially be affected due to decreased net sales stemming from a decline in the public's confidence.

2) Legal Restrictions

1. Resale Price Maintenance System

The books and CDs that comprise the main products handled by the BOOKOFF Corporation Ltd. Group's BOOKOFF Business are all works that fall outside the scope of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade ("Anti-Monopoly Law"), and form the primary distribution market, based on the Resale Price Maintenance Agreement ("Resale Agreement"). Any future revisions to the Anti-Monopoly Law or the Resale Agreement would likely lead to major changes in the distribution system for the various products. However, at this stage it is difficult to predict what the impact would be on either the company's businesses or the Group's business results.

2. Secondhand Articles Dealer Act

Since reuse merchandise handled by the Group qualifies as “secondhand articles” under the Secondhand Articles Dealer Act, the Group is regulated by rules established under the law. The regulatory agency is the prefectural public safety commission with jurisdiction where the business is located. Rules established by the law and related statutes are as follows:

- Permission must be obtained from the prefectural public safety commission with jurisdiction when conducting business involving the purchase and sale or exchange of secondhand articles. (Secondhand Articles Dealer Act, Article 3)
- When the purchase or sale price of a secondhand article is ¥10,000 or more, or when engaging in the purchase or sale of secondhand books, CDs, DVDs or videogame software, it is necessary to confirm the address, name, occupation and age of the other party or to obtain a document noting this information in order to confirm the other party’s identity. (Secondhand Articles Dealer Act, Article 15)
- When engaging in a purchase or sales transaction requiring confirmation of the other party as described above, it is necessary to record the transaction date, the name and volume of the secondhand article(s), distinguishing characteristics of the secondhand article(s), and the other party’s address, name, occupation and age in the ledger. (Secondhand Articles Dealer Act, Article 16; however, an official notice states that eased measures apply to the recording of distinguishing characteristics of books.)

In the event that a piece of merchandise purchased from a customer is determined to be a stolen or lost item, civil law states that the item is to be returned to the rightful owner within two years, free of charge. The Group appropriately executes confirmation and safekeeping measures pertaining to the transaction record in accordance with the Secondhand Articles Dealer Act, such as confirmation of the other party at the time of sale or purchase, the ledger entry and safekeeping of that information. If a purchased item is determined to be stolen, the Group has established a system to enable the lawful return to the rightful owner without charge.

To date, the regulations in question have not resulted in any significant loss or damage to the Group. However, the Group will continue to address issues regarding the establishment and maintenance of a compliance system in view of the impact to business operations that could result from compliance with legal regulations.

3. Prefectural Ordinances

The BOOKOFF Corporation Ltd. Group is regulated by ordinances established by prefectural governments. The applicable ordinances have been set with due consideration of regional characteristics. It can be assumed that an ordinance’s content could be strengthened or revised due to changes in the regional environment. In Kanagawa Prefecture, where the company’s head office is located, the main provisions of the “Kanagawa Youth Nurturing and Protection Ordinance” that pertain to the company can be summarized as follows:

- The guardian’s agreement must be obtained when purchasing secondhand articles from a youth (less than 18 years of age).

The Group is in accord with the spirit of the ordinance and, taking the sound upbringing of youth into perspective, it will comply with the ordinance and make efforts to ensure that regional order is maintained.

4. Expansion of Employees’ Pension Coverage for Part-time Workers

As a general rule, the Group currently operates its stores with a staff of one to two regular employees, along with part-time staff, mainly students and housewives. Thus, it employs a large number of part-time workers (the Group employed 8,634 part-time workers as of March 31, 2011). A future expansion of employees’ pension coverage for part-time workers would lead to higher insurance premiums and labor management costs, which could potentially affect store operations and business results.

5. Personal Information Management

When purchasing merchandise, the Group obtains personal information from the customer under the Secondhand Articles Dealer Act, receiving a document containing the customer’s address, name, occupation and age. This personal information is stored under lock and key and is tightly managed.

In keeping with the regulations and spirit of the Act on the Protection of Personal Information, the Group is working to enhance its information security management by strengthening its internal management structure and training for franchisees, as well as reinforcing countermeasures to prevent unauthorized access. The Group both exercises careful caution with regard to the handling of personal information and endeavors to prevent the leakage of personal information.

Should a leakage of personal information occur, however, the affected individual(s) could submit a claim for damages. In addition, the Group’s business results could potentially be affected due to decreased net sales stemming from a decline in the public’s confidence.

3) Guarantee Deposits

The Group uses rental properties as the basis for store openings involving directly operated stores, and pays a deposit and a guarantee to the lessor at the time of the rental contract. At the end of the fiscal year to March 2011, guarantee deposits amounted to ¥8,294 million on a consolidated basis (21.2% of consolidated total assets).

In keeping with the terms of the contract, such guarantee deposits are repaid when the contract is dissolved upon expiry. However, in the event of bankruptcy on the part of the lessor, it is possible that part or all of the amount may not be

recovered. Meanwhile, it is necessary in some cases to pay a penalty if the contract is dissolved before the expiration, in keeping with the terms of the contract.

4) Natural Disasters

The Group has stores throughout Japan as well as in four other countries (the U.S., France Canada, and South Korea), and BOOKOFF Online maintains its inventory base in Kanagawa Prefecture. The Group's business results and financial position could be affected should its stores, warehouses and merchandise be damaged by a large-scale natural disaster.

