

# Consolidated Financial Results for the Fiscal Year Ended February 28, 2013 [Japanese GAAP]



March 29, 2013

Company name: Takihyo Co., Ltd.  
 Code number: 9982  
 URL: <http://www.takihyo.co.jp>  
 Stock exchange listing: Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section)  
 Representative: Kazuo Taki, CEO  
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 Scheduled date of Ordinary General Meeting of Shareholders: May 22, 2013  
 Scheduled date of commencing dividend payments: May 23, 2013  
 Scheduled date for filing of annual securities report: May 24, 2013  
 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 28, 2013 (March 1, 2012 to February 28, 2013)

(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 28, 2013	74,547	7.6	2,744	31.3	2,875	32.6	1,444	70.8
Fiscal year ended February 29, 2012	69,297	3.1	2,090	428.6	2,168	88.4	845	42.8

(Note) Comprehensive income: Fiscal year ended February 28, 2013: ¥3,278 million (69.1%)

Fiscal year ended February 29, 2012: ¥1,937 million (324.8%)

	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 28, 2013	30.81	30.57	4.8	5.5	3.7
Fiscal year ended February 29, 2012	17.95	17.84	3.0	4.5	3.0

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended February 28, 2013: ¥ – million

Fiscal year ended February 29, 2012: ¥ – million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 28, 2013	53,311	31,606	59.0	675.81
As of February 29, 2012	50,949	28,933	56.6	614.08

(Reference) Equity: As of February 28, 2013: ¥31,468 million

As of February 29, 2012: ¥28,821 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 28, 2013	3,554	579	(3,540)	3,018
Fiscal year ended February 29, 2012	3,497	(4,572)	1,723	2,395

### 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 29, 2012	–	4.00	–	6.00	10.00	469	55.7	1.7
Fiscal year ended February 28, 2013	–	4.00	–	4.00	8.00	374	26.0	1.2
Fiscal year ending February 28, 2014 (Forecast)	–	4.00	–	4.00	8.00		21.9	

(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, 2014 (March 1, 2013 to February 28, 2014)

(% 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	36,500	3.7	1,500	8.1	1,500	5.6	900	20.4	19.33
Full year	76,500	2.6	2,750	0.2	2,900	0.8	1,700	17.7	36.51

#### \*Notes

- (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 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

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

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

February 28, 2013	48,000,000 shares
February 29, 2012	48,000,000 shares

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

February 28, 2013	1,435,322 shares
February 29, 2012	1,065,362 shares

## 3) Average number of shares during the period:

Fiscal year ended February 28, 2013	46,871,417 shares
Fiscal year ended February 29, 2012	47,089,326 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 30.

## (Reference) Summary of Non-consolidated Financial Results

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

## (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 28, 2013	68,390	6.1	2,333	31.3	2,483	25.9	1,275	67.4
Fiscal year ended February 29, 2012	64,476	3.1	1,777	990.9	1,972	79.4	761	24.1

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended February 28, 2013	27.20	26.99
Fiscal year ended February 29, 2012	16.18	16.08

## (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 28, 2013	49,367	29,025	58.5	620.37
As of February 29, 2012	47,177	26,638	56.2	565.17

(Reference) Equity: As of February 28, 2013: ¥ 28,887 million

As of February 29, 2012: ¥ 26,525 million

**2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2014 (March 1, 2013 to February 28, 2014)**

## (% 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	33,000	2.6	1,350	10.5	1,350	8.3	800	20.2	17.18
Full year	70,000	2.4	2,350	0.7	2,500	0.7	1,500	17.6	32.21

\* Presentation regarding the implementation status of the audit process

This summary of consolidated financial results is not subject to the audit process procedures provided by the Japanese Financial Instruments and Exchange Act. Therefore, at the time of the disclosure of these financial results, the financial statement audit process 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, and do not constitute a promise by the Company to achieve those projections. In addition, 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. Analyses of Results of Operations and Financial Position

### (1) Analysis of Results of Operations

(Results of operations for the current fiscal year)

During the fiscal year ended February 28, 2013, emergency economic measures were introduced in January 2013 after a change of government in Japan in December 2012, and the Japanese economy is experiencing a correction of the strong yen, a rise in stock prices, and signs of improvement in the income environment. Nevertheless, the outlook for the future still bears careful watching.

In the operational environment surrounding Takihyo Co., Ltd. (the “Company”), looked at by channel, sales are growing in specialist retailers and the mail-order businesses amid signs that the fall in the retail market is coming to an end. On the other hand, conditions remain challenging for department stores and volume retailers.

Under these circumstances, the Group has endeavored to improve product planning ability, and has worked to develop products that capture the needs of consumers for high added value, high functionality, and other factors. At the same time, we have striven to increase our customers among leading specialist retailers, mail-order businesses, and brands affiliated with station buildings, shopping malls, and fashion-oriented buildings.

Additionally, in an effort to expand our fields of business, we welcomed Max & Growing Co., Ltd., developer of the golf-wear brand “ZOY,” as a subsidiary at the end of February 2012, and we opened our first “Komeda Coffee” Shop as a franchisee in March 2012.

In terms of costs, steps were taken for stable securing of production space in China, as well as to expand production bases in the countries of South and Southeast Asia including Vietnam, Myanmar, Cambodia, and Bangladesh, as we endeavored to reduce production costs and to disperse product procurement risks.

In addition, the “Inuyama Center 2” commenced operations in March 2012, and we reduced costs by further centralizing the distribution.

As a result, consolidated performance in the fiscal year ended February 28, 2013 registered 74,547 million yen consolidated net sales (7.6% increase from the previous fiscal year), 2,744 million yen consolidated operating income (31.3% increase from the previous fiscal year), 2,875 million yen consolidated ordinary income (32.6% increase from the previous fiscal year) and 1,444 million yen consolidated net income (70.8% increase from the previous fiscal year).

