

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 <under Japanese GAAP>

Company name: **PARIS MIKI HOLDINGS Inc.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 7455  
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Scheduled date of General Meeting of Shareholders: June 21, 2011  
 Scheduled date to commence dividend payments: June 7, 2011  
 Scheduled date to submit Annual Securities Report: June 24, 2011  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated performance for the fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| Fiscal year ended | Net sales       |       | Operating income |   | Ordinary income |   | Net income      |   |
|-------------------|-----------------|-------|------------------|---|-----------------|---|-----------------|---|
|                   | Millions of yen | %     | Millions of yen  | % | Millions of yen | % | Millions of yen | % |
| March 31, 2011    | 60,140          | 6.8   | 1,062            | – | 1,666           | – | 473             | – |
| March 31, 2010    | 56,299          | (2.5) | (543)            | – | (172)           | – | (233)           | – |

(Note)

Comprehensive income: Fiscal year ended March 31, 2011: 285 million yen [–%]  
 Fiscal year ended March 31, 2010: -130 million yen [–%]

|                   | Net income per share | Diluted net income per share | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to net sales |
|-------------------|----------------------|------------------------------|------------------|--|--|
| Fiscal year ended | Yen                  | Yen                          | %                | %  | %                                      |
| March 31, 2011    | 9.20                 | –                            | 1.1              | 3.1                                      | 1.8                                    |
| March 31, 2010    | (4.53)               | –                            | (0.5)            | (0.3)                                    | (1.0)                                  |

(Reference)

Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2011: – million yen  
 Fiscal year ended March 31, 2010: – million yen

#### (2) Consolidated financial position

|                | Total assets    | Net assets      | Equity ratio | Net assets per share |
|----------------|-----------------|-----------------|--------------|----------------------|
| As of          | Millions of yen | Millions of yen | %            | Yen                  |
| March 31, 2011 | 54,720          | 42,606          | 77.4         | 822.70               |
| March 31, 2010 | 51,673          | 43,602          | 83.9         | 841.77               |

(Reference)

Equity (net assets – minority interests) As of March 31, 2011: 42,359 million yen As of March 31, 2010: 43,348 million yen

#### (3) Consolidated cash flows

|                   | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|-------------------|---|---|---|--|
| Fiscal year ended | Millions of yen                                     | Millions of yen                                     | Millions of yen                                     | Millions of yen                            |
| March 31, 2011    | 1,035   | (11,088)  | 2,929   | 10,371                                     |
| March 31, 2010    | 2,156   | (1,643)   | (1,694)   | 17,546                                     |

## 2. Cash dividends

|   | Annual dividends  |                    |                   |                 |       | Total amount of cash dividends (Total) | Payout ratio (Consolidated) | Ratio of cash dividends to net assets (Consolidated) |
|---|-------------------|--------------------|-------------------|-----------------|-------|--|-----------------------------|--|
|   | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |  |                             |  |
|   | Yen               | Yen                | Yen               | Yen             | Yen   | Millions of yen                        | %                           | %  |
| Fiscal year ended March 31, 2010              | –                 | 15.75              | –                 | 15.75           | 31.50 | 1,622                                  | –                           | 3.7  |
| Fiscal year ended March 31, 2011              | –                 | 9.00               | –                 | 9.00            | 18.00 | 926                                    | 195.7                       | 2.2  |
| Fiscal year ending March 31, 2012 (Forecasts) | –                 | 9.00               | –                 | 9.00            | 18.00 |  | 80.0                        |  |

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(Percentages indicate year-on-year changes.)

|                                      | Net sales       |     | Operating income |      | Ordinary income |      | Net income      |       | Net income per share |
|--------------------------------------|-----------------|-----|------------------|------|-----------------|------|-----------------|-------|----------------------|
|                                      | Millions of yen | %   | Millions of yen  | %    | Millions of yen | %    | Millions of yen | %     | Yen                  |
| Six months ending September 30, 2011 | 31,610          | 0.2 | 1,973            | 27.9 | 2,298           | 43.8 | 1,510           | 88.8  | 29.34                |
| Fiscal year ending March 31, 2012    | 60,627          | 0.8 | 2,086            | 96.5 | 2,266           | 36.0 | 1,158           | 144.5 | 22.49                |

## 4. Others

(1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies and procedures and methods of presentation

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: None

(Note) For details, please refer to “Changes in important items that form the basis for preparing the consolidated financial statements” on page 15 of the attached material.

(3) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

|                      |                   |
|----------------------|-------------------|
| As of March 31, 2011 | 56,057,474 shares |
| As of March 31, 2010 | 56,057,474 shares |

b. Number of treasury shares at the end of the period

|                      |                  |
|----------------------|------------------|
| As of March 31, 2011 | 4,568,405 shares |
| As of March 31, 2010 | 4,559,943 shares |

c. Average number of shares during the period

|                                  |                   |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2011 | 51,495,194 shares |
| Fiscal year ended March 31, 2010 | 51,501,433 shares |

\* Indication regarding execution of audit procedures

The completion of audit procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this financial results report. At the time of disclosure of this report, audit procedures for financial statements in accordance with said Act are incomplete.

\* Proper use of earnings forecasts, and other special matters

The aforementioned forecasts are based on information available at the time of release of this document and include uncertainties. Actual performance, etc. may considerably differ from the forecasts due to various factors. Please refer to “Analysis of operating results” on page 2 of the attached material for matters concerning the aforementioned forecasts.

\* Note concerning corrections to the earnings results

As the earnings results figures released on May 13, 2011 were corrected, this material reflects the corrected figures released on May 19.

## Attached Material

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## 1. Results of Operations

### (1) Analysis of operating results

#### a. Overview of the fiscal year

During the fiscal year under review, Japan's economy began to show signs of a self-sustaining recovery as domestic demand increased. However, as a result of the Great East Japan Earthquake, the future of the economy is uncertain.