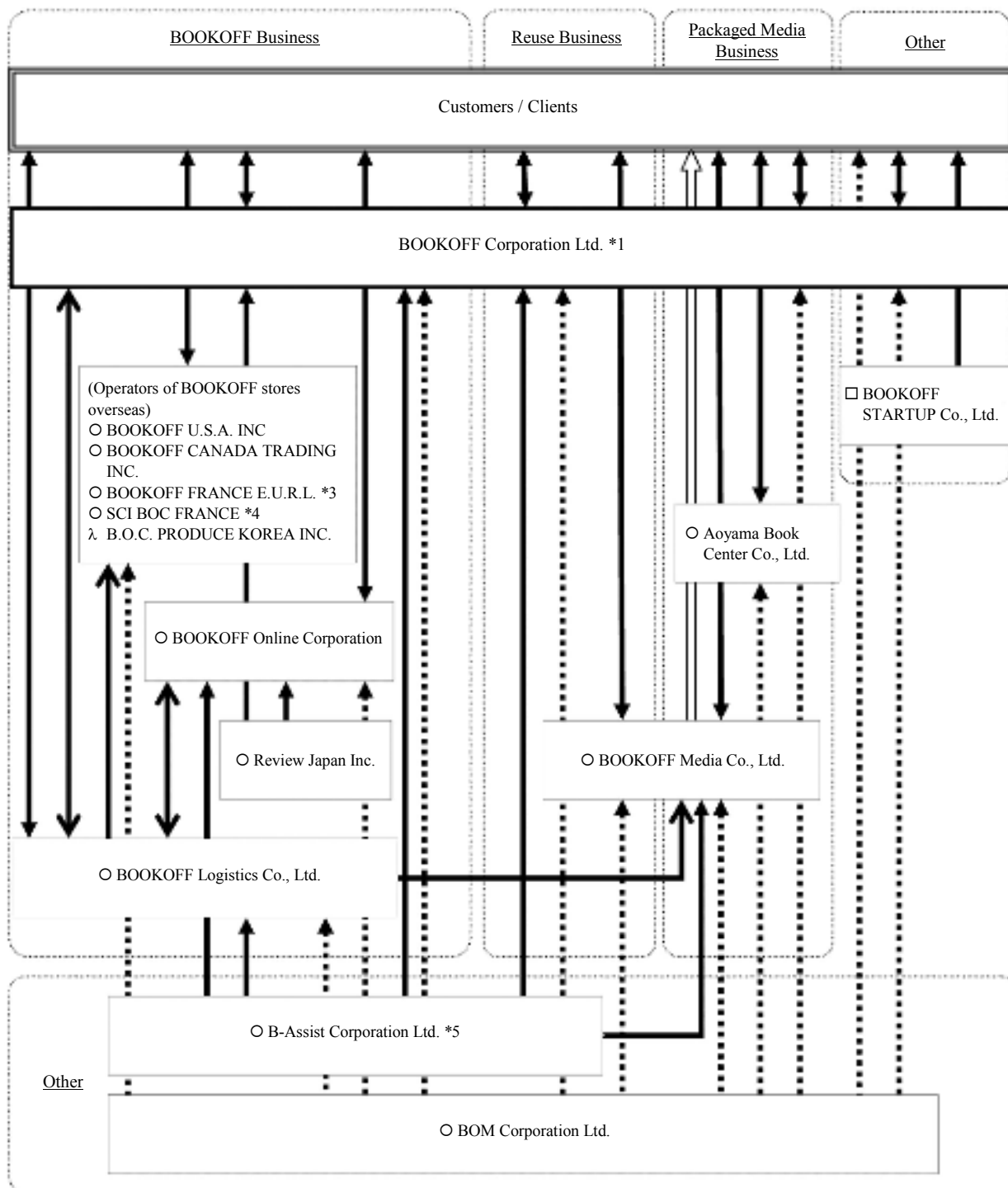
5) Employee Stock Ownership Plan

The board of directors meeting held on February 16, 2010 passed a resolution to introduce an employee stock ownership plan ("E-Plan") with the aim of offering an incentive to employees to work toward medium- to long-term improvements in the Group's corporate value. In line with this resolution, the company established the "BOOKOFF Corporation Employee Stock Ownership Association Trust" ("Employee Stock Trust") at a trust bank. In March 2010, the Employee Stock Trust purchased the amount of the company's shares that the BOOKOFF Corporation Employee Stock Ownership Association ("Stock Ownership Association") is expected to purchase over the five-year period following the trust's establishment (¥743 million; 843,400 shares; 882 yen per share).

Under the plan, the Employee Stock Trust will transfer shares in the company to the Stock Ownership Association at regular intervals. If there are residual assets in the Employee Stock Trust at the time of the trust's termination, they will be distributed to employees who satisfy the conditions for beneficiary eligibility. The company has offered guarantees on loans taken for the purpose of stock purchases by the Employee Stock Trust. Therefore, should there be any outstanding loans remaining in the Employee Stock Trust at the trust's termination as a result of a decline in the company's share price, the company will settle the loans in question in accordance with the guarantee contract.

At the end of March 2011, the Employee Stock Trust held 615,900 shares of the company's stock, and had an unrealized loss of ¥169 million (closing price at the end of March 2011: 606 yen). The unrealized loss will shrink if the company's share price advances beyond the Employee Stock Trust's purchase price. However, the Group's business results and financial position could be affected should the shares continue to trade below the purchase price.

2. Corporate Group



- > Merchandise purchasing, sales, various services
-> Interior and exterior planning, design, construction of stores; development and management of store real estate
- > Merchandise supply
- > Video software, DVD, CD rental

Notes:

1. Consolidated subsidiaries are denoted by ○; non-consolidated subsidiaries are denoted by λ. Affiliated companies (companies accounted for using the equity method) are denoted by □.
2. Subsidiary company Reuse Produce Corporation Ltd. Merged with BOOKOFF Corporation (marked by *1) on April 1, 2010.
 Subsidiary company YCC Co., Ltd. Merged with BOOKOFF Media Co., Ltd. (*2) on April 1, 2010.
 BOOKOFF FRANCE E.U.R.L. (*3) became a consolidated subsidiary of the company effective from the consolidated fiscal year ended March 31, 2011.
 SCI BOC FRANCE (*4) became a consolidated subsidiary of the company effective from the consolidated fiscal year ended March 31, 2011.
 B-Assist (*5), newly established on October 15, 2010 with the goal of promoting employment of people with disabilities, is a subsidiary of the company.

3. Management Policy

(1) Basic Management Policy

The corporate philosophy of BOOKOFF Corporation is “contributing to society through our business activities” and “the pursuit of employees’ material and spiritual wellbeing.”

“Contributing to society through our business activities”

- Extract maximum value from merchandise by having each item fulfill its role multiple times
- Provide customers with pleasant experiences unavailable elsewhere
- Bring happiness to every person we come into contact with by being an organization that always has “people’s interests” in mind

“The pursuit of employees’ material and spiritual wellbeing”

- By developing the capability (intellectual power) to think about what must be done to achieve a goal, by realizing that goal through the best means possible, and by becoming people who are respected by their peers (enhancing human potential), individuals (all employees) grow
- Through individual growth, employees develop the ability to achieve “things I wasn’t able to do until now” and to develop “a way of thinking that I couldn’t grasp until now.” The breadth of each individual’s growth multiplied by the number of individuals who grow fuels the company’s growth.

Moreover, the company has established a new corporate mission of becoming “BOOKOFF for people who don’t let things go to waste.” The company will conduct business activities in order to provide the infrastructure for a reuse-based society for customers who think, “I don’t need it anymore, but throwing it away is wasteful,” and for customers who “want things that are high-quality yet inexpensive.”

(2) Targeted Performance Indicators

Ordinary profit of ¥10.0 billion and return on assets (ROA) of 15% through stable and sustainable growth in revenues and profit are established as targets for the time being.

(3) Medium- to Long-Term Management Strategies

The BOOKOFF Corporation Ltd. Group has positioned “BOOKOFF for people who don’t let things go to waste” as its business mission, and the Group’s goal is to become an organization that provides the “infrastructure for people who don’t let things go to waste”, in a circulation-based society.

The group’s main BOOKOFF Business is focusing its energies on opening large-scale urban stores. In addition to opening new stores, the business will press ahead with renewal and replacement projects affecting over 900 directly operated and franchise stores, enact service improvements in order to create a relaxed atmosphere, and promote initiatives that serve to contribute to society. Through efforts such as these, the business will expand its customer base to include middle-aged and older customers, and thereby expand the earnings of the entire chain.

The potential market for the Reuse Business is large, and the Group positions this business as the pillar of its future growth. To this end, the Group will expand its network of BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes, which assemble reuse specialty stores handling an array of merchandise around a central BOOKOFF store. Thus, the Group will bolster its competitive advantage and increase its share of the reuse market by using the customer appeal provided by BOOKOFF stores and a broad selection of merchandise.

As described above, the BOOKOFF Group aims to realize sustainable growth as the top comprehensive reuse company, providing the “infrastructure for people who don’t let things go to waste” through its central BOOKOFF and Reuse businesses.

(4) Issues to be Addressed

Issues to facing the company at the end of the consolidated fiscal year under review are as follows:

1. Realizing the goal of becoming a “company that creates the infrastructure for people who don’t let things go to waste”

The BOOKOFF Corporation Ltd. Group has positioned the goal of becoming a “company for people who don’t let things go to waste” as its business mission. The Group aims to simultaneously expand its customer base and secure its competitive advantage by instilling the image of “BOOKOFF for people who don’t let things go to waste” in people’s minds.

To achieve its goal, the Group will promote business activities founded on a branding strategy that incorporates this new business mission. And in order to provide a stable standard of service that enables customers to use each store with peace of mind, the Group will work to improve its operations standards by making sure that employees are thoroughly versed in company manuals and by providing practical training.

2. Developing a comprehensive reuse business and large-scale BOOKOFF stores

The Group will work to gain an even greater share of the reuse market by harnessing the customer appeal and name recognition of its BOOKOFF stores to expand its business territory as a comprehensive reuse business.

