JASDAQ

Financial Report for Fiscal 2010 (Non-Consolidated)

September 13, 2010

Name of Listed Company: PLANET, INC. Stock Exchange Listing: JQ
URL: http://www.planet-van.co.jp Code: 2391
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Scheduled date of annual general meeting of shareholders: October 27, 2010
Scheduled submission date of annual securities report: October 27, 2010
Scheduled commencement date of dividend payments: October 28, 2010

Amounts less than one million yen have been omitted.

1. Business Performance for Fiscal 2010 (from August 1, 2009, to July 31, 2010)

(1) Results of Operations

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2010	2,544	2.2	534	11.9	541	20.2	307	29.6
FY2009	2,490	1.5	477	(7.4)	450	(11.1)	237	(19.9)

	Net income per share (Yen)	Diluted net income per share (Yen)	Net income to shareholders' equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY2010	46.37	—	15.5	21.3	21.0
FY2009	14,316.69	—	12.7	18.5	19.2

(Reference) Equity in earnings/losses of affiliates:
FY2010: ¥33 million
FY2009: ¥16 million

(2) Financial Position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity ratio (%)	Net assets per share (Yen)
FY2010	2,636	2,056	78.0	310.13
FY2009	2,453	1,919	78.2	115,769.94

(Reference) Shareholders' equity
FY2010: ¥2,056 million
FY2009: ¥1,919 million

(3) Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
FY2010	559	(307)	(138)	1,102
FY2009	445	(319)	(132)	988

2. Dividends

Record date	Dividend per share (Yen)					Total dividends (Full fiscal year, millions of yen)	Payout ratio (%)	Total dividends to net assets (%)
	End of 1Q	End of 2Q	End of 3Q	End of fiscal year	Full fiscal year			
FY2009	—	4,000.00	—	4,000.00	8,000.00	132	55.9	7.1
FY2010	—	11.00	—	16.00	27.00	145	58.2	9.0
FY2011 (Forecast)	—	12.00	—	12.00	24.00		51.3	

3. Business Performance Forecasts for Fiscal 2011 (from August 1, 2010, to July 31, 2011)

Percentages represent increases/decreases from the corresponding period of the previous year.
(Millions of yen, unless otherwise stated)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
First half ending January 31, 2011	1,290	2.9%	260	0.2%	260	(0.3%)	150	1.0%	22.62
Year ending July 31, 2011	2,550	0.2%	530	(0.9%)	540	(0.3%)	310	0.8%	46.75

4. Other

(1) Changes in Significant Accounting Policies
(i) Changes accompanying amendments to accounting standards, etc.: No
(ii) Changes other than (i): No

(2) Shares Issued and Outstanding (Common Stock)
(i) Shares issued and outstanding at end of period (including treasury stock):
FY2010 6,632,800
FY2009 16,582
(ii) Shares of treasury stock at end of period:
FY2010 1,678
FY2009 4

<u>Cautionary Statement Regarding Performance Forecasts and Other Matters of Special Note</u>

1. The above forecasts are based on information available to management as of the date of publication of this document and assumptions involving uncertainties that could impact future performance are current as of that date. Actual results may differ materially from forecasts due to a variety of factors.
2. A 400:1 stock split was conducted on August 1, 2009, for common shareholders of record as of July 31, 2009.

1. Results of Operations

(1) Analysis of Results of Operations

(i) Results of Operations in the Period Under Review

At the beginning of fiscal 2010, ended July 31, 2010, the Japanese economy gradually began to free itself from the effects of global financial instability and signs of a recovery were apparent in business sentiment. Nevertheless, the employment situation and incomes in general continued to hover on a low note, and the economic outlook remained uncertain owing to deflation and yen appreciation.

Although transaction volumes of some products in the daily necessities and cosmetics market—the Company's main market—thrived due to particularly hot weather, the overall business climate surrounding the industry remained severe amid continued slowing consumption and fierce sales competition at stores.

Despite such circumstances, the Company sought to raise the efficiency of transactions for manufacturers and distributors in the daily necessities, cosmetics and adjacent industries. In particular, the Company continued to (a) expand the use rate of its electronic data interchange (EDI) services; (b) increase the number of companies using EDI services between manufacturers and wholesalers; (c) popularize Buyer's Net marketing network services that connect manufacturers and distributors; and (d) introduce measures to enhance security focused on business continuity as information infrastructure.

