Consolidated Financial Results
for the Fiscal Year Ended February 29, 2012
[Japanese GAAP]

March 29, 2012

Company name: Takihyo Co., Ltd.
Code number: 9982
URL: http://www.takihyo.co.jp
Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
Representative: Kazuo Taki, CEO
Contact: Atsushi Muto, Managing Director
Phone: +81-52-587-7111
Scheduled date of Ordinary General Meeting of Shareholders: May 23, 2012
Scheduled date of commencing dividend payments: May 24, 2012
Scheduled date for filing of annual securities report: May 25, 2012
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Available (for institutional investors)

(Figures are rounded down to the nearest million yen)

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

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year ended February 29, 2012	69,297	3.1	2,090	428.6	2,168	88.4	845	42.8
Fiscal year ended February 28, 2011	67,199	(2.4)	395	(43.4)	1,150	(3.8)	592	3.3

(Note) Comprehensive income: Fiscal year ended February 29, 2012: ¥1,937 million (324.8%)
Fiscal year ended February 28, 2011: ¥456 million (–%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal Year ended February 29, 2012	17.95	17.84	3.0	4.5	3.0
Fiscal year ended February 28, 2011	12.34	12.27	2.1	2.5	0.6

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended February 29, 2012: ¥ – million
Fiscal year ended February 28, 2011: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 29, 2012	50,949	28,933	56.6	614.08
As of February 28, 2011	45,833	27,561	59.9	578.98

(Reference) Equity: As of February 29, 2012: ¥28,821 million
As of February 28, 2011: ¥27,469 million

(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
	million yen	million yen	million yen	million yen
Fiscal year ended February 29, 2012	3,497	(4,572)	1,723	2,395
Fiscal year ended February 28, 2011	(1,357)	(1,885)	2,053	1,751

2. Dividends

	Annual Dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended February 28, 2011	–	4.00	–	4.00	8.00	382	64.8	1.4
Fiscal year ended February 29, 2012	–	4.00	–	6.00	10.00	469	55.7	1.7
Fiscal year ending February 28, 2013 (Forecast)	–	4.00	–	4.00	8.00		26.8	

(Note) Breakdown of year-end dividend for the fiscal year ended February 29, 2012:
Ordinary dividend: ¥4.00
Commemorative dividend: ¥2.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2013 (March 1, 2012 to February 28, 2013)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First six months	33,500	5.6	550	60.8	620	59.4	300	–	6.39
Full year	72,000	3.9	2,300	10.0	2,370	9.3	1,400	65.6	29.83

4. Others

(1) Significant changes of subsidiaries during the year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): No

(2) 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) For details, please refer to “Changes in Important Matters that Form the Basis for Preparing Consolidated Financial Statements” on page 27.

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

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

February 29, 2012	48,000,000 shares
February 28, 2011	48,000,000 shares

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

February 29, 2012	1,065,362 shares
February 28, 2011	555,854 shares

3) Average number of shares during the period:

Fiscal year ended February 29, 2012	47,089,326 shares
Fiscal year ended February 28, 2011	47,994,164 shares

(Note) For information on the number of shares for the basis for calculating net income per share (consolidated), please refer to "Per Share Information" on page 35.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2012 (March 1, 2011 to February 29, 2012)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended February 29, 2012	64,476	3.1	1,777	990.9	1,972	79.4	761	24.1
Fiscal year ended February 28, 2011	62,561	(2.8)	162	(65.7)	1,099	(13.0)	613	(18.6)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended February 29, 2012	16.18	16.08
Fiscal year ended February 28, 2011	12.79	12.72

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 29, 2012	47,177	26,638	56.2	565.17
As of February 28, 2011	42,750	25,453	59.3	534.55

(Reference) Equity: As of February 29, 2012: ¥26,525 million
As of February 28, 2011: ¥25,361 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2013 (March 1, 2012 to February 28, 2013)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First six months	30,500	3.5	400	100.9	500	58.4	250	–	5.33
Full year	66,000	2.4	2,000	12.5	2,150	9.0	1,300	70.7	27.70

* Presentation regarding the implementation status of the audit process

At the time of the disclosure of these financial results, the financial statement audit process procedures based on the Japanese Financial Instruments and Exchange Act 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.

Furthermore, for the items on the forecast of the financial results above, please refer to page 2.

1. Results of Operations

(1) Analysis of Results of Operations

(Results of Operations for the current fiscal year)

During the fiscal year ended February 29, 2012, Japanese economy suffered a sudden downturn due to such factors as the disruption of supply chains and restrictions on electricity resulting from the Great East Japan Earthquake of March 2011. Although there has been a mild trend toward economic recovery against the backdrop of an improvement in consumer confidence accompanying reconstruction efforts and the normalization of supply chains, the future remains uncertain due to the effects of the European debt crisis and the prolonged appreciation of the yen.

In the operational environment surrounding the Company, there are signs that the rate of decline in the scale of the retail market for domestic apparel has bottomed out. However, sales competition has further intensified among companies that are seeking to enhance the commercial values of products in response to a market shifting away from pursuit of “low prices” toward a demand for “moderate prices” accompanied with quality.

Under these circumstances, the Group, on the occasion of the 260th anniversary of its founding, has endeavored to strengthen product planning ability, improve quality, stabilize production, and enhance our network of overseas bases, with an eye to global markets such as Asia, Europe, and the United States under the new company-wide policy “Global Challenge ~Change and Advance~.”

Furthermore, by stepping up initiatives with our customers in the domestic market, we have cultivated new customers and carried out innovative product development, through measures such as expanding business dealings with the major mail-order businesses that represent a growing share of sales channels, developing the ladies’ wear brand “chambre de croissant” with enhanced proposals for coordination styles, and strengthening our general merchandise offerings such as goods for babies and kids, as well as shoes, bags, and umbrellas.

In terms of manufacturing, we have been working to secure stable manufacturing space and to keep purchase costs down through the reinforcement of partnerships with cooperating manufacturing operations in China, and pursuing collaborations with manufacturing operations in Southeast Asia.

As a result, consolidated performance in the fiscal year ended February 29, 2012 registered 69,297 million yen consolidated net sales (3.1% increase from the previous fiscal year), 2,090 million yen consolidated operating income (428.6% increase from the previous fiscal year), 2,168 million yen consolidated ordinary income (88.4% increase from the previous fiscal year) and 845 million yen consolidated net income (42.8% increase from the previous fiscal year).

Performance by segment for the fiscal year ended February 29, 2012 was as follows.

1) Fibers & Textiles

With regard to Fibers & Textiles products, despite a significant downturn following the great earthquake in March 2011, sales remained strong from April on, mainly in the core ladies’ wear products, thanks to efforts including expanded business dealings with major mail-order businesses, and the launch of business dealings with brands affiliated with station buildings and fashion-oriented buildings. As a result, this segment registered 65,280 million yen net sales and 1,798 million yen operating income.

2) Rental Business

The Company had previously booked real estate rent as non-operating income and rent expenses on real estates as non-operating expenses. However, owing to the increase in real estate rent property, the real estate rental business has been positioned as an important income base, and from the fourth quarter of the previous fiscal year, the Company's real estate rent has been accounted for as net sales and rent expenses on real estates as cost of sales. Along with this change, the rental business (real estate management, lease of office automation equipment), which had been included in "Others," is separately mentioned in the segment of "Rental Business."

This segment registered 276 million yen net sales and 140 million yen operating income for the fiscal year ended February 29, 2012.

3) Others

Others segment registered 3,740 million yen net sales and 136 million yen operating income as sales of materials including synthetic resins for the manufacturing industry decreased due to the impact of the Great East Japan Earthquake and damage from the floods in Thailand.

(Outlook for the next fiscal year and issues to be addressed)

Regarding the future outlook, despite some signs of economic recovery such as improved corporate performance in some areas and a gradual increase in capital investment, personal spending is expected to remain sluggish for some time, due to the ongoing severe employment situation and the soaring cost of crude oil.

Also, the Company is in an environment marked by intensified competition among business categories following the appearance of specialty shops in the retail clothing market and the multiplication of commercial facilities such as fashion-oriented buildings and large shopping centers. As such, the operating environment is expected to remain harsh.

