

**Consolidated Financial Results
for the Three Months Ended May 31, 2013
[Japanese GAAP]**



June 28, 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 for filing of quarterly securities report: July 5, 2013
 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, 2013 (March 1, 2013 to May 31, 2013)

(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, 2013	19,635	4.5	373	(64.3)	453	(57.7)	271	(54.0)
Three months ended May 31, 2012	18,796	15.4	1,045	203.9	1,070	192.0	589	–

(Note) Comprehensive income: Three months ended May 31, 2013: ¥1,480 million (–%)
 Three months ended May 31, 2012: ¥35 million [(62.8)%]

	Net income per share	Diluted net income per share
	yen	yen
Three months ended May 31, 2013	5.82	5.78
Three months ended May 31, 2012	12.56	12.48

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of May 31, 2013	55,841	32,899	58.7	703.23
As of February 28, 2013	53,311	31,606	59.0	675.81

(Reference) Equity: As of May 31, 2013: ¥32,779 million
 As of February 28, 2013: ¥31,468 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 28, 2013	–	4.00	–	4.00	8.00
Fiscal year ending February 28, 2014	–				
Fiscal year ending February 28, 2014 (Forecast)		4.00	–	4.00	8.00

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

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

(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: Yes
 - 2) Any changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: Yes
 - 4) Restatements: No
- (Note) This information is presented in compliance with Article 10-5 of “Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.” For details, please refer to “2. Matters Related to Summary Information (Others), (1) Changes in accounting policies, changes in accounting estimates and restatements” on page 2 of the Appendix.

(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, 2013	48,000,000 shares
February 28, 2013	48,000,000 shares

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

May 31, 2013	1,387,075 shares
February 28, 2013	1,435,322 shares

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

Three months ended May 31, 2013	46,602,139 shares
Three months ended May 31, 2012	46,934,556 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 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, 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.

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

(1) Qualitative Information on Consolidated Results of Operations

During the three months ended May 31, 2013, the Japanese economy experienced a mild recovery trend due to the emergency economic measures implemented by the government, and there were signs of improvement in corporate performance mainly for export businesses. However, the outlook for the future is still uncertain and the situation continues to be unpredictable.

In the operational environment surrounding Takihyo Co., Ltd. (the “Company”), although some positive signs could be seen in consumer behavior, conditions were severe for all retail models as consumers’ concern with saving money remained high, and trends in spring and summer products were impacted by undesirable weather and low temperatures.

In this tough environment, during the three months ended May 31, 2013, the Group continued its efforts to expand net sales by stepping up initiatives with leading specialist retailers and mail-order businesses as well as brands affiliated with station buildings and fashion-oriented buildings, and by cultivating new customers.

Nevertheless, profit margins fell due to rising cost of sales associated with foreign exchange factors such as an exchange rate that at one point reached 103 yen to the U.S. dollar following the announcement of new monetary easing measures by the Bank of Japan in April, in addition to the progressively weaker yen from the beginning of this year.

As a result, consolidated performance in the three months ended May 31, 2013 registered 19,635 million yen net sales (4.5% increase from the previous corresponding period), 373 million yen operating income (64.3% decrease from the previous corresponding period), 453 million yen ordinary income (57.7% decrease from the previous corresponding period), and 271 million yen net income (54.0% decrease from the previous corresponding period).

(2) Qualitative Information on Consolidated Financial Position

1) Assets

Current assets increased by 2,486 million yen compared with the end of the previous fiscal year, to 28,721 million yen, due primarily to 658 million yen increase in cash and deposits, 215 million yen increase in notes and accounts receivable-trade, 287 million yen increase in inventories and 1,243 million yen increase in derivatives.

Noncurrent assets increased by 43 million yen compared with the end of the previous fiscal year, to 27,119 million yen, due primarily to 156 million yen increase in investment securities, despite 18 million yen decrease in long-term retaining claims and 73 million yen decrease in long-term guarantee deposit.

As a result, total assets increased by 2,529 million yen compared with the end of the previous fiscal year, to 55,841 million yen.