Notably, the Company benefited from expanded use of "SMOOTHEDI," an EDI service via the Internet, more widespread adoption of the Product Master Registration Support System, a product database synchronization service between manufacturers and distributors and stable operations of the OTC (over-the-counter) Drugs Instructions Database service, which assists retail stores in the provision of information and responses to demands for consultation when selling OTC drugs. Moreover, looking toward the next growth stage, the Company made a switch from its former communication method to a communication network based on Internet technology and established an efficient and low cost network that offers higher security.

As a result, in fiscal 2010 net sales rose 2.2% to ¥2,544 million, operating income increased 11.9% to ¥534 million, ordinary income increased 20.2% to ¥541 million and net income increased 29.6% to ¥307 million.

Sales by Segment

(Thousands of yen, unless otherwise stated)

	Fiscal 2009 (August 1, 2008, to July 31, 2009)		Fiscal 2010 (August 1, 2009, to July 31, 2010)		Year-on-Year Change	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent
EDI	2,116,771	85.0	2,152,266	84.6	35,494	1.7
Database	349,236	14.0	370,453	14.5	21,216	6.1
Other	24,834	1.0	22,060	0.9	(2,774)	(11.2)
Total	2,490,842	100.0	2,544,799	100.0	53,936	2.2

Notes: 1. The above amounts exclude consumption taxes.
2. Amounts are rounded down.

(ii) Outlook

The Company believes that although the Japanese economy will begin to recovery on the back of external demand from regions such as Asia, the outlook for employment and incomes in general will remain uncertain in fiscal 2011, ending July 31, 2011. We also expect the climate surrounding the daily necessities and cosmetics industry—the Company's main market—to remain severe. This involves lower consumption demand due to a declining population and aging society, and a drop in prices due to deflation.

In this environment, the Company will strive to construct a stronger and more secure system network built on advanced technologies and further popularize EDI. In addition, PLANET will promote the use of its Buyer's Net and Consumer Packaged Goods Database and develop a structure capable of catering to retail and other users' various needs. Furthermore, the Company also will continue to cooperate in activities to standardize the system for distribution in the drugstore industry, which largely handles daily necessities and cosmetics, as well as OTC drugs.

In fiscal 2011 the Company anticipates a 0.2% year-on-year increase in net sales, to ¥2,550 million. We expect operating income to decline 0.9%, to ¥530 million. We forecast ordinary income of ¥540 million, down 0.3%, and net income of ¥310 million, up 0.8%.

(2) Analysis of Financial Position

(i) Assets, Liabilities and Net Assets

As of July 31, 2010, total assets amounted to ¥2,636 million, up ¥182 million, or 7.5%, from one year earlier. Current assets were up ¥152 million, or 11.2%, to ¥1,521 million. This increase was attributable primarily to a ¥113 million increase in cash and deposits. Non-current assets were up ¥30 million, or 2.8%, compared with July 31, 2009, at ¥1,115 million. This increase was due to such factors as the increase in property, plant and equipment caused primarily by the relocation of our headquarters.

Total liabilities were ¥580 million on July 31, 2010, up ¥45 million, or 8.5%, from the end of the preceding fiscal year. Current liabilities were up ¥43 million, or 11.2%, to ¥431 million, primarily due to an increase in income taxes payable. Non-current liabilities were ¥2 million, or 1.4% higher, at ¥148 million. This rise is attributable to an increase in provision for directors' retirement benefits.

Net assets were up ¥137 million, or 7.2%, at year-end, to ¥2,056 million, mainly due to the posting of net income.

(ii) Cash Flows

Cash and cash equivalents on July 31, 2010, were ¥1,102 million, up ¥113 million from the end of the preceding period.

Major cash flows and their components were as follows.

(Cash flows provided by operating activities)

Net cash provided by operating activities amounted to ¥559 million in fiscal 2010, ¥113 million more than was provided by these activities in fiscal 2009. The major use of cash was income taxes paid of ¥151 million. Significant sources of cash included income before income taxes of ¥535 million and depreciation expenses of ¥197 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥307 million, ¥12 million less than was used in fiscal 2009. Among major uses of cash were ¥243 million for the purchase of software.

(Cash flows from financing activities)

Net cash used in financing activities was ¥138 million, an increase of ¥6 million from the preceding period, due to cash dividends paid.