After the earthquake, equipped with emergency glasses prepared in advance for such disasters, groups mainly consisted of local employees and our voluntary employees from across Japan went around the evacuation centers of the afflicted areas to distribute glasses, hearing aids, skin care products, goods for contact lenses and other goods free of charge. From directly after the disaster, and still now, we have been continuing our relief efforts for those unable to go about their daily lives because they had to evacuate without their glasses or their glasses were destroyed. Through these relief activities, we hope that we have helped, even if only a little bit, to restore normalcy to the lives of those who have suffered hardship from the earthquake.

Within the Group, about 60 stores, mostly in the Tohoku region, temporarily suspended operations. As of May 13, 4 stores are still unable to reopen. Although there are just a few stores not yet to be on a reopening schedule due to severe damage, closing of shops, etc affected earnings results more than a little.

In Japan, signs of a solid recovery began to appear thanks to measures designed to suit the local region on a store-by-store basis. As a result of putting every effort into preventing this flow from stopping, we achieved increased revenue and increased profit for the fiscal year. The impact from the earthquake, etc. ended up being only slight for the fiscal year ended in March, but we expect to see the remarkable impact in our earnings results from April onwards.

At our main subsidiary PARIS MIKI Inc., up until the earthquake struck, we began to see a recovery in existing stores, which was achieved through measures such as region-based sales promotion and product proposals, involving the evolution of the "Raku-Raku-Kun" series, aimed at appealing to the different purposes of customers. Now, after the earthquake, even regions that did not suffer direct damage from the earthquake face electrical power shortages and customers appear reluctant to purchase, and there are concerns over cooling consumer mindset. However, we were highly motivated to recover business vitality, particularly in West Japan and in each region, and we strove to provide the utmost efforts in customer service.

By opening 13 new stores and closing 48 unprofitable stores, there was a net decrease in the number of stores. However, we are transitioning into a more robust condition to provide sufficient service to our customers by consolidating the number of stores.

At KIMPO-DO CO., LTD. although the situation is difficult for department stores across Japan and there are concerns over cooling of the economy following the earthquake, we achieved a steady growth in earnings by boosting our efforts in areas such as store operation and staff training, in addition to tapping into potential demand by providing the high quality of service that people are looking for.

Our overseas subsidiaries generally had difficult results, while the global economy was yet to recover. Although our Australian subsidiary had an increased operating loss led by expenses incurred from advancing the closure of unprofitable stores, the subsidiary is now in a transitional period in which it is working to review its business operation.

At our Thai subsidiary, although the subsidiary was unable to conduct regular store operations for several months as a result of the political unrest, the subsidiary achieved a better-than-expected profit by gaining the trust of our customers.

As a result of the above, for the fiscal year under review, we posted net sales of 60,140 million yen (up 6.8% year on year), operating income of 1,062 million yen (operating loss of 543 million yen in the previous fiscal year), ordinary income of 1,666 million yen (ordinary loss of 172

million yen in the previous fiscal year), and net income of 473 million yen (net loss of 233 million yen in the previous fiscal year).

Reportable segments are as follows.

1) Japan

Net sales in Japan amounted to 54,348 million yen (up 8.2% year on year) with operating income at 1,426 million yen.

2) Overseas

Overseas net sales amounted to 6,248 million yen (down 3.8% year on year) with an operating loss of 319 million yen.

b. Forecast for the fiscal year ending March 31, 2012

Since we took a new step as PARIS MIKI HOLDINGS Inc. in April 2009, considering new business expansion, we have worked on becoming a corporate group that can offer an abundant range of services and products from the perspective of customers. Following the acquisition of the eyeglasses retail business of KIMPO-DO CO., LTD., our wholly-owned subsidiary MIKI MD Inc. that changed its trade name to Create three Co., Ltd. acquired the assets of eyeglasses manufacturer FUKUI KOKI CO., LTD. in January 2011. We will now strengthen our product development capability as a group by taking advantage of our “made-in-Japan technology” and “3D production systems” under our group concept of “meeting the needs of each and every customer.”

At PARIS MIKI Inc., we are continuing from the previous fiscal year our review of unprofitable stores and working to strengthen a system that allows each individual store to build deeper relationships with their customers. In our new store opening activities, we plan to open 15 stores, focusing on opening stores in competitive locations, mostly at shopping centers. We are examining the stores for possible changes in the business format based on clear concepts and plan to close 30 stores.

In our sales strategy, after having reviewed the previous concept in our advertising and promotion, in addition to targeting the younger generation, we are now actively taking a new approach towards the expanding middle-aged and senior generations, who have begun to be influenced by advertising through the Internet and mobile Internet. Using this new approach, we intend to motivate people who have never visited a PARIS MIKI store to come in for the first time.

In order to meet the needs of the different purposes of customers, in addition to advancing the evolution of the “Raku-Raku-Kun” series, we are focusing on reviewing the Sales Planning Department to conduct sales promotion activities in each region, and are shoring up large stores in large markets to restore the former competitive strength. By using such methods, we are aiming to raise the minimum performance level of existing stores.

At KIMPO-DO CO., LTD., while the overall department stores industry is in difficulties, we will continue our efforts in refurbishing stores and training staff to achieve further earnings growth, in addition to tapping into the potential demand that exists for high quality services.

At our overseas subsidiaries, the business environment continues to be difficult for some regions, and we expect to post an operating loss from our overall overseas subsidiaries. However, by conducting the most extensive refurbishments at the Opera store in the French subsidiary for the first time in 30 years and by receiving contribution from profits of subsidiaries in the Asian region, where demand is expected, we expect the operating loss will be decreased.