2) Liabilities

Liabilities increased by 1,237 million yen compared with the end of the previous fiscal year, to 22,941 million yen, due primarily to 3,230 million yen increase in loans payable and 379 million yen increase in accounts payable-other, despite 2,528 million yen decrease in notes and accounts payable-trade.

3) Net assets

Net assets increased by 1,292 million yen compared with the end of the previous fiscal year, to 32,899 million yen, due primarily to 81 million yen increase in retained earnings and 1,208 million yen increase 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, 2013.

2. Matters Related to Summary Information (Others)

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

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

In compliance with the amendment of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries, from the three months ended May 31, 2013 changed over to the depreciation method based on the amended Act, for the property, plant and equipment acquired on and after March 1, 2013.

The impact resulting from the above change on profit or loss for the three months ended May 31, 2013 was minimal.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2013	As of May 31, 2013
Assets		
Current assets		
Cash and deposits	3,136	3,795
Notes and accounts receivable-trade	15,631	15,846
Inventories	3,951	4,238
Other	3,536	4,854
Allowance for doubtful accounts	(20)	(12)
Total current assets	26,235	28,721
Noncurrent assets		
Property, plant and equipment		
Land	17,720	17,720
Other, net	3,105	3,106
Total property, plant and equipment	20,826	20,827
Intangible assets	488	473
Investments and other assets		
Investment securities	4,443	4,600
Other	1,456	1,339
Allowance for doubtful accounts	(137)	(119)
Total investments and other assets	5,761	5,819
Total noncurrent assets	27,076	27,119
Total assets	53,311	55,841
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,684	7,155
Short-term loans payable	280	3,735
Current portion of long-term loans payable	1,000	1,000
Income taxes payable	856	151
Provision	170	278
Other	3,316	4,251
Total current liabilities	15,307	16,573
Noncurrent liabilities		
Long-term loans payable	4,725	4,500
Provision for retirement benefits	458	480
Provision for directors' retirement benefits	190	176
Asset retirement obligations	121	119
Other	902	1,093
Total noncurrent liabilities	6,397	6,368
Total liabilities	21,704	22,941

(Millions of yen)

	As of February 28, 2013	As of May 31, 2013
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	21,911	21,993
Treasury stock	(601)	(581)
Total shareholders' equity	29,080	29,183
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	457	838
Deferred gains or losses on hedges	1,831	2,619
Revaluation reserve for land	181	181
Foreign currency translation adjustment	(83)	(43)
Total accumulated other comprehensive income	2,387	3,596
Subscription rights to shares	137	119
Total net assets	31,606	32,899
Total liabilities and net assets	53,311	55,841

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the three months ended May 31, 2012	For the three months ended May 31, 2013
Net sales	18,796	19,635
Cost of sales	14,098	15,524
Gross profit	4,698	4,111
Provision for sales returns	3	1
Gross profit-net	4,695	4,110
Selling, general and administrative expenses	3,650	3,736
Operating income	1,045	373
Non-operating income		
Interest income	3	25
Dividends income	22	19
Foreign exchange gains	–	9
Subsidy income	42	53
Other	26	19
Total non-operating income	95	127
Non-operating expenses		
Interest expenses	37	32
Foreign exchange losses	20	–
Charity	1	–
Other	11	15
Total non-operating expenses	69	48
Ordinary income	1,070	453
Extraordinary income		
Gain on sales of noncurrent assets	36	0
Gain on sales of investment securities	–	4
Total extraordinary income	36	4
Extraordinary loss		
Loss on valuation of investment securities	76	–
Loss on sales of noncurrent assets	41	–
Loss on sales of golf club memberships	–	1
Other	9	0
Total extraordinary loss	127	1
Income before income taxes and minority interests	979	455
Income taxes	389	184
Income before minority interests	589	271
Net income	589	271

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended May 31, 2012	For the three months ended May 31, 2013
Income before minority interests	589	271
Other comprehensive income		
Valuation difference on available-for-sale securities	(182)	380
Deferred gains or losses on hedges	(388)	787
Foreign currency translation adjustment	17	39
Total other comprehensive income	(554)	1,208
Comprehensive income	35	1,480
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	35	1,480

(3) Notes on Going Concern Assumption

Not applicable.

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

Not applicable.