Specifically, the Group will concentrate its energies on the promoting openings of BOOKOFF SUPER BAZAAR large-scale mixed secondhand retail complexes. With the books, DVDs and software merchandise handled by BOOKOFF at the core, these stores also combine know-how cultivated up to this point by the Reuse Business as a chain of specialty stores dealing in merchandise such as hobby goods including plastic models and figurines, clothing, miscellaneous goods, sports equipment, musical instruments, children's goods, accessories, watches and luxury goods.

The Group will promote the creation of large-scale stores by both opening new BOOKOFF stores, primarily in undeveloped regions in metropolitan areas and "cities designated by government ordinance," and by replacing existing stores. Through these efforts, the Group aims to further improve both customer appeal and earning power.

While the Group's investment will increase as a result of the move to large-scale stores, it will strive to realize expedited profitability and greater investment efficiency by continuing efforts to reduce its initial investment and also by further strengthening both training for staff hired for store openings and the headquarters' support system.

3. Increased Earning Power

The Group will address the issues of: 1) improving the gross margin ratio; 2) reducing selling, general and administrative expenses; and 3) improving profit at unprofitable stores.

With regard to the issue of achieving improvements in gross margin ratio, the Group will create product-specific teams, carry out product-specific adjustments to selling and purchase price based on the supply-demand balance and also adjust internal inventory levels. At the same time, it will press ahead with efforts raise operations standards by creating manuals for product displays and by providing thorough guidance to employees.

The Group will address the issue of reducing selling, general and administrative expenses by promoting company-wide cost-cutting initiatives. At the same time, it will make improvements to stores' productivity through the introduction of a new POS system, reduce running costs by creating a centralized system, and improve headquarters' productivity.

The Group is already promoting initiatives targeting improvements at unprofitable stores, but it will clarify its early-stage response to stores that become unprofitable as well as decision-making standards governing the issues of store closure and replacement.

4. Business Ethics

BOOKOFF Corporation Ltd. positions thorough compliance as the foundation for its contributions to society as a business, and it has established "compliance guidelines" to be adhered to by the BOOKOFF Group's directors and its employees for the sake of building mutual trust with the Group's stakeholders.

In order to ensure the thorough penetration of the guidelines' principles, the Group will conduct training sessions and meetings targeting all Group directors and employees, and also conduct awareness campaigns through newsletters or the internal corporate intranet.

To ensure accountability, the Group will promote transparency with regard to responsibility sharing resulting from the preparation and enforcement of internal controls, and realize timely disclosure of management information and early disclosure of financial results.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: thousand yen)

	FY 2009 (As of March 31, 2010)	FY 2010 As of March 31, 2011
Assets		
Current assets		
Cash and deposits	4,832,848	6,631,936
Notes and accounts receivable-trade	1,195,647	875,576
Merchandise	9,041,178	9,451,911
Supplies	31,242	29,117
Deferred tax assets	515,366	510,387
Other	1,762,419	1,835,355
Allowance for doubtful accounts	(4,450)	(315)
Total current assets	17,374,252	19,333,970
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,313,074	12,999,661
Accumulated depreciation	(6,539,560)	(7,790,234)
Buildings and structures, net	4,773,513	5,209,427
Land	226,476	226,476
Leased assets	1,896,840	2,316,072
Accumulated depreciation	(366,278)	(738,251)
Leased assets, net	1,530,562	1,577,820
Construction in progress	58,254	1,827
Other	1,771,760	1,742,579
Accumulated depreciation	(1,326,983)	(1,351,969)
Other, net	444,776	390,609
Total property, plant and equipment	7,033,583	7,406,161
Intangible assets		
Goodwill	1,019,468	1,271,044
Leased assets	17,109	12,058
Other	900,186	1,260,310
Total intangible assets	1,936,764	2,543,413
Investments and other assets		
Investment securities	1,194,326	500,655
Long-term loans receivable	157,915	134,657
Deferred tax assets	286,512	572,622
Guarantee deposits	8,234,294	8,294,612
Other	419,391	421,256
Allowance for doubtful accounts	(87,552)	(99,734)
Total investments and other assets	10,204,887	9,824,068
Total noncurrent assets	19,175,235	19,773,643
Total assets	36,549,488	39,107,613

(Unit: thousand yen)

	FY 2009 (As of March 31, 2010)	FY 2010 As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,502,089	1,090,600
Short-term loans payable	5,344,400	6,446,000
Current portion of long-term loans payable	2,924,007	4,062,415
Lease obligations	340,045	336,283
Income taxes payable	908,023	1,180,091
Provision for bonuses	348,675	258,340
Provision for loss on store closing	97,761	44,809
Provision for loss on disaster	-	106,975
Accounts payable – other	2,044,088	1,799,517
Other	1,229,070	1,306,502
Total current liabilities	14,738,162	16,631,537
Noncurrent liabilities		
Long-term loans payable	6,314,075	5,877,050
Lease obligations	1,165,096	1,248,170
Asset retirement obligations	-	1,135,553
Negative goodwill	163,890	70,238
Long-term accounts payable – other	1,219,155	1,189,517
Other	234,326	217,539
Total noncurrent liabilities	9,096,545	9,738,071
Total liabilities	23,834,708	26,369,608
Net assets		
Shareholders' equity		
Common stock	2,564,294	2,564,294
Capital surplus	3,098,903	3,098,903
Retained earnings	8,143,169	8,190,662
Treasury stock	(1,071,406)	(916,007)
Total shareholders' equity	12,734,959	12,937,852
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	37,725	(10,199)
Foreign currency translation adjustment	(57,905)	(189,647)
Total accumulated other comprehensive income	(20,179)	(199,847)
Total net assets	12,714,780	12,738,005
Total liabilities and net assets	36,549,488	39,107,613

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Unit: thousand yen)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Net sales	71,091,740	73,345,487
Cost of sales	31,010,449	31,902,579
Gross profit	40,081,291	41,442,907
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	7,282	18,271
Salaries and allowances	3,818,275	4,243,395
Part-time employee salaries	9,132,926	9,850,457
Bonuses	637,042	507,060
Provision for bonuses	340,018	250,560
Rent	9,574,189	9,854,848
Rent expenses	1,017,073	928,977
Other	12,743,023	13,040,429
Total selling, general and administrative expenses	37,269,832	38,694,001
Operating income	2,811,459	2,748,906
Non-operating income		
Installation fee income from vending machines	206,576	202,305
Income from paper recycling	83,677	158,003
Amortization of negative goodwill	93,651	93,651
Equity in earnings of affiliates	1,638	-
Other	257,408	327,229
Total non-operating income	642,952	781,190
Non-operating expenses		
Interest expenses	252,394	271,765
Equity in losses of affiliates	-	4,581
Foreign exchange losses	-	43,932
Other	64,262	52,115
Total non-operating expenses	316,656	372,394
Ordinary profit	3,137,755	3,157,701
Extraordinary gains		
Gain on sales of noncurrent assets	-	242
Gain on sales of investment securities	57,199	87,659
Gain on sales of subsidiaries' and affiliates' stocks	7,999	-
Gain on negative goodwill	-	3,967
Gain on sale of stores	47,920	47,438
State subsidy	6,110	-
Total extraordinary gains	119,229	139,308