As a result of the above, for the fiscal year ending March 31, 2012, we expect net sales of 60,627 million yen (up 0.8% year on year), operating income of 2,086 million yen (up 96.5%), ordinary income of 2,266 million yen (up 36.0%) and net income of 1,158 million yen (up 144.5%) due to the growth of PARIS MIKI Inc., the contribution from KIMPO-DO CO., LTD., and the improvement reforms of overseas subsidiaries.

**(2) Analysis of financial position**

## a. Assets, liabilities and net assets

As of the end of the fiscal year under review, total assets stood at 54,720 million yen, an increase of 3,047 million yen compared with the end of the previous fiscal year. This is mainly due to current assets increases of 2,835 million yen in cash and deposits and 927 million yen in merchandise and finished goods.

Total liabilities stood at 12,114 million yen, an increase of 4,043 million yen compared with the end of the previous fiscal year. This is mainly due to increases of 1,832 million yen in short-term loans payable in current liabilities and 2,500 million yen in bonds payable in noncurrent liabilities.

Net assets stood at 42,606 million yen, a decrease of 996 million yen compared with the end of the previous fiscal year. This is mainly due to a decrease of 801 million yen in retained earnings.

## b. Cash flows

The balance of cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to 10,371 million yen, a decrease of 7,175 million yen compared with the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,035 million yen (2,156 million yen at the end of the previous fiscal year). The main factor of this was income before income taxes and minority interests of 1,336 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 11,088 million yen. The main factor of this was a net increase in time deposits of 10,005 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 2,929 million yen. The main factor of this was proceeds from issuance of bonds of 2,456 million yen and net increase in short-term loans payable of 1,832 million yen, notwithstanding 1,274 million yen of cash dividends paid.

Trends in cash flow indicators are as follows.

|   | Fiscal year ended<br>March 31, 2009 | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%)                                  | 84.0                                | 83.9                                | 77.4                                |
| Market value equity ratio (%)                     | 82.4                                | 89.6                                | 80.1                                |
| Interest-bearing debt to cash flows ratio (years) | –                                   | –                                   | 4.2                                 |
| Interest coverage ratio (times)                   | –                                   | –                                   | 31.0                                |

(Notes) Equity ratio: Equity/Total assets

Market value equity ratio: Total market capitalization/Total assets

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

Interest coverage ratio: Operating cash flow/Interest payment

- Each figure was calculated on a consolidated basis.
- Total market capitalization is calculated by multiplying closing stock price at the end of the period by the number of issued shares at the end of the period (excluding treasury stock).
- Net cash provided by operating activities in the consolidated statements of cash flows is used as “Operating cash flow” for calculation purposes. Interest-bearing debt includes all of those debt reported on the consolidated balance sheets on which interest is paid. For interest payment, interest expenses paid in the consolidated statements of cash flows are used. Note that “Interest-bearing debt to cash flows ratio (years)” and “Interest coverage ratio (times)” have been omitted in the fiscal years ended March 31, 2009 and March 31, 2010, due to immateriality in the Group’s interest-bearing debt and interest expenses.

**(3) Basic policy for profit sharing and cash dividends for the current fiscal year and following fiscal year**

The Group executes proactive and flexible profit sharing in tune with the times. A year-end dividend for the fiscal year under review of 9 yen per share was decided by resolution at the meeting of the Board of Directors held May 13, 2011, and the date on which dividend payments are to commence will be June 7, 2011. Consequently, the annual dividend shall be 18 yen per share (interim dividend of 9 yen, year-end dividend of 9 yen).

Looking forward, the Group shall maintain its policy of providing dividends based on considering the Group's internal funding requirements, including investment for bold structural reform aimed at further long-term growth, and the Group's global business expansion and capital strategy. For the fiscal year ending March 31, 2012, we plan on providing an annual dividend of 18 yen per share (interim dividend of 9 yen, year-end dividend of 9 yen).



## 2. Consolidated Financial Statements

### (1) Consolidated balance sheets

|  | (Millions of yen)    |                      |
|--|----------------------|----------------------|
|  | As of March 31, 2010 | As of March 31, 2011 |
| <b>Assets</b>                            |                      |                      |
| Current assets                           |                      |                      |
| Cash and deposits                        | 17,201               | 20,037               |
| Notes and accounts receivable–trade      | 2,835                | 2,855                |
| Short-term investment securities         | 610                  | 610                  |
| Merchandise and finished goods           | 8,271                | 9,199                |
| Raw materials and supplies               | 914                  | 794                  |
| Deferred tax assets                      | 1,464                | 1,353                |
| Income taxes receivable                  | 5                    | -                    |
| Other                                    | 1,239                | 1,683                |
| Allowance for doubtful accounts          | (18)                 | (15)                 |
| Total current assets                     | 32,523               | 36,518               |
| Noncurrent assets                        |                      |                      |
| Property, plant and equipment            |                      |                      |
| Buildings and structures                 | 13,008               | 11,995               |
| Machinery and equipment                  | -                    | 11                   |
| Tools, furniture and fixtures            | 8,089                | 7,890                |
| Land                                     | 1,051                | 1,070                |
| Lease assets                             | 368                  | 395                  |
| Construction in progress                 | 29                   | 17                   |
| Other                                    | 33                   | 37                   |
| Accumulated depreciation                 | (15,498)             | (14,491)             |
| Total property, plant and equipment      | 7,081                | 6,926                |
| Intangible assets                        |                      |                      |
| Goodwill                                 | 481                  | 410                  |
| Other                                    | 384                  | 482                  |
| Total intangible assets                  | 865                  | 892                  |
| Investments and other assets             |                      |                      |
| Investment securities                    | 317                  | 303                  |
| Long-term loans receivable               | 129                  | 99                   |
| Lease and guarantee deposits             | 9,588                | 8,908                |
| Construction assistance fund receivables | 786                  | 596                  |
| Deferred tax assets                      | 39                   | 75                   |
| Other                                    | 352                  | 384                  |
| Allowance for doubtful accounts          | (10)                 | (19)                 |
| Total investments and other assets       | 11,202               | 10,348               |
| Total noncurrent assets                  | 19,150               | 18,167               |
| Deferred assets                          |                      |                      |
| Bond issuance cost                       | -                    | 34                   |
| Total deferred assets                    | -                    | 34                   |
| Total assets                             | 51,673               | 54,720               |