Performance by segment for the fiscal year ended February 28, 2013 was as follows.

Note that from the fiscal year ended February 28, 2013, the name of the former “Fibers & Textiles” segment has been changed to the “Apparel & Textiles” segment.

#### 1) Apparel & Textiles

In the Apparel & Textiles segment, sales have increased for the core ladies’ apparel mainly through leading specialist retailers and mail-order businesses, and in terms of items, performance was particularly strong for all bottoms, knit shirts (cut-and-sew), and knits. Meanwhile, although conditions in the Textiles division were tough both for cloths sales aimed at department store apparel and for OEM, the segment registered 70,106 million yen net

sales (7.4% increase from the previous fiscal year) and 2,328 million yen operating income (29.5% increase from the previous fiscal year).

## 2) Rental Business

This segment registered 283 million yen net sales (2.5% increase from the previous fiscal year) and 154 million yen operating income (10.2% increase from the previous fiscal year), due to an increase in new rental contracts for the fiscal year ended February 28, 2013.

## 3) Others

Others segment registered 4,157 million yen net sales (11.2% increase from the previous fiscal year), due primarily to robust sales of synthetic resins for automobile manufacturers and the addition of new businesses as mentioned above. As for operating income, the segment registered 246 million yen (80.9% increase from the previous fiscal year), due primarily to full-fledged operations at the “Inuyama Center 2.”

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

Regarding the future outlook, amid anticipation of a moderate recovery in the global economy, the monetary policy, public finance policy, and growth strategy put forward by the Japanese government have been raising hopes in the Japanese economy as well. However, the domestic apparel market continues to be saturated, and a full recovery in the market is expected to take time.

In such an environment, under the medium- to long-term vision of “Global Challenge ~Change and Advance~,” the Group will focus its efforts on the following four key points for the next fiscal year.

The first is to strengthen the retail business. The new brand “BERARDI” was launched in 30 major department stores nationwide for this spring/summer season. We have concluded a licensing contract with an Italian designer who presents at the London Collections in order to develop products in the better price range.

The second is to explore opportunities in lifestyle-related fields, not limited to clothing products. We intend to nurture the seeds of new businesses, including adding locations to the “Komeda Coffee Shop” which opened in March 2012. As of March 1, 2013, the trade name of our affiliate Takihyo Kemica Co., Ltd. was changed to T.L.C Co., Ltd. (“Takiho Life Creation”), which will be the base for promoting these initiatives.

The third is greater utilization of our overseas bases. For the future, our goal is to develop a business rooted in the local region at all our bases, and we are pressing ahead with creating the foundation for full-fledged development of local operations including business processes and systems, and human resources training, beginning with East Asia.

The fourth is expanding our share of the domestic market. Since the Company procures most of its products from overseas, the current trend towards a weak yen leads directly to a rise in cost of sales. In addition, rising electricity and gas rates, along with the hike in consumption tax scheduled for next year, are factors expected to work against personal consumption. It is the intention of the Group to further enhance its market presence by continuing to propose products that offer a combination of reasonable price, high quality, and trendiness.

## (2) Analysis of Financial Position

### 1) Assets, liabilities and net assets

#### (Assets)

Current assets increased by 2,846 million yen compared with the end of the previous fiscal year, to 26,235 million yen, due primarily to 708 million yen increase in cash and deposits and 2,185 million yen increase in derivatives.

Noncurrent assets decreased 485 million yen compared with the end of the previous fiscal year, to 27,076 million yen, due primarily to 504 million yen decrease in land.

As a result, total assets increased by 2,361 million yen compared with the end of the previous fiscal year, to 53,311 million yen.

#### (Liabilities)

Liabilities decreased 311 million yen compared with the end of the previous fiscal year, to 21,704 million yen, due primarily to 2,902 million yen decrease in loans payable, despite 767 million yen increase in notes and accounts payable-trade, 568 million yen increase in income taxes payable and 929 million yen increase in deferred tax liabilities.

#### (Net assets)

Net assets increased by 2,672 million yen compared with the end of the previous fiscal year, to 31,606 million yen, due primarily to 725 million yen increase in retained earnings and 2,082 million yen increase in accumulated other comprehensive income.

### 2) Cash flows

Cash and cash equivalents as at the end of the current fiscal year (hereinafter referred to as “fund”) increased 623 million yen (26.0%) compared with the end of the previous fiscal year, to 3,018 million yen.

#### (Net cash provided by operating activities)

Net cash provided by operating activities for the current fiscal year increased 57 million yen (1.6%) compared with the previous fiscal year, to 3,554 million yen, mainly as a result of income before income taxes and minority interests standing at 2,641 million yen along with 250 million yen decrease in notes and accounts receivable-trade and 762 million yen increase in notes and accounts payable-trade.

#### (Net cash provided by investing activities)

Net cash provided by investing activities for the current fiscal year amounted to 579 million yen (a decrease of 4,572 million yen for the previous fiscal year), mainly as a result of proceeds from sales of property, plant and equipment.

(Net cash used in financing activities)

Net cash used in financing activities for the current fiscal year amounted to 3,540 million yen (an increase of 1,723 million yen for the previous fiscal year), mainly as a result of purchase of treasury stock, cash dividends paid and repayment of loans payable.

(Reference) Indicators relative to cash flows

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Equity ratio (%)	56.6	59.0
Equity ratio on a market value basis (%)	41.6	38.3
Interest-bearing debt/cash flow ratio (years)	3.8	3.4
Interest coverage ratio (multiple)	32.8	28.0

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.

