

Consolidated Financial Results for the Nine Months Ended November 30, 2014 [Japanese GAAP]



December 25, 2014

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)

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Scheduled date of commencing dividend payments: —

Scheduled date for filing of quarterly securities report: January 9, 2015

Availability of supplementary briefing material on quarterly results: Not available

Schedule of quarterly results briefing session: Not available

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended November 30, 2014 (March 1, 2014 to November 30, 2014)

(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, 2014	58,152	(4.7)	1,914	4.3	2,073	7.7	965	(19.8)
Nine months ended November 30, 2013	61,002	7.1	1,835	(36.5)	1,925	(34.5)	1,204	(27.2)

(Note) Comprehensive income: Nine months ended November 30, 2014: ¥4,698 million [292.4%]
 Nine months ended November 30, 2013: ¥1,197 million [(32.3)%]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended November 30, 2014	20.71	20.50
Nine months ended November 30, 2013	25.84	25.62

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of November 30, 2014	64,903	36,090	55.3	770.58
As of February 28, 2014	53,193	31,744	59.4	677.68

(Reference) Equity: As of November 30, 2014: ¥35,913 million
 As of February 28, 2014: ¥31,595 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, 2014	—	4.00	—	4.00	8.00
Fiscal year ending February 28, 2015	—	4.00	—		
Fiscal year ending February 28, 2015 (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, 2015 (March 1, 2014 to February 28, 2015)

(% 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	82,000	3.3	2,100	9.3	2,100	4.5	1,000	(13.3)	21.45

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

*Notes

- (1) Significant changes of subsidiaries during the period under review : No
(affecting specified subsidiaries resulting in changes in scope of consolidation)
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements : No
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- 1) Changes in accounting policies due to the revision of accounting standards : No
 - 2) Any changes in accounting policies other than 1) above : No
 - 3) Changes in accounting estimates : No
 - 4) Restatements : No
- (4) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock):

November 30, 2014	48,000,000 shares
February 28, 2014	48,000,000 shares
 - 2) Total number of treasury stock at the end of the period:

November 30, 2014	1,393,709 shares
February 28, 2014	1,377,035 shares
 - 3) Average number of shares during the period (cumulative):

Nine months ended November 30, 2014	46,620,104 shares
Nine months ended November 30, 2013	46,614,086 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.

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

(1) Qualitative Information on Results of Operations

During the nine months ended November 30, 2014, the Japanese economy had negative economic growth of real GDP (Gross Domestic Product) for the second consecutive quarter for the July-September quarter, and thus there is uncertainty over the course of the Japanese economy.

In particular, with regards to personal consumption accounting for about 60% of GDP, real wages encountered negative growth for the 14th consecutive month. The impacts of the consumption tax increase linger longer than expected, which means we are still in a difficult situation.

In clothing markets, in addition to low personal consumption, stores had difficulties due to a lack of leading trends, as well as harsh weather conditions such as typhoons and torrential rains.

Under these circumstances, the Group made efforts to develop new production bases within inland areas of China and ASEAN countries, carry out negotiations to review sales prices and reduce distribution costs that account for approximately 30% of selling, general and administrative expenses.

As a result, consolidated performance for the nine months ended November 30, 2014 registered 58,152 million yen net sales (4.7% decrease from the previous corresponding period), 1,914 million yen operating income (4.3% increase from the previous corresponding period), 2,073 million yen ordinary income (7.7% increase from the previous corresponding period), while we recorded 965 million yen net income (19.8% decrease from the previous corresponding period) as a result of non-recurring amortization of goodwill and the impairment accounting of non-current assets used for operations in Max & Growing Co., Ltd., a consolidated subsidiary, after a conservative review of its business plan.

(2) Qualitative Information on Financial Position

1) Assets

Current assets increased by 9,144 million yen compared with the end of the previous fiscal year, to 35,589 million yen, due primarily to 3,167 million yen increase in cash and deposits, 1,746 million yen increase in notes and accounts receivable-trade and 4,635 million yen increase in derivatives.

Non-current assets increased by 2,565 million yen compared with the end of the previous fiscal year, to 29,313 million yen, due primarily to an increase of 1,094 million yen in land, 447 million yen increase in investment securities, and 475 million yen increase in derivatives.