(Reference) Indicators related to cash flows

	FY2006	FY2007	FY2008	FY2009	FY2010
Equity ratio	74.3%	76.6%	75.2%	78.2%	78.0%
Equity ratio based on market price	278.1%	167.9%	152.5%	212.8%	144.6
Ratio of interest-bearing liabilities to cash flows	—	—	—	—	—
Interest coverage ratio	—	—	—	—	—

Equity ratio = Shareholders' equity ÷ Total assets
Equity ratio based on market price = Market capitalization ÷ Total assets
Ratio of interest-bearing liabilities to cash flows = Interest-bearing liabilities ÷ Operating cash flows
Interest coverage ratio = Operating cash flows ÷ Interest payments

Notes:
1. Market capitalization is calculated based on the number of shares issued and outstanding, excluding treasury stock.
2. Concerning the ratio of interest-bearing liabilities to cash flows and interest coverage ratio, there are no interest-bearing liabilities or interest payments.

(3) Basic Policy on Distribution of Earnings, and Dividends for Current and Subsequent Periods

Recognizing its duty to shareholders as a listed company, the Company considers the sustainable and consistent return of earnings to shareholders a top management priority. At the same time, to enhance its growth potential and improve business efficiency, the Company's basic policy is to distribute earnings in light of the business performance during the respective fiscal period while taking into consideration the accumulation of retained earnings.

In principle, the Company's policy is to award dividends from surplus twice a year, as interim dividends and year-end dividends. The Board of Directors determines interim dividends and the Annual General Meeting of Shareholders sets year-end dividends.

For fiscal 2010, the Company awarded an interim dividend of ¥11 per share, and expects the year-end dividend to amount to ¥11 per share. In addition, the Company expects to award ¥5 per share as a commemorative dividend in celebration of its 25th anniversary since establishment. As a result, the expected total is ¥27 per share for the year.

For fiscal 2011, the Company expects to pay an interim dividend of ¥12 per share and a year-end dividend of the same amount, resulting in a total dividend for the year of ¥24 per share.

The Company aims to sustain or improve its payout ratio. At the same time, we will maximize our use of internal funds in response to rapid advances in information technologies.

The Company's Articles of Incorporation include a provision stating that it may distribute an interim dividend as prescribed in Paragraph 5, Article 454, of the Companies Act.

(4) Business and Other Risks

(i) Impact of Wholesaler Consolidations and Decommissioning

In recent years, the distribution function has undergone reorganization in the daily necessities and cosmetics industry, resulting in wholesaler consolidations and decommissioning. A decrease in the number of connections due to mergers of major wholesalers or other parties would reduce income from monthly usage fees and cause net sales to decrease. While the Company is currently working to restructure its fee structure to avoid substantial impacts on its revenue, sudden large mergers or similar unexpected events could materially affect the Company's business performance.

(ii) System Failure

The Company's services must be available 24/7. The Company has prepared the Offered Services Restoration Plan as a business continuity plan, insuring itself against potential system failure by developing a redundant framework to restore each of its services, as well as conducting system failure response training. In addition, although the Company employs a triple server structure, a large portion of the Company's services is dependent on the communications network. Therefore, services may become unavailable in the event of a communications network interruption or if a disaster or other incident causes server outage. A major system failure could materially impact the Company's business performance and reduce service reliability.

(iii) Security Management

The Company's EDI services do not directly handle information on transactions by manufacturers and wholesalers that use the services. Rather, authentication via user ID and password and encryption via SSL* are required to access information. Furthermore, a master station is required to confirm connections, and other steps are in place to prevent information leakage. In addition, the Company has enhanced its internal information security management structure by introducing security monitoring tools for managing logs of access information, uses file encryption tools and has acquired ISO 27001 certification. However, in the event of information leakage, the Company could become liable for damages. Such a situation could materially affect the Company's business performance and future business continuity.

* Secure Sockets Layer (SSL) is a protocol developed by Netscape Communications Corporation to encrypt data for sending and receiving over the Internet. The use of server certificates provides security for sending and receiving data over the Internet.

(iv) Small Organization

As of July 31, 2010, the Company is a small organization, comprising seven directors (two of whom are part-time), two auditors (one of whom is part-time), 36 regular employees and 15 temporary employees. The Company's internal control framework corresponds to its organizational size. In view of future potential business growth and increases in its workload, the Company intends to cultivate employees, build up its workforce and enhance its internal control framework. However, if the Company's efforts to secure human resources and enhance its internal control framework do not proceed smoothly, operational efficiency and business growth could be affected, owing to an inability to conduct appropriate organizational responses.

