

Consolidated Financial Results
for the Nine Months Ended November 30, 2013
[Japanese GAAP]



December 26, 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: January 10, 2014
 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 Nine Months Ended November 30, 2013 (March 1, 2013 to November 30, 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	%
Nine months ended November 30, 2013	61,002	7.1	1,835	(36.5)	1,925	(34.5)	1,204	(27.2)
Nine months ended November 30, 2012	56,940	9.1	2,892	49.9	2,940	48.9	1,654	173.7

(Note) Comprehensive income: Nine months ended November 30, 2013: ¥1,197 million [(32.3)%]
 Nine months ended November 30, 2012: ¥1,768 million [141.8%]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended November 30, 2013	25.84	25.62
Nine months ended November 30, 2012	35.25	34.97

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of November 30, 2013	58,603	32,462	55.1	693.08
As of February 28, 2013	53,311	31,606	59.0	675.81

(Reference) Equity: As of November 30, 2013: ¥32,314 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	–	4.00	–		
Fiscal year ending February 28, 2014 (Forecast)				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
Full year	80,000	7.3	1,750	(36.2)	1,900	(33.9)	1,200	(16.9)	25.74

(Note) Revision of forecast results from recently announced figures: No

* 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):

November 30, 2013	48,000,000 shares
February 28, 2013	48,000,000 shares

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

November 30, 2013	1,376,215 shares
February 28, 2013	1,435,322 shares

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

Nine months ended November 30, 2013	46,614,086 shares
Nine months ended November 30, 2012	46,934,377 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) Explanation on Results of Operations

During the nine months ended November 30, 2013, the Japanese economy headed toward a mild self-sustained recovery against the backdrop of factors such as an improvement in corporate earnings and a recovery in stock prices.

According to the Consumer Confidence Survey published by the Cabinet Office, the base for consumer confidence of individual consumers is improving.

However, concerning clothing, harsh conditions persist for storefront conditions within each retail business type, apart from a small number of exceptions.

Amid these circumstances, the Company made efforts to expand net sales in order to offset the decrease in profit margins caused by the continuing depreciation of the yen. As a result, net sales increased, but were unable to cover the decrease in profit margins caused by the continuing depreciation of the yen, and operating income decreased.

The Group has declared “Global Challenge” as its medium- to long-term vision, and established the Representative Office in Ho Chi Minh City to put this vision into concrete shape. In a continuing effort to recover from the decrease in profit margins, the Group will further expand production bases in the ASEAN countries, beginning with inland China, Vietnam, and Cambodia.

As for the retail business, the new brand “BERARDI” was launched in 30 major department stores nationwide from this spring season.

In the rental business, the Company decided to lease property it owns in Sakae 3-chome to PARCO CO., LTD. A new type of shop-based commercial complex “ZERO GATE” is scheduled to open in the fall of 2014.

Also, in June, the Company opened its second Komeda Coffee Shop as a franchisee in Kinshicho, Tokyo.

As a result, consolidated performance in the nine months ended November 30, 2013 registered 61,002 million yen net sales (7.1% increase from the previous corresponding period), 1,835 million yen operating income (36.5% decrease from the previous corresponding period), 1,925 million yen ordinary income (34.5% decrease from the previous corresponding period) and 1,204 million yen net income (27.2% decrease from the previous corresponding period).

(2) Explanation on Financial Position

1) Assets

Current assets increased by 5,089 million yen compared with the end of the previous fiscal year, to 31,325 million yen, due primarily to 5,251 million yen increase in notes and accounts receivable-trade.

Noncurrent assets increased by 202 million yen compared with the end of the previous fiscal year, to 27,278 million yen, due primarily to 205 million yen increase in investment securities.

As a result, total assets increased by 5,292 million yen compared with the end of the previous fiscal year, to 58,603 million yen.

2) Liabilities

Liabilities increased by 4,435 million yen compared with the end of the previous fiscal year, to 26,140 million yen, due primarily to 3,130 million yen increase in loans payable and 1,511 million yen increase in accounts payable-other.

