

Consolidated Financial Results
for the Nine Months Ended November 30, 2011
[Japanese GAAP]



December 26, 2011

Company name: Takihyo Co., Ltd.
 Code number: 9982
 URL: <http://www.takihyo.co.jp>
 Stock exchange listing: Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section)
 Representative: Kazuo Taki, CEO
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 Scheduled date of filing quarterly securities report: January 12, 2012
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Available (for institutional investors)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended November 30, 2011 (March 1, 2011 to November 30, 2011)

(1) Consolidated Results of Operations (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended November 30, 2011	52,190	3.9	1,929	276.1	1,975	70.7	604	(11.7)
Nine months ended November 30, 2010	50,254	(3.1)	512	(36.8)	1,156	3.0	684	24.9

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended November 30, 2011	12.82	12.75
Nine months ended November 30, 2010	14.21	14.14

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of November 30, 2011	51,200	27,737	54.0	588.59
As of February 28, 2011	45,833	27,561	59.9	578.98

(Reference) Equity: As of November 30, 2011: ¥27,625 million
 As of February 28, 2011: ¥27,469 million

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	yen	yen	yen	yen	yen
Fiscal year ended February 28, 2011	–	4.00	–	4.00	8.00
Fiscal year ending February 29, 2012	–	4.00	–		
Fiscal year ending February 29, 2012 (Forecast)				4.00	8.00

(Note) Revision of dividend forecasts: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2012 (March 1, 2011 to February 29, 2012)

(% indicates changes from the previous period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	68,000	1.2	950	140.2	1,550	34.7	710	19.9	15.11

(Note) Revision of consolidated financial results forecast: No

4. Others (For details, please refer to “Others” on page 3)

(1) Significant changes of subsidiaries during the period under review: No

(Note) This refers to whether or not there were changes in specified subsidiaries resulting in changes in scope of consolidation during the period under review.

(2) Adoption of simplified accounting methods and special accounting treatment: Yes

(Note) This refers to whether or not simplified accounting methods and special accounting treatment for preparing quarterly consolidated financial statements are adopted.

(3) Changes in accounting principles, procedures or format

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

2) Any changes other than 1) above: No

(Note) This refers to whether or not there were changes in accounting principles, procedures or format concerning preparation of quarterly consolidated financial statements that are to be stated in “Changes in important matters that form the basis for preparing quarterly consolidated financial statements.”

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

November 30, 2011 48,000,000 shares

February 28, 2011 48,000,000 shares

2) Total number of treasury stock at the end of the period:

November 30, 2011 1,065,362 shares

February 28, 2011 555,854 shares

3) Average number of shares during the period (consolidated):

Nine months ended November 30, 2011 47,135,733 shares

Nine months ended November 30, 2010 48,154,019 shares

* Presentation regarding the implementation status of the quarterly review process

- This summary of consolidated quarterly financial results is not subject to the quarterly review procedures provided for by the Japanese Financial Instruments and Exchange Act. Therefore, at the time of the disclosure of these financial results, the quarterly financial statement review procedures based on the Law have not been completed.

* Explanation of the proper use of performance forecast and other notes

- The projections above were prepared based on available information at the time of the release of this document. Actual results may be different from the projections due to various factors.

1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Qualitative Information on Consolidated Results of Operations

Despite the trend toward relatively steady recovery from the chaos resulting from the Great East Japan Earthquake, uncertainties still remained about the future of the Japanese economy during the nine months ended November 30, 2011, stemming from the adverse effects of abrupt appreciation of the yen on exports against the backdrop of the growing European debt crisis and concerns about the downturn in the economies of the United States and emerging nations.

With the supply chain of major mass retailers and specialty stores normalizing at a pace exceeding expectations, the operational environment surrounding the Company has turned robust in spite of concerns about a drop in consumer confidence due to the effects of the earthquake. Following strong sales of functional material products with power-saving features and “Cool Biz” products for the summer season, fall and winter products have also sold well as temperatures cooled off.

In such an environment, the Group has worked at value-added product planning, while net sales to new customers have increased smoothly including mail order sales and sales of brands intended for major Korean distributors and the youth market.

As a result, consolidated performance in the nine months ended November 30, 2011 registered 52,190 million yen net sales (3.9% increase from the previous corresponding period), and increased profits of 1,929 million yen operating income (276.1% increase from the previous corresponding period) and 1,975 million yen ordinary income (70.7% increase from the previous corresponding period). Net income was 604 million yen (11.7% decrease from the previous corresponding period), due to posting of 869 million yen in extraordinary loss, including 574 million yen loss on valuation of investment securities.

(2) Qualitative Information on Consolidated Financial Position

1) Assets

Current assets increased by 4,542 million yen compared with the end of the previous fiscal year, to 27,396 million yen, due primarily to 946 million yen increase in cash and deposits and 3,416 million yen increase in notes and accounts receivable – trade.

Noncurrent assets increased by 824 million yen compared with the end of the previous fiscal year, to 23,804 million yen, due primarily to 936 million yen increase in land and 684 million yen increase in construction in progress, despite 783 million yen decrease in investment securities.

As a result, total assets increased by 5,367 million yen compared with the end of the previous fiscal year, to 51,200 million yen.

2) Liabilities

Liabilities increased by 5,191 million yen compared with the end of the previous fiscal year, to 23,462 million yen, due primarily to 4,650 million yen increase in loans payable and 401 million yen increase in accounts payable – other.