2. Management Policies

(1) Basic Policy on Corporate Management

The Company's basic management policy is to contribute to operational efficiency by building and operating information infrastructures that are available to all members of the distribution industry (manufacturers, distributors and sellers). In this manner, the Company aims to strengthen the overall distribution system and contribute to economic development.

The Company operates according to the following basic policies.

(i) To ensure peace of mind for users, the Company will consistently provide services that are:
   1. Secure;
   2. Unbiased; and
   3. Standardized.

(ii) To provide optimal services to users, the Company will continually strive to:
   1. Research the latest information technologies;
   2. Research standards related to information/distribution; and
   3. Research structural changes in the distribution industry.

(iii) To ensure users' information security, the Company will do its utmost to:
   1. Build an information management system;
   2. Protect against unauthorized access and sabotage; and
   3. Ensure a thorough awareness of security among its personnel.

(2) Management Benchmarks

The Company considers net sales and ordinary income to be growth targets, and its operations take into account such benchmarks as the operating profit margin and the ordinary income ratio. The Company plans to make steady progress in increasing return on equity (ROE) and return on assets (ROA), which are indicators of efficiency.

(3) Medium- to Long-Term Corporate Management Strategy

Put simply, the Company's role is to be an "information organizer." The network comprising services connecting multiple companies that are regular business partners and share EDI constitutes an industry infrastructure. As a result of the Company's activities, advances are made in information technology and transactions within the industry grow more rational. To enhance distribution systems and work toward its goal of becoming a marketing information database operator/distributor, the Company seeks to achieve the following.

(i) Increase Usage by Existing Users

The Company aims to increase its number of client companies and raise the rate of use for each data type.

(ii) Expand into Adjacent Industries

The Company seeks to expand its network services into industries in addition to daily necessities and cosmetics.

(iii) Transition from Administration Streamlining Network to Marketing Network

The Company will seek to enrich its services menu from mission-critical tasks to information-based services.

(4) Issues to be Addressed

In line with advances in information technology in relevant areas of the distribution industry, the Company expects the rationalization of corporation management and the establishment of network infrastructure to contribute to ongoing growth.

Under these circumstances, the Company will pursue expansion in the following areas.

(i) EDI Segment

Recent developments in communications technologies have highlighted the importance of data interchange in boosting efficiency and managing and improving processes ranging from material sourcing by manufacturers to delivering end products to consumers.

To that end, the Company is primarily spreading and promoting Procurement EDI services to connect material suppliers and manufacturers and Distribution EDI services to connect manufacturers and wholesalers. Going forward, the Company also hopes to prepare to start EDI services to connect wholesalers and retailers in view of the progress of standardization activities.

We are also making an ongoing effort to extend EDI into industries adjacent to daily necessities and cosmetics.

(ii) Database Segment

We will pursue the growth of our Client Location Database by adding value through consultation and other activities. This business will involve the ongoing cleaning of data on 340,000 retailers across Japan so that manufacturers can employ this information in their marketing activities.

Demand for product images is growing and the Company will respond by enhancing the images and text information provided in its Packaged Consumer Goods Database. We will also strive to expand the range of its usage by promoting this database to retailers delivering fliers to customers, connecting it to the Product Master and through other means.

We will continue to operate our OTC Drug Instruction Database in accordance with the amended Pharmaceutical Affairs Act and with the aim of ensuring efficient retailer response to consumers.

(iii) Other Segment

There has been an increase in the needs of users seeking to gather information on new products and understand market conditions and consumer trends using the Internet. The needs of users seeking to conduct business negotiations over the Internet are also increasing. In response to such needs, the Company will strive to develop accurate service models and create more content to assist in further raising the efficiency of marketing and merchandising operations of manufacturers, wholesalers and retailers and will seek to further enhance the Buyer's Net.

(5) Other Significant Matters on Corporate Management

Not applicable.