In such an environment, the Group is striving to enhance product development in order to provide world-class products under the company-wide policy "Global Challenge ~Change and Advance~." While continuing to propose individual products (single items) that have been well received to date, we will strive to increase coordination style proposals by leveraging the Group's overall capabilities in order to solidify initiatives with existing customers. At the same time, we will aggressively pursue new customers with an eye on overseas markets. In addition, with regards to ODM (Original Design Manufacturing), we will take advantage of our stable manufacturing situation and planning and proposal abilities backed up by solid information collection in order to propose products that meet the needs of our customers.

With respect to the manufacturing situation, although securing of manufacturing space in China became relatively stable due to the effect of a worsening economy in Europe and the United States, we will continue our efforts to establish new manufacturing bases in inland China as well as in Southeast Asia.

Meanwhile, in February 2012, we acquired all shares of Max & Growing Co., Ltd., the company that designs and sells the golf-wear brand “ZOY.” Having brought this company into the Group, we will endeavor to enhance our retail business by reinforcing our branding and planning ability, and expanding the lineup of products in the middle price range.

In addition, we have entered a new business field by becoming a member of the “Komeda Coffee Shop” franchise, a coffee shop chain run by Komeda Co., LTD., and opened our first shop in NAGOYA Lucent Tower in March 2012. We will explore opportunities in the food and drink business as this lifestyle-related field is connected to the Group’s core business domain of dealing with cloths and apparel products.

As for logistics operations, following the opening of our distribution center (Takihyo Operation Plaza Co., Ltd. Inuyama Center) in Inuyama, Aichi Prefecture which commenced operation in January 2010, we established a second center (Takihyo Operation Plaza Co., Ltd. Inuyama Center 2) on a neighboring site, which started operating in March 2012. The launch of the second center allows us to further consolidate other distribution bases, with the aim of stepping up the productivity of the entire logistics operations through shared utilization of operational know-how and personnel.

In addition to these measures, we will pursue initiatives to maintain and improve quality by reinforcing the inspection system, streamline office management by rationalizing the operational flow, and rebuild the system environment, in a bid to streamline the entire Group, including subsidiaries and affiliates, to enhance efficiency and to strengthen the management foundation.

(2) Analysis of Financial Position

Cash and cash equivalents as at the end of the current fiscal year (hereinafter referred to as “fund”) increased 644 million yen (36.8%) compared with the end of the previous fiscal year, to 2,395 million yen.

(Net cash provided by operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 3,497 million yen (a decrease of 1,357 million yen for the previous fiscal year), as a result of income before income tax and minority interests standing at 1,453 million yen along with 520 million yen decrease in notes and accounts receivable – trade, 444 million yen decrease in inventories, 500 million yen increase in notes and accounts payable – trade and 465 million yen of loss on valuation of investment securities.

(Net cash used in investing activities)

Net cash used in investing activities for the current fiscal year increased 2,687 million yen (142.5 %) compared with the previous fiscal year, to 4,572 million yen, mainly as a result of the purchase of property, plant and equipment.

(Net cash provided by financing activities)

Net cash provided by financing activities for the current fiscal year decreased 330 million yen (16.1%) compared with the previous fiscal year, to 1,723 million yen, as a result of proceeds from loans payable, despite purchase of treasury stock, cash dividends paid and repayment of loans payable.

(Reference) Indicators relative to cash flows

	Fiscal year ended February 28, 2011	Fiscal year ended February 29, 2012
Equity ratio (%)	59.9	56.6
Equity ratio on a market value basis (%)	42.1	41.6
Interest-bearing debt/cash flow ratio (years)	—	3.8
Interest coverage ratio (multiple)	—	32.8

Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Interest-bearing debt/cash flow ratio: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses paid

(Notes) 1. All indicators are calculated using consolidated financial results.

2. Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (excluding treasury stock).
3. Cash flows from operating activities refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest expenses paid refer to interest expenses paid on the Consolidated Statements of Cash Flows.
4. Interest-bearing debt/cash flow ratio and interest coverage ratio for the fiscal year ended February 28, 2011 are not included due to the negative cash flows from operating activities.

(3) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year

The Company recognizes that returning profit to shareholders is an important management issue.

Our basic policy calls for continuing active and stable dividend payment by comprehensively taking into consideration trends in performance, payout ratio, dividend yield, and internal reserves required for investment in product development that meets market needs and implementation of businesses with an eye to the future. We will also acquire treasury stock from profit.

Under this basic policy, we are planning to mark the 260th anniversary of the Company’s founding by offering a commemorative dividend of 2 yen in addition to the ordinary dividend of 4 yen, for a dividend of 6 yen per share at the end of the current fiscal year, to thank all of our shareholders for their constant support. Therefore, when combined with an interim dividend of 4 yen per share, we plan to pay the annual dividend of 10 yen per share for the current fiscal year.

In the next fiscal year, we plan to pay an interim dividend of 4 yen per share and a year-end dividend of 4 yen per share, making the annual dividend 8 yen per share.

(4) Risks Related to Business

The following is information regarding risks associated with the Group's business activities.

Forward-looking statements contained herein are based on the Group's best judgment as of the end of the current fiscal year.

1) Risks associated with changes in consumers' taste

Closing provided by the Group are prone to influence from external factors including changes in fashion trends, impact on consumer confidence from economic conditions and pressure on sales prices due to competition. Under these circumstances, the Group is striving to develop well-marketable products by enhancing the effectiveness of the planning process through more relevant analysis and more accurate information, while reducing the manufacturing cycle. However, the Group's performance could be affected by still tougher competition or by the Group's failure to implement adequate merchandise policies to meet unexpected changes in market trends.

2) Risks associated with foreign exchange

Products manufactured overseas represent a high proportion of the Group's purchase amount, which is settled largely in USD. For the purpose of hedging exchange risk, we use forward exchange contracts on the scale not beyond actual demand based on quarterly estimations of purchase amounts. However, the Group's performance could be affected by unexpected fluctuations in the exchange rate.

3) Risks associated with places of production

The Group is highly dependent on production facilities in Asia, including China and South Korea. Thus, the Group's performance could be affected in the event of disruption in the procurement of merchandise due to developments in those countries including unexpected change in laws and regulations, unforeseen turnaround in political regime or economic policy, national or regional disturbance due to acts of terrorism, war, natural disasters and other developments, and epidemic breakout with significant impact.

4) Risks associated with customers

i) Sales dependency

The group's five largest customers account for roughly 38% of the Group's sales. Our major sales policy is to attract new distribution customers while taking care at all times to reinforce close relationships with the main existing customers. However, the Group's performance could be affected by interruptions or disturbances to the continuing business transactions with existing customers due to unforeseen developments including changes in their management policies.

ii) Creditworthiness

The Group is selling its products to a range of customers including retailers such as volume retailers, specialist retailers, mail-order businesses, department stores and wholesale distributors of clothing products. Although the Group is making the best efforts to ensure protection of its receivables accounts by exercising thoroughgoing credit control over these customers according to relevant internal rules, its performance could be affected by bad debt losses or decline in sales due to unforeseen business failures of customers.

5) Risks associated with weather

The Group's main products, such as ladies' clothes, are largely apparel with a high degree of seasonality. Thus the Group's performance could be affected by the disappointing sales of seasonal products far below projections due to undesirable weather such as a cold summer and mild winter.

6) Risks associated with personal data

The Group has arranged an internal security control system for the protection of personal data involving use and control thereof. However, the Group's performance could be affected in the event of external leakage of such protected data due to unexpected circumstances, resulting in deterioration of the Group's social credibility or giving rise to liability in damages.

7) Risks associated with new businesses

To enhance its corporate value, the Group engages in business investment such as development of new business models and brands, flexibly adapting to customers' situations and changes in the market, on the basis of adequate research and development activities beforehand. However, the Group's performance could be affected if business activities in line with such investments would not make progress as originally scheduled due to changes in the market environment.

8) Risks associated with quality control

The Group is enforcing quality control over its products according to rigorous quality standards established under its control system. However, the Group's performance could be affected, in the event of an accident involving its products due to unexpected circumstances originating from the Group or its suppliers, thus degrading the Group's corporate/brand image, or giving rise to liability in damages.

The Group's performance could also be affected, in the event of an interruption to business transactions with its main customers due to quality issues of the products we supply.

9) Risks associated with licensing agreements

As the Group enjoys the benefits of licensing from various companies, its performance could be affected in the event of termination or cancellation of the licensing agreements or major changes in the terms and conditions thereof.

