

**Consolidated Financial Results  
for the Three Months Ended May 31, 2012  
[Japanese GAAP]**



June 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  
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Scheduled date for filing of quarterly securities report: July 6, 2012  
Scheduled date of commencing dividend payments: –  
Availability of supplementary briefing material on quarterly results: Available  
Schedule of quarterly results briefing session: Available (for institutional investors)

(Figures are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Three Months Ended May 31, 2012 (March 1, 2012 to May 31, 2012)**

(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	%
Three months ended May 31, 2012	18,796	15.4	1,045	203.9	1,070	192.0	589	–
Three months ended May 31, 2011	16,284	1.6	343	35.2	366	(19.1)	29	(87.1)

(Note) Comprehensive income: Three months ended May 31, 2012: ¥35 million [(62.8)%]  
Three months ended May 31, 2011: ¥94 million (–%)

	Net income per share	Diluted net income per share
	yen	yen
Three months ended May 31, 2012	12.56	12.48
Three months ended May 31, 2011	0.62	0.62

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of May 31, 2012	50,127	28,687	57.0	608.84
As of February 29, 2012	50,949	28,933	56.6	614.08

(Reference) Equity: As of May 31, 2012: ¥28,575 million  
As of February 29, 2012: ¥28,821 million

## 2. Dividends

	Annual Dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	yen	yen	yen	yen	yen
Fiscal year ended February 29, 2012	–	4.00	–	6.00	10.00
Fiscal year ending February 28, 2013	–				
Fiscal year ending February 28, 2013 (Forecast)		4.00	–	4.00	8.00

(Note) Revision of forecast results from recently announced figures: None

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

(Note) Revision of forecast results from recently announced figures: None

### \* Notes

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

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: No

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatements: No

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

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

May 31, 2012	48,000,000 shares
February 29, 2012	48,000,000 shares

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

May 31, 2012	1,065,687 shares
February 29, 2012	1,065,362 shares

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

Three months ended May 31, 2012	46,934,556 shares
Three months ended May 31, 2011	47,370,799 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 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.

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

### (1) Qualitative Information on Consolidated Results of Operations

The Japanese economy during the three months ended May 31, 2012 followed a mild recovery trend, one year after the Great East Japan Earthquake of last year, underpinned by policies such as public reconstruction spending and eco-car tax breaks. However, since tensions persist in the world economy over the European debt crisis and the slowdown in the Chinese economy and the environment surrounding us is unstable and uncertain because of the prolonged appreciation of the yen and deflationary trend in Japan, the situation is expected to remain unpredictable in the future.

In the operational environment surrounding the Company, the retail clothing industry is starting to show some positive signs thanks to the strong performance of spring products due to factors such as an improvement in consumer confidence. However, owing to concerns about prolonged deflation and rising material and labor costs, among other factors, we believe that more time is needed to achieve and sustain stable growth.

In this tough environment, the Group strengthened initiatives with specialist retailers, leading mail-order businesses, and brands affiliated with station buildings and fashion-oriented buildings. As a result of such initiatives, sales increased and at the same time the gross profit ratio improved as well due to the securing of spaces for stable production and the appreciation of the yen. Also, operating income increased substantially thanks to an increase in gross profit, as well as the curbing of distribution costs through the operation a new distribution center.

As a result, consolidated performance in the three months ended May 31, 2012 registered 18,796 million yen net sales (15.4% increase from the previous corresponding period), 1,045 million yen operating income (203.9% increase from the previous corresponding period), and 1,070 million yen ordinary income (192.0% increase from the previous corresponding period).

During the three months ended May 31, 2012, there was no extraordinary loss due to the application of the accounting standard for asset retirement obligations recorded in the previous corresponding period, and in addition, due to factors such as a decrease in loss on valuation of investment securities, net income was 589 million yen (29 million yen net income for the previous corresponding period).

### (2) Qualitative Information on Consolidated Financial Position

#### 1) Assets

Current assets decreased 355 million yen compared with the end of the previous fiscal year, to 23,032 million yen, due primarily to 328 million yen decrease in cash and deposits, 179 million yen decrease in inventories and 654 million yen decrease in derivatives, despite 891 million yen increase in notes and accounts receivable – trade.

Noncurrent assets decreased 467 million yen compared with the end of the previous fiscal year, to 27,094 million yen, due primarily to 254 million yen decrease in land and 174 million yen decrease in investment securities.