### (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 pay a dividend of 4 yen per share at the end of the current fiscal year. Therefore, when combined with an interim dividend of 4 yen per share, the annual dividend becomes 8 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

Clothing provided by the Group are prone to be influenced by 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 accurate information, while reducing the manufacturing cycle. However, the Group's performance could still be affected by 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 40% 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 composed predominantly of seasonal products. Thus the Group's performance could be affected by disappointing sales of them 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 by external leakage of such protected data due to unexpected circumstances, resulting in deterioration of the Group's social credibility or give 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, consequently 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 supplied.

9) Risks associated with licensing agreements

As the Group benefits from 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.

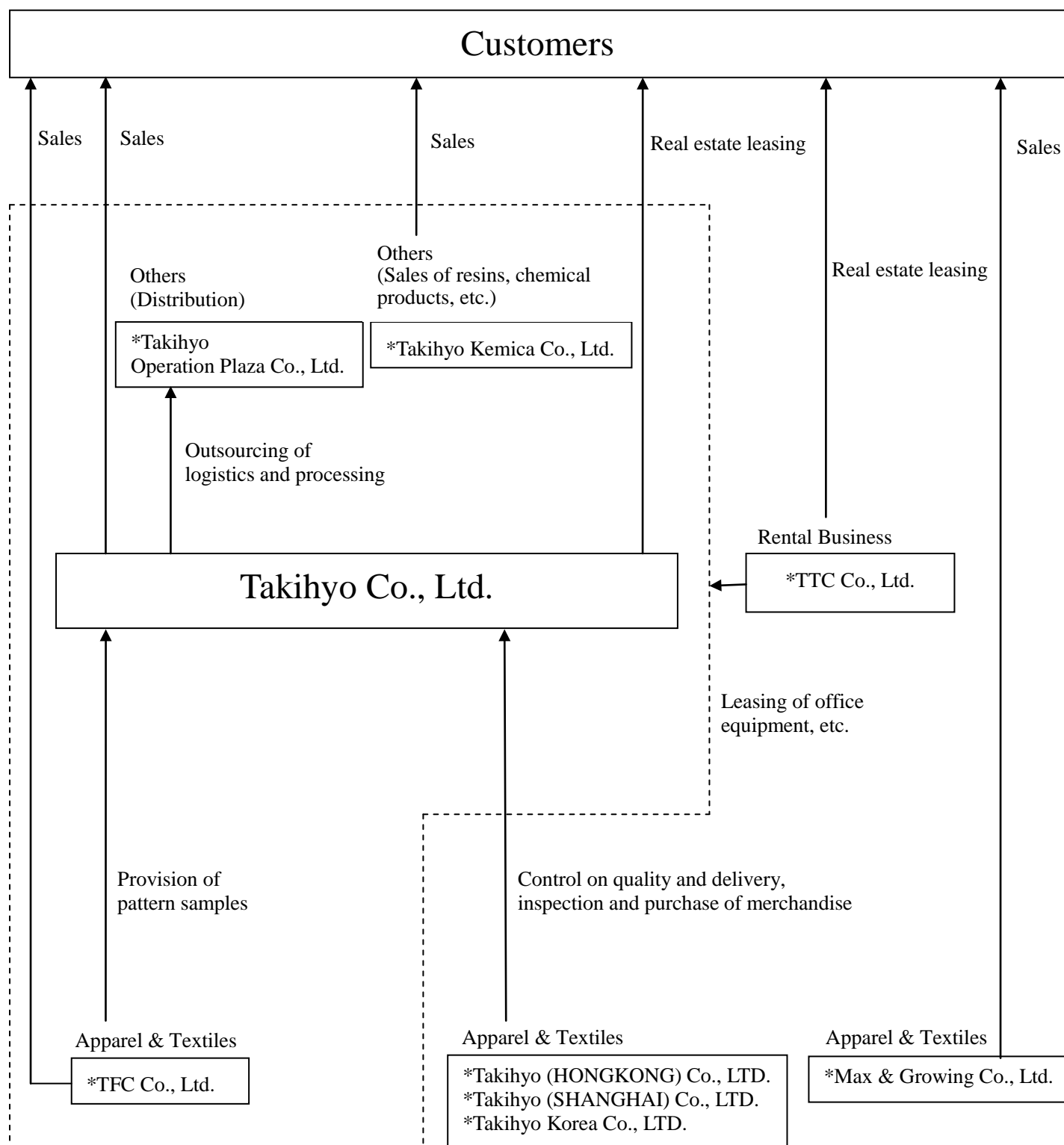
## 2. Consolidated Group

The Group comprises the Company and eight consolidated subsidiaries mainly engaged in manufacturing and sales of various apparel & 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 segment is as follows.

Apparel & Textiles	<p>The Company' main line of business is designing, manufacturing and merchandising of clothing primarily for ladies, kids and babies along with textile products (cloths) primarily made of wool.</p> <p>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 assistance in export to the Head Office.</p> <p>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 of uniforms, while Max &amp; Growing Co., Ltd. engages in design and sales of clothing and sporting goods under the golf-wear brand "ZOY."</p>
Rental Business	<p>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.</p>
Others	<p>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.</p> <p>Takihyo Kemica Co., Ltd. engages in sales of products including resins, chemical products and health food, and in the operation of "Komeda Coffee Shop" as a franchisee.</p>

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



(Notes) 1. \* indicates consolidated subsidiaries.