3. Financial Statements

(1) Balance Sheets

(Thousands of yen)

	FY2009 (As of July 31, 2009)	FY2010 (As of July 31, 2010)
Assets		
Current assets		
Cash and deposits	1,018,780	1,132,294
Accounts receivable–trade	330,374	355,467
Prepaid expenses	3,672	5,843
Deferred tax assets	13,530	19,391
Other	2,721	8,812
Allowance for doubtful accounts	(100)	(100)
Total current assets	1,368,978	1,521,709
Non-current assets		
Property, plant and equipment		
Buildings	21,331	27,395
Accumulated depreciation	(19,112)	(2,753)
Buildings, net	2,218	24,642
Tools, furniture and fixtures	16,155	21,831
Accumulated depreciation	(14,742)	(6,901)
Tools, furniture and fixtures, net	1,412	14,929
Total property, plant and equipment	3,631	39,572
Intangible assets		
Goodwill	28,012	21,289
Software	468,998	319,643
Software in progress	—	159,644
Telephone subscription rights	1,383	1,383
Total intangible assets	498,394	501,960
Investments and other assets		
Investment securities	247,753	268,404
Stocks of subsidiaries and affiliates	209,196	154,928
Claims provable in bankruptcy, claims provable in rehabilitation and other	132	114
Deferred tax assets	76,486	87,620
Lease and guarantee deposits	39,570	49,903
Other	9,958	12,778
Allowance for doubtful accounts	(132)	(114)
Total investments and other assets	582,965	573,634
Total non-current assets	1,084,991	1,115,167
Total assets	2,453,969	2,636,877

(Thousands of yen)

	FY2009 (As of July 31, 2009)	FY2010 (As of July 31, 2010)
Liabilities		
Current liabilities		
Accounts payable–trade	179,208	166,607
Accounts payable–other	80,398	43,769
Accrued expenses	12,531	13,612
Income taxes payable	66,907	141,407
Accrued consumption taxes	10,608	14,993
Provision for bonuses	17,308	18,033
Provision for directors' bonuses	16,000	20,000
Other	5,248	13,394
Total current liabilities	388,211	431,818
Non-current liabilities		
Provision for retirement benefits	77,947	80,431
Provision for directors' retirement benefits	60,327	68,127
Long-term guarantee deposited	8,250	—
Total non-current liabilities	146,524	148,558
Total liabilities	534,735	580,377
Net assets		
Shareholders' equity		
Capital stock	436,100	436,100
Capital surplus		
Legal capital surplus	127,240	127,240
Total capital surplus	127,240	127,240
Retained earnings		
Legal retained earnings	18,700	18,700
Other retained earnings		
General reserve	470,000	510,000
Retained earnings brought forward	853,365	981,609
Total retained earnings	1,342,065	1,510,309
Treasury stock	(1,494)	(1,538)
Total shareholders' equity	1,903,911	2,072,110
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	15,322	(15,610)
Total valuation and translation adjustments	15,322	(15,610)
Total net assets	1,919,234	2,056,500
Total liabilities and net assets	2,453,969	2,636,877

(2) Statements of Income

(Thousands of yen)

	FY2009 (From August 1, 2008, to July 31, 2009)	FY2010 (From: August 1, 2009, to July 31, 2010)
Net sales		
EDI segment	2,116,771	2,152,266
Database segment	349,236	370,453
Other segment	24,834	22,060
Total net sales	2,490,842	2,544,779
Cost of sales		
EDI segment	950,439	897,424
Database segment	157,104	157,187
Other segment	29,742	29,736
Total cost of sales	1,137,285	1,084,348
Gross profit	1,353,556	1,460,431
Selling, general and administrative expenses		
Salaries	266,829	277,987
Provision for bonuses	17,308	18,033
Retirement benefit expenses	21,128	20,468
Director compensation	102,708	108,888
Provision for directors’ bonuses	16,000	20,000
Provision for directors’ retirement benefits	7,600	7,800
Legal welfare expenses	35,274	38,256
Administrative consignment expenses	78,937	71,228
Rent expenses on real estate	46,144	58,488
Rent expenses	4,932	4,269
Communication expenses	7,366	7,242
Traveling and transportation expenses	28,844	26,176
Advertising expenses	43,466	51,488
Depreciation expenses	31,882	36,059
Other	167,398	179,374
Total selling, general and administrative expenses	875,821	925,761
Operating income	477,735	534,669
Non-operating income		
Interest income	1,555	446
Dividend income	1,977	1,977
Interest on securities	9,431	10,614
Miscellaneous income	612	1,443
Total non-operating income	13,576	14,481
Non-operating expenses		
Loss on valuation of investment securities	40,544	7,518
Total non-operating expenses	40,544	7,518

(Thousands of yen)