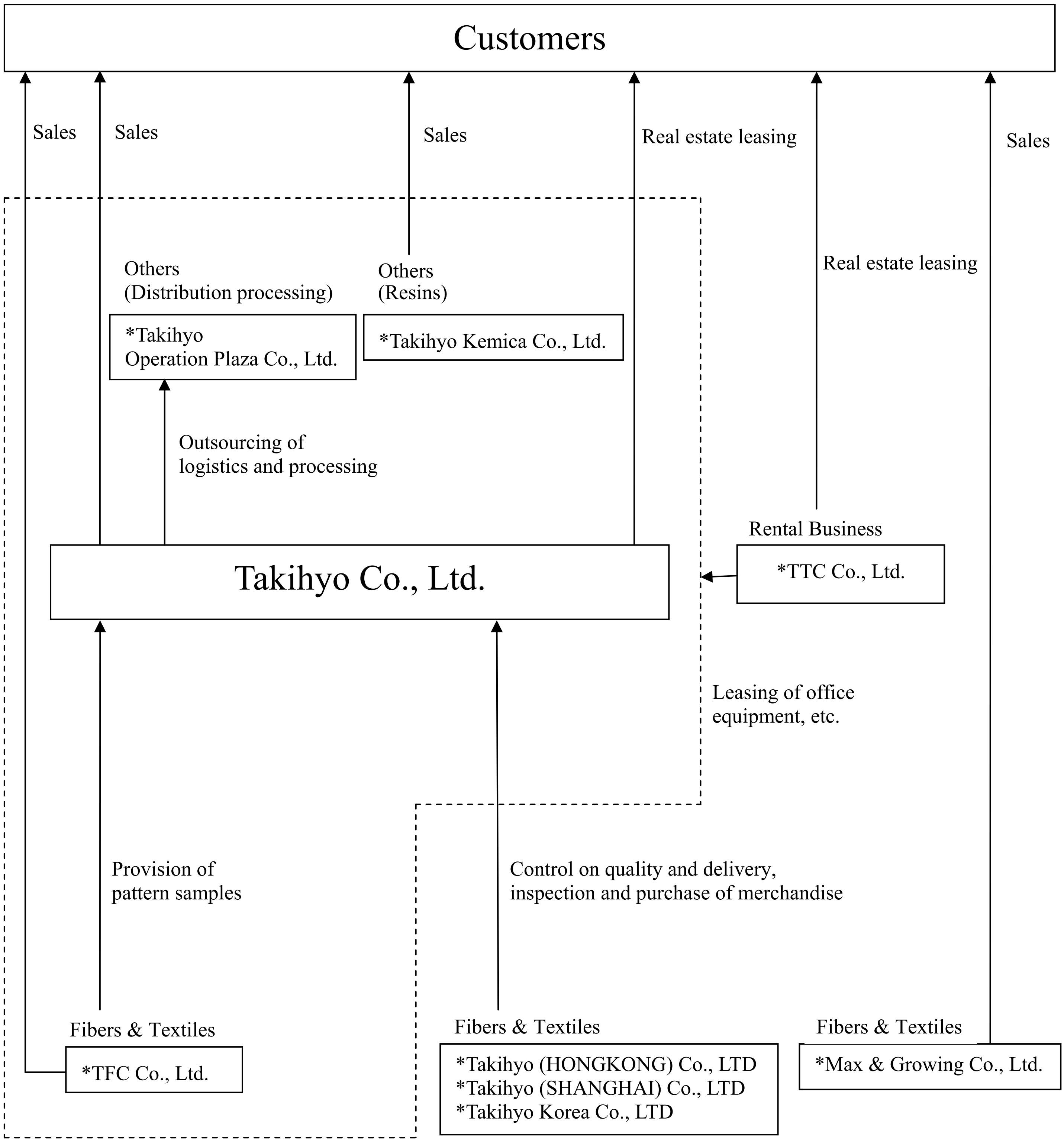
2. Consolidated Group

The Group comprises the Company and eight consolidated subsidiaries mainly engaged in manufacturing and sales of various fibers & textiles products, along with business activities including the real estate rental business, and sales of resins and chemical products.

The operational positioning of the Group in connection with each business segment is as follows.

Fibers & Textiles	The Company' main line of business is designing, manufacturing and sales of clothing primarily for ladies, kids and babies along with textile products (cloth) primarily made of wool. Each of the three overseas consolidated subsidiaries, Takihyo (Shanghai) Co., Ltd., Takihyo (Hong Kong) Co., Ltd. and Takihyo Korea Co., Ltd., primarily engages in local management of manufacturing process, delivery and quality control of the products to be shipped to the Company, as well as support work for export to the Head Office. Of the domestic consolidated subsidiaries, TFC Apparel Co., Ltd. engages in production of pattern samples, knit shirts (cut-and-sew) and other sewing products, as well as designing and selling uniforms, while Max & Growing Co., Ltd. engages in design and sales of clothing and sporting goods under the golf-wear brand "ZOY."
Rental Business	The Company engages in leasing and management of real estate and related activities. TTC Co., Ltd. primarily provides leasing of equipment along with leasing and management of real estate to the Group companies.
Others	Takihyo Operation Plaza Co., Ltd. engages in delivery-related businesses including sorting, packing and shipping of products primarily manufactured overseas for delivery to each retail premises of customers. Takihyo Kemica Co., Ltd. engages in sales of products including resins, chemical products and health food.

The following diagram illustrates how businesses within the Group are interrelated.



(Notes) 1. * indicates consolidated subsidiaries.

2. The Company has acquired shares in Max & Growing Co., Ltd.

3. Management Policy

(1) Basic Management Policy of the Company

The Company's basic policy is to keep providing apparel products that keenly respond to the needs and lifestyles of our customers, based on the constant management philosophies that are "Pay more attention to customers' interest than to your own," "Modesty generates profits," and "Good name always comes first."

(2) Targeted Management Benchmark

The Company is striving to enhance its corporate value, by maximizing operating income and cash flows as the two critical management benchmarks that demonstrate the strength of its core businesses.

(3) Medium-to-long-term Management Strategy

A new company-wide policy called "Global Challenge ~Change and Advance~" was developed and presented on the occasion of the Company's 260th anniversary.

As part of an implementation of this strategy, the Company transformed the corporate organization hitherto segmented vertically by product and by distribution channel into a sales division system segmented horizontally by business activity with a view to precisely adapting to changes of the times and market. Additionally, we are going to explore opportunities to provide universally marketable merchandise to the global markets i.e. Asia, Europe, and the United States, while reflecting on our current status which excessively depends on the domestic market.

(4) Issues to be Addressed of the Company

As stated in 1. Results of Operations (1) Analysis of Results of Operations (Outlook for the next fiscal year and issues to be addressed) by the Company on page 2.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2011	As of February 29, 2012
Assets		
Current assets		
Cash and deposits	1,781	2,428
Notes and accounts receivable-trade	16,335	15,871
Merchandise and finished goods	3,953	3,623
Work in process	40	33
Raw materials and supplies	11	16
Deferred tax assets	298	21
Other	465	1,457
Allowance for doubtful accounts	(33)	(64)
Total current assets	22,853	23,388
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,125	4,382
Accumulated depreciation	(2,285)	(2,499)
Buildings and structures, net	1,840	1,883
Machinery, equipment and vehicles	290	318
Accumulated depreciation	(247)	(261)
Machinery, equipment and vehicles, net	42	56
Equipment and fixtures	1,401	1,472
Accumulated depreciation	(346)	(381)
Equipment and fixtures, net	1,055	1,090
Land	14,076	18,224
Lease assets	81	86
Accumulated depreciation	(2)	(19)
Lease assets, net	78	66
Construction in progress	–	25
Total property, plant and equipment	17,093	21,348
Intangible assets	71	529
Investments and other assets		
Investment securities	4,652	4,328
Investments in capital	23	24
Long-term loans receivable	72	66
Long-term guarantee deposit	692	832
Deferred tax assets	71	92
Insurance funds	111	108
Other	510	354
Allowance for doubtful accounts	(319)	(123)
Total investments and other assets	5,815	5,684
Total noncurrent assets	22,979	27,561
Total assets	45,833	50,949

(Millions of yen)