(Millions of yen)

|   | As of March 31, 2010 | As of March 31, 2011 |
|---|----------------------|----------------------|
| <b>Liabilities</b>                                    |                      |                      |
| Current liabilities                                   |                      |                      |
| Notes and accounts payable–trade                      | 1,794                | 1,656                |
| Short-term loans payable                              | -                    | 1,832                |
| Lease obligations                                     | 76                   | 81                   |
| Accounts payable–other                                | 2,283                | 2,060                |
| Income taxes payable                                  | 123                  | 533                  |
| Accrued consumption taxes                             | 138                  | 163                  |
| Provision for bonuses                                 | 1,121                | 1,043                |
| Provision for loss on store closing                   | 744                  | 179                  |
| Reserve for loss on disaster                          | -                    | 65                   |
| Other   | 1,151                | 1,061                |
| Total current liabilities                             | 7,432                | 8,679                |
| Noncurrent liabilities                                |                      |                      |
| Bonds payable   | -                    | 2,500                |
| Lease obligations                                     | 232                  | 178                  |
| Provision for retirement benefits                     | 25                   | 15                   |
| Provision for directors' retirement benefits          | 30                   | 38                   |
| Asset retirement obligations                          | -                    | 362                  |
| Other   | 349                  | 340                  |
| Total noncurrent liabilities                          | 637                  | 3,435                |
| Total liabilities                                     | 8,070                | 12,114               |
| <b>Net assets</b>                                     |                      |                      |
| Shareholders' equity                                  |                      |                      |
| Capital stock   | 5,901                | 5,901                |
| Capital surplus                                       | 6,829                | 6,829                |
| Retained earnings                                     | 39,297               | 38,496               |
| Treasury stock  | (8,393)              | (8,399)              |
| Total shareholders' equity                            | 43,634               | 42,826               |
| Accumulated other comprehensive income                |                      |                      |
| Valuation difference on available-for-sale securities | 27                   | (3)                  |
| Foreign currency translation adjustment               | (313)                | (463)                |
| Total accumulated other comprehensive income          | (285)                | (466)                |
| Minority interests                                    | 253                  | 246                  |
| Total net assets                                      | 43,602               | 42,606               |
| Total liabilities and net assets                      | 51,673               | 54,720               |

**(2) Consolidated statements of (comprehensive) income****(Consolidated statements of income)**

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | 56,299                              | 60,140                              |
| Cost of sales                                      | 17,643                              | 18,414                              |
| Gross profit                                       | 38,656                              | 41,725                              |
| Selling, general and administrative expenses       |                                     |                                     |
| Promotion expenses                                 | 2,617                               | 2,747                               |
| Advertising expenses                               | 1,556                               | 1,337                               |
| Salaries, allowances and bonuses                   | 16,245                              | 16,581                              |
| Provision for bonuses                              | 1,121                               | 1,011                               |
| Provision for directors' retirement benefits       | 9                                   | 9                                   |
| Welfare expenses                                   | 2,452                               | 2,578                               |
| Retirement benefit expenses                        | 525                                 | 542                                 |
| Depreciation                                       | 1,308                               | 1,401                               |
| Rent expenses                                      | 8,941                               | 9,747                               |
| Other  | 4,422                               | 4,705                               |
| Total selling, general and administrative expenses | 39,199                              | 40,663                              |
| Operating income (loss)                            | (543)                               | 1,062                               |
| Non-operating income                               |                                     |                                     |
| Interest income                                    | 46                                  | 38                                  |
| Rent income  | 80                                  | 78                                  |
| Foreign exchange gains                             | 101                                 | -                                   |
| Commission fee                                     | 47                                  | 29                                  |
| Compensation income                                | -                                   | 103                                 |
| Gain on sales of supplies                          | -                                   | 335                                 |
| Other  | 107                                 | 105                                 |
| Total non-operating income                         | 382                                 | 691                                 |
| Non-operating expenses                             |                                     |                                     |
| Interest expenses                                  | -                                   | 9                                   |
| Interest on bonds                                  | -                                   | 26                                  |
| Amortization of bond issuance cost                 | -                                   | 8                                   |
| Foreign exchange losses                            | -                                   | 21                                  |
| Provision of allowance for doubtful accounts       | -                                   | 10                                  |
| Other  | 11                                  | 10                                  |
| Total non-operating expenses                       | 11                                  | 87                                  |
| Ordinary income (loss)                             | (172)                               | 1,666                               |
| Extraordinary income                               |                                     |                                     |
| Gain on sales of noncurrent assets                 | -                                   | 18                                  |
| Reversal of provision for loss on store closing    | -                                   | 43                                  |
| Total extraordinary income                         | -                                   | 61                                  |

|  | (Millions of yen)                   |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
| Extraordinary loss   |                                     |                                     |
| Loss on sales and retirement of noncurrent assets                                      | 43                                  | 89                                  |
| Impairment loss  | 1                                   | -                                   |
| Loss on store closing  | 6                                   | 14                                  |
| Loss on disaster   | -                                   | 68                                  |
| Loss on valuation of investment securities   | 2                                   | -                                   |
| Provision for loss on store closing  | 138                                 | -                                   |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | -                                   | 218                                 |
| Total extraordinary losses   | 192                                 | 390                                 |
| Income (loss) before income taxes and minority interests                               | (364)                               | 1,336                               |
| Income taxes—current   | 142                                 | 767                                 |
| Refund of income taxes   | (92)                                | -                                   |
| Income taxes—deferred  | (178)                               | 95                                  |
| Total income taxes   | (128)                               | 862                                 |
| Income before minority interests   | -                                   | 473                                 |
| Minority interests in income (loss)  | (3)                                 | 0                                   |
| Net income (loss)  | (233)                               | 473                                 |

