

MR MAX CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH, 2010

Note : MrMax Corporation Japanese financial statements are audited by accounting firm Shin Nihon & Co. but this English financial statements are unaudited.

MR MAX CORPORATION

Balance Sheets

	31 st March		
	2008	2009	2010
	(Millions of yen)		
Assets			
Current assets:			
Cash and cash equivalents	¥1,184	¥2,081	¥1,317
Notes and accounts receivable	862	931	1,146
Inventories	9,050	7,486	7,410
Deferred tax assets	182	522	777
Other current assets	1,069	836	847
Total current assets	12,347	11,856	11,497
Property, plant and equipment:			
Land	28,764	27,368	27,368
Buildings and structures	37,263	34,472	35,317
Vehicles	34	34	36
Lease Assets			840
Other	3,388	3,548	3,791
	69,449	65,421	67,352
Accumulated depreciation	(20,060)	(21,281)	(22,377)
Property, plant and equipment, net	49,389	44,140	44,975
Intangible assets:	288	340	373
Investments and other assets:			
Investments in securities	460	432	519
Security deposits for landlords	9,891	9,667	10,067
Deferred tax assets	755	422	435
Other assets	2,636	2,801	2,878
Allowance for doubtful accounts	(5)	(6)	(6)
Total investments and other assets	13,737	13,316	13,893
	¥ 75,761	¥ 69,652	¥ 70,738

	2008	31 st March 2009	2010
		(Millions of yen)	
Liabilities and shareholders' equity and net assets			
Current liabilities:			
Notes and accounts payable:			
Trade	¥ 12,686	¥12,858	¥13,186
Property and equipment	41	35	292
	<u>12,727</u>	<u>12,894</u>	<u>13,478</u>
Short-term bank loans	160	0	0
Current portion of long-term debt	7,890	7,575	7,725
Other accounts payable	1,560	1,694	1,844
Income taxes payable	30	329	282
Accrued expense and other current liabilities	<u>1,909</u>	<u>2,578</u>	<u>2,070</u>
Total current liabilities	24,276	25,069	25,399
Long-term liabilities:			
Long-term debt	15,050	14,825	14,450
Allowance for retirement benefits for employees	405	447	478
Security deposit received from tenantry	3,745	7,340	7,105
Other	<u>4,716</u>	<u>563</u>	<u>1,311</u>
Total long-term liabilities	23,916	23,175	23,344
Net assets:			
Owners' equity:			
Common stock, without par value:			
Authorized – 80,000,000 shares			
Issued: 39,611,134 shares in 2010	10,230	10,230	10,230
Capital surplus	9,951	9,951	9,951
Retained earnings	<u>9,298</u>	<u>3,869</u>	<u>4,426</u>
	29,479	24,050	24,607
Less common stock in treasury, at cost; 6,203,528 shares in 2010	(1,893)	(2,541)	(2,542)
	<u>27,586</u>	<u>21,509</u>	<u>22,065</u>
Valuation and translation adjustments:			
Net unrealized gains(losses) on available-for-sale securities	(14)	(104)	(74)
Deferred gains or losses on hedges	<u>(4)</u>	<u>3</u>	<u>4</u>
	(18)	(101)	(70)
Total net assets	<u>27,568</u>	<u>21,408</u>	<u>21,995</u>
Total liabilities and net assets	<u>¥75,761</u>	<u>¥69,652</u>	<u>¥70,738</u>

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Income statement

	Year ended 31 st March		
	2008	2009	2010
	(Millions of yen)		
Operating revenues:			
Net sales	¥ 92,494	¥ 92,131	¥ 99,179
Rental revenue from real estate	4,318	4,366	4,304
Total operating revenues	<u>96,812</u>	<u>96,498</u>	<u>103,482</u>
Cost of sales	<u>73,114</u>	<u>72,837</u>	<u>79,446</u>
Gross profit	23,698	23,661	24,036
Selling, general and administrative expenses			
	<u>22,933</u>	<u>22,979</u>	<u>23,280</u>
Operating income	765	681	756
Other income (expenses):			
Interest and dividend income	99	104	106
Interest expense	(328)	(340)	(331)
Loss on disposals of property	(26)	(29)	(34)
Gain on sales of investment in securities	34	1	4
Gain on penalty for tenant going out	361	49	13
Impairment loss		(4,060)	
Loss on valuation of goods		(1,027)	
Loss on closing stores		(58)	
Other, net	364	30	518
	<u>504</u>	<u>(5,329)</u>	<u>276</u>
Income before income taxes and minority interests	1,269	(4,648)	1,032
Income taxes			
Current	131	381	429
Deferred	483	50	(289)
	<u>614</u>	<u>431</u>	<u>140</u>
Net income for the year	<u>¥ 655</u>	<u>¥ (5,079)</u>	<u>¥ 892</u>

MR MAX CORPORATION

Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at 31 st March, 2009	10,230	9,951	3,869	(2,541)	21,509
Increase(decrease)of items during the year					
Dividends from surplus			(334)		(334)
Net income for the year			891		891
Purchase of treasury stock				(1)	(1)
Gain on sales of treasury stock				0	0
(Decrease)increase of items during the year except those included in owner's equity					
Total increase(decrease)of items during the year	—	0	557	(1)	556
Balance at 31 st March, 2010	10,230	9,951	4,426	(2,542)	22,065

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized gains(losses) on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at 31 st March, 2009	(104)	3	(101)		21,408
Increase(decrease)of items during the year					
Dividends from surplus					(334)
Net income for the year					891
Purchase of treasury stock					(1)
Gain on sales of treasury stock					0
(Decrease)increase of items during the year except those included in owner's equity	30	1	31		31
Total increase(decrease)of items during the year	30	1	31		587
Balance at 31 st March, 2010	(74)	4	(70)		21,995

MR MAX CORPORATION

Consolidated Statements of Cash Flows

Year ended 31st March

2010

(Millions of yen)

Operating activities

Income before income taxes and minority interests	¥ 1,032
Depreciation and amortization	1,627
Gain on sales of property	—
Loss on disposals of property	31
Impairment loss	—
Decrease in provision for doubtful account	—
Increase (Decrease) in provision for retirement allowances	28
Interest and dividend	(113)
Interest expense	331
(Gain) Loss on sales of investment in securities	(3)
(Increase) Decrease in accounts receivable	(24)
(Increase) Decrease in inventories	114
Increase (Decrease) in notes and accounts payable	206
Other	(72)
	<hr/>
	3,163
Interest and dividend income received	24
Interest expense paid	(294)
Income taxes paid	(495)
Subsidy received	69
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Net cash provided by operating activities	2,467

Investing activities

Proceeds from sales of investment in securities	131
Purchases of investment in securities	(179)
Proceeds from sales of property, plant and equipment	0
Purchases of property, plant and equipment	(986)
(Increase) Decrease in Security deposits for landlords	(840)
Other	(729)
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Net cash used in investing activities	(2,603)

Financing activities

Increase (Decrease) in bank loans	(225)
(Increase) Decrease in treasury stock	(1)
Cash dividends paid	(333)
Other	(23)
Net cash provided by financing activities	<u>(582)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3)</u>
Net increase (decrease) in cash and cash equivalents	(721)
Other	1
Cash and cash equivalents at beginning of year	<u>2,084</u>
Cash and cash equivalents at end of year	<u><u>¥ 1,364</u></u>