As a result, total assets increased by 11,709 million yen compared with the end of the previous fiscal year, to 64,903 million yen.

2) Liabilities

Liabilities increased by 7,363 million yen compared with the end of the previous fiscal year, to 28,812 million yen, due primarily to 4,715 million yen increase in loans payable and 1,410 million yen increase in accounts payable-other.

3) Net assets

Net assets increased by 4,346 million yen compared with the end of the previous fiscal year, to 36,090 million yen, due primarily to 3,732 million yen increase in accumulated other comprehensive income.

(3) Explanation of Forecast and Other Forward-looking Statements

Financial results forecast for the fiscal year ending February 28, 2015 has been revised after an earlier announcement on March 31, 2014.

For further details, please refer to “Notice Concerning Extraordinary Losses and Revision of the Forecast” announced today.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2014	As of November 30, 2014
Assets		
Current assets		
Cash and deposits	2,917	6,084
Notes and accounts receivable-trade	17,334	19,081
Inventories	4,152	3,886
Other	2,054	6,554
Allowance for doubtful accounts	(13)	(17)
Total current assets	26,445	35,589
Non-current assets		
Property, plant and equipment		
Land	17,656	18,751
Other, net	3,132	4,045
Total property, plant and equipment	20,788	22,797
Intangible assets	441	94
Investments and other assets		
Investment securities	4,269	4,717
Other	1,354	1,755
Allowance for doubtful accounts	(106)	(50)
Total investments and other assets	5,518	6,422
Total non-current assets	26,748	29,313
Total assets	53,193	64,903
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,974	8,317
Short-term loans payable	1,780	7,220
Current portion of long-term loans payable	900	1,575
Income taxes payable	205	724
Provision	154	267
Other	2,702	5,882
Total current liabilities	15,717	23,986
Non-current liabilities		
Long-term loans payable	3,825	2,425
Provision for retirement benefits	433	515
Provision for directors' retirement benefits	176	176
Asset retirement obligations	114	129
Other	1,182	1,579
Total non-current liabilities	5,732	4,826
Total liabilities	21,449	28,812

	As of February 28, 2014	As of November 30, 2014
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	22,727	23,319
Treasury shares	(577)	(584)
Total shareholders' equity	29,921	30,506
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	751	1,156
Deferred gains or losses on hedges	763	4,068
Revaluation reserve for land	142	142
Foreign currency translation adjustment	16	40
Total accumulated other comprehensive income	1,674	5,407
Subscription rights to shares	148	176
Total net assets	31,744	36,090
Total liabilities and net assets	53,193	64,903

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

(Millions of yen)

	For the nine months ended November 30, 2013	For the nine months ended November 30, 2014
Net sales	61,002	58,152
Cost of sales	48,457	46,036
Gross profit	12,544	12,115
Provision for sales returns	15	4
Gross profit-net	12,529	12,111
Selling, general and administrative expenses	10,694	10,196
Operating income	1,835	1,914
Non-operating income		
Interest income	35	37
Dividend income	57	59
Subsidy income	53	53
Other	72	122
Total non-operating income	218	272
Non-operating expenses		
Interest expenses	100	83
Other	27	30
Total non-operating expenses	128	113
Ordinary income	1,925	2,073
Extraordinary income		
Gain on sales of investment securities	101	-
Gain on sales of non-current assets	0	183
Total extraordinary income	101	183
Extraordinary losses		
Loss on retirement of non-current assets	17	20
Impairment loss	-	340
Other	6	24
Total extraordinary losses	24	385
Income before income taxes and minority interests	2,003	1,871
Income taxes	798	906
Income before minority interests	1,204	965
Net income	1,204	965

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended November 30, 2013	For the nine months ended November 30, 2014
Income before minority interests	1,204	965
Other comprehensive income		
Valuation difference on available-for-sale securities	454	404
Deferred gains or losses on hedges	(525)	3,304
Foreign currency translation adjustment	63	23
Total other comprehensive income	(7)	3,732
Comprehensive income	1,197	4,698
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,197	4,698

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

Not applicable.