	(Unit: thousand yen)	
	FY 2009	FY 2010
	(April 1, 2009 – March 31, 2010)	(April 1, 2010 – March 31, 2011)
Extraordinary losses		
Loss on sales of investment securities	-	31,640
Loss on valuation of investment securities	48,007	4,057
Loss on valuation of stocks of subsidiaries and affiliates	-	45,923
Loss on closing of stores	133,906	51,694
Loss on sale of stores	13,013	11,299
Provision for loss on closing of stores	97,972	32,351
Loss on sales of noncurrent assets	1,972	84
Loss on retirement of noncurrent assets	14,807	45,848
Impairment loss	311,254	365,710
Non-recurring depreciation on noncurrent assets	13,168	39,106
Loss on cancellation of lease contracts	-	85,404
Loss on disaster	-	168,109
Provision for loss on disaster	-	106,975
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	626,377
Other	-	14,166
Total extraordinary loss	634,103	1,628,748
Income before income taxes	2,622,881	1,668,261
Corporate, inhabitant and enterprise taxes	1,250,299	1,352,873
Income taxes-deferred	(26,178)	(252,799)
Total income taxes	1,224,121	1,100,074
Income before minority interests	-	568,187
Minority interests in income	19,859	-
Net income	1,378,900	568,187

(Consolidated Statements of Comprehensive Income)

(Unit: thousand yen)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Income before minority interests	-	568,187
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(47,314)
Foreign currency translation adjustment	-	(55,530)
Share of other comprehensive income of associates accounted for using equity method	-	(609)
Total other comprehensive income	-	(103,455)
Comprehensive income	-	464,732
(Breakdown)		
Comprehensive income attributable to owners of the parent	-	464,732
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets

(Unit: thousand yen)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	2,552,294	2,564,294
Changes during the period		
Issuance of new shares	12,000	-
Total changes during the period	12,000	-
Balance at the end of current period	2,564,294	2,564,294
Capital surplus		
Balance at the end of previous period	2,746,083	3,098,903
Changes during the period		
Issuance of new shares	12,000	-
Disposal of treasury stock	340,819	-
Total changes during the period	352,819	-
Balance at the end of current period	3,098,903	3,098,903
Retained earnings		
Balance at the end of previous period	7,086,237	8,143,169
Changes during the period		
Dividends from surplus	(321,968)	(358,729)
Net income	1,378,900	568,187
Change of scope of consolidation	-	(161,964)
Total changes during the period	1,056,932	47,492
Balance at the end of current period	8,143,169	8,190,662
Treasury stock		
Balance at the end of previous period	(738,822)	(1,071,406)
Changes during the period		
Purchase of treasury stock	(743,933)	(36,964)
Disposal of treasury stock	411,349	192,364
Total changes during the period	(332,583)	155,399
Balance at the end of current period	(1,071,406)	(916,007)
Total shareholders' equity		
Balance at the end of previous period	11,645,791	12,734,959
Changes during the period		
Issuance of new shares	24,000	-
Dividends from surplus	(321,968)	(358,729)
Net income	1,378,900	568,187
Change of scope of consolidation	-	(161,964)
Purchase of treasury stock	(743,933)	(36,964)
Disposal of treasury stock	752,169	192,364
Total changes during the period	1,089,168	202,892
Balance at the end of current period	12,734,959	12,937,852

(Unit: thousand yen)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	54,887	37,725
Changes during the period		
Net changes in items other than shareholders' equity	(17,161)	(47,924)
Total changes during the period	(17,161)	(47,924)
Balance at the end of current period	37,725	(10,199)
Foreign currency translation adjustment		
Balance at the end of previous period	(41,555)	(57,905)
Changes during the period		
Net changes in items other than shareholders' equity	(16,349)	(131,742)
Total changes during the period	(16,349)	(131,742)
Balance at the end of current period	(57,905)	(189,647)
Total accumulated other comprehensive income		
Balance at the end of previous period	13,331	(20,179)
Changes during the period		
Net changes in items other than shareholders' equity	(33,510)	(179,667)
Total changes during the period	(33,510)	(179,667)
Balance at the end of current period	(20,179)	(199,847)
Minority interests		
Balance at the end of previous period	154,462	
Changes during the period		
Net changes in items other than shareholders' equity	(154,462)	-
Total changes during the period	(154,462)	-
Total net assets		
Balance at the end of previous period	11,813,584	12,714,780
Changes during the period		
Issuance of new shares	24,000	-
Dividends from surplus	(321,968)	(358,729)
Net income	1,378,900	568,187
Change of scope of consolidation	-	(161,964)
Purchase of treasury stock	(743,933)	(36,964)
Disposal of treasury stock	752,169	192,364
Net changes in items other than shareholders' equity	(187,973)	(179,667)
Total changes during the period	901,195	23,225
Balance at the end of current period	12,714,780	12,738,005

(4) Consolidated Statements of Cash Flow

(Unit: thousand yen)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Cash flows from operating activities		
Income before income taxes	2,622,881	1,668,261
Depreciation and amortization	1,958,486	2,348,502
Impairment loss	311,254	365,710
Non-recurring amortization of noncurrent assets	13,168	39,106
Gain on negative goodwill	-	(3,967)
Amortization of negative goodwill	(93,651)	(93,651)
Bad debt loss	-	42,338
Increase (decrease) in provision for bonuses	(26,257)	(90,335)
Increase (decrease) in allowance for doubtful accounts	7,914	20,271
Increase (decrease) in provision for loss on closing of stores	42,690	32,351
Interest expenses	252,394	271,765
Equity in (earnings) losses of affiliates	(1,638)	4,581
Loss (gain) on sale of stores	(34,906)	(36,139)
Loss on closing of stores	133,906	51,694
Loss (gain) on sales of property, plant and equipment	1,972	(158)
Loss on retirement of noncurrent assets	14,807	45,848
Loss (gain) on valuation of investment securities	48,007	4,057
Loss (gain) on sales of stocks of subsidiaries and affiliates	(7,999)	-
Loss on valuation of stocks of subsidiaries and affiliates	-	45,923
Loss on disaster	-	168,109
Increase (decrease) on provision for loss on disaster	-	106,975
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	626,377
Decrease (increase) in notes and accounts receivable-trade	(128,934)	322,247
Decrease (increase) in inventories	(141,026)	(418,738)
Increase (decrease) in notes and accounts payable-trade	233,276	(431,821)
Increase (decrease) in accounts payable-other	82,759	(87,438)
Increase (decrease) in accrued expenses	67,103	10,483
Other current liabilities	(168,651)	(125,751)
Subtotal	5,187,557	4,886,601
Interest and dividends income received	14,772	12,110
Interest expenses paid	(248,185)	(272,548)
Payments for loss on disaster	-	(11,452)
Income taxes refund	94,742	9,178
Income taxes paid	(786,861)	(1,079,603)
Cash flows from operating activities	4,262,026	3,544,286

(Unit: thousand yen)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Cash flows from investing activities		
Payments into time deposits	(185,663)	(171,843)
Proceeds from withdrawal of time deposits	184,906	171,714
Purchase of property, plant and equipment	(770,682)	(569,598)
Purchase of intangible assets	(221,438)	(666,023)
Purchase of investment securities	(26,818)	-
Purchase of stocks of subsidiaries and affiliates	(258,112)	-
Payments for guarantee deposits	(713,816)	(632,635)
Proceeds from collection of guarantee deposits	457,644	596,258
Payments for sale of stores	-	(786,467)
Other payments	(371,503)	(12,204)
Cash flows from investing activities	(1,905,483)	(2,070,800)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(674,400)	1,101,600
Proceeds from long-term loans payable	3,344,000	4,000,000
Repayment of long-term loans payable	(2,975,970)	(3,277,960)
Payments for long-term accounts payable-other	(900,330)	(898,473)
Repayments of lease obligations	(458,565)	(426,181)
Proceeds from issuance of common stock	24,000	-
Proceeds from disposal of treasury stock	8,513	160,898
Purchase of treasury stock	(54)	(36,964)
Cash dividends paid	(321,968)	(358,729)
Cash dividends paid to minority shareholders	(1,200)	-
Cash flows from financing activities	(1,955,975)	264,188
Effect of exchange rate change on cash and cash equivalents	(2,852)	(7,880)
Net increase (decrease) in cash and cash equivalents	397,715	1,729,794
Cash and cash equivalents at the beginning of period	4,313,790	4,711,506
Increase in cash and cash equivalents from newly consolidated subsidiary	-	63,878
Cash and cash equivalents at the end of period	4,711,506	6,505,179