2. As of March 1, 2013, the trade name of Takihyo Kemica Co., Ltd. has changed to T.L.C 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: "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. Analyses of Results of Operations and Financial Position (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 29, 2012	As of February 28, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	2,428	3,136
Notes and accounts receivable-trade	15,871	15,631
Merchandise and finished goods	3,623	3,906
Work in process	33	30
Raw materials and supplies	16	14
Deferred tax assets	21	21
Derivatives	771	2,957
Other	685	557
Allowance for doubtful accounts	(64)	(20)
Total current assets	23,388	26,235
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,382	3,832
Accumulated depreciation	(2,499)	(2,125)
Buildings and structures, net	1,883	1,706
Machinery, equipment and vehicles	318	164
Accumulated depreciation	(261)	(100)
Machinery, equipment and vehicles, net	56	63
Equipment and fixtures	1,472	1,633
Accumulated depreciation	(381)	(349)
Equipment and fixtures, net	1,090	1,283
Land	18,224	17,720
Lease assets	86	86
Accumulated depreciation	(19)	(36)
Lease assets, net	66	49
Construction in progress	25	2
Total property, plant and equipment	21,348	20,826
Intangible assets	529	488
Investments and other assets		
Investment securities	4,328	4,443
Investments in capital	24	23
Long-term loans receivable	66	81
Long-term guarantee deposit	832	840
Deferred tax assets	92	93
Insurance funds	108	92
Other	354	325
Allowance for doubtful accounts	(123)	(137)
Total investments and other assets	5,684	5,761
Total noncurrent assets	27,561	27,076
Total assets	50,949	53,311

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	8,916	9,684
Short-term loans payable	1,862	280
Current portion of long-term loans payable	1,081	1,000
Lease obligations	26	27
Accounts payable-other	1,640	2,013
Income taxes payable	288	856
Deferred tax liabilities	204	948
Provision for bonuses	109	126
Provision for sales returns	55	44
Other	474	327
<b>Total current liabilities</b>	<b>14,659</b>	<b>15,307</b>
Noncurrent liabilities		
Long-term loans payable	5,963	4,725
Long-term accounts payable-other	3	11
Lease obligations	83	58
Deferred tax liabilities	350	535
Long-term guarantee deposited	122	122
Provision for retirement benefits	463	458
Provision for directors' retirement benefits	190	190
Asset retirement obligations	121	121
Deferred tax liabilities for land revaluation	59	174
<b>Total noncurrent liabilities</b>	<b>7,357</b>	<b>6,397</b>
<b>Total liabilities</b>	<b>22,016</b>	<b>21,704</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	21,186	21,911
Treasury stock	(440)	(601)
<b>Total shareholders' equity</b>	<b>28,516</b>	<b>29,080</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	92	457
Deferred gains or losses on hedges	458	1,831
Revaluation reserve for land	(120)	181
Foreign currency translation adjustment	(124)	(83)
<b>Total accumulated other comprehensive income</b>	<b>305</b>	<b>2,387</b>
Subscription rights to shares	112	137
<b>Total net assets</b>	<b>28,933</b>	<b>31,606</b>
<b>Total liabilities and net assets</b>	<b>50,949</b>	<b>53,311</b>

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

## Consolidated Statements of Income

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
Net sales	69,297	74,547
Cost of sales	54,273	57,758
Gross profit	15,023	16,788
Provision for sales returns	7	(11)
Gross profit-net	15,016	16,799
Selling, general and administrative expenses		
Freightage related expenses	3,729	3,813
Advertising and promotion expenses	357	468
Salaries and allowances	4,219	4,573
Bonuses	496	552
Share-based compensation expenses	33	32
Welfare expenses	931	995
Provision for bonuses	102	119
Retirement benefit expenses	451	447
Traveling and transportation expenses	602	638
Communication expenses	267	318
Rent expenses	598	737
Depreciation	156	172
Other	979	1,185
Total selling, general and administrative expenses	12,925	14,055
Operating income	2,090	2,744
Non-operating income		
Interest income	12	31
Dividends income	62	70
Boarding fee income	27	28
Foreign exchange gains	–	40
Subsidy income	42	42
Other	95	96
Total non-operating income	240	310
Non-operating expenses		
Interest expenses	100	126
Foreign exchange losses	21	–
Equity loss of investment securities	4	5
Other	35	46
Total non-operating expenses	162	178
Ordinary income	2,168	2,875
Extraordinary income		
Gain on sales of investment securities	10	8
Gain on redemption of investment securities	–	30
Gain on sales of noncurrent assets	–	46
Reversal of allowance for doubtful accounts	44	–
Total extraordinary income	54	84



(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
Extraordinary loss		
Loss on valuation of investment securities	465	17
Loss on sales of investment securities	104	61
Loss on redemption of investment securities	67	34
Loss on sales of noncurrent assets	–	64
Loss on retirement of noncurrent assets	0	4
Loss on retirement of long-term prepaid expenses	0	10
Loss on valuation of goods	–	71
Provision of allowance for doubtful accounts	28	39
Salaries for the past fiscal years	15	–
Other	87	14
Total extraordinary loss	770	319
Income before income taxes and minority interests	1,453	2,641
Income taxes-current	438	1,060
Income taxes-deferred	168	136
Total income taxes	607	1,197
Income before minority interests	845	1,444
Net income	845	1,444

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
Income before minority interests	845	1,444
Other comprehensive income		
Valuation difference on available-for-sale securities	238	365
Deferred gains or losses on hedges	719	1,373
Revaluation reserve for land	141	53
Foreign currency translation adjustment	(7)	41
Total other comprehensive income	1,092	1,833
Comprehensive income	1,937	3,278
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,937	3,278