	FY2009 (From August 1, 2008, to July 31, 2009)	FY2010 (From: August 1, 2009, to July 31, 2010)
Ordinary income	450,767	541,633
Extraordinary income		
Gain on sales of non-current assets	—	10,000
Reversal of allowance for doubtful accounts	8	2
Total extraordinary income	8	10,002
Extraordinary loss		
Loss on sales of non-current assets	—	440
Loss on retirement of non-current assets	10	1,954
Loss on sales of investment securities	5,724	—
Impairment loss	36,942	—
Office relocation expenses	—	13,700
Loss on valuation of other investments	680	200
Total extraordinary losses	43,357	16,294
Income before income taxes	407,418	535,341
Income taxes–current	171,069	223,605
Income taxes–deferred	(993)	4,235
Total income taxes	170,076	227,841
Net income	237,342	307,499

(3) Statements of Cash Flows

(Thousands of yen)

	FY2009 (From August 1, 2008, to July 31, 2009)	FY2010 (From: August 1, 2009, to July 31, 2010)
Net cash provided by (used in) operating activities		
Income before taxes	407,418	535,341
Depreciation expenses	190,480	197,959
Impairment loss	36,942	—
Amortization of goodwill	5,602	6,722
Loss (gain) on valuation of investment securities	40,544	7,518
Interest and dividend income	(3,533)	(2,424)
Loss (gain) on sales of investment securities	5,724	—
Decrease (increase) in notes and accounts receivable–trade	(11,575)	(25,093)
Increase (decrease) in notes and accounts payable–trade	6,824	(12,600)
Increase (decrease) in provision for bonuses	(567)	725
Increase (decrease) in provision for retirement benefits	(4,602)	2,484
Increase (decrease) in provision for directors' bonuses	1,000	4,000
Increase (decrease) in provision for directors' retirement benefits	7,600	7,800
Increase (decrease) in accounts payable–other	12,101	3,451
Increase (decrease) in accrued consumption taxes	(4,506)	4,385
Other, net	(8,272)	(23,626)
Subtotal	681,181	706,642
Interest and dividend income received	5,761	3,974
Income taxes paid	(240,992)	(151,159)
Net cash provided by operating activities	445,951	559,457
Net cash provided by (used in) investing activities		
Purchase of investment securities	—	(17,000)
Proceeds from sales of investment securities	34,158	—
Payments into time deposits	(30,000)	—
Purchase of software	(197,372)	(243,724)
Purchase of stocks of subsidiaries and affiliates	(89,681)	—
Purchase of goodwill	(33,614)	—
Purchase of property, plant and equipment	—	(43,004)
Payments of guarantee deposits	—	(49,903)
Proceeds from collection of guarantee deposits	—	39,570
Other, net	(2,797)	(7,044)
Net cash provided by (used in) investing activities	(319,307)	(307,017)
Net cash provided by (used in) financing activities		
Cash dividends paid	(132,784)	(138,880)
Purchase of treasury stock	—	(44)
Net cash provided by (used in) financing activities	(132,784)	(138,925)
Increase (decrease) in cash and cash equivalents	(6,141)	113,514
Cash and cash equivalents at beginning of period	994,921	988,780
Cash and cash equivalents at end of period	988,780	1,102,294

(4) Events or Circumstances Raising Substantial Doubt about Going Concern Assumption

Not applicable.

(5) Significant Matters Forming Basis for Preparation of Financial Statements

	Fiscal 2009 (From August 1, 2008, to July 31, 2009)	Fiscal 2010 (From August 1, 2009, to July 31, 2010)
1. Valuation standards and valuation methods for securities	Available-for-sale securities Marketable securities Stated at fair value based on the market price, etc., on the date of the settlement of accounts (valuation difference accounted for by inclusion of the entire difference directly in net assets and cost of sales is determined by the moving average method). For compound financial instruments that cannot be estimated by separating the fair value of included derivatives, the entire compound financial instrument is valued at fair value and the valuation difference recorded as income (loss) in the fiscal year under review. Of straight bonds, those for which the difference between the “cost of acquisition” and “bond certificate amount” is recognized to be attributable to interest adjustments are stated at cost determined by the amortized cost method. Non-marketable securities Stated at cost determined by the moving average method. Stocks of subsidiaries and affiliates Stated at cost determined by the moving average method.	Available-for-sale securities Marketable securities Same as left Non-marketable securities Same as left Stocks of subsidiaries and affiliates Same as left