	As of February 28, 2011	As of February 29, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,210	8,916
Short-term loans payable	2,760	1,862
Current portion of long-term loans payable	600	1,081
Lease obligations	15	26
Accounts payable-other	1,580	1,640
Income taxes payable	189	288
Deferred tax liabilities	–	204
Provision for bonuses	101	109
Provision for sales returns	48	55
Other	764	474
Total current liabilities	14,270	14,659
Noncurrent liabilities		
Long-term loans payable	2,825	5,963
Long-term accounts payable-other	–	3
Lease obligations	63	83
Deferred tax liabilities	93	350
Long-term guarantee deposited	114	122
Provision for retirement benefits	467	463
Provision for directors' retirement benefits	236	190
Asset retirement obligations	–	121
Deferred tax liabilities for land revaluation	201	59
Total noncurrent liabilities	4,001	7,357
Total liabilities	18,271	22,016
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	20,721	21,186
Treasury stock	(235)	(440)
Total shareholders' equity	28,256	28,516
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(146)	92
Deferred gains or losses on hedges	(261)	458
Revaluation reserve for land	(262)	(120)
Foreign currency translation adjustment	(116)	(124)
Total accumulated other comprehensive income	(787)	305
Subscription rights to shares	92	112
Total net assets	27,561	28,933
Total liabilities and net assets	45,833	50,949

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Net sales	67,199	69,297
Cost of sales	53,925	54,273
Gross profit	13,274	15,023
Provision for sales returns	(6)	7
Gross profit-net	13,280	15,016
Selling, general and administrative expenses		
Freightage related expenses	3,765	3,729
Advertising and promotion expenses	314	357
Salaries and allowances	4,230	4,219
Bonuses	538	496
Share-based compensation expenses	21	33
Welfare expenses	895	931
Provision for bonuses	92	102
Retirement benefit expenses	461	451
Traveling and transportation expenses	587	602
Communication expenses	258	267
Rent expenses	610	598
Depreciation	145	156
Other	964	979
Total selling, general and administrative expenses	12,885	12,925
Operating income	395	2,090
Non-operating income		
Interest income	9	12
Dividends income	68	62
Real estate rent	99	–
Boarding fee income	–	27
Foreign exchange gains	526	–
Subsidy income	–	42
Other	197	95
Total non-operating income	902	240
Non-operating expenses		
Interest expenses	71	100
Rent expenses on real estates	44	–
Foreign exchange losses	–	21
Equity loss of Investment securities	9	4
Other	20	35
Total non-operating expenses	146	162
Ordinary income	1,150	2,168
Extraordinary income		
Gain on sales of investment securities	105	10
Gain on sales of noncurrent assets	0	–
Reversal of allowance for doubtful accounts	–	44
Gain on allocation shares	14	–
Other	13	–
Total extraordinary income	134	54

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Extraordinary loss		
Loss on valuation of investment securities	166	465
Loss on sales of investment securities	–	104
Loss on redemption of investment securities	21	67
Loss on retirement of noncurrent assets	0	0
Loss on retirement of long-term prepaid expenses	2	0
Impairment loss	4	–
Provision of allowance for doubtful accounts	39	28
Salaries for the past fiscal years	30	15
Other	30	87
Total extraordinary loss	295	770
Income before income taxes and minority interests	990	1,453
Income taxes-current	304	438
Income taxes-deferred	93	168
Total income taxes	398	607
Income before minority interests	–	845
Net income	592	845

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Income before minority interests	–	845
Other comprehensive income		
Valuation difference on available-for-sale securities	–	238
Deferred gains or losses on hedges	–	719
Revaluation reserve for land	–	141
Foreign currency translation adjustment	–	(7)
Total other comprehensive income	–	1,092
Comprehensive income	–	1,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	–	1,937

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Shareholders' equity		
Capital stock		
Balance at the end of the previous period	3,622	3,622
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the current period	3,622	3,622
Capital surplus		
Balance at the end of the previous period	4,148	4,148
Changes of items during the period		
Disposal of treasury stock	0	–
Retirement of treasury stock	(0)	–
Total changes of items during the period	–	–
Balance at the end of the current period	4,148	4,148
Retained earnings		
Balance at the end of the previous period	22,098	20,721
Changes of items during the period		
Dividends from surplus	(385)	(377)
Net income	592	845
Disposal of treasury stock	–	(2)
Retirement of treasury stock	(1,584)	–
Total changes of items during the period	(1,377)	464
Balance at the end of the current period	20,721	21,186
Treasury stock		
Balance at the end of the previous period	(1,512)	(235)
Changes of items during the period		
Purchase of treasury stock	(315)	(222)
Disposal of treasury stock	7	17
Retirement of treasury stock	1,584	–
Total changes of items during the period	1,276	(204)
Balance at the end of the current period	(235)	(440)
Total shareholders' equity		
Balance at the end of the previous period	28,357	28,256
Changes of items during the period		
Dividends from surplus	(385)	(377)
Net income	592	845
Purchase of treasury stock	(315)	(222)
Disposal of treasury stock	7	14
Retirement of treasury stock	–	–
Total changes of items during the period	(101)	260
Balance at the end of the current period	28,256	28,516

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of the previous period	(286)	(146)
Changes of items during the period		
Net changes of items other than shareholders' equity	140	238
Total changes of items during the period	140	238
Balance at the end of the current period	(146)	92
Deferred gains or losses on hedges		
Balance at the end of the previous period	(21)	(261)
Changes of items during the period		
Net changes of items other than shareholders' equity	(239)	719
Total changes of items during the period	(239)	719
Balance at the end of the current period	(261)	458
Revaluation reserve for land		
Balance at the end of the previous period	(260)	(262)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	141
Total changes of items during the period	(2)	141
Balance at the end of the current period	(262)	(120)
Foreign currency translation adjustment		
Balance at the end of the previous period	(82)	(116)
Changes of items during the period		
Net changes of items other than shareholders' equity	(34)	(7)
Total changes of items during the period	(34)	(7)
Balance at the end of the current period	(116)	(124)
Total accumulated other comprehensive income		
Balance at the end of the previous period	(651)	(787)
Changes of items during the period		
Net changes of items other than shareholders' equity	(136)	1,092
Total changes of items during the period	(136)	1,092
Balance at the end of the current period	(787)	305
Subscription rights to shares		
Balance at the end of the previous period	79	92
Changes of items during the period		
Net changes of items other than shareholders' equity	13	19
Total changes of items during the period	13	19
Balance at the end of the current period	92	112

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Net assets		
Balance at the end of the previous period	27,785	27,561
Changes of items during the period		
Dividends from surplus	(385)	(377)
Net income	592	845
Purchase of treasury stock	(315)	(222)
Disposal of treasury stock	7	14
Net changes of items other than shareholders' equity	(122)	1,112
Total changes of items during the period	(223)	1,372
Balance at the end of the current period	27,561	28,933

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	990	1,453
Depreciation and amortization	263	267
Impairment loss	4	–
Increase (decrease) in allowance for doubtful accounts	(9)	(203)
Increase (decrease) in provision for bonuses	(23)	7
Increase (decrease) in provision for sales returns	(6)	7
Increase (decrease) in provision for retirement benefits	4	(3)
Increase (decrease) in provision for directors' retirement benefits	–	(46)
Interest and dividends income	(78)	(75)
Interest expenses	71	100
Loss (gain) on sales of investment securities	(91)	93
Loss (gain) on valuation of investment securities	166	465
Loss (gain) on redemption of investment securities	21	67
Loss (gain) on sales of property, plant and equipment	(0)	–
Loss on retirement of property, plant and equipment	0	0
Decrease (increase) in notes and accounts receivable-trade	188	520
Decrease (increase) in inventories	(841)	444
Increase (decrease) in notes and accounts payable-trade	(1,304)	500
Increase (decrease) in accrued consumption taxes	13	184
Decrease (increase) in other assets	(28)	(49)
Increase (decrease) in other liabilities	(374)	33
Other, net	27	99
Subtotal	(1,005)	3,870
Interest and dividends income received	47	72
Interest expenses paid	(75)	(106)
Income taxes paid	(323)	(338)
Net cash provided by (used in) operating activities	(1,357)	3,497

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Net cash provided by (used in) investing activities		
Payments into time deposits	(30)	(50)
Proceeds from withdrawal of time deposits	40	50
Purchase of property, plant and equipment	(2,225)	(4,334)
Proceeds from sales of property, plant and equipment	0	–
Purchase of investment securities	(134)	(257)
Proceeds from sales of investment securities	363	59
Proceeds from redemption of investment securities	92	186
Proceeds from equity of investment securities	2	2
Purchase of investments in subsidiaries	–	(233)
Payments of loans receivable	(30)	(15)
Collection of loans receivable	33	26
Collection of investments in capital	0	0
Other, net	3	(6)
Net cash provided by (used in) investing activities	(1,885)	(4,572)
Net increase (decrease) in short-term loans payable	1,230	(970)
Proceeds from long-term loans payable	2,000	4,000
Repayment of long-term loans payable	(475)	(700)
Cash dividends paid	(385)	(374)
Purchase of treasury stock	(315)	(231)
Other, net	0	0
Net cash provided by (used in) financing activities	2,053	1,723
Effect of exchange rate change on cash and cash equivalents	(26)	(4)
Net increase (decrease) in cash and cash equivalents	(1,214)	644
Cash and cash equivalents at beginning of period	2,966	1,751
Cash and cash equivalents at end of period	1,751	2,395

(5) Notes on Going Concern Assumption

Not applicable.