## (3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
<b>Shareholders' equity</b>		
Capital stock		
Balance at the beginning of the current 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 beginning of the current 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
Retained earnings		
Balance at the beginning of the current period	20,721	21,186
Changes of items during the period		
Dividends from surplus	(377)	(469)
Net income	845	1,444
Disposal of treasury stock	(2)	(0)
Reversal of revaluation reserve for land	–	(248)
Total changes of items during the period	464	725
Balance at the end of the current period	21,186	21,911
Treasury stock		
Balance at the beginning of the current period	(235)	(440)
Changes of items during the period		
Purchase of treasury stock	(222)	(168)
Disposal of treasury stock	17	7
Total changes of items during the period	(204)	(161)
Balance at the end of the current period	(440)	(601)
Total shareholders' equity		
Balance at the beginning of the current period	28,256	28,516
Changes of items during the period		
Dividends from surplus	(377)	(469)
Net income	845	1,444
Purchase of treasury stock	(222)	(168)
Disposal of treasury stock	14	7
Reversal of revaluation reserve for land	–	(248)
Total changes of items during the period	260	564
Balance at the end of the current period	28,516	29,080

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	(146)	92
Changes of items during the period		
Net changes of items other than shareholders' equity	238	365
Total changes of items during the period	238	365
Balance at the end of the current period	92	457
Deferred gains or losses on hedges		
Balance at the beginning of the current period	(261)	458
Changes of items during the period		
Net changes of items other than shareholders' equity	719	1,373
Total changes of items during the period	719	1,373
Balance at the end of the current period	458	1,831
Revaluation reserve for land		
Balance at the beginning of the current period	(262)	(120)
Changes of items during the period		
Reversal of revaluation reserve for land	–	248
Net changes of items other than shareholders' equity	141	53
Total changes of items during the period	141	302
Balance at the end of the current period	(120)	181
Foreign currency translation adjustment		
Balance at the beginning of the current period	(116)	(124)
Changes of items during the period		
Net changes of items other than shareholders' equity	(7)	41
Total changes of items during the period	(7)	41
Balance at the end of the current period	(124)	(83)
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of the current period	(787)	305
Changes of items during the period		
Reversal of revaluation reserve for land	–	248
Net changes of items other than shareholders' equity	1,092	1,833
Total changes of items during the period	1,092	2,082
Balance at the end of the current period	305	2,387
<b>Subscription rights to shares</b>		
Balance at the beginning of the current period	92	112
Changes of items during the period		
Net changes of items other than shareholders' equity	19	25
Total changes of items during the period	19	25
Balance at the end of the current period	112	137

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
Net assets		
Balance at the beginning of the current period	27,561	28,933
Changes of items during the period		
Dividends from surplus	(377)	(469)
Net income	845	1,444
Purchase of treasury stock	(222)	(168)
Disposal of treasury stock	14	7
Net changes of items other than shareholders' equity	1,112	1,859
Total changes of items during the period	1,372	2,672
Balance at the end of the current period	28,933	31,606

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,453	2,641
Depreciation and amortization	267	292
Amortization of goodwill	–	43
Increase (decrease) in allowance for doubtful accounts	(203)	(29)
Increase (decrease) in provision for bonuses	7	16
Increase (decrease) in provision for sales returns	7	(11)
Increase (decrease) in provision for retirement benefits	(3)	(4)
Increase (decrease) in provision for directors' retirement benefits	(46)	–
Interest and dividends income	(75)	(101)
Interest expenses	100	126
Loss (gain) on sales of investment securities	93	53
Loss (gain) on valuation of investment securities	465	17
Loss (gain) on redemption of investment securities	67	4
Loss (gain) on sales of property, plant and equipment	–	18
Loss on retirement of property, plant and equipment	0	4
Decrease (increase) in notes and accounts receivable-trade	520	250
Decrease (increase) in inventories	444	(276)
Increase (decrease) in notes and accounts payable-trade	500	762
Increase (decrease) in accrued consumption taxes	184	(180)
Decrease (increase) in other assets	(49)	132
Increase (decrease) in other liabilities	33	251
Other, net	99	56
Subtotal	3,870	4,068
Interest and dividends income received	72	98
Interest expenses paid	(106)	(127)
Income taxes paid	(338)	(484)
Net cash provided by (used in) operating activities	3,497	3,554

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(50)	(137)
Proceeds from withdrawal of time deposits	50	52
Purchase of property, plant and equipment	(4,334)	(330)
Proceeds from sales of property, plant and equipment	–	653
Purchase of investment securities	(257)	(288)
Proceeds from sales of investment securities	59	321
Proceeds from redemption of investment securities	186	288
Proceeds from equity of investment securities	2	10
Purchase of investments in subsidiaries	(233)	–
Payments of loans receivable	(15)	(29)
Collection of loans receivable	26	29
Collection of investments in capital	0	0
Other, net	(6)	9
<b>Net cash provided by (used in) investing activities</b>	<b>(4,572)</b>	<b>579</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(970)	(1,582)
Proceeds from long-term loans payable	4,000	–
Repayment of long-term loans payable	(700)	(1,319)
Cash dividends paid	(374)	(469)
Purchase of treasury stock	(231)	(168)
Other, net	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>1,723</b>	<b>(3,540)</b>
Effect of exchange rate change on cash and cash equivalents	(4)	29
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>644</b>	<b>623</b>
Cash and cash equivalents at beginning of period	1,751	2,395
Cash and cash equivalents at end of period	2,395	3,018

(5) Notes on Going Concern Assumption

Not applicable.



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

### 1. Scope of consolidation

#### (1) Number of consolidated subsidiaries:

8 companies

Names of the principal consolidated subsidiaries:

TTC Co., Ltd., Takihyo Kemica Co., Ltd., Max & Growing Co., Ltd., Takihyo (HONGKONG) Co., LTD., TFC Co., Ltd., Takihyo (SHANGHAI) Co., LTD., Takihyo Operation Plaza Co., Ltd., Takihyo Korea Co., LTD.

#### (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.

### 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.

### 4. Accounting standards

#### (1) Valuation standards and methods regarding significant assets

##### 1) 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.

##### 2) Inventories

###### a. 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.)

###### b. 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.)

###### c. 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.)

3) Derivatives

Stated at market

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Stated at 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.

