

# Consolidated Financial Results for the Six Months Ended August 31, 2015 [Japanese GAAP]



September 28, 2015

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: October 27, 2015  
 Scheduled date for filing of quarterly securities report: October 5, 2015  
 Availability of supplementary briefing material on quarterly results: None  
 Schedule of quarterly results briefing session: None

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Six Months Ended August 31, 2015 (March 1, 2015 to August 31, 2015)

(1) Consolidated Results of Operations (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended August 31, 2015	38,945	8.1	1,032	78.4	1,162	74.4	811	82.4
Six months ended August 31, 2014	36,034	(3.4)	578	18.4	666	19.2	444	26.8

(Note) Comprehensive income: Six months ended August 31, 2015: ¥(468) million [—%]

Six months ended August 31, 2014: ¥844 million [—%]

	Net income per share	Diluted net income per share
	yen	yen
Six months ended August 31, 2015	17.41	17.21
Six months ended August 31, 2014	9.54	9.45

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of August 31, 2015	57,778	35,035	60.3	747.47
As of February 28, 2015	61,041	35,660	58.1	761.52

(Reference) Equity: As of August 31, 2015: ¥34,827 million  
 As of February 28, 2015: ¥35,483 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, 2015	–	4.00	–	4.00	8.00
Fiscal year ending February 29, 2016	–	4.00			
Fiscal year ending February 29, 2016 (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 29, 2016 (March 1, 2015 to February 29, 2016)

(% 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	79,500	2.4	2,700	20.1	2,850	18.6	1,700	60.3	36.49

(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: No
  - 4) Restatements: No
- (4) Total number of issued shares (common shares)

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

August 31, 2015	48,000,000 shares
February 28, 2015	48,000,000 shares

- 2) Total number of treasury shares at the end of the period:

August 31, 2015	1,405,948 shares
February 28, 2015	1,404,808 shares

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

Six months ended August 31, 2015	46,594,800 shares
Six months ended August 31, 2014	46,621,768 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 six months ended August 31, 2015, the Japanese economy experienced negative real GDP growth (on a preliminary basis) for the April to June quarter for the first time in three quarters, due to sharp declines in personal consumption and exports. In addition, the economy has been experiencing large economic fluctuations since July 2015, when stock prices worldwide dropped due to concerns over the economic slowdown in China. With regard to personal consumption, while real wages turned positive for the first time in two years and some other positive indications were seen, there was sluggish growth in consumer prices, and consumer sentiment about apparel products lacked momentum. Coupled with the entrenchment of the weak yen trend since last year and the rise in production costs, conditions have remained challenging in terms of earnings.

Amidst these circumstances, starting from the year under review, the Company is working to establish sales groups by sales channel and proactively acquire new clients and further deepen relationships with existing clients, with the aim of expanding its share of the industry's sales. Furthermore, the Company is implementing measures to cooperate with clients from the materials stage, in order to improve the added value of products. Moreover, to reduce production costs, the Company is developing new collaborative factories in northeastern and inland areas of China, as well as in ASEAN countries. As part of "Global Challenge", which encompasses the Company's medium- and long-term targets, the Company exhibited for the first time at the world's most prestigious fabric show "Première Vision", held in Paris in September. In addition, the Company's QC center in Dalian City, China, set up to raise the stability of quality, became fully operational in July 2015.

As a result of the above measures, consolidated performance in the six months ended August 31, 2015 registered 38,945 million yen net sales (8.1% increase from the previous corresponding period), 1,032 million yen operating income (78.4% increase from the previous corresponding period), 1,162 million yen ordinary income (74.4% increase from the previous corresponding period), and 811 million yen net income (82.4% increase from the previous corresponding period).

### (2) Qualitative Information on Financial Position

#### 1) Assets

Current assets decreased by 3,476 million yen compared with the end of the previous fiscal year, to 28,385 million yen, due primarily to a 1,863 million yen decrease in notes and accounts receivable-trade and a 2,386 million yen decrease in derivatives, despite a 260 million yen increase in cash and deposits and a 343 million yen increase in inventories.

Non-current assets increased by 213 million yen compared with the end of the previous fiscal year, to 29,393 million yen, due primarily to an increase of 248 million yen in property, plant and equipment.

As a result, total assets decreased by 3,262 million yen compared with the end of the previous fiscal year, to 57,778 million yen.

## 2) Liabilities

Liabilities decreased by 2,638 million yen compared with the end of the previous fiscal year, to 22,743 million yen, due primarily to a 1,105 million yen decrease in notes and accounts payable-trade, a 473 million yen decrease in accounts payable-other and an 884 million yen decrease in deferred tax liabilities.