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

Items	For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 7 companies Names of the principal consolidated subsidiaries: TFC Co., Ltd., TTC Co., Ltd., Takihyo Kemica Co., Ltd., Takihyo (HONGKONG) Co., LTD, Takihyo Operation Plaza Co., Ltd., Takihyo (SHANGHAI) Co., LTD, Takihyo Korea Co., LTD Newly incorporated Takihyo Korea Co., LTD has been included in the scope of consolidation from the current fiscal year. (2) There are no non-consolidated subsidiaries.	(1) Number of consolidated subsidiaries: 8 companies Names of the principal consolidated subsidiaries: TFC Co., Ltd., TTC Co., Ltd., Takihyo Kemica Co., Ltd., Takihyo (HONGKONG) Co., LTD, Takihyo Operation Plaza Co., Ltd., Takihyo (SHANGHAI) Co., LTD, Takihyo Korea Co., LTD, Max & Growing Co., Ltd. Max & Growing Co., Ltd. has been newly included in the scope of consolidation from the current fiscal year due to the acquisition of its shares. (2) There are no non-consolidated subsidiaries.
2. Scope of application of the equity method	There is no application of equity method due to the absence of non-consolidated subsidiaries and affiliates.	Same as on the left
3. Fiscal year, etc. of consolidated subsidiaries	Of all the consolidated subsidiaries, Takihyo (HONGKONG) Co., LTD and Takihyo (SHANGHAI) Co., LTD close accounts on December 31 of each year. Since the difference of closing dates does not exceed three months, financial statements of these two subsidiaries are consolidated as at their own closing date, while necessary adjustment is made for the purpose of consolidation in the event of significant transactions taking place between such closing date and the consolidation date. All other consolidated subsidiaries share the same closing date as the consolidation date.	Same as on the left

Items	For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
4. Accounting standards (1) Valuation standards and methods regarding significant assets	(a) Inventories Merchandise: Stated at cost primarily using the moving-average method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability.) Finished goods, work in process, and raw materials: Stated at cost primarily using the specific cost method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability.) Supplies: Stated at cost using the last-purchase-price method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability) (b) Securities Other securities: Securities with market quotations: Market value method based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of securities sold is calculated using the moving-average method). Securities without market quotations: Cost method using the moving-average method. (c) Derivatives Stated at market	(a) Inventories Merchandise: Same as on the left Finished goods, work in process, and raw materials: Same as on the left Supplies: Same as on the left (b) Securities Other securities: Securities with market quotations: Same as on the left Securities without market quotations: Same as on the left (c) Derivatives Same as on the left

Items	For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
(2) Depreciation method for significant depreciable assets	(a) Property, plant and equipment (excluding lease assets) Declining-balance method Service life is determined using the same standard as set out in the Corporation Tax Law, provided however that buildings (excluding auxiliary equipment) acquired on and after April 1, 1998, are subject to the straight-line method. (Petty sum depreciable assets) Assets acquired at the cost of 100,000 yen or more but less than 200,000 yen are subject to equal depreciation over three years. (b) Intangible assets (excluding lease assets) Straight-line method Service life is determined using the same standard as set out in the Corporation Tax Law, provided however that software (for internal use) is subject to the straight-line method over the internally available period of five years. (c) Lease assets Lease assets concerning non-transfer ownership finance leases: Straight-line method is applied, with useful lives being lease terms and assuming that residual values would be zero. Of the financial leases other than those that are deemed to transfer the ownership of the leased property to the lessee, those with inception dates prior to the beginning of the first year applicable under the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) are subject to accounting treatment according to the method applicable to normal rental transactions. (d) Long-term prepaid expenses Straight-line method Service life is determined using the same standard as set out in the Corporation Tax Law.	(a) Property, plant and equipment (excluding lease assets) Same as on the left (b) Intangible assets (excluding lease assets) Same as on the left (c) Lease assets Lease assets concerning non-transfer ownership finance leases: Same as on the left (d) Long-term prepaid expenses Same as on the left

Items	For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
(3) Accounting standards for significant allowances and provisions	(a) Allowance for doubtful accounts The Group provides for possible credit losses stemming from notes and accounts receivable-trade and loans receivable. Estimated amounts of irrecoverable debt are calculated based on historical write-off ratio for ordinary receivables, and on a consideration of feasibly recoverable amounts in individual cases of specific debts such as doubtful accounts. (b) Provision for bonuses The Group provides for payments of employee bonuses based on the portion of the estimated amount of bonus payment as attributable to the current fiscal year. (c) Provision for sales returns To provide for losses due to return of goods, Takihyo Co., Ltd. records estimated amounts of losses in consideration of the past return ratios actually experienced. (d) Provision for retirement benefits To provide for the payment of employees' retirement benefits, the Group sets aside the amount recognized to have accrued as at the end of the current fiscal year, based on the projected benefit obligations and plan assets as at the end of the fiscal year. Actuarial differences are amortized using the straight-line method over the determined number of years (10 years) not exceeding average remaining service years of the employees at the time of their accrual. Past service liabilities are charged to expenses, using the straight-line method, over the determined number of years (10 years) not exceeding average remaining service years of the employees at the time of their accrual. (e) Provision for directors' retirement benefits Takihyo Co., Ltd. provides for the payment of retirement benefits to officers based on the aggregate amount of liabilities corresponding to each officer's period in office up to May 23, 2007 (the 96th Ordinary General Meeting of Shareholders) in accordance with the relevant internal rules.	(a) Allowance for doubtful accounts Same as on the left (b) Provision for bonuses Same as on the left (c) Provision for sales returns Same as on the left (d) Provision for retirement benefits Same as on the left (e) Provision for directors' retirement benefits Same as on the left

Items	For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
(4) Translation of significant assets and liabilities denominated in foreign currencies into yen	Monetary claims and liabilities denominated in foreign currencies have been translated into yen at the rates of exchange in effect at the fiscal year end. Translation adjustments are treated as gains or losses. Assets and liabilities as well as revenues and expenses of overseas subsidiaries, etc. have been translated into yen using the spot exchange rates in effect as of the closing dates, and the resultant translation differences are included in foreign currency translation adjustment in net assets.	Same as on the left
(5) Significant hedge accounting	(a) Hedge accounting Deferred hedge accounting is adopted. Designation transactions are applied to foreign exchange forward contracts which conform to the requirements for designation transactions. (b) Means of hedging and hedging items Means of hedging: Foreign exchange forward contracts Hedging items: Foreign currency-denominated monetary claims and liabilities (c) Hedging policy The Group is primarily hedging exchange risk according to the internal control rules. (d) Methods for evaluating the effectiveness of hedges Since all foreign exchange forward contracts are carried out on the basis of the actual demand for future transactions, with a very high likelihood of being exercised, process to evaluate the hedging effectiveness is spared.	(a) Hedge accounting Same as on the left (b) Means of hedging and hedging items Same as on the left (c) Hedging policy Same as on the left (d) Methods for evaluating the effectiveness of hedges Same as on the left
(6) Amortization method and amortization period of goodwill	―――	Goodwill is subject to equal amortization over ten years. (Additional information) During the current fiscal year, goodwill has arisen as a result of acquiring all shares in the consolidated subsidiary, Max & Growing Co., Ltd., and accepting allocation of new shares to a third party.