**(Consolidated statements of comprehensive income)**

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
|---|-------------------------------------|-------------------------------------|
| Income before minority interests                          | -                                   | 473                                 |
| Other comprehensive income                                |                                     |                                     |
| Valuation difference on available-for-sale securities     | -                                   | (30)                                |
| Foreign currency translation adjustment                   | -                                   | (157)                               |
| Total other comprehensive income                          | -                                   | (188)                               |
| Comprehensive income                                      | -                                   | 285                                 |
| Comprehensive income attributable to                      |                                     |                                     |
| Comprehensive income attributable to owners of the parent | -                                   | 292                                 |
| Comprehensive income attributable to minority interests   | -                                   | (7)                                 |

**(3) Consolidated statements of changes in net assets**

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
|--|-------------------------------------|-------------------------------------|
| Shareholders' equity                     |                                     |                                     |
| Capital stock                            |                                     |                                     |
| Balance at the end of previous period    | 5,901                               | 5,901                               |
| Changes of items during the period       |                                     |                                     |
| Total changes of items during the period | -                                   | -                                   |
| Balance at the end of current period     | 5,901                               | 5,901                               |
| Capital surplus                          |                                     |                                     |
| Balance at the end of previous period    | 6,829                               | 6,829                               |
| Changes of items during the period       |                                     |                                     |
| Total changes of items during the period | -                                   | -                                   |
| Balance at the end of current period     | 6,829                               | 6,829                               |
| Retained earnings                        |                                     |                                     |
| Balance at the end of previous period    | 41,153                              | 39,297                              |
| Changes of items during the period       |                                     |                                     |
| Dividends from surplus                   | (1,622)                             | (1,274)                             |
| Net income (loss)                        | (233)                               | 473                                 |
| Disposal of treasury stock               | (0)                                 | (0)                                 |
| Increase on consolidated subsidiaries    | (0)                                 | (0)                                 |
| Total changes of items during the period | (1,856)                             | (801)                               |
| Balance at the end of current period     | 39,297                              | 38,496                              |
| Treasury stock                           |                                     |                                     |
| Balance at the end of previous period    | (8,389)                             | (8,393)                             |
| Changes of items during the period       |                                     |                                     |
| Purchase of treasury stock               | (4)                                 | (6)                                 |
| Disposal of treasury stock               | 0                                   | 0                                   |
| Total changes of items during the period | (3)                                 | (6)                                 |
| Balance at the end of current period     | (8,393)                             | (8,399)                             |
| Total shareholders' equity               |                                     |                                     |
| Balance at the end of previous period    | 45,494                              | 43,634                              |
| Changes of items during the period       |                                     |                                     |
| Dividends from surplus                   | (1,622)                             | (1,274)                             |
| Net income (loss)                        | (233)                               | 473                                 |
| Purchase of treasury stock               | (4)                                 | (6)                                 |
| Disposal of treasury stock               | 0                                   | 0                                   |
| Increase on consolidated subsidiaries    | (0)                                 | (0)                                 |
| Total changes of items during the period | (1,860)                             | (807)                               |
| Balance at the end of current period     | 43,634                              | 42,826                              |

|   | (Millions of yen)                   |                                     |
|---|-------------------------------------|-------------------------------------|
|   | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
| Accumulated other comprehensive income                |                                     |                                     |
| Valuation difference on available-for-sale securities |                                     |                                     |
| Balance at the end of previous period                 | 9                                   | 27                                  |
| Changes of items during the period                    |                                     |                                     |
| Net changes of items other than shareholders' equity  | 18                                  | (30)                                |
| Total changes of items during the period              | 18                                  | (30)                                |
| Balance at the end of current period                  | 27                                  | (3)                                 |
| Foreign currency translation adjustment               |                                     |                                     |
| Balance at the end of previous period                 | (394)                               | (313)                               |
| Changes of items during the period                    |                                     |                                     |
| Net changes of items other than shareholders' equity  | 80                                  | (150)                               |
| Total changes of items during the period              | 80                                  | (150)                               |
| Balance at the end of current period                  | (313)                               | (463)                               |
| Total accumulated other comprehensive income          |                                     |                                     |
| Balance at the end of previous period                 | (384)                               | (285)                               |
| Changes of items during the period                    |                                     |                                     |
| Net changes of items other than shareholders' equity  | 99                                  | (181)                               |
| Total changes of items during the period              | 99                                  | (181)                               |
| Balance at the end of current period                  | (285)                               | (466)                               |
| Minority interests                                    |                                     |                                     |
| Balance at the end of previous period                 | 249                                 | 253                                 |
| Changes of items during the period                    |                                     |                                     |
| Net changes of items other than shareholders' equity  | 4                                   | (7)                                 |
| Total changes of items during the period              | 4                                   | (7)                                 |
| Balance at the end of current period                  | 253                                 | 246                                 |
| Total net assets                                      |                                     |                                     |
| Balance at the end of previous period                 | 45,359                              | 43,602                              |
| Changes of items during the period                    |                                     |                                     |
| Dividends from surplus                                | (1,622)                             | (1,274)                             |
| Net income (loss)                                     | (233)                               | 473                                 |
| Purchase of treasury stock                            | (4)                                 | (6)                                 |
| Disposal of treasury stock                            | 0                                   | 0                                   |
| Increase on consolidated subsidiaries                 | (0)                                 | (0)                                 |
| Net changes of items other than shareholders' equity  | 103                                 | (188)                               |
| Total changes of items during the period              | (1,756)                             | (996)                               |
| Balance at the end of current period                  | 43,602                              | 42,606                              |

