

**Consolidated Financial Results
for the Six Months Ended August 31, 2012
[Japanese GAAP]**



September 28, 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: October 9, 2012
Scheduled date of commencing dividend payments: October 30, 2012
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 Six Months Ended August 31, 2012 (March 1, 2012 to August 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	%
Six months ended August 31, 2012	35,188	10.9	1,387	305.6	1,421	265.5	747	—
Six months ended August 31, 2011	31,717	4.3	342	—	388	67.1	(332)	—

(Note) Comprehensive income: Six months ended August 31, 2012: ¥105 million (—%)

Six months ended August 31, 2011: ¥(579) million (—%)

	Net income per share	Diluted net income per share
	yen	yen
Six months ended August 31, 2012	15.92	15.80
Six months ended August 31, 2011	(7.03)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of August 31, 2012	48,816	28,790	58.7	610.24
As of February 29, 2012	50,949	28,933	56.6	614.08

(Reference) Equity: As of August 31, 2012: ¥28,652 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	–	4.00			
Fiscal year ending February 28, 2013 (Forecast)			–	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
Full year	73,000	5.3	2,900	38.7	3,000	38.3	1,600	89.3	34.08

(Note) Revision of forecast results from recently announced figures: Yes

* 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):

August 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:

August 31, 2012	1,047,507 shares
February 29, 2012	1,065,362 shares

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

Six months ended August 31, 2012	46,939,673 shares
Six months ended August 31, 2011	47,221,876 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

During the six months ended August 31, 2012, the outlook for both the global and Japanese economy continues to look bleak due to European debt crisis that is still in a precarious state, as concerns over the resulting economic slowdown began to spread across the world, including the emerging nations. As for the Japanese economy, risks of a downturn became more pronounced, due to factors including continued yen appreciation and the slowdown in the economy overseas.

In addition, there are concerns that diplomatic issues originating from territorial disputes with neighboring countries could have a significant impact on the business performance of many companies, not limited to the companies that have advanced overseas.

In the operational environment surrounding Takihyo Co., Ltd (the “Company”), while the over saturation in the clothing market continues, sales grew through channels including catalog and Internet orders, station buildings, and outlets. Traffic channel that includes locations such as service areas and airports is also beginning to attract attention as a new sales channel.

In such an environment, the Company achieved a year-on-year increase in net sales due to strengthened initiatives with leading specialist retailers, mail-order businesses, and brands affiliated with station buildings and fashion-oriented buildings, as well as efforts to develop new customers. In terms of costs, steps were also taken to reduce production costs through the stable securing of production space in China and efforts towards the development of production bases in the countries of Southeast Asia.

In addition, steps were taken to reduce distribution costs, as operations were launched at a new distribution center, Inuyama Center 2, as part of our efforts to centralize the distribution. Moreover, in our department store retail business, we worked to improve profitability by improving the precision of product planning and making improvements to the percentage of products sold at full price and the set ratio.

As a result, consolidated performance in the six months ended August 31, 2012 registered 35,188 million yen net sales (10.9% increase from the previous corresponding period), 1,387 million yen operating income (305.6% increase from the previous corresponding period), and 1,421 million yen ordinary income (265.5% increase from the previous corresponding period).

During the six months ended August 31, 2012, due to factors such as a decrease in loss on valuation of investment securities, net income was 747 million yen (332 million yen net loss for the previous corresponding period).

(2) Qualitative Information on Consolidated Financial Position

1) Assets

Current assets decreased 1,623 million yen compared with the end of the previous fiscal year, to 21,764 million yen, due primarily to 1,283 million yen decrease in notes and accounts receivable – trade and 770 million yen decrease in derivatives, despite 332 million yen increase in cash and deposits and 143 million yen increase in deferred tax assets.

Noncurrent assets decreased 510 million yen compared with the end of the previous fiscal year, to 27,051 million yen, due primarily to 70 million yen decrease in buildings, net, 254 million yen decrease in land and 152 million yen decrease in investment securities.

As a result, total assets decreased 2,133 million yen compared with the end of the previous fiscal year, to 48,816 million yen.

2) Liabilities

Liabilities decreased 1,990 million yen compared with the end of the previous fiscal year, to 20,025 million yen, due primarily to 687 million yen decrease in notes and accounts payable - trade and 1,362 million yen decrease in loans payable.