(5) Notes Concerning the Going-Concern Premise

None

(6) Important Items that Form the Basis for Preparing Consolidated Financial Statements

Item	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
1. Scope of consolidation	<p>(0) No. of consolidated subsidiaries: 10</p> <p>Primary consolidated subsidiaries</p> <ol style="list-style-type: none"> 1. BOOKOFF U.S.A. INC. 2. Reuse Produce Corporation Ltd. 3. BOM Corporation Ltd. 4. BOOKOFF Media Co., Ltd. 5. BOOKOFF Logistics Co., Ltd. 6. BOOKOFF Online Corporation 7. YCC Co., Ltd. <p>The liquidation of Koyama Takao Management Research Institute Co., Ltd. was completed during the consolidated fiscal year that ended in March 2010, and the company was excluded from the scope of consolidation.</p> <p>Review Japan Inc., which was newly established during the consolidated fiscal year that ended in March 2010, has been added to the scope of consolidation.</p> <p>(2) Non-consolidated subsidiaries</p> <p>BOOKOFF FRANCE E.U.R.L.</p> <p>B.O.C. PRODUCE KOREA INC.</p> <p>SCI BOC FRANCE</p> <p>(3) Reasons for exclusion of non-consolidated companies from scope of consolidation</p> <p>The non-consolidated subsidiaries' total assets, total net sales, total net income (equity portion) and total retained earnings (equity portion) do not have a material impact on the consolidated financial statements and do not have any overall material significance.</p>	<p>(1) No. of consolidated subsidiaries: 11</p> <p>Primary consolidated subsidiaries</p> <ol style="list-style-type: none"> 1. BOOKOFF U.S.A. INC. 2. BOM Corporation Ltd. 3. BOOKOFF Media Co., Ltd. 4. BOOKOFF Logistics Corporation Ltd. 5. BOOKOFF Online Corporation <p>BOOKOFF FRANCE E.U.R.L. and SCI BOC FRANCE have been added to the scope of consolidation effective from the consolidated fiscal year that ended in March 2011 because their significance has increased.</p> <p>Reuse Produce Corporation Ltd. ceased to exist due to a merger through absorption with the company on April 1, 2010, and YCC Co., Ltd. ceased to exist due to a merger through absorption with BOOKOFF Media Co., Ltd. on April 1, 2010.</p> <p>B-Assist Corporation Ltd., which was newly established during the consolidated fiscal year that ended in March 2011, has been added to the scope of consolidation.</p> <p>(2) Non-consolidated subsidiaries</p> <p>BOOKOFF KOREA INC.</p> <p>B.O.C. PRODUCE KOREA INC. changed its name to BOOKOFF KOREA INC.</p> <p>(3) Reasons for exclusion of non-consolidated companies from scope of consolidation</p> <p>Same as left</p>

Item	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
2. Application of equity method	<p>(1) BOOKOFF STARTUP Co., Ltd. is an affiliate that is accounted for by the equity method.</p> <p>(2) Non-consolidated companies and affiliates that are not accounted for by the equity method</p> <p>Non-consolidated subsidiaries: BOOKOFF FRANCE E.U.R.L. B.O.C. PRODUCE KOREA INC. SCI BOC FRANCE</p> <p>Total net income (equity portion) and total retained earnings (equity portion) for the above companies do not have a material impact on the consolidated financial statements and do not have any overall material significance, so they have been excluded from the scope of companies accounted for by the equity method</p> <p>(3) Rita Twenty-One Co., Ltd. and Ozaki Shoten Co., Ltd., which were affiliates up until the consolidated fiscal year ended March 2009, sold all of the shares they held, and therefore no longer qualify as affiliates.</p>	<p>(1) BOOKOFF STARTUP Co., Ltd. is an affiliate that is accounted for by the equity method.</p> <p>(2) Non-consolidated companies and affiliates that are not accounted for by the equity method</p> <p>Non-consolidated subsidiaries: BOOKOFF KOREA INC.</p> <p>Total net income (equity portion) and total retained earnings (equity portion) for the above company do not have a material impact on the consolidated financial statements and do not have any overall material significance, so they have been excluded from the scope of companies accounted for by the equity method</p>
3. Fiscal year of consolidated subsidiaries	<p>The last day of February is the fiscal year end for the consolidated subsidiaries BOOKOFF USA INC., BOOKOFF CANADA TRADING INC. and Aoyama Book Center Co., Ltd. Financial statements for these subsidiaries as of the last day of February are used in the preparation of the consolidated financial statements.</p>	<p>The last day of February is the fiscal year end for the consolidated subsidiaries BOOKOFF USA INC., BOOKOFF CANADA TRADING INC., BOOKOFF FRANCE E.U.R.L. and Aoyama Book Center Co., Ltd. The last day of December is the fiscal year end for SCI BOC FRANCE.</p> <p>Financial statements for these subsidiaries as of the last day of February are used in the preparation of the consolidated financial statements.</p>
4. Accounting policies 1) Depreciation and amortization method for principal assets 2) Reporting standards for significant provisions	<p>Property, plant and equipment (excluding leased assets) The declining-balance method of depreciation is used for the company and consolidated subsidiaries in Japan. The straight-line method of depreciation is used for consolidated subsidiaries outside of Japan. However, the straight-line method is used for buildings (excluding attached structures).</p> <p>Useful life of primary assets Buildings and structures: 10-15 years Other: 3-8 years</p>	<p>Property, plant and equipment (excluding leased assets) The declining-balance method of depreciation is used for the company and consolidated subsidiaries in Japan. The straight-line method of depreciation is used for consolidated subsidiaries outside of Japan. However, the straight-line method is used for buildings (excluding attached structures).</p> <p>Useful life of primary assets Buildings and structures: 10-22 years Other: 3-8 years</p> <p>Provision for loss on disaster To prepare for the expense required for the recovery of stores affected by the Great East Japan Earthquake and for losses, an estimate for the amount of the loss is provided.</p>

Reporting of items other than those noted above has been omitted, as there have been no significant changes since the most recent annual securities report (submitted on June 28, 2010).

(7) Changes to Important Items that Form the Basis for Preparing Consolidated Financial Statements

FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
	<p>(Application of the Accounting Standard for Asset Retirement Obligations)</p> <p>Effective from the consolidated fiscal year ended March 2011, the Group has applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, released on March 31, 2008) and the “Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21, released on March 31, 2008) applied.</p> <p>As a result, operating income and ordinary profit for the consolidated fiscal year ended March 2011 declined by ¥59,953,000, and income before income taxes declined by ¥706,074,000.</p> <p>(Application of the Accounting Standard for Business Combinations)</p> <p>Effective from the consolidated fiscal year ended March 2011, the “Accounting Standard for Business Combinations” (ABSJ Statement No. 21, released on December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ABSJ Statement No. 22, released on December 26, 2008), the “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No.23, released on December 26, 2008), the “Accounting Standard for Business Divestitures (ASBJ Statement No.7, released on December 26, 2008),” the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No.16, released on December 26, 2008), and the “Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, released on December 26, 2008) have been applied.</p>