Items	For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
(7) Scope of cash and cash equivalents in the consolidated statements of cash flows (8) Other significant matters for preparing consolidated financial statements	 Accounting method for consumption taxes The tax exclusion method.	Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk. Accounting method for consumption taxes Same as on the left
5. Valuation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of consolidated subsidiaries are stated at fair value using the full fair value method.	――――
6. Scope of cash and cash equivalents in the consolidated statements of cash flows	Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.	――――

(7) Changes in Important Matters that Form the Basis for Preparing Consolidated Financial Statements

For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
(Reclassification of real estate rents) Previously, real estate rents were recorded as non-operating income while corresponding rent expenses on real estates were recorded as non-operating expenses. However, as a result of a strategic repositioning of the real estate rental business as a significant source of revenue including the newly establishment of Real Estate Business Planning Section, in line with the anticipated enhancement of financial significance of the real estate rents thanks to an increase in the real estate rental transactions in the fourth quarter, real estate rents and rent expenses on real estate have started to be recorded as net sales and cost of sales, respectively as from the fourth quarter, in an effort to make our accounting classification better represent the actual profit and loss situation. As a result of this change, results of the current fiscal year gave rise to the following changes compared with the results accounted for by the hitherto applied method, namely net sales, cost of sales and gross profit for the current fiscal year increased by 37 million yen, 18 million yen, and 18 million yen, respectively, while selling, general and administrative expenses decreased by 4 million yen, and operating income increased by 22 million yen. Neither ordinary income, nor income before income taxes and minority interests is affected by these changes. Since the strategic repositioning of the real estate rental business as a significant source of revenue took place in the fourth quarter as mentioned above, conventional classification was applied to the periods up to the third quarter. Thus, results for the nine months ended November 30, 2010 gave rise to the following changes compared with the results accounted for by the hitherto applied method, namely net sales, cost of sales and gross profit and operating income decreased by 96 million yen, 61 million yen, 34 million yen, and 53 million yen, respectively, while selling, general and administrative expenses, non-operating income and non-operating expenses increased by 18 million yen, 96 million yen and 43 million yen, respectively. Neither ordinary income nor income before income taxes and minority interests is affected by these changes. Impact from these changes to the segment information is described in each relevant section hereunder. (Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)) Beginning with the current fiscal year, the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008) is applied. This change has no impact to the Group's profit or loss.	(Accounting Standard for Asset Retirement Obligations, etc.) Beginning with the current fiscal year, 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) have been applied. As a result, operating income and ordinary income decreased by 4 million yen each, and income before income taxes and minority interests decreased by 63 million yen during the current fiscal year. In addition, there was a change in asset retirement obligations of 107 million yen due to the implementation of this accounting standard, etc.

(Changes in Presentation)

For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
―――	(Consolidated statements of income) “Real estate rent” which was presented separately in the previous fiscal year, has been included in “Other” under non-operating income for the current fiscal year, as it has become a less significant amount. Incidentally, “Real estate rent” for the current fiscal year amounted to 2 million yen. “Subsidy income” which was included in “Other” under non-operating income in the previous fiscal year, has been presented separately for the current fiscal year, as it has become a significant amount. Incidentally, “Subsidy income” which was included in “Other” under non-operating income for the previous fiscal year amounted to 48 million yen. “Boarding fee income” which was included in “Other” under non-operating income in the previous fiscal year, has been presented separately for the current fiscal year, as it has become a significant amount. Incidentally, “Boarding fee income” which was included in “Other” under non-operating income for the previous fiscal year amounted to 25 million yen. “Rent expenses on real estates” which was presented separately under the previous fiscal year, has been included in “Other” under non-operating expenses for the current fiscal year, as it has become a less significant amount. Incidentally, “Rent expenses on real estates” for the current fiscal year amounted to 2 million yen. “Reversal of allowance for doubtful accounts” which was included in “Other” under extraordinary income in the previous fiscal year, has been presented separately for the current fiscal year, as it has become a significant amount. Incidentally, “Reversal of allowance for doubtful accounts” which was included in “Other” under extraordinary income for the previous fiscal year amounted to 12 million yen. “Loss on sales of investment securities” which was included in “Other” under extraordinary loss in the previous fiscal year, has been presented separately for the current fiscal year, as it has become a significant amount. Incidentally, “Loss on sales of investment securities” which was included in “Other” under extraordinary loss for the previous fiscal year amounted to 13 million yen. Beginning with the current fiscal year, the Cabinet Office Ordinance for the Partially Revising of Regulation for Financial Statements, etc. (Cabinet Office Ordinance No. 5, March 24, 2009), which was based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), has been applied. As a result, an account of “Income before minority interests” is presented in the consolidated statements of income.

(Additional Information)

For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
―	Beginning with the current fiscal year, the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, June 30, 2010) has been applied. However, the amounts of “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” for the previous fiscal year represent the amounts of “Valuation and translation adjustments” and “Total valuation and translation adjustments,” respectively.

(8) Notes to Consolidated Financial Statements

(Segment Information)

1. Outline of reportable segments

The Company's reportable segments are those constituent units within the Group for which discrete financial information is available and are regularly reviewed by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group's main line of business, centered on the Company, is the manufacture and sale of various fiber and textile products. In addition, the Company and one subsidiary engage in real estate rental business. The Group draws up a comprehensive strategy for each business unit to carry out its business activities.

Therefore, the Company comprises segments classified according to products and services, with "Fibers & Textiles" and "Rental Business" as two reportable segments.

The "Fibers & Textiles" segment is engaged in manufacturing and selling ladies' clothes, children's and baby clothes, men's clothes, homeware, interior fabric and cloth, and designing and selling golf wear.

The "Rental Business" segment is engaged in leasing and management of real estate, and leasing of office automation equipment, etc.

2. Calculation methods for net sales, income or loss, assets, and other items by reportable segment

The accounting methods for the business segments reported are mostly the same as those described in the "Important Matters that Form the Basis for Preparing Consolidated Financial Statements."

3. Information on net sales, income or loss, assets, and other items by reportable segment

For the previous fiscal year (From March 1, 2010 to February 28, 2011)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Amounts on consolidated financial statements
	Fibers & Textiles	Rental Business	Subtotal				
Net sales							
Net sales to outside customers	63,229	115	63,344	3,854	67,199	–	67,199
Inter-segment sales and transfers	1	97	98	1,362	1,460	(1,460)	–
Total	63,231	212	63,443	5,216	68,660	(1,460)	67,199
Segment income	228	52	280	94	375	20	395
Segment assets	33,593	9,562	43,155	1,550	44,706	1,126	45,833
Other items							
Depreciation	146	102	249	2	252	(2)	249
Impairment loss	–	4	4	–	4	–	4
Increase in property, plant and equipment and intangible assets	160	1,997	2,158	3	2,161	–	2,161

(Notes)

1. "Others" refers to business segments not included in the reportable segments, including sales of synthetic resins and chemical products, and logistics.
2. Depreciation includes the amortization of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes an increase in long-term prepaid expenses.
3. The 1,126 million yen adjustment to segment assets includes offset elimination of investments and capital of -599 million yen, and corporate assets of 1,980 million yen not allocated among reportable segments. Corporate assets consist primarily of surplus funds (investment securities) not belonging to any reportable segment.
4. The 20 million yen adjustment to segment income includes elimination of inter-segment transactions of 19 million yen, and inventory adjustment of 0 million yen.
5. Segment income is adjusted with operating income in the consolidated statements of income.
6. Changes in accounting treatment and business segments

   As stated in "Changes in Important Matters that Form the Basis for Preparing Consolidated Financial Statements," previously, real estate rents were recorded as non-operating income while corresponding rent expenses on real estates were recorded as non-operating expenses. However, as a result of a strategic repositioning of the real estate rental business as a significant source of revenue including the newly established Real Estate Business Planning Section, in line with the anticipated enhancement of financial significance of the real estate rents thanks to an increase in real estate rental transactions in the fourth quarter, real estate rents and rent expenses on real estate have started to be recorded as net sales and cost of sales, respectively, from the fourth quarter, in an effort to make our accounting classification better represent the actual profit and loss situation.

   As a result of this change, the rental business including real estate management and lease of office automation equipment previously segmented as "Others" is separately stated in the business segment of "Rental Business" effective from the fourth quarter of the current fiscal year.

Consequently, the Company recorded increases in Rental Business: 39 million yen in net sales, 19 million yen in operating expenses, 20 million yen in operating income, 8,135 million yen in assets, 4 million yen of depreciation and amortization, 4 million yen of impairment loss and 1,975 million yen increase in property, plant and equipment and intangible assets, compared with the amounts recorded through the previous method.