2) Intangible assets (excluding lease assets)

Stated at 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.

3) 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.

4) Long-term prepaid expenses

Stated at straight-line method. Service life is determined using the same standard as set out in the Corporation Tax Law.

(3) Accounting standards for significant allowances and provisions

1) 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.

2) 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.

3) 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.

4) 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.

5) 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.

(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.

(5) Significant hedge accounting

1) Hedge accounting

Deferred hedge accounting is adopted. Designation transactions are applied to foreign exchange forward contracts which conform to the requirements for designation transactions.

2) Means of hedging and hedging items

<u>Means of hedging</u>	<u>Hedging items</u>
Foreign exchange forward contracts	Foreign currency-denominated monetary claims and liabilities

3) Hedging policy

The Group is primarily hedging exchange risk according to the internal control rules.

4) 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.

(6) Amortization method and amortization period of goodwill

Goodwill is subject to equal amortization over ten years.

(7) 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.

(8) Other significant matters for preparing consolidated financial statements

Accounting method for consumption taxes

The tax exclusion method.

(7) Changes in Accounting Policies

Not applicable.

Changes in Presentation

(Consolidated Balance Sheets)

“Derivatives” which was included in “Other” under “Current assets” in the previous fiscal year, has been presented independently from the current fiscal year as it has become a significant amount. This change in presentation necessitated a reclassification of the Consolidated Financial Statements for the previous fiscal year.

As a result, 1,457 million yen presented as “Other” under “Current assets” in the Consolidated Balance Sheets for the previous fiscal year was reclassified into 771 million yen in “Derivatives” and 685 million yen in “Other.”

Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections, etc.)

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 current fiscal year.

## (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 "Apparel & Textiles" and "Rental Business" as two reportable segments.

The "Apparel & Textiles" segment is engaged in manufacturing and selling of ladies' clothes, children's and baby clothes, men's clothes, homeware, interior fabric and cloths, and designing and selling of 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."

Income by reportable segment is based on operating income, while inter-segment revenues and transfers are based on market price.

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

For the previous 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)	69,297
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 elimination of inter-segment of -957 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 represents elimination of inter-segment transactions of 15 million yen, etc.
  5. Segment income is adjusted with operating income in the consolidated statements of income.

For the current fiscal year (From March 1, 2012 to February 28, 2013)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Amounts on consolidated financial statements
	Apparel & Textiles	Rental Business	Subtotal				
Net sales							
Net sales to outside customers	70,106	283	70,389	4,157	74,547	–	74,547
Inter-segment sales and transfers	0	110	110	1,521	1,631	(1,631)	–
Total	70,106	393	70,500	5,678	76,178	(1,631)	74,547
Segment income	2,328	154	2,483	246	2,730	13	2,744
Segment assets	35,409	15,464	50,873	1,975	52,849	461	53,311
Other items							
Depreciation	163	114	278	14	292	(0)	292
Amortized goodwill	43	–	43	–	43	–	43
Increase in property, plant and equipment and intangible assets	285	138	424	49	473	–	473

- (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 461 million yen adjustment to segment assets includes elimination of inter-segment of -979 million yen and corporate assets of 1,441 million yen not allocated among reportable segments. Corporate assets consist primarily of surplus funds (investment securities) not belonging to any reportable segment.
  4. The 13 million yen adjustment to segment income represents elimination of inter-segment transactions of 13 million yen, etc.
  5. Segment income is adjusted with operating income in the consolidated statements of income.
  6. Name of a reportable segment has been changed from the current fiscal year, in which “Fibers & Textiles” segment has been renamed as “Apparel & Textiles” segment. This change has had no impact on the segment information.

(Related Information)

For the previous 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.	15,655	Fibers & Textiles and others

For the current fiscal year (From March 1, 2012 to February 28, 2013)

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.	18,303	Apparel & Textiles and others



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

Not applicable.

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

For the previous 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

For the current fiscal year (From March 1, 2012 to February 28, 2013)

(Millions of yen)

	Reportable segment			Others	Corporate / elimination	Total
	Apparel & Textiles	Rental Business	Subtotal			
Balance at the end of the current fiscal year	387	-	387	-	-	387

(Note) Amortized goodwill is omitted as same information is disclosed in the segment information.

## (Per Share Information)

For the previous fiscal year (From March 1, 2011 to February 29, 2012)		For the current fiscal year (From March 1, 2012 to February 28, 2013)	
Net assets per share	614.08 yen	Net assets per share	675.81 yen
Net income per share	17.95 yen	Net income per share	30.81 yen
Diluted net income per share	17.84 yen	Diluted net income per share	30.57 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 29, 2012)	For the current fiscal year (As of February 28, 2013)
Total net assets	28,933	31,606
Amount deducted from the total net assets	112	137
(Subscription rights to shares included in the above)	(112)	(137)
Amount of net assets related to common stock as of the end of the fiscal year	28,821	31,468
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)	46,934	46,564

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, 2011 to February 29, 2012)	For the current fiscal year (From March 1, 2012 to February 28, 2013)
Net income per share		
Net income	845	1,444
Net income not attributable to common shareholders	–	–
Net income related to common stock	845	1,444
Average number of shares of common stock outstanding during the fiscal year (Thousands shares)	47,089	46,871
Diluted net income per share		
Increase in number of shares of common stock (Thousands shares)	292	373
(Subscription rights to shares included in the above) (Thousands shares)	(292)	(373)
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)

Not applicable.