3) Net assets

Net assets increased by 856 million yen compared with the end of the previous fiscal year, to 32,462 million yen, due primarily to 827 million yen increase in retained earnings.

(3) Explanation on Future Predictions Such as Consolidated Financial Results Forecast

Financial results forecast has not been changed since the earlier announcement on September 27, 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 Act, 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 nine months ended November 30, 2013 was minimal.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2013	As of November 30, 2013
Assets		
Current assets		
Cash and deposits	3,136	2,445
Notes and accounts receivable-trade	15,631	20,882
Inventories	3,951	5,131
Other	3,536	2,882
Allowance for doubtful accounts	(20)	(16)
Total current assets	26,235	31,325
Noncurrent assets		
Property, plant and equipment		
Land	17,720	17,720
Other, net	3,105	3,121
Total property, plant and equipment	20,826	20,841
Intangible assets	488	447
Investments and other assets		
Investment securities	4,443	4,649
Other	1,456	1,452
Allowance for doubtful accounts	(137)	(112)
Total investments and other assets	5,761	5,989
Total noncurrent assets	27,076	27,278
Total assets	53,311	58,603
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,684	9,934
Short-term loans payable	280	4,135
Current portion of long-term loans payable	1,000	1,000
Income taxes payable	856	213
Provision	170	300
Other	3,316	4,512
Total current liabilities	15,307	20,096
Noncurrent liabilities		
Long-term loans payable	4,725	4,000
Provision for retirement benefits	458	521
Provision for directors' retirement benefits	190	176
Asset retirement obligations	121	121
Other	902	1,224
Total noncurrent liabilities	6,397	6,044
Total liabilities	21,704	26,140

(Millions of yen)

	As of February 28, 2013	As of November 30, 2013
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	21,911	22,739
Treasury stock	(601)	(576)
Total shareholders' equity	29,080	29,933
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	457	912
Deferred gains or losses on hedges	1,831	1,305
Revaluation reserve for land	181	181
Foreign currency translation adjustment	(83)	(19)
Total accumulated other comprehensive income	2,387	2,380
Subscription rights to shares	137	148
Total net assets	31,606	32,462
Total liabilities and net assets	53,311	58,603

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the nine months ended November 30, 2012	For the nine months ended November, 2013
Net sales	56,940	61,002
Cost of sales	43,548	48,457
Gross profit	13,391	12,544
Provision for sales returns	16	15
Gross profit-net	13,375	12,529
Selling, general and administrative expenses	10,482	10,694
Operating income	2,892	1,835
Non-operating income		
Interest income	19	35
Dividends income	52	57
Subsidy income	42	53
Other	63	72
Total non-operating income	178	218
Non-operating expenses		
Interest expenses	92	100
Other	37	27
Total non-operating expenses	130	128
Ordinary income	2,940	1,925
Extraordinary income		
Gain on sales of investment securities	7	101
Gain on sales of noncurrent assets	40	0
Total extraordinary income	48	101
Extraordinary loss		
Loss on valuation of investment securities	28	–
Loss on sales of investment securities	61	–
Loss on sales of noncurrent assets	54	–
Loss on retirement of noncurrent assets	3	17
Office transfer expenses	–	5
Other	11	1
Total extraordinary losses	159	24
Income before income taxes and minority interests	2,828	2,003
Income taxes	1,174	798
Income before minority interests	1,654	1,204
Net income	1,654	1,204

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended November 30, 2012	For the nine months ended November 30, 2013
Income before minority interests	1,654	1,204
Other comprehensive income		
Valuation difference on available-for-sale securities	(55)	454
Deferred gains or losses on hedges	129	(525)
Revaluation reserve for land	38	–
Foreign currency translation adjustment	2	63
Total other comprehensive income	113	(7)
Comprehensive income	1,768	1,197
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,768	1,197

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

Not applicable.