For the current fiscal year (From March 1, 2011 to February 29, 2012)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Amounts on consolidated financial statements
	Fibers & Textiles	Rental Business	Subtotal				
Net sales							
Net sales to outside customers	65,280	276	65,557	3,740	69,297	–	69,297
Inter-segment sales and transfers	0	100	101	1,381	1,482	(1,482)	–
Total	65,281	376	65,658	5,121	70,780	(1,482)	67,206
Segment income	1,798	140	1,938	136	2,075	15	2,090
Segment assets	32,815	15,660	48,475	1,654	50,130	819	50,949
Other items							
Depreciation	156	106	262	5	267	(0)	267
Increase in property, plant and equipment and intangible assets	174	4,213	4,387	12	4,400	–	4,400

(Notes)
1. "Others" refers to business segments not included in the reportable segments, including sales of synthetic resins and chemical products, and logistics.
2. Depreciation includes the amortization of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes an increase in long-term prepaid expenses.
3. The 819 million yen adjustment to segment assets includes offset elimination of investments and capital of -599 million yen, and corporate assets of 1,777 million yen not allocated among reportable segments. Corporate assets consist primarily of surplus funds (investment securities) not belonging to any reportable segment.
4. The 15 million yen adjustment to segment income includes elimination of inter-segment transactions of 15 million yen, and inventory adjustment of -0 million yen.
5. Segment income is adjusted with operating income in the consolidated statements of income.

(Additional information)

Beginning with the current fiscal year, the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(Related information)

For the current fiscal year (From March 1, 2011 to February 29, 2012)

1. Information by product or service

This information is omitted as the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment in Japan exceeded 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
SHIMAMURA Co., Ltd.	15,516	Fibers & Textiles

(Information regarding impairment loss on noncurrent assets by reportable segment)

For the current fiscal year (From March 1, 2011 to February 29, 2012)

Not applicable.

(Information regarding amortized goodwill and the balance of unamortized goodwill by reportable segment)

For the current fiscal year (From March 1, 2011 to February 29, 2012)

(Millions of yen)

	Reportable segment			Others	Corporate / elimination	Total
	Fibers & Textiles	Rental Business	Subtotal			
Amortization for the current fiscal year	–	–	–	–	–	–
Balance at the end of the current fiscal year	430	–	430	–	–	430

(Per Share Information)

For the previous fiscal year (From March 1, 2010 to February 28, 2011)		For the current fiscal year (From March 1, 2011 to February 29, 2012)	
Net assets per share	578.98 yen	Net assets per share	614.08 yen
Net income per share	12.34 yen	Net income per share	17.95 yen
Diluted net income per share	12.27 yen	Diluted net income per share	17.84 yen

(Notes) 1. The basis for calculation of net assets per share is as follows:

(Millions of yen)

	For the previous fiscal year (As of February 28, 2011)	For the current fiscal year (As of February 29, 2012)
Total net assets	27,561	28,933
Amount deducted from the total net assets	92	112
(Subscription rights to shares included in the above)	(92)	(112)
Amount of net assets related to common stock as of the end of the fiscal year	27,469	28,821
Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year (Thousands shares)	47,444	46,934

2. The basis for calculation of net income per share and diluted net income per share is as follows:

(Millions of yen)

	For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
Net income per share		
Net income	592	845
Net income not attributable to common shareholders	–	–
Net income related to common stock	592	845
Average number of shares of common stock outstanding during the fiscal year (Thousands shares)	47,994	47,089
Diluted net income per share		
Increase in number of shares of common stock (Thousands shares)	250	292
(Subscription rights to shares included in the above) (Thousands shares)	(250)	(292)
Summary of diluted securities that were not included in the computation of net income per share since there was no effect of dilution	–	–

(Significant Subsequent Events)

For the previous fiscal year (From March 1, 2010 to February 28, 2011)	For the current fiscal year (From March 1, 2011 to February 29, 2012)
Purchase of treasury stock (1) At the meeting of Board of Directors held on April 11, 2011, it was resolved to purchase treasury stock pursuant to Article 165, Paragraph 2 of the Companies Act. (1) Reason for purchase The Company aims to improve capital efficiency and to enhance the return of profit to our shareholders by purchasing treasury stock. (2) Resolution at the meeting of the Board of Directors 1) Method of purchase Market purchase on the Tokyo Stock Exchange 2) Class and total number of shares to be purchased Common stock 750,000 shares (Maximum) 3) Total purchase amount 300 million yen (Maximum) 4) Period for purchase From April 12, 2011 to August 31, 2011 (3) Details of purchase 1) Class and total number of shares purchased Common stock 108,000 shares 2) Total purchase amount 41 million yen	―――

(Omission of Disclosed Items)

Disclosure of notes relating to the following items is omitted, as considered to be no great necessity for disclosing such items for Consolidated Financial Results: Notes to consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and consolidated statements of cash flows, and notes to lease transactions, transactions with relevant parties, tax effect accountings, financial instruments, investment securities, derivatives transactions, retirement benefits, asset retirement obligations, real estate properties, stock options and business combinations.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2011	As of February 29, 2012
Assets		
Current assets		
Cash and deposits	984	1,456
Notes receivable-trade	1,771	1,463
Accounts receivable-trade	13,453	13,186
Merchandise	3,827	3,390
Advance payments-trade	82	138
Prepaid expenses	99	112
Deferred tax assets	264	–
Short-term loans receivable	16	9
Derivatives	–	763
Other	220	291
Allowance for doubtful accounts	(32)	(26)
Total current assets	20,687	20,786
Noncurrent assets		
Property, plant and equipment		
Buildings	2,963	3,049
Accumulated depreciation	(1,700)	(1,808)
Buildings, net	1,263	1,241
Structures	82	88
Accumulated depreciation	(59)	(65)
Structures, net	23	23
Machinery and equipment	207	207
Accumulated depreciation	(184)	(190)
Machinery and equipment, net	23	17
Vehicles	8	8
Accumulated depreciation	(4)	(6)
Vehicles, net	3	1
Equipment and fixtures	1,055	1,112
Accumulated depreciation	(153)	(152)
Equipment and fixtures, net	902	960
Land	13,419	17,560
Lease assets	81	93
Accumulated depreciation	(3)	(21)
Lease assets, net	78	72
Construction in progress	–	19
Total property, plant and equipment	15,713	19,896
Intangible assets		
Leasehold right	10	10
Right of trademark	87	70
Software	7	8
Lease assets	–	40
Other	15	15
Total intangible assets	121	145

(Millions of yen)

	As of February 28, 2011	As of February 29, 2012
Investments and other assets		
Investment securities	3,836	3,449
Stocks of subsidiaries and affiliates	1,216	1,658
Investments in capital	23	23
Long-term loans receivable	25	19
Long-term loans receivable from employees	46	47
Long-term loans receivable from subsidiaries and affiliates	150	150
Long-term retaining claims	294	117
Long-term prepaid expenses	36	32
Long-term guarantee deposit	636	690
Insurance funds	111	108
Other	160	164
Allowance for doubtful accounts	(309)	(112)
Total investments and other assets	6,227	6,348
Total noncurrent assets	22,062	26,390
Total assets	42,750	47,177
Liabilities		
Current liabilities		
Notes payable-trade	113	0
Foreign notes payable-trade	3,106	4,146
Accounts payable-trade	4,423	3,968
Short-term loans payable	2,700	1,700
Current portion of long-term loans payable	600	1,000
Lease obligations	16	27
Accounts payable-other	1,584	1,665
Accrued expenses	14	17
Income taxes payable	166	261
Accrued consumption taxes	–	191
Advances received	5	16
Deposits received	207	155
Unearned revenue	18	20
Provision for bonuses	74	85
Provision for sales returns	48	55
Derivatives liabilities	438	2
Deferred tax liabilities	–	204
Other	25	13
Total current liabilities	13,542	13,531
Noncurrent liabilities		
Long-term loans payable	2,825	5,725
Long-term loans payable to subsidiaries and affiliates	–	150
Lease obligations	62	86
Deferred tax liabilities	46	331
Long-term guarantee deposited	100	108
Provision for retirement benefits	282	283
Provision for directors' retirement benefits	236	190
Asset retirement obligations	–	73
Deferred tax liabilities for land revaluation	201	59
Total noncurrent liabilities	3,754	7,007
Total liabilities	17,296	20,539

(Millions of yen)