(Omission of Disclosure)

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 comprehensive 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 29, 2012	As of February 28, 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,456	2,015
Notes receivable-trade	1,463	1,193
Accounts receivable-trade	13,186	13,159
Merchandise	3,390	3,588
Advance payments-trade	138	91
Prepaid expenses	112	114
Short-term loans receivable	9	25
Derivatives	763	2,949
Other	291	288
Allowance for doubtful accounts	(26)	(19)
<b>Total current assets</b>	<b>20,786</b>	<b>23,406</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	3,049	2,433
Accumulated depreciation	(1,808)	(1,375)
Buildings, net	1,241	1,058
Structures	88	83
Accumulated depreciation	(65)	(65)
Structures, net	23	17
Machinery and equipment	207	37
Accumulated depreciation	(190)	(20)
Machinery and equipment, net	17	16
Vehicles	8	7
Accumulated depreciation	(6)	(2)
Vehicles, net	1	5
Equipment and fixtures	1,112	1,181
Accumulated depreciation	(152)	(116)
Equipment and fixtures, net	960	1,065
Land	17,560	17,056
Lease assets	93	176
Accumulated depreciation	(21)	(43)
Lease assets, net	72	132
Construction in progress	19	1
<b>Total property, plant and equipment</b>	<b>19,896</b>	<b>19,354</b>
<b>Intangible assets</b>		
Leasehold right	10	10
Right of trademark	70	54
Software	8	25
Lease assets	40	32
Other	15	15
<b>Total intangible assets</b>	<b>145</b>	<b>139</b>

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
<b>Investments and other assets</b>		
Investment securities	3,449	3,492
Stocks of subsidiaries and affiliates	1,658	1,758
Investments in capital	23	22
Long-term loans receivable	19	24
Long-term loans receivable from employees	47	57
Long-term loans receivable from subsidiaries and affiliates	150	150
Long-term retaining claims	117	50
Long-term prepaid expenses	32	23
Long-term guarantee deposit	690	698
Insurance funds	108	92
Other	164	142
Allowance for doubtful accounts	(112)	(45)
Total investments and other assets	6,348	6,466
Total noncurrent assets	26,390	25,960
Total assets	47,177	49,367
<b>Liabilities</b>		
<b>Current liabilities</b>		
Foreign notes payable-trade	4,146	6,000
Accounts payable-trade	3,968	2,868
Short-term loans payable	1,700	–
Current portion of long-term loans payable	1,000	1,000
Lease obligations	27	32
Accounts payable-other	1,665	2,059
Accrued expenses	17	19
Income taxes payable	261	712
Accrued consumption taxes	191	–
Advances received	16	3
Deposits received	155	159
Unearned revenue	20	17
Provision for bonuses	85	99
Provision for sales returns	55	44
Derivatives liabilities	2	30
Deferred tax liabilities	204	948
Asset retirement obligations	–	3
Other	13	29
Total current liabilities	13,531	14,030
<b>Noncurrent liabilities</b>		
Long-term loans payable	5,725	4,725
Long-term loans payable to subsidiaries and affiliates	150	150
Lease obligations	86	96
Long-term accounts payable-other	–	10
Deferred tax liabilities	331	512
Long-term guarantee deposited	108	106
Provision for retirement benefits	283	277
Provision for directors' retirement benefits	190	190
Asset retirement obligations	73	68
Deferred tax liabilities for land revaluation	59	174
Total noncurrent liabilities	7,007	6,312
Total liabilities	20,539	20,342

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
<b>Net assets</b>		
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	1,118	1,003
General reserve	15,500	15,500
Retained earnings brought forward	1,167	1,838
Other retained earnings	17,785	18,342
Total retained earnings	18,591	19,148
Treasury stock	(440)	(601)
Total shareholders' equity	25,922	26,317
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	270	561
Deferred gains or losses on hedges	453	1,826
Revaluation reserve for land	(120)	181
Total valuation and translation adjustments	603	2,569
Subscription rights to shares	112	137
Total net assets	26,638	29,025
Total liabilities and net assets	47,177	49,367

## (2) Non-consolidated Statements of Income

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
<b>Net sales</b>		
Net sales of goods	64,271	68,179
Rent income	204	211
<b>Total net sales</b>	<b>64,476</b>	<b>68,390</b>
<b>Cost of sales</b>		
Beginning goods	3,827	3,390
Cost of purchased goods	49,465	52,872
<b>Total</b>	<b>53,292</b>	<b>56,263</b>
Ending goods	3,390	3,659
Cost of goods sold	49,902	52,603
Rent cost	99	95
<b>Total cost of sales</b>	<b>50,001</b>	<b>52,699</b>
<b>Gross profit</b>	<b>14,475</b>	<b>15,691</b>
Provision for sales returns	7	(11)
<b>Gross profit-net</b>	<b>14,468</b>	<b>15,702</b>
<b>Selling, general and administrative expenses</b>		
Freightage related expenses	4,713	4,864
Advertising and promotion expenses	356	415
Provision of allowance for doubtful accounts	–	(21)
Salaries and allowances	3,226	3,338
Bonuses	432	489
Share-based compensation expenses	33	32
Welfare expenses	788	799
Provision for bonuses	85	99
Retirement benefit expenses	387	388
Traveling and transportation expenses	575	609
Communication expenses	254	294
Rent expenses	588	628
Depreciation	152	147
Other	1,094	1,284
<b>Total selling, general and administrative expenses</b>	<b>12,691</b>	<b>13,369</b>
<b>Operating income</b>	<b>1,777</b>	<b>2,333</b>
<b>Non-operating income</b>		
Interest income	15	17
Dividends income	189	103
Foreign exchange gains	–	44
Subsidy income	42	42
Other	103	109
<b>Total non-operating income</b>	<b>351</b>	<b>317</b>