**(4) Consolidated statements of cash flows**

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
|--|-------------------------------------|-------------------------------------|
| Net cash provided by (used in) operating activities                                    |                                     |                                     |
| Income (loss) before income taxes and minority interests                               | (364)                               | 1,336                               |
| Depreciation and other amortization  | 1,402                               | 1,511                               |
| Impairment loss  | 1                                   | -                                   |
| Increase (decrease) in allowance for doubtful accounts                                 | (3)                                 | 5                                   |
| Increase (decrease) in provision for bonuses   | (152)                               | (77)                                |
| Increase (decrease) in provision for retirement benefits                               | (2)                                 | (10)                                |
| Increase (decrease) in provision for directors' retirement benefits                    | 7                                   | 8                                   |
| Increase (decrease) in provision for loss on store closing                             | 25                                  | (308)                               |
| Interest and dividends income  | (47)                                | (42)                                |
| Interest expenses  | -                                   | 35                                  |
| Foreign exchange losses (gains)  | (17)                                | 33                                  |
| Loss (gain) on sales and retirement of property, plant and equipment                   | 43                                  | 71                                  |
| Loss (gain) on valuation of investment securities                                      | 2                                   | -                                   |
| Loss on disaster   | -                                   | 65                                  |
| Other extraordinary loss (income)  | (2)                                 | 14                                  |
| Decrease (increase) in notes and accounts receivable-trade                             | (193)                               | (163)                               |
| Decrease (increase) in inventories   | 669                                 | (896)                               |
| Decrease (increase) in other assets  | 781                                 | (136)                               |
| Increase (decrease) in notes and accounts payable-trade                                | (412)                               | (11)                                |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | -                                   | 218                                 |
| Increase (decrease) in other liabilities   | (25)                                | (205)                               |
| Other, net   | (1)                                 | (66)                                |
| Subtotal   | 1,708                               | 1,382                               |
| Interest and dividends income received   | 44                                  | 37                                  |
| Interest expenses paid   | -                                   | (33)                                |
| Income taxes paid  | (180)                               | (358)                               |
| Income taxes refund  | 583                                 | 7                                   |
| Net cash provided by (used in) operating activities                                    | 2,156                               | 1,035                               |
| Net cash provided by (used in) investing activities                                    |                                     |                                     |
| Payments into time deposits  | (18)                                | (13,544)                            |
| Proceeds from withdrawal of time deposits  | 70                                  | 3,538                               |
| Purchase of property, plant and equipment  | (1,031)                             | (1,374)                             |
| Purchase of investment securities  | (0)                                 | (9)                                 |
| Proceeds from sales of investment securities   | 133                                 | -                                   |
| Payments of long-term loans receivable   | (6)                                 | (4)                                 |
| Collection of long-term loans receivable   | 27                                  | 22                                  |
| Payments for lease and guarantee deposits  | (399)                               | (203)                               |
| Proceeds from collection of lease and guarantee deposits                               | 755                                 | 610                                 |
| Payments for construction assistance fund  | (8)                                 | -                                   |
| Collection of construction assistance fund receivables                                 | 162                                 | 147                                 |
| Payments for transfer of business  | (1,163)                             | -                                   |
| Other, net   | (163)                               | (271)                               |
| Net cash provided by (used in) investing activities                                    | (1,643)                             | (11,088)                            |



|  | (Millions of yen)                   |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011 |
| Net cash provided by (used in) financing activities  |                                     |                                     |
| Net increase (decrease) in short-term loans payable  | -                                   | 1,832                               |
| Decrease and Increase of treasury stocks   | (4)                                 | (6)                                 |
| Proceeds from issuance of bonds  | -                                   | 2,456                               |
| Cash dividends paid  | (1,625)                             | (1,274)                             |
| Other, net   | (65)                                | (78)                                |
| Net cash provided by (used in) financing activities  | (1,694)                             | 2,929                               |
| Effect of exchange rate change on cash and cash equivalents                                      | 68                                  | (55)                                |
| Net increase (decrease) in cash and cash equivalents   | (1,113)                             | (7,179)                             |
| Cash and cash equivalents at beginning of period   | 18,658                              | 17,546                              |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | 2                                   | 4                                   |
| Cash and cash equivalents at end of period   | 17,546                              | 10,371                              |

**Notes on going concern assumption**

No items to report

**Changes in important items that form the basis for preparing the consolidated financial statements**

| Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011   |
|-------------------------------------|---|
| <hr/>                               | <p>(Application of Accounting Standard for Asset Retirement Obligations)</p> <p>Effective from the fiscal year under review, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are adopted.</p> <p>As a result, operating income and ordinary income each decreased by 28 million yen, and income before income taxes and minority interests decreased by 246 million yen.</p> |