3) Net assets

Net assets increased by 176 million yen compared with the end of the previous fiscal year, to 27,737 million yen, due primarily to 234 million yen increase in retained earnings despite 36 million yen decrease in valuation difference on available-for-sale securities.

(3) Qualitative Information on Consolidated Financial Results Forecast

Financial results forecast has not changed since its earlier announcement on April 11, 2011.

2. Others

(1) Significant Changes of Subsidiaries

Not applicable.

(2) Adoption of Simplified Accounting Methods and Special Accounting Treatment

1) Simplified Accounting Methods

(i) Valuation of inventories

The carrying amount of inventories is only reduced to estimated net selling value when there is an obvious decrease of profitability.

(ii) Method of calculating depreciation of noncurrent assets

For the assets subject to the declining-balance method, depreciation is calculated pro rata based on the annual depreciation during the fiscal year.

(iii) Method of calculating deferred and accrued account items

Some of the deferred and accrued account items are posted as estimate based on reasonable calculation methods.

(iv) Method of calculating income taxes, deferred tax assets, and deferred tax liabilities

In calculating income taxes, only important items are subject to adjustment by addition or subtraction or tax-deduction.

Collectability of deferred tax assets is determined by referring to the business forecast and tax planning as applied in the previous fiscal year, provided that there has been no significant change since the end of the previous fiscal year, either in the operational environment or in the accrual status of temporary difference.

Income taxes for the less important consolidated subsidiaries that have experienced no significant changes in their operational environments are calculated by multiplying incomes before income taxes with the rates of corporate tax burden after the application of deferred tax accounting on the basis of the previous fiscal year's statements of income.

2) Special Accounting Treatment for the Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Principles, Procedures or Format

Adoption of "Accounting Standard for Asset Retirement Obligations," etc.

The Company adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) from the first quarter of the current fiscal year.

As a result, operating income decreased by 3 million yen, ordinary income decreased by 3 million yen, and income before income taxes and minority interests decreased by 62 million yen during the nine months ended November 30, 2011. In addition, there was a change in asset retirement obligations of 108 million yen due to the implementation of this accounting standard, etc.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of November 30, 2011	As of February 28, 2011
Assets		
Current assets		
Cash and deposits	2,727	1,781
Notes and accounts receivable-trade	19,751	16,335
Merchandise and finished goods	4,212	3,953
Work in process	5	40
Raw materials and supplies	15	11
Other	722	764
Allowance for doubtful accounts	(39)	(33)
Total current assets	27,396	22,853
Noncurrent assets		
Property, plant and equipment		
Land	15,013	14,076
Other	6,708	5,898
Accumulated depreciation	(3,037)	(2,881)
Other, net	3,671	3,017
Total property, plant and equipment	18,684	17,093
Intangible assets	77	71
Investments and other assets		
Investment securities	3,868	4,652
Other	1,481	1,482
Allowance for doubtful accounts	(308)	(319)
Total investments and other assets	5,041	5,815
Total noncurrent assets	23,804	22,979
Total assets	51,200	45,833
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,914	8,210
Short-term loans payable	6,910	2,760
Current portion of long-term loans payable	700	600
Income taxes payable	349	189
Provision	289	149
Other	2,725	2,360
Total current liabilities	18,889	14,270
Noncurrent liabilities		
Long-term loans payable	3,225	2,825
Provision for retirement benefits	546	467
Provision for directors' retirement benefits	190	236
Asset retirement obligations	108	-
Other	503	473
Total noncurrent liabilities	4,573	4,001
Total liabilities	23,462	18,271

(Millions of yen)

	As of November 30, 2011	As of February 28, 2011
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	20,955	20,721
Treasury stock	(440)	(235)
Total shareholders' equity	28,286	28,256
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(182)	(146)
Deferred gains or losses on hedges	(84)	(261)
Revaluation reserve for land	(262)	(262)
Foreign currency translation adjustment	(131)	(116)
Total valuation and translation adjustments	(660)	(787)
Subscription rights to shares	112	92
Total net assets	27,737	27,561
Total liabilities and net assets	51,200	45,833

(2) Consolidated Statements of Income

(Millions of yen)

	For the nine months ended November 30, 2010	For the nine months ended November 30, 2011
Net sales	50,254	52,190
Cost of sales	40,067	40,652
Gross profit	10,186	11,537
Provision for sales returns	7	11
Gross profit-net	10,179	11,526
Selling, general and administrative expenses	9,666	9,596
Operating income	512	1,929
Non-operating income		
Interest income	4	5
Dividends income	55	48
Real estate rent	98	-
Foreign exchange gains	439	-
Subsidy income	-	42
Other	156	69
Total non-operating income	755	165
Non-operating expenses		
Interest expenses	51	72
Rent expenses on real estates	45	-
Foreign exchange losses	-	18
Other	14	29
Total non-operating expenses	111	120
Ordinary income	1,156	1,975
Extraordinary income		
Gain on sales of investment securities	95	-
Reversal of allowance for doubtful accounts	-	28
Other	31	-
Total extraordinary income	127	28
Extraordinary loss		
Loss on valuation of investment securities	161	574
Other	69	295
Total extraordinary loss	231	869
Income before income taxes and minority interests	1,053	1,133
Income taxes	368	529
Income before minority interests	-	604
Net income	684	604

(3) Notes on Going Concern Assumption

Not applicable.

(4) Notes in Case of Significant Changes in Shareholder's Equity

Not applicable.