## 3) Net assets

Net assets decreased by 624 million yen compared with the end of the previous fiscal year, to 35,035 million yen, due primarily to a 1,280 million yen decrease in accumulated other comprehensive income, despite a 624 million yen increase in retained earnings.

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

Differences between consolidated projections and actual results for the second quarter (six months) of the fiscal year ending February 29, 2016 are disclosed in “Notice regarding Differences between Consolidated Projections and Actual Results for the Second Quarter (Six Months) of the Fiscal Year ending February 29, 2016” announced today (September 28, 2015). Meanwhile, the financial results forecast for the full year has not been changed since its earlier announcement on March 30, 2015.

## 2. Items Regarding Summary Information (Items of Note)

### (1) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

#### (Changes in Accounting Policies)

Application of Accounting Standard for Retirement Benefits, etc.

Effective from the three months ended May 31, 2015, the Company has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; hereinafter referred to as the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter referred to as the “Guidance on Retirement Benefits”) pursuant to the provisions stated in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Guidance on Retirement Benefits. Following this application, calculation methods for benefit obligations and service costs have been reevaluated, and the discount rate used in calculations has been changed from a discount rate that approximates the average remaining service years of employees to a discount rate that is a single weighted average which reflects the expected payment period for retirement benefits and amounts for each expected payment period.

Furthermore, this change does not have any effect on retained earnings, income or losses at the beginning of the period under review.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2015	As of August 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	3,167	3,427
Notes and accounts receivable-trade	18,131	16,268
Inventories	5,001	5,344
Other	5,573	3,355
Allowance for doubtful accounts	(12)	(10)
Total current assets	31,861	28,385
Non-current assets		
Property, plant and equipment		
Land	18,751	18,890
Other, net	4,027	4,137
Total property, plant and equipment	22,779	23,027
Intangible assets	97	184
Investments and other assets		
Investment securities	5,008	4,937
Other	1,343	1,290
Allowance for doubtful accounts	(47)	(46)
Total investments and other assets	6,303	6,182
Total non-current assets	29,180	29,393
Total assets	61,041	57,778
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	11,356	10,251
Short-term loans payable	1,740	2,290
Current portion of long-term loans payable	2,025	1,475
Income taxes payable	708	469
Provision	150	150
Other	5,254	3,865
Total current liabilities	21,235	18,501
Non-current liabilities		
Long-term loans payable	1,800	1,900
Provision for directors' retirement benefits	176	176
Net defined benefit liability	450	488
Asset retirement obligations	130	134
Other	1,590	1,542
Total non-current liabilities	4,146	4,241
Total liabilities	25,381	22,743

	As of February 28, 2015	As of August 31, 2015
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	23,414	24,039
Treasury shares	(588)	(589)
Total shareholders' equity	30,597	31,221
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,449	1,735
Deferred gains or losses on hedges	3,210	1,613
Revaluation reserve for land	141	155
Foreign currency translation adjustment	99	110
Remeasurements of defined benefit plans	(14)	(8)
Total accumulated other comprehensive income	4,886	3,606
Subscription rights to shares	176	207
Total net assets	35,660	35,035
Total liabilities and net assets	61,041	57,778



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

(Millions of yen)

	For the six months ended August 31, 2014	For the six months ended August 31, 2015
Net sales	36,034	38,945
Cost of sales	28,701	30,955
Gross profit	7,332	7,989
Provision for sales returns	(6)	(5)
Gross profit-net	7,338	7,994
Selling, general and administrative expenses	6,759	6,962
Operating income	578	1,032
Non-operating income		
Interest income	7	21
Dividend income	46	45
Subsidy income	53	53
Other	65	76
Total non-operating income	173	196
Non-operating expenses		
Interest expenses	52	51
Other	33	14
Total non-operating expenses	86	66
Ordinary income	666	1,162
Extraordinary income		
Gain on sales of non-current assets	183	83
Total extraordinary income	183	83
Extraordinary losses		
Loss on retirement of non-current assets	14	7
Other	0	-
Total extraordinary losses	15	7
Income before income taxes and minority interests	834	1,237
Income taxes	389	426
Income before minority interests	444	811
Net income	444	811

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the six months ended August 31, 2014	For the six months ended August 31, 2015
Income before minority interests	444	811
Other comprehensive income		
Valuation difference on available-for-sale securities	303	285
Deferred gains or losses on hedges	121	(1,597)
Revaluation reserve for land	-	14
Foreign currency translation adjustment	(25)	10
Remeasurements of defined benefit plans, net of tax	-	6
Total other comprehensive income	399	(1,280)
Comprehensive income	844	(468)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	844	(468)

(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.