	As of February 28, 2011	As of February 29, 2012
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus		
Legal capital surplus	4,148	4,148
Total capital surplus	4,148	4,148
Retained earnings		
Legal retained earnings	806	806
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets	1,034	1,118
General reserve	15,500	15,500
Retained earnings brought forward	870	1,167
Other retained earnings	17,404	17,785
Total retained earnings	18,210	18,591
Treasury stock	(235)	(440)
Total shareholders' equity	25,746	25,922
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	138	270
Deferred gains or losses on hedges	(260)	453
Revaluation reserve for land	(262)	(120)
Total valuation and translation adjustments	(384)	603
Subscription rights to shares	92	112
Total net assets	25,453	26,638
Total liabilities and net assets	42,750	47,177

(2) Non-consolidated Statements of Income

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Net sales		
Net sales of goods	62,521	64,271
Rent income	39	204
Total net sales	62,561	64,476
Cost of sales		
Beginning goods	2,993	3,827
Cost of purchased goods	50,592	49,465
Total	53,585	53,292
Ending goods	3,827	3,390
Cost of goods sold	49,757	49,902
Rent cost	19	99
Total cost of sales	49,777	50,001
Gross profit	12,783	14,475
Provision for sales returns	(6)	7
Gross profit-net	12,789	14,468
Selling, general and administrative expenses		
Freightage related expenses	4,739	4,713
Advertising and promotion expenses	311	356
Salaries and allowances	3,226	3,226
Bonuses	468	432
Share-based compensation expenses	21	33
Welfare expenses	752	788
Provision for bonuses	74	85
Retirement benefit expenses	396	387
Traveling and transportation expenses	561	575
Communication expenses	252	254
Rent expenses	603	588
Depreciation	140	152
Other	1,078	1,094
Total selling, general and administrative expenses	12,627	12,691
Operating income	162	1,777
Non-operating income		
Interest income	14	15
Dividends income	260	189
Real estate rent	105	–
Foreign exchange gains	529	–
Subsidy income	–	42
Other	174	103
Total non-operating income	1,084	351

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Non-operating expenses		
Interest expenses	74	101
Commission fee	–	17
Rent expenses on real estates	46	–
Equity loss of Investment securities	9	4
Other	18	31
Total non-operating expenses	148	155
Ordinary income	1,099	1,972
Extraordinary income		
Gain on sales of investment securities	104	10
Gain on sales of noncurrent assets	0	–
Reversal of allowance for doubtful accounts	10	44
Gain on allocation shares	14	–
Other	0	–
Total extraordinary income	130	55
Extraordinary loss		
Loss on valuation of investment securities	166	421
Loss on sales of investment securities	–	103
Loss on redemption of investment securities	21	67
Loss on retirement of noncurrent assets	0	0
Loss on retirement of long-term prepaid expenses	2	0
Impairment loss	4	–
Provision of allowance for doubtful accounts	39	28
Salaries for the past fiscal years	30	–
Other	19	53
Total extraordinary loss	284	676
Income before income taxes	945	1,351
Income taxes-current	252	380
Income taxes-deferred	80	209
Total income taxes	332	589
Net income	613	761

(3) Non-consolidated Statements of Changes in Net Assets

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Shareholders' equity		
Capital stock		
Balance at the end of the previous period	3,622	3,622
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the current period	3,622	3,622
Capital surplus		
Legal capital surplus		
Balance at the end of the previous period	4,148	4,148
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the current period	4,148	4,148
Other capital surplus		
Balance at the end of the previous period	–	–
Changes of items during the period		
Disposal of treasury stock	0	–
Retirement of treasury stock	(0)	–
Total changes of items during the period	–	–
Balance at the end of the current period	–	–
Total capital surplus		
Balance at the end of the previous period	4,148	4,148
Changes of items during the period		
Disposal of treasury stock	0	–
Retirement of treasury stock	(0)	–
Total changes of items during the period	–	–
Balance at the end of the current period	4,148	4,148
Retained earnings		
Legal retained earnings		
Balance at the end of the previous period	806	806
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the current period	806	806
Other retained earnings		
Reserve for advanced depreciation of noncurrent assets		
Balance at the end of the previous period	1,049	1,034
Changes of items during the period		
Provision of reserve for advanced depreciation of noncurrent assets	–	90
Reversal of reserve for advanced depreciation of noncurrent assets	(15)	(6)
Total changes of items during the period	(15)	84
Balance at the end of the current period	1,034	1,118
General reserve		
Balance at the end of the previous period	15,500	15,500
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of the current period	15,500	15,500

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Retained earnings brought forward		
Balance at the end of the previous period	2,211	870
Changes of items during the period		
Dividends from surplus	(385)	(377)
Net income	613	761
Disposal of treasury stock	–	(2)
Retirement of treasury stock	(1,584)	–
Provision of reserve for advanced depreciation of noncurrent assets	–	(90)
Reversal of reserve for advanced depreciation of noncurrent assets	15	6
Total changes of items during the period	(1,340)	297
Balance at the end of the current period	870	1,167
Total retained earnings		
Balance at the end of the previous period	19,566	18,210
Changes of items during the period		
Dividends from surplus	(385)	(377)
Net income	613	761
Disposal of treasury stock	–	(2)
Retirement of treasury stock	(1,584)	–
Provision of reserve for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for advanced depreciation of noncurrent assets	–	–
Total changes of items during the period	(1,356)	381
Balance at the end of the current period	18,210	18,591
Treasury stock		
Balance at the end of the previous period	(1,512)	(235)
Changes of items during the period		
Purchase of treasury stock	(315)	(222)
Disposal of treasury stock	7	17
Retirement of treasury stock	1,584	–
Total changes of items during the period	1,276	(204)
Balance at the end of the current period	(235)	(440)
Total shareholders' equity		
Balance at the end of the previous period	25,825	25,746
Changes of items during the period		
Dividends from surplus	(385)	(377)
Net income	613	761
Purchase of treasury stock	(315)	(222)
Disposal of treasury stock	7	14
Retirement of treasury stock	–	–
Total changes of items during the period	(79)	176
Balance at the end of the current period	25,746	25,922

(Millions of yen)

	For the previous fiscal year ended February 28, 2011	For the current fiscal year ended February 29, 2012
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of the previous period	39	138
Changes of items during the period		
Net changes of items other than shareholders' equity	99	132
Total changes of items during the period	99	132
Balance at the end of the current period	138	270
Deferred gains or losses on hedges		
Balance at the end of the previous period	(21)	(260)
Changes of items during the period		
Net changes of items other than shareholders' equity	(239)	714
Total changes of items during the period	(239)	714
Balance at the end of the current period	(260)	453
Revaluation reserve for land		
Balance at the end of the previous period	(260)	(262)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	141
Total changes of items during the period	(2)	141
Balance at the end of the current period	(262)	(120)
Total valuation and translation adjustments		
Balance at the end of the previous period	(242)	(384)
Changes of items during the period		
Net changes of items other than shareholders' equity	(142)	988
Total changes of items during the period	(142)	988
Balance at the end of the current period	(384)	603
Subscription rights to shares		
Balance at the end of the previous period	79	92
Changes of items during the period		
Net changes of items other than shareholders' equity	13	19
Total changes of items during the period	13	19
Balance at the end of the current period	92	112
Net assets		
Balance at the end of the previous period	25,662	25,453
Changes of items during the period		
Dividends from surplus	(385)	(377)
Net income	613	761
Purchase of treasury stock	(315)	(222)
Disposal of treasury stock	7	14
Net changes of items other than shareholders' equity	(128)	1,007
Total changes of items during the period	(208)	1,184
Balance at the end of the current period	25,453	26,638

(4) Notes on Going Concern Assumption

Not applicable.

6. Others

(1) Change of Officers

1) Change of representatives

Not applicable.

2) Change of other officers

Not applicable.

(2) Others

Net sales by product

(Millions of yen, all fractions are rounded down to the nearest 1 million yen)

Item	The 100th fiscal year (From March 1, 2010 to February 28, 2011)		The 101th fiscal year (From March 1, 2011 to February 29, 2012)		Increase (decrease) from the previous fiscal year
	Net sales	Composition ratio	Net sales	Composition ratio	
		%		%	%
Ladies' apparel	34,777	55.1	36,221	56.3	5.1
Baby/ Kids' apparel	11,229	18.0	11,281	17.5	0.5
Homewear	4,572	7.3	4,663	7.3	2.0
Textile/ OEM	10,608	17.0	10,527	16.4	(0.8)
Others	1,637	2.6	1,580	2.5	(3.5)
Total	62,521	100.0	64,271	100.0	2.7

* Sales of rental business are not included.