As a result, total assets decreased 822 million yen compared with the end of the previous fiscal year, to 50,127 million yen.

## 2) Liabilities

Liabilities decreased 576 million yen compared with the end of the previous fiscal year, to 21,439 million yen, due primarily to 2,116 million yen decrease in notes and accounts payable - trade despite 1,277 million yen increase in loans payable and 261 million yen increase in accounts payable - other.

## 3) Net assets

Net assets decreased 246 million yen compared with the end of the previous fiscal year, to 28,687 million yen, due primarily to 137 million yen increase in retained earnings, surpassed by 383 million yen decrease in accumulated other comprehensive income.

## (3) Qualitative Information on Consolidated Financial Results Forecast

Financial results forecast has not changed since its earlier announcement on March 29, 2012.

## 2. Matters Related to Summary Information (Others)

(Additional information)

The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) have been applied for accounting changes and corrections of prior period errors which are made on and after the beginning of the first quarter of the current fiscal year.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2012	As of May 31, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	2,428	2,099
Notes and accounts receivable-trade	15,871	16,762
Inventories	3,674	3,494
Other	1,479	734
Allowance for doubtful accounts	(64)	(58)
Total current assets	23,388	23,032
Noncurrent assets		
Property, plant and equipment		
Land	18,224	17,970
Other, net	3,123	3,110
Total property, plant and equipment	21,348	21,080
Intangible assets	529	514
Investments and other assets		
Investment securities	4,328	4,154
Other	1,478	1,447
Allowance for doubtful accounts	(123)	(103)
Total investments and other assets	5,684	5,498
Total noncurrent assets	27,561	27,094
Total assets	50,949	50,127
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	8,916	6,799
Short-term loans payable	1,862	3,685
Current portion of long-term loans payable	1,081	1,000
Income taxes payable	288	198
Provision	164	291
Other	2,345	2,382
Total current liabilities	14,659	14,358
Noncurrent liabilities		
Long-term loans payable	5,963	5,500
Provision for retirement benefits	463	489
Provision for directors' retirement benefits	190	190
Asset retirement obligations	121	126
Other	619	775
Total noncurrent liabilities	7,357	7,081
Total liabilities	22,016	21,439

(Millions of yen)

	As of February 29, 2012	As of May 31, 2012
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	21,186	21,323
Treasury stock	(440)	(440)
Total shareholders' equity	28,516	28,654
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	(90)
Deferred gains or losses on hedges	458	69
Revaluation reserve for land	(120)	49
Foreign currency translation adjustment	(124)	(107)
Total accumulated other comprehensive income	305	(78)
Subscription rights to shares	112	112
Total net assets	28,933	28,687
Total liabilities and net assets	50,949	50,127

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Millions of yen)

	For the three months ended May 31, 2011	For the three months ended May 31, 2012
Net sales	16,284	18,796
Cost of sales	12,720	14,098
Gross profit	3,564	4,698
Provision for sales returns	(3)	3
Gross profit-net	3,567	4,695
Selling, general and administrative expenses	3,223	3,650
Operating income	343	1,045
Non-operating income		
Interest income	4	3
Dividends income	21	22
Foreign exchange gains	17	—
Subsidy income	—	42
Other	22	26
Total non-operating income	66	95
Non-operating expenses		
Interest expenses	23	37
Foreign exchange losses	—	20
Charity	10	1
Other	9	11
Total non-operating expenses	44	69
Ordinary income	366	1,070
Extraordinary income		
Gain on sales of noncurrent assets	—	36
Reversal of allowance for doubtful accounts	13	—
Total extraordinary income	13	36
Extraordinary loss		
Loss on valuation of investment securities	246	76
Loss on sales of noncurrent assets	—	41
Other	93	9
Total extraordinary loss	340	127
Income before income taxes and minority interests	40	979
Income taxes	10	389
Income before minority interests	29	589
Net income	29	589



Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended May 31, 2011	For the three months ended May 31, 2012
Income before minority interests	29	589
Other comprehensive income		
Valuation difference on available-for-sale securities	(114)	(182)
Deferred gains or losses on hedges	171	(388)
Foreign currency translation adjustment	8	17
Total other comprehensive income	65	(554)
Comprehensive income	94	35
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	94	35

(3) Notes on Going Concern Assumption

Not applicable.

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

Not applicable.