**Changes in presentation**

| Fiscal year ended<br>March 31, 2010 | Fiscal year ended<br>March 31, 2011  |
|-------------------------------------|--|
| <hr/>                               | <p>(Consolidated Balance Sheets)</p> <ol style="list-style-type: none"> <li>1. “Accounts receivable-trade” which was presented until the previous fiscal year is presented as “Notes and accounts receivable-trade” in the fiscal year under review due to the newly recorded balance of 1 million yen in notes receivable-trade.</li> <li>2. “Merchandise” which was presented until the previous fiscal year is presented as “Merchandise and finished goods” in the fiscal year under review due to the newly recorded balance of 0 million yen in finished goods. Also, “Supplies” which was presented until the previous fiscal year is presented as “Raw materials and supplies” in the fiscal year under review due to the newly recorded balance of 89 million yen in raw materials.</li> <li>3. “Income taxes receivable” which was separately presented in the previous fiscal year is included in “Other” in the fiscal year under review due to monetary immateriality. Note that “Income taxes receivable” included in “Other” in the fiscal year under review is 0 million yen.</li> </ol> |

| Fiscal year ended<br>March 31, 2010  | Fiscal year ended<br>March 31, 2011   |
|--|---|
| <p style="text-align: center;">_____</p> <p>(Consolidated Statements of Income)</p> <p>“Commission fee” (15 million yen in the previous fiscal year) which was included in “Other” under non-operating income in the previous fiscal year is separately presented in the fiscal year under review due to increased monetary materiality.</p> | <p>(Consolidated Statements of Income)</p> <ol style="list-style-type: none"> <li>1. Following the application of the “Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation Methods of Financial Statements, etc.” (Cabinet Office Ordinance No. 5 of March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Income before minority interests” is included in the consolidated statements of income effective from the fiscal year under review.</li> <li>2. “Compensation income” (23 million yen in the pervious fiscal year) which was included in “Other” under non-operating income in the previous fiscal year is separately presented in the fiscal year under review due to the compensation income exceeding 10/100 of the total non-operating income.</li> <li>3. “Refund of income taxes” which was separately presented in the previous fiscal year is included in “Income taxes-current” in the fiscal year under review due to monetary immateriality. Note that “Refund of income taxes” included in “Income taxes-current” in the fiscal year under review is 2 million yen.</li> </ol> <p style="text-align: center;">_____</p> |

### Additional information

| Fiscal year ended<br>March 31, 2010      | Fiscal year ended<br>March 31, 2011  |
|--|--|
| <p style="text-align: center;">_____</p> | <p>Effective from the fiscal year under review, the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010) is adopted. However, the amounts of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” in the previous fiscal year indicate the amounts of “Valuation and translation adjustments” and “Total valuation and translation adjustments,” respectively.</p> |

## Segment information

### a. Information by business segment

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

The Group's main business consists of the operation of specialized chain stores for the sale of eyeglasses, etc. The amount of net sales, operating income and assets relating to said business exceeds 90% of the sum total of net sales, operating income and assets of all segments.

Consequently, segment information is omitted here.

### b. Information by geographic area

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

(Millions of yen)

|  | Japan  | Other areas | Total  | Elimination and corporate | Consolidated |
|--|--------|-------------|--------|---------------------------|--------------|
| I. Net sales and operating income (loss) |        |             |        |                           |              |
| Net sales                                |        |             |        |                           |              |
| (1) External sales                       | 49,971 | 6,328       | 56,299 | –                         | 56,299       |
| (2) Inter-segment sales or transfers     | 244    | 165         | 410    | (410)                     | –            |
| Total                                    | 50,216 | 6,493       | 56,709 | (410)                     | 56,299       |
| Operating expenses                       | 50,614 | 6,822       | 57,437 | (593)                     | 56,843       |
| Operating loss                           | (398)  | (328)       | (727)  | 183                       | (543)        |
| II. Assets                               | 49,014 | 4,552       | 53,566 | (1,893)                   | 51,673       |

(Notes) 1. Countries and regions are classified based on geographical proximity.

2. Main countries and regions affiliated with the "Other areas" segment:

Asia, Europe and Australia

3. The amount of unallocatable assets recorded in elimination and corporate is 320 million yen. Most of the assets are held by the Company as surplus funds (cash or securities) and foreign currency translation adjustment.

### c. Overseas sales

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

(Millions of yen)

|                                       | Other areas | Total  |
|---------------------------------------|-------------|--------|
| I. Overseas net sales                 | 6,328       | 6,328  |
| II. Consolidated net sales            | –           | 56,299 |
| III. Percentage of overseas net sales | 11.2        | 11.2   |

(Notes) 1. Countries and regions are classified based on geographical proximity.

2. Presented together under "Other areas" because each net sales affiliated with each overseas segment is less than 10% of consolidated net sales.

3. Main countries and regions affiliated with the "Other areas" segment:

Asia, Europe and Australia

4. Overseas net sales are the net sales of the Company and its consolidated subsidiaries in countries or regions outside Japan.

## d. Segment information

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

## 1. Overview of reportable segments

The reportable segments of the Group are components of the Group whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate managerial resources and in assessing the performance.

The Group is mainly engaged in the sale of eyeglasses, etc. under PARIS MIKI Inc. and KIMPO-DO CO., LTD. in Japan and under local subsidiaries overseas. Local subsidiaries are independent business units that engage in business activities formulating comprehensive strategies for their respective region with regard to the products they handle.

Therefore, the Group is composed of segments by geographic area serving as the basis for its sales framework, with two reportable segments, namely “Japan” and “Overseas.”

## 2. Method of calculating the amounts of net sales, profit/loss, assets, and other items by reportable segment

Profits of reportable segments are values on an operating income base.

Inter-segment sales or transfers are based on actual market prices.

## 3. Information regarding the amounts of net sales, profit/loss, assets, and other items by reportable segment

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

(Millions of yen)

|  | Reportable segment |          |        | Adjustment<br>(Note 1) | Amounts on<br>consolidated<br>financial<br>statements<br>(Note 2) |
|--|--------------------|----------|--------|------------------------|---|
|  | Japan              | Overseas | Total  |                        |   |
| Net sales  |                    |          |        |                        |   |
| External sales   | 54,045             | 6,094    | 60,140 | –                      | 60,140  |
| Inter-segment sales<br>or transfers                                      | 302                | 154      | 456    | (456)                  | –   |
| Total  | 54,348             | 6,248    | 60,596 | (456)                  | 60,140  |
| Segment profit (loss)  | 1,426              | (319)    | 1,106  | (44)                   | 1,062   |
| Segment assets   | 52,319             | 4,412    | 56,732 | (2,011)                | 54,720  |
| Other items  |                    |          |        |                        |   |
| Depreciation   | 1,260              | 141      | 1,401  | –                      | 1,401   |
| Increase in<br>property, plant and<br>equipment and<br>intangible assets | 1,483              | 118      | 1,601  | –                      | 1,601   |

(Notes) 1. Adjustments are described as follows.