(8) Changes to Presentation Methods

FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
<p>(Consolidated Statements of Income)</p> <ol style="list-style-type: none"> “Income tax refunds” (¥46,658,000 in the consolidated fiscal year ended March 2010), which had been stated separately in the fiscal year ended March 2009, are presented under “corporate, inhabitant and enterprise taxes” due to their diminished importance. 	<p>(Consolidated Statements of Income)</p> <ol style="list-style-type: none"> “Foreign exchange loss,” which had been included under “other” non-operating expenses in the fiscal year ended March 2010, has been stated separately in the fiscal year ended March 2011 because it surpassed 10% of total non-operating expenses. The “foreign exchange loss” included under “other” non-operating expenses in the fiscal year ended March 2010 amount to ¥5,023,000. The accounting item “income before minority interests” is presented in the fiscal year ended March 2011, in accordance with the application of the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, released on March 24, 2009), which is based on the “Accounting Standard for Consolidated Financial Statements” (ABSJ Statement No. 22, released on December 26, 2008),
<p>(Consolidated Statements of Cash Flow)</p> <ol style="list-style-type: none"> “Gain on sale of stores” (¥47,920,000 in the consolidated fiscal year ended March 2010), which had been stated separately under cash flows from operating activities in the fiscal year ended March 2010, is presented as “loss (gain) on sale of stores” effective from the current consolidated fiscal year to improve the comparability of consolidated financial statements. “Payments for business acquisition” (a decrease of ¥4,500,000 in the consolidated fiscal year ended March 2010), which had been stated separately under cash flows from investing activities in the consolidated fiscal year ended March 2009, is presented under “other” cash flows from investing activities due to its diminished importance. <p>“Increase in short-term loans payable” and “decrease in short-term loans payable” were presented as an aggregate amount under cash flows from investing activities in the consolidated fiscal year ended March 2009. However, the borrowing period for short-term loans has shortened and use of instruments with an expiry of three months or less has increased. As a result, this is presented as a net amount under “net increase (decrease) in short-term loans payable.” In the consolidated fiscal year ended March 2010, “increase in short-term loans payable” and “decrease in short-term loans payable,” which are included in “net increase (decrease) in short-term loans payable” amounted to an increase of ¥22,633,000,000 and a decrease of ¥23,307,400, respectively.</p>	<p>(Consolidated Statements of Cash Flow)</p> <ol style="list-style-type: none"> “Payments for sale of stores” had been presented under “other” cash flows from investing activities in the consolidated fiscal year ended March 2010, is stated separately effective from the consolidated fiscal year ended March 2011 due to its increased importance. “Payments for sale of stores,” included under “other” cash flows from investing activities in the consolidated fiscal year ended March 2010, amounted to a decrease of ¥294,569,000.

(9) Supplementary Information

FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
	Effective from the consolidated fiscal year ended March 2011, the “Accounting Standard for Presentation of Comprehensive Income” (ABSJ Statement No. 25, released on June 30, 2010) has been applied. However, amounts for “accumulated other comprehensive income” and “total accumulated other comprehensive income” for the previous consolidated fiscal year include amounts for “valuation and translation adjustments” “total valuation and translation adjustments.”

(10) Notes to Consolidated Financial Statements

* Disclosure omitted for notes for which disclosure in the summary of financial results has been deemed unnecessary.

(Consolidated Balance Sheet)

Fiscal year ended March 31, 2010			Fiscal year ended March 31, 2011		
* 1. The balance for non-consolidated subsidiaries and affiliates is as follows: Investment securities: ¥641,071,000			* 1. The balance for non-consolidated subsidiaries and affiliates is as follows: Investment securities: ¥57,729,000		
2. Guarantee liabilities			2. Guarantee liabilities		
Guaranteed party	Balance of guarantee liabilities	Details of guarantee liabilities	Guaranteed party	Balance of guarantee liabilities	Details of guarantee liabilities
EL-Assist, Inc.	¥3,420,000	Bank loans	EL-Assist, Inc.	¥1,260,000	Bank loans
3. The company has concluded overdraft agreements with 13 banks in order to efficiently procure working capital. The balance of unexecuted loans under these contracts at the end of the current consolidated fiscal year is as follows:			3. The company has concluded overdraft agreements with 13 banks in order to efficiently procure working capital. The balance of unexecuted loans under these contracts at the end of the current consolidated fiscal year is as follows:		
Total overdraft amount	¥9,600,000,000		Total overdraft amount	¥10,200,000,000	
Executed loans payable	¥4,564,000,000		Executed loans payable	¥5,764,000,000	
Balance	¥5,036,000,000		Balance	¥4,436,000,000	

(Consolidated Statements of Income)

FY 2009 (April 1, 2009 – March 31, 2010)				FY 2010 (April 1, 2010 – March 31, 2011)			
* 1 Impairment loss The BOOKOFF Corporation Ltd. Group recorded impairment losses for the following asset groups for the consolidated fiscal year ended in March 2010.				* 1 Impairment loss The BOOKOFF Corporation Ltd. Group recorded impairment losses for the following asset groups for the consolidated fiscal year ended in March 2011.			
(1) Summary of asset groups for which impairment losses were recognized				(1) Summary of asset groups for which impairment losses were recognized			
Application	Type	Location	Impairment Loss (thousand yen)	Application	Type	Location	Impairment Loss (thousand yen)
Store	Buildings and structures	Kurokawa, Nagoya store (Kita Ward, Nagoya City, Aichi Prefecture) and 36 other stores	311,254	Store	Buildings and structures	Ryusui Shobo, Cainz Mall Nagoya Minato store (Minato Ward, Nagoya City, Aichi Prefecture) and 62 other stores	365,710
(2) Events leading to recognition of impairment loss For stores that have generated continuous losses stemming from their business activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an asset impairment loss and recorded as an extraordinary loss.				Notes: Impaired losses have been recognized previously for 30 of the above stores. Additional impairment losses have been recognized in the consolidated fiscal year ended in March 2011 following the application of the Accounting Standard for Asset Retirement Obligations.			
(2) Events leading to recognition of impairment loss For stores that have generated continuous losses stemming from their business activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an asset impairment loss and recorded as an extraordinary loss.				(2) Events leading to recognition of impairment loss For stores that have generated continuous losses stemming from their business activities, and when it has been deemed that there is little potential for an earnings recovery, or when changes in the range of use have significantly reduced the recoverable amounts, the book values were reduced to recoverable amounts, and the amount of the reduction was recognized as an asset impairment loss and recorded as an extraordinary loss.			
(3) Impairment loss breakdown (Thousand yen)				(3) Impairment loss breakdown (Thousand yen)			
Buildings and structures		228,845		Buildings and structures		263,692	
Leased assets		59,038		Leased assets		66,112	
Property, plant and equipment – other		11,061		Property, plant and equipment – other		16,107	
Investments and other assets – other		11,769		Goodwill		9,943	
Total		311,254		Investments and other assets – other		9,854	
				Total		365,710	
(4) Method used in asset grouping The Group determines asset groupings by identifying the smallest units that generate cash flows as the basic unit for store assets.				(4) Method used in asset grouping Same as left			
(5) Calculation of recoverable amount The calculation of recoverable amount is estimated using value in use, which is calculated by discounting the asset's future cash flows by 8%.				(5) Calculation of recoverable amount Same as left			

BOOKOFF Corporation Ltd. (3313) Summary of Financial Results for the Year Ended March 2011
 (Consolidated Statements of Comprehensive Income)

Consolidated fiscal year ended in March 2011 (April 1, 2010 – March 31, 2011)

.* 1 Comprehensive income for the previous consolidated fiscal year		
Comprehensive income attributable to owners of the parent	1,345,389	(Thousand yen)
Comprehensive income attributable to minority interests	19,869	
Total	1,365,249	