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
<b>Non-operating expenses</b>		
Interest expenses	101	128
Commission fee	17	18
Equity loss of Investment securities	4	5
Other	31	15
Total non-operating expenses	155	167
<b>Ordinary income</b>	<b>1,972</b>	<b>2,483</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	10	8
Gain on redemption of investment securities	–	30
Gain on sales of noncurrent assets	–	46
Reversal of allowance for doubtful accounts	44	–
Total extraordinary income	55	84
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	421	12
Loss on sales of investment securities	103	61
Loss on redemption of investment securities	67	34
Loss on sales of noncurrent assets	–	69
Loss on retirement of noncurrent assets	0	2
Loss on retirement of long-term prepaid expenses	0	10
Loss on valuation of goods	–	71
Provision of allowance for doubtful accounts	28	–
Other	53	13
Total extraordinary loss	676	276
<b>Income before income taxes</b>	<b>1,351</b>	<b>2,291</b>
Income taxes-current	380	881
Income taxes-deferred	209	135
Total income taxes	589	1,016
<b>Net income</b>	<b>761</b>	<b>1,275</b>



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

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
<b>Shareholders' equity</b>		
Capital stock		
Balance at the beginning of the current 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 beginning of the current 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
Total capital surplus		
Balance at the beginning of the current 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
Retained earnings		
Legal retained earnings		
Balance at the beginning of the current 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 beginning of the current period	1,034	1,118
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	(6)	(114)
Total changes of items during the period	84	(114)
Balance at the end of the current period	1,118	1,003
General reserve		
Balance at the beginning of the current 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 29, 2012	For the current fiscal year ended February 28, 2013
<b>Retained earnings brought forward</b>		
Balance at the beginning of the current period	870	1,167
<b>Changes of items during the period</b>		
Dividends from surplus	(377)	(469)
Net income	761	1,275
Disposal of treasury stock	(2)	(0)
Provision of reserve for advanced depreciation of noncurrent assets	(90)	–
Reversal of reserve for advanced depreciation of noncurrent assets	6	114
Reversal of revaluation reserve for land	–	(248)
Total changes of items during the period	297	670
Balance at the end of the current period	1,167	1,838
<b>Total retained earnings</b>		
Balance at the beginning of the current period	18,210	18,591
<b>Changes of items during the period</b>		
Dividends from surplus	(377)	(469)
Net income	761	1,275
Disposal of treasury stock	(2)	(0)
Provision of reserve for advanced depreciation of noncurrent assets	–	–
Reversal of reserve for advanced depreciation of noncurrent assets	–	–
Reversal of revaluation reserve for land	–	(248)
Total changes of items during the period	381	556
Balance at the end of the current period	18,591	19,148
<b>Treasury stock</b>		
Balance at the beginning of the current period	(235)	(440)
<b>Changes of items during the period</b>		
Purchase of treasury stock	(222)	(168)
Disposal of treasury stock	17	7
Total changes of items during the period	(204)	(161)
Balance at the end of the current period	(440)	(601)
<b>Total shareholders' equity</b>		
Balance at the beginning of the current period	25,746	25,922
<b>Changes of items during the period</b>		
Dividends from surplus	(377)	(469)
Net income	761	1,275
Purchase of treasury stock	(222)	(168)
Disposal of treasury stock	14	7
Reversal of revaluation reserve for land	–	(248)
Total changes of items during the period	176	395
Balance at the end of the current period	25,922	26,317

(Millions of yen)

	For the previous fiscal year ended February 29, 2012	For the current fiscal year ended February 28, 2013
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities		
Balance at the beginning of the current period	138	270
Changes of items during the period		
Net changes of items other than shareholders' equity	132	291
Total changes of items during the period	132	291
Balance at the end of the current period	270	561
Deferred gains or losses on hedges		
Balance at the beginning of the current period	(260)	453
Changes of items during the period		
Net changes of items other than shareholders' equity	714	1,372
Total changes of items during the period	714	1,372
Balance at the end of the current period	453	1,826
Revaluation reserve for land		
Balance at the beginning of the current period	(262)	(120)
Changes of items during the period		
Reversal of revaluation reserve for land	–	248
Net changes of items other than shareholders' equity	141	53
Total changes of items during the period	141	302
Balance at the end of the current period	(120)	181
Total valuation and translation adjustments		
Balance at the beginning of the current period	(384)	603
Changes of items during the period		
Reversal of revaluation reserve for land	–	248
Net changes of items other than shareholders' equity	988	1,717
Total changes of items during the period	988	1,966
Balance at the end of the current period	603	2,569
Subscription rights to shares		
Balance at the beginning of the current period	92	112
Changes of items during the period		
Net changes of items other than shareholders' equity	19	25
Total changes of items during the period	19	25
Balance at the end of the current period	112	137
Net assets		
Balance at the beginning of the current period	25,453	26,638
Changes of items during the period		
Dividends from surplus	(377)	(469)
Net income	761	1,275
Purchase of treasury stock	(222)	(168)
Disposal of treasury stock	14	7
Reversal of revaluation reserve for land	–	–
Net changes of items other than shareholders' equity	1,007	1,743
Total changes of items during the period	1,184	2,387
Balance at the end of the current period	26,638	29,025

(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 101th fiscal year (From March 1, 2011 to February 29, 2012)		The 102nd fiscal year (From March 1, 2012 to February 28, 2013)		Increase (decrease) from the previous fiscal year
	Net sales	Composition ratio	Net sales	Composition ratio	
Ladies' apparel	36,221	56.3	40,058	58.7	10.6
Baby/ Kids' apparel	11,281	17.5	11,169	16.4	(1.0)
Homeware	4,663	7.3	4,956	7.3	6.3
Textile/ OEM	10,527	16.4	10,340	15.2	(1.8)
Others	1,580	2.5	1,656	2.4	4.8
Total	64,271	100.0	68,179	100.0	6.1

\* Sales of rental business are not included.