3) Net assets

Net assets decreased 143 million yen compared with the end of the previous fiscal year, to 28,790 million yen, due primarily to 294 million yen increase in retained earnings, surpassed by 471 million yen decrease in accumulated other comprehensive income.

(3) Qualitative Information on Consolidated Financial Results Forecast

In view of recent business trends, the consolidated financial results forecast for the fiscal year ending February 28, 2013 that was released on March 29, 2012 has been revised.

For more details, refer to “Notice Concerning Differences between Results and the Forecast for the Six Months Ended August 31, 2012 and Revision of the Full-Year Forecast” announced today.

2. Matters Related to Summary Information (Notes)

(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 August 31, 2012
Assets		
Current assets		
Cash and deposits	2,428	2,760
Notes and accounts receivable-trade	15,871	14,587
Inventories	3,674	3,675
Other	1,479	795
Allowance for doubtful accounts	(64)	(54)
Current assets	23,388	21,764
Noncurrent assets		
Property, plant and equipment		
Land	18,224	17,970
Other, net	3,123	3,077
Property, plant and equipment	21,348	21,047
Intangible assets	529	496
Investments and other assets		
Investment securities	4,328	4,176
Other	1,478	1,426
Allowance for doubtful accounts	(123)	(95)
Investments and other assets	5,684	5,507
Noncurrent assets	27,561	27,051
Assets	50,949	48,816
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,916	8,228
Short-term loans payable	1,862	1,320
Current portion of long-term loans payable	1,081	1,000
Income taxes payable	288	316
Provision	164	172
Other	2,345	2,128
Current liabilities	14,659	13,165
Noncurrent liabilities		
Long-term loans payable	5,963	5,225
Provision for retirement benefits	463	512
Provision for directors' retirement benefits	190	190
Asset retirement obligations	121	124
Other	619	808
Noncurrent liabilities	7,357	6,860
Liabilities	22,016	20,025

(Millions of yen)

	As of February 29, 2012	As of August 31, 2012
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	21,186	21,480
Treasury stock	(440)	(433)
Shareholders' equity	28,516	28,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	(26)
Deferred gains or losses on hedges	458	(69)
Revaluation reserve for land	(120)	49
Foreign currency translation adjustment	(124)	(120)
Accumulated other comprehensive income	305	(166)
Subscription rights to shares	112	137
Net assets	28,933	28,790
Liabilities and net assets	50,949	48,816

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the six months ended August 31, 2011	For the six months ended August 31, 2012
Net sales	31,717	35,188
Cost of sales	25,041	26,838
Gross profit	6,676	8,350
Provision for sales returns	(7)	(5)
Gross profit-net	6,683	8,355
Selling, general and administrative expenses	6,341	6,967
Operating income	342	1,387
Non-operating income		
Interest income	6	8
Dividends income	39	40
Subsidy income	42	42
Other	47	44
Non-operating income	136	135
Non-operating expenses		
Interest expenses	44	58
Foreign exchange losses	19	25
Other	24	18
Non-operating expenses	89	102
Ordinary income	388	1,421
Extraordinary income		
Reversal of allowance for doubtful accounts	14	—
Gain on sales of noncurrent assets	—	36
Other	0	1
Extraordinary income	14	38
Extraordinary loss		
Loss on valuation of investment securities	545	31
Loss on sales of investment securities	78	54
Loss on sales of noncurrent assets	—	41
Other	197	19
Extraordinary loss	820	146
Income before income taxes and minority interests	(417)	1,312
Income taxes	(85)	564
Income before minority interests	(332)	747
Net income	(332)	747

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended August 31, 2011	For the six months ended August 31, 2012
Income before minority interests	(332)	747
Other comprehensive income		
Valuation difference on available-for-sale securities	109	(118)
Deferred gains or losses on hedges	(356)	(527)
Foreign currency translation adjustment	(0)	4
Other comprehensive income	(247)	(641)
Comprehensive income	(579)	105
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(579)	105

(3) Notes on Going Concern Assumption

Not applicable.

(4) Notes in Case of Significant Changes in Shareholders' Equity

Not applicable.