.* 2 Other comprehensive income for the previous consolidated fiscal year		
Valuation difference on available-for-sale securities	(17,389)	(Thousand yen)
Foreign currency translation adjustments	(16,349)	
Share of other comprehensive income of associates accounted for using equity method	228	
Total	(33,510)	

(Segment Information)

a. Business Segment Information

Consolidated fiscal year ended in March 2010 (April 1, 2009 – March 31, 2010)

(Unit: thousand yen)

	BOOKOFF Business	Kids'/ Women's Clothing Business	TSUTAYA Business	Other	Total	Elimination and/or Corporate	Consolidated
I Net sales and operating income:							
(1) Net sales to unaffiliated customers	48,165,901	3,818,708	11,194,335	7,912,795	71,091,740	-	71,091,740
(2) Intersegment internal net sales and transfers	51,844	11	-	683	52,539	(52,539)	-
Total	48,217,745	3,818,720	11,194,335	7,913,478	71,144,280	(52,539)	71,091,740
Operating expenses	43,889,921	3,739,075	11,032,320	8,134,406	66,795,723	1,484,557	62,280,281
Operating income (loss)	4,327,824	79,644	162,015	(220,928)	4,348,556	(1,537,096)	2,811,459
II Identifiable assets, depreciation and amortization, impairment loss and capital investment:							
Identifiable assets	21,818,098	1,674,420	4,612,446	4,349,645	32,454,610	4,097,877	36,549,488
Depreciation and amortization	1,271,514	133,929	239,038	237,947	1,882,429	75,056	1,958,486
Impairment loss	215,076	4,692	7,014	84,472	311,254	-	311,254
Capital investment	2,347,183	165,891	67,144	501,276	3,081,496	53,525	3,135,020

Notes:

1. Business activities are classified using the Group's internal business development model as the standard.

2. Major activities of each segment are as follows:

(1) BOOKOFF Business

Develops the BOOKOFF chain of reuse shops for secondhand books and secondhand software

(2) Kids'/Women's Clothing Business

Develops the B-KIDS chain of reuse shops for toys, clothing and other children's goods, and the B-STYLE chain of reuse shops for women's clothing

(3) TSUTAYA Business

Operates stores engaged in video rentals, the purchase and sale of new books, and the purchase and sale of CDs and DVDs as member stores belonging to the TSUTAYA chain

(4) Other

Operates Aoyama Book Center and Ryusui Shobo stores that engage in the sale of new books; develops the B-SPORTS chain of reuse sports equipment shops

3. Of operating expenses, expenses related to the administrative divisions of subsidiary companies that submit a consolidated financial statement were primarily responsible for unallocated operating expenses (¥1,537,096,000) included in elimination and/or corporate.

4. Corporate assets (¥4,094,877,000) included in elimination and/or corporate are mainly surplus funds (cash and deposits) and long-term investments (investment securities) of companies that submit a consolidated financial statement.

5. Depreciation and amortization includes long-term prepaid expenses and associated depreciation.

b. Geographic segment information

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

Geographic segment information by location has been omitted because Japan accounts for more than 90% of total net sales and total monetary amount of assets, respectively, for all segments.

c. Overseas net sales

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

Omitted since overseas net sales account for less than 10% of consolidated net sales.

d. Segment information

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

1. Overview of reporting segments

The reporting segments of the BOOKOFF Corporation Ltd. Group are constituent units of the Group for which separate financial information can be obtained, and the Board of Directors, examines such information on a regular basis to determine the allocation of management resources and evaluate business performance.

The Group has made “contributions to society through our business activities” and the “pursuit of employees’ material and spiritual wellbeing” its management philosophy, and it engages in the operation of retail stores and a franchise business developed on the concept of “reuse,” focusing on BOOKOFF retail secondhand bookstores.

As a result, the Group consists of three reporting segments that form the basis for the merchandise it handles and its management configuration: the BOOKOFF Business, the Reuse Business and the Packaged Media Business.

As the headquarters for the BOOKOFF chain of reused shops selling books and software, the BOOKOFF Business operates a franchise system and directly operated stores. Additionally it operates B-Hobby directly run reused stores selling goods including plastic models and trading cards, as well as BOOKOFF Online reuse shops that sell books and software over the Internet.

The Reuse Business primarily develops a reuse store chain selling goods other than those handled by the BOOKOFF business (children’s clothing, children’s goods, women’s clothing, miscellaneous goods, sports equipment, accessories, etc.). In addition, it operates stores as a member of the HARDOFF chain of reuse shops selling secondhand hardware products (audio-visual products, computers, etc.).

The Packaged Media Business operates stores as a member of the TSUTAYA chain of video rental stores, and also operates Aoyama Book Center, Ryusui Shobo and yc-vox stores that sell new books.

2. Methods used to calculate the amount of net sales, profits or losses, assets, liabilities and other items in reporting segments

The accounting methods of the reported business segments are generally the same as those stated in Important Items that Form the Basis for Preparing Consolidated Financial Statements.

Profits in the reporting segments are values based on operating income.

Inter-segment internal net sales or transfers are based on third-party transaction values.

BOOKOFF Corporation Ltd. (3313) Summary of Financial Results for the Year Ended March 2011

3. Information on the amounts of net sales, profits or losses, assets, liabilities and other items in reporting segments

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

(Unit: thousand yen)

	Reporting Segment				Other (Note: 1)	Total	Adjusted amount (Note: 2)	Amount reported in consolidated financial statements
	BOOKOFF Business	Reuse Business	Packaged Media Business	Total				
Net Sales								
Net sales to unaffiliated customers	47,724,746	8,940,752	13,462,943	70,128,443	963,297	71,091,740	-	71,091,740
Intersegment internal net sales and transfers	266,263	318	-	266,582	1,634,852	1,901,434	(1,901,434)	-
Total	47,991,010	8,941,071	13,462,943	70,395,025	2,598,150	72,993,175	(1,901,434)	71,091,740
Segment profit (loss)	4,288,283	128,611	(27,845)	4,389,049	49,252	4,438,301	(1,626,842)	2,811,459
Segment assets	19,197,059	4,207,920	5,190,325	28,595,305	515,077	29,110,383	7,439,105	36,549,488
Other items								
Depreciation and amortization	1,205,371	273,390	128,926	1,607,689	31,010	1,638,699	72,245	1,710,945
Amortization of goodwill	71,861	13,097	151,173	236,132	8,904	244,226	-	244,226
Increases in property, plant and equipment and intangible assets	2,404,062	464,798	94,895	2,963,756	62,781	3,206,538	53,525	3,080,063

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

(Unit: thousand yen)

	Reporting Segment				Other (Note: 1)	Total	Adjusted amount (Note: 2)	Amount reported in consolidated financial statements
	BOOKOFF Business	Reuse Business	Packaged Media Business	Total				
Net Sales								
Net sales to unaffiliated customers	50,001,638	9,761,858	12,943,968	72,707,466	638,020	73,345,487	-	73,345,487
Intersegment internal net sales and transfers	253,710	1,864	5,953	261,528	1,210,004	1,471,533	(1,471,533)	-
Total	50,255,349	9,763,723	12,949,921	72,968,994	1,848,025	74,817,020	(1,471,533)	73,345,487
Segment profit (loss)	4,724,449	(116,025)	30,315	4,638,740	9,094	4,647,834	(1,898,928)	2,748,906
Segment assets	19,634,315	5,042,454	4,750,354	29,427,124	240,161	29,667,285	9,440,328	39,107,613
Other items								
Depreciation and	1,468,710	365,534	107,699	1,941,944	25,210	1,967,155	102,234	2,069,389

BOOKOFF Corporation Ltd. (3313) Summary of Financial Results for the Year Ended March 2011

amortization								
Amortization of goodwill	113,557	-	151,073	264,631	12,490	277,121	-	277,121
Increases in property, plant and equipment and intangible assets	2,214,437	699,186	65,153	2,978,776	3,445	2,982,222	17,843	3,000,065

Notes:

1. "Other" operates stores not included in the "BOOKOFF" "Reuse" and "Packaged Media" businesses (KID-O-KID indoor playground chain, etc.), and is also engaged in Interior and exterior planning, design, construction of stores in all segments.