	Fiscal 2009 (From August 1, 2008, to July 31, 2009)	Fiscal 2010 (From August 1, 2009, to July 31, 2010)
2. Depreciation method for non-current assets	(1) Property, plant and equipment (excluding lease assets) The fixed rate method is adopted. The main useful lives are as follows: Buildings 10–18 years Furniture and fixtures 4–10 years (2) Intangible assets (excluding lease assets) The straight-line method is adopted. Goodwill is depreciated by the straight-line method over five years, and software (for internal use) is depreciated by the straight-line method over the available period within the Company (five years). (3) Lease assets Lease assets of finance lease transactions that do not transfer ownership The method of calculation based on the lease term as the useful life and the residual value as zero is adopted. With finance lease transactions, aside from those of which the ownership of lease assets is recognized to have transferred to the lessee, entered into on or before July 31, 2008, the accounting procedure pursuant to the method used for ordinary rental transactions is adopted.	(1) Property, plant and equipment (excluding lease assets) The fixed rate method is adopted. The main useful lives are as follows: Buildings 8–18 years Furniture and fixtures 4–20 years (2) Intangible assets (excluding lease assets) Same as left (3) Lease assets Same as left

	Fiscal 2009 (From August 1, 2008, to July 31, 2009)	Fiscal 2010 (From August 1, 2009, to July 31, 2010)
3. Standards for recording allowances and provisions	(1) Allowance for doubtful accounts Possible losses on the collection of receivables are provided for by recording the estimated uncollectible amount, which is determined based on the rate of past bad debts in the case of general receivables and which is determined based on a review of the collectability of individual receivables in the case of certain receivables such as those for which there are fears of bad debts. (2) Provision for bonuses Bonuses payable to employees are provided for by recording such based on the estimated payment amount. (3) Provision for directors' bonuses Bonuses payable to directors are provided for by recording such based on the estimated payment amount. (4) Provision for retirement benefits Retirement benefits for employees are provided for by recording the amount of retirement benefits that is recognized to have occurred at the end of the fiscal period based on retirement benefit obligations at the end of the fiscal period. (5) Provision for directors' retirement benefits Retirement benefits for directors are provided for by recording the amount of retirement benefits that is required to be paid at the end of the fiscal period based on regulations.	(1) Allowance for doubtful accounts Same as left (2) Provision for bonuses Same as left (3) Provision for directors' bonuses Same as left (4) Provision for retirement benefits Same as left (5) Provision for directors' retirement benefits Same as left
4. Scope of funds in the statements of cash flows	The funds consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.	Same as left
5. Other significant matters forming basis for preparation of financial statements	Accounting for consumption taxes, etc. The tax-exclusion method is adopted.	Accounting for consumption taxes, etc. Same as left

(6) Changes in Significant Matters Forming Basis for Preparation of Financial Statements

Changes in Accounting Policies

Fiscal 2009 (From August 1, 2008, to July 31, 2009)	Fiscal 2010 (From August 1, 2009, to July 31, 2010)
(Accounting Standard for Lease Transactions) With finance lease transactions that do not transfer ownership, the accounting procedure pursuant to the method used for ordinary rental transactions was adopted in previous fiscal years. As of the fiscal year under review, however, the “Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan Statement No. 13 (issued on June 17, 1993 (First Subcommittee of the Business Accounting Council); revised on March 30, 2007)) and “Guidance on Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan Guidance No. 16 (issued on January 18, 1994 (Accounting Practice Committee of The Japanese Institute of Certified Public Accountants); revised on March 30, 2007)) are applied. Accordingly, the accounting procedure pursuant to the method used for ordinary sale and purchase transactions is adopted. With finance lease transactions that do not transfer ownership in which the lease transaction commencement date falls prior to the start date of the initial fiscal year of application, the accounting procedure pursuant to the method used for ordinary rental transactions continues to be adopted. The impact of this on income (loss) is minimal.	——

(7) Reclassification

Balance Sheets

Fiscal 2009 (From August 1, 2008, to July 31, 2009)	Fiscal 2010 (From August 1, 2009, to July 31, 2010)
——	“Software in progress,” which had been included in “Software” under “Intangible assets” in the previous fiscal year (16,308,000 yen in the previous fiscal year), has been separately classified for the current fiscal year, as the amount surpassed 1% of total assets.