1) Segment profit (loss) adjustment of -44 million yen is elimination between segments.

2) Segment assets adjustment of -2,011 million yen is elimination between segments.

2. Segment profit is adjusted to agree with operating income (loss) in the consolidated statements of income.

**Per share information**

| Fiscal year ended<br>March 31, 2010   |            | Fiscal year ended<br>March 31, 2011  |            |
|---|------------|--|------------|
| Net assets per share  | 841.77 yen | Net assets per share   | 822.70 yen |
| Net loss per share  | -4.53 yen  | Net income per share   | 9.20 yen   |
| Diluted net income per share is not described here because, although there are potentially dilutive shares, net loss per share was recorded for the fiscal year under review. |            | Diluted net income per share is not described here because there are no potentially dilutive shares. |            |

(Note) The basis for calculating net income (loss) per share is as follows.

(Millions of yen)

|  | Fiscal year ended<br>March 31, 2010  | Fiscal year ended<br>March 31, 2011  |
|--|--|--|
| Net income (loss) per share  |  |  |
| Net income (loss)  | (233)  | 473  |
| Amount that does not belong to ordinary shareholder  | –  | –  |
| Net income (loss) concerning common stock  | (233)  | 473  |
| Average number of shares during the period   | 51,501 thousand shares   | 51,495 thousand shares   |
| Outline of potential shares excluded from the calculation of diluted net income per share because they have no dilutive effects. | <p>Stock options as subscription rights to shares approved at the Ordinary General Meeting of Shareholders on June 25, 2003 (6,543 subscription rights to shares corresponding to 654 thousand shares)</p> <p>Stock options as subscription rights to shares approved at the Ordinary General Meeting of Shareholders on June 25, 2004 (14,062 subscription rights to shares corresponding to 1,406 thousand shares)</p> <p>Stock options as subscription rights to shares approved at the Ordinary General Meeting of Shareholders on June 24, 2005 (797 subscription rights to shares corresponding to 79 thousand shares)</p> | <p>Stock options as subscription rights to shares approved at the Ordinary General Meeting of Shareholders on June 25, 2003 (6,503 subscription rights to shares corresponding to 650 thousand shares)</p> <p>Stock options as subscription rights to shares approved at the Ordinary General Meeting of Shareholders on June 25, 2004 (13,936 subscription rights to shares corresponding to 1,393 thousand shares)</p> <p>Stock options as subscription rights to shares approved at the Ordinary General Meeting of Shareholders on June 24, 2005 (781 subscription rights to shares corresponding to 78 thousand shares)</p> |

**Important subsequent events**

| Fiscal year ended<br>March 31, 2010   | Fiscal year ended<br>March 31, 2011 |
|---|-------------------------------------|
| <p>Issuance of unsecured bonds and short-term payable portion of new borrowings</p> <p>Concerning the issuance of unsecured bonds and the short-term payable portion of new borrowings, the Company, based on resolutions of the meeting of the Board of Directors held March 16, 2010, executed the issuance of unsecured bonds for operating capital and short-term payable portion of new borrowings as described below.</p> <p>1. Issuance of unsecured bonds</p> <p>(1) Type of bonds<br/>Unsecured floating-rate bonds (guaranteed by Sumitomo Mitsui Banking Corporation and restricted to qualified institutional investors)</p> <p>(2) Issue value<br/>100 yen par value</p> <p>(3) Total amount of issue<br/>2.5 billion yen</p> <p>(4) Coupon rate<br/>The six-month Japanese yen TIBOR rate shall be applied each interest term.</p> <p>(5) Coupon payment<br/>Twice a year (once every 6 months)</p> <p>(6) Redemption methods<br/>Redemption at maturity (5-year maturity)</p> <p>(7) Issue date<br/>April 1, 2010</p> <p>(8) Collateral<br/>No physical collateral is pledged and no assets are specifically reserved.</p> <p>(9) Trustee<br/>Sumitomo Mitsui Banking Corporation</p> <p>(10) Use of fund<br/>Working capital</p> <p>2. Short-term payable portion of new borrowings</p> <p>(1) Borrowing amount<br/>1.5 billion yen</p> <p>(2) Name of creditor<br/>Sumitomo Mitsui Banking Corporation</p> <p>(3) Interest rate<br/>0.550% per annum (floating rate)</p> <p>(4) Transaction date<br/>April 1, 2010</p> <p>(5) Repayment date<br/>March 31, 2011</p> <p>(6) Use of fund<br/>Working capital</p> | <hr/>                               |

### 3. Other

#### Changes in Directors and Corporate Auditors

(1) Changes in Representative Directors

No items to report

(2) Changes in Directors and Corporate Auditors (scheduled to be effective on June 21, 2011)

• Candidates for newly appointed Directors

Mikio Tane: Representative Director of PARIS MIKI Inc. (present post)

Tetsuro Nakatsuka: Executive Officer and Finance Chief, Finance Chief of PARIS MIKI Inc. (present post)

• Director scheduled to retire

Tetsuhiro Miyake: Outside Director (present post)

• Candidate for newly appointed Corporate Auditor

Akira Ukita: President of Shanghai Paris Miki Trading Co., Ltd. (present post)

• Corporate Auditor scheduled to retire

Kenji Nakahara: Standing Corporate Auditor, Corporate Auditor of PARIS MIKI Inc. (present post)