2. Differences between total amounts for reporting segments and amounts recorded in the consolidated financial statement, and details on those differences (items related to the difference)

(Unit: thousand yen)

Income	Previous consolidated fiscal year	Current consolidated fiscal year
Total of reporting segments	4,389,049	4,638,740
Income classified as "other"	49,252	9,094
Inter-segment elimination total	(51,229)	(47,433)
Corporate expenses (Notes)	(1,575,612)	(1,851,494)
Operating income	2,811,459	2,748,906

Notes: Corporate expenses are mainly general administrative expenses.

(Unit: thousand yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Total of reporting segments	28,595,305	29,427,124
Assets classified as "other"	515,077	240,161
Other adjustments (Notes: 1)	(46,937)	(177,517)
Corporate assets (Notes: 2)	7,486,042	9,617,845
Total assets	36,549,488	39,107,613

Notes:

1. Assets classified as "other" are mainly offset/elimination amounts of claims/debts.

2. Corporate assets are mainly surplus funds (cash and deposits) and long-term investments (investment securities) of companies and subsidiary companies that submit a consolidated financial statement.

(Unit: thousand yen)

Depreciation and amortization	Previous consolidated fiscal year	Current consolidated fiscal year
Total of reporting segments	1,607,689	1,941,944
Assets classified as "other"	31,010	25,210
Corporate assets (Notes)	72,245	102,234
Total Depreciation	1,710,945	2,069,389

Notes: Corporate assets mainly consist of depreciation expenses for systems-related assets.

e. Information concerning impairment loss of noncurrent assets by reporting segment

Current consolidated fiscal year (April 1, 2010 – March 31, 2010)

(Unit: thousand yen)

	Reporting Segment				Other	Total
	BOOKOFF Business	Reuse Business	Packaged Media Business	Total		
Impairment loss	97,027	188,712	50,721	336,461	29,248	365,710

f. Information concerning amortization and unamortized balance of goodwill and negative goodwill by reporting segment

Current consolidated fiscal year (April 1, 2010 – March 31, 2010)

(Unit: thousand yen)

	Reporting Segment				Other	Total
	BOOKOFF Business	Reuse Business	Packaged Media Business	Total		
(Goodwill)						
Amortization during the current fiscal year	113,557	-	151,073	264,631	12,490	277,121
Balance at fiscal year end	547,565	-	695,639	1,243,205	27,838	1,271,044
(Negative Goodwill)						
Amortization during the current fiscal year	-	-	93,651	93,651	-	93,651
Balance at fiscal year end	-	-	70,238	70,238	-	70,238

g. Information concerning gain on negative goodwill by reporting segment

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

There was no gain on negative goodwill of importance recorded in the current consolidated fiscal year.

(Supplementary Information)

Effective from the first quarter of the fiscal year ended March 31, 2011, the company has 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 the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ABSJ Guidance No. 20, released on March 21, 2008).

(Per-Share Information)

(Unit: Yen)

FY 2009 (April 1, 2009 – March 31, 2010)		FY 2010 (April 1, 2010 – March 31, 2010)	
Net assets per share	708.88	Net assets per share	703.19
Net income per share	76.96	Net income per share	31.57
Fully diluted net income per share	76.94	Fully diluted net income per share is not stated because there are no potentially dilutive securities.	

Notes:

- The following forms the basis for the calculation of net income per share and fully diluted net income per share.

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2010)
Net income per share		
Net income (thousand yen)	1,378,900	568,187
Amount not attributable to common stockholders (thousand yen)	-	-
Net income attributable to common stockholders (thousand yen)	1,378,900	568,187
Weighted average number of shares of common stock during the fiscal year (thousand shares)	17,917	17,999
Fully diluted net income per share		
Increase in shares of common stock (thousand shares)	3	-
(New share subscription rights) (thousand shares)	(3)	-
Outline of dilutive shares which were not included in the calculation of fully diluted net income per share because they do not have dilutive effect:	New share subscription rights issued on March 1, 2006 (2,430 units) New share subscription rights issued on September 10, 2004 (2,021 units)	New share subscription rights issued on March 1, 2006 (2,380 units)

The number of outstanding shares of common stock at the end of the fiscal year used in the calculation of net asset per share and the weighted average number of shares of common stock during the fiscal year used in the calculation of net income per share and fully diluted net income per share did not include shares of the company's stock held by the BOOKOFF Corporation Employee Stock Ownership Association Trust.

(Important Subsequent Events)

FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2010)
<p>(Mergers involving the company and consolidated subsidiaries)</p> <p>1. Names and business activities of combined entities Name: BOOKOFF Corporation Ltd. Business: Develop BOOKOFF secondhand bookstores, development/operation of new secondhand industry/management guidance for franchises Name: Reuse Produce Corporation Ltd. Business: Operation of directly operated stores belonging to Reuse Business/management guidance for franchises, development of new reuse businesses</p> <p>2. Date of business combination April 1, 2010</p> <p>3. Form of business combination Absorption-type merger after which the company is the surviving company and Reuse Produce Corporation Ltd. is the extinct company.</p> <p>4. Company name after merger Name: BOOKOFF Corporation Ltd.</p> <p>5. Outline and purpose of transaction The BOOKOFF Corporation Group regards BOOKOFF SUPER BAZAAR stores that combine a central BOOKOFF store with reuse specialty stores handling children’s clothing, women’s clothing, sports equipment, etc., as the pillar of its store openings in the future. Reuse Produce Corporation Ltd. is a subsidiary of the company engaged in operating a specialty store business for children’s clothing, women’s clothing, sports equipment, etc. In merging with BOOKOFF Corporation Ltd., Reuse Produce Corporation Ltd. will participate in the integrated management of BOOKOFF SUPER BAZAAR mixed secondhand retail complexes, which will result in the unified operation of the shops within and an enhanced level of service, and lead to greater customer satisfaction.</p> <p>6. Outline of accounting processes executed This merger falls under common control transactions as defined in the “Accounting Standard for Business Combinations” (ABSJ Statement No. 21, released on December 26, 2008), and the “Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, released on December 26, 2008), and the corresponding accounting process have been executed.</p>	<p>None</p>

FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2010)
<p>(Mergers involving the company and consolidated subsidiaries)</p> <p>1. Names and business activities of combined entities Name: BOOKOFF Media Co., Ltd. Business: Operation of franchise chain stores Name: YCC Co., Ltd. Business: Operation of franchise chain stores</p> <p>2. Date of business combination April 1, 2010</p> <p>3. Form of business combination Absorption-type merger after which BOOKOFF Media Co., Ltd. is the surviving company and YCC Co., Ltd. is the extinct company.</p> <p>4. Company name after merger Name: BOOKOFF Media Co., Ltd.</p> <p>5. Outline and purpose of transaction By merging BOOKOFF Media Co., Ltd., which operates TSUTAYA and other stores, and YCC Co., Ltd., the BOOKOFF Corporation Group will consolidate the operation of TSUTAYA stores. As a result of the sharing of know-how and active exchanges among personnel, the Group will strive to realize further improvements in earning power.</p> <p>6. Outline of accounting processes executed This merger falls under common control transactions as defined in the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, released on December 26, 2008), and the “Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, released on December 26, 2008), and the corresponding accounting process have been executed.</p>	<p>None</p>