

# Consolidated Financial Results for the Nine Months Ended November 30, 2015 [Japanese GAAP]



December 25, 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)  
 Representative: Kazuo Taki, CEO  
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 Scheduled date of commencing dividend payments: –  
 Scheduled date for filing of quarterly securities report: January 8, 2016  
 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 Nine Months Ended November 30, 2015 (March 1, 2015 to November 30, 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	%
Nine months ended November 30, 2015	63,839	9.8	2,404	25.6	2,529	22.0	1,743	80.6
Nine months ended November 30, 2014	58,152	(4.7)	1,914	4.3	2,073	7.7	965	(19.8)

(Note) Comprehensive income: Nine months ended November 30, 2015: ¥175 million [(96.3)%]

Nine months ended November 30, 2014: ¥4,698 million [292.4%]

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended November 30, 2015	37.42	36.98
Nine months ended November 30, 2014	20.71	20.50

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of November 30, 2015	63,447	35,493	55.6	757.30
As of February 28, 2015	61,041	35,660	58.1	761.52

(Reference) Equity: As of November 30, 2015: ¥35,285 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 dividends forecast 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):

November 30, 2015	48,000,000 shares
February 28, 2015	48,000,000 shares

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

November 30, 2015	1,406,448 shares
February 28, 2015	1,404,808 shares

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

Nine months ended November 30, 2015	46,594,526 shares
Nine months ended November 30, 2014	46,620,104 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, 2015, the Japanese economy continued its weak recovery, despite an increase in GDP (Gross Domestic Product) by 1.0% for the July to September quarter compared to the previous fiscal year, therefore preventing a negative growth to continue over two consecutive quarters. Especially noticeable was a downward revision in the preliminary results of personal consumption, which amounts to 60% of GDP. In the apparel industry, despite increases in sales in certain trending products such as the “coatigan” and the “gaucho pants,” sales in the volume zone (mid to low price range generating the largest volume of sales in the market) remained sluggish. Moreover, the yen rate has been fixed at 120 yen per 1 US dollar, a 10% increase compared to the previous corresponding period, leading to a rise in production costs and a continuation of the harsh economic climate.

Amidst these circumstances, the Company has begun offering one-stop product proposals through its sales department, newly established this fiscal year, in order to proactively acquire new clients and further deepen relationships with existing clients. Furthermore, through cooperating with clients from the materials stage, such as choosing yarn, added value of products is enhanced. Moreover, to reduce production costs, the Company is developing new collaborative factories in ASEAN countries, and in the northeastern and inland areas of China, as well as increasing productivity of its logistics operations.

As a result of the above measures, consolidated performance in the nine months ended November 30, 2015 registered ¥63,839 million net sales (9.8% increase from the previous corresponding period), ¥2,404 million operating income (25.6% increase from the previous corresponding period), ¥2,529 million ordinary income (22.0% increase from the previous corresponding period), and ¥1,743 million net income (80.6% increase from the previous corresponding period).

### (2) Qualitative Information on Financial Position

#### 1) Assets

Current assets increased by ¥1,953 million compared with the end of the previous fiscal year, to ¥33,814 million, due primarily to a ¥2,574 million increase in cash and deposits and a ¥2,619 million increase in notes and accounts receivable-trade, despite a ¥3,057 million decrease in derivatives.

Non-current assets increased by ¥452 million compared with the end of the previous fiscal year, to ¥29,632 million, due primarily to an increase of ¥138 million in land and an increase of ¥215 million in software in progress.

As a result, total assets increased by ¥2,405 million compared with the end of the previous fiscal year, to ¥63,447 million.

#### 2) Liabilities

Liabilities increased by ¥2,572 million compared with the end of the previous fiscal year, to ¥27,954 million, due primarily to a ¥6,000 million increase in loans payable, despite a ¥2,199 million decrease in notes and accounts payable-trade and a ¥1,147 million decrease in deferred tax liabilities.

### 3) Net assets

Net assets decreased by ¥166 million compared with the end of the previous fiscal year, to ¥35,493 million, due primarily to a ¥1,568 million decrease in accumulated other comprehensive income, despite a ¥1,370 million increase in retained earnings.

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

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 November 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	3,167	5,741
Notes and accounts receivable-trade	18,131	20,751
Inventories	5,001	4,774
Other	5,573	2,560
Allowance for doubtful accounts	(12)	(13)
Total current assets	31,861	33,814
Non-current assets		
Property, plant and equipment		
Land	18,751	18,890
Other, net	4,027	4,172
Total property, plant and equipment	22,779	23,062
Intangible assets	97	313
Investments and other assets		
Investment securities	5,008	4,920
Other	1,343	1,384
Allowance for doubtful accounts	(47)	(48)
Total investments and other assets	6,303	6,256
Total non-current assets	29,180	29,632
Total assets	61,041	63,447
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	11,356	9,156
Short-term loans payable	1,740	7,990
Current portion of long-term loans payable	2,025	1,150
Income taxes payable	708	562
Provision	150	273
Other	5,254	4,008
Total current liabilities	21,235	23,140
Non-current liabilities		
Long-term loans payable	1,800	2,425
Provision for directors' retirement benefits	176	176
Net defined benefit liability	450	504
Asset retirement obligations	130	135
Other	1,590	1,572
Total non-current liabilities	4,146	4,813
Total liabilities	25,381	27,954

	As of February 28, 2015	As of November 30, 2015
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	23,414	24,785
Treasury stock	(588)	(589)
Total shareholders' equity	30,597	31,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,449	1,793
Deferred gains or losses on hedges	3,210	1,285
Revaluation reserve for land	141	155
Foreign currency translation adjustment	99	88
Remeasurements of defined benefit plans	(14)	(5)
Total accumulated other comprehensive income	4,886	3,318
Subscription rights to shares	176	207
Total net assets	35,660	35,493
Total liabilities and net assets	61,041	63,447

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

(Millions of yen)

	For the nine months ended November 30, 2014	For the nine months ended November 30, 2015
Net sales	58,152	63,839
Cost of sales	46,036	50,873
Gross profit	12,115	12,965
Provision for sales returns	4	6
Gross profit, net	12,111	12,959
Selling, general and administrative expenses	10,196	10,554
Operating income	1,914	2,404
Non-operating income		
Interest income	37	25
Dividends income	59	56
Subsidy income	53	53
Other	122	96
Total non-operating income	272	231
Non-operating expenses		
Interest expenses	83	84
Other	30	22
Total non-operating expenses	113	106
Ordinary income	2,073	2,529
Extraordinary income		
Gain on redemption of investment securities	–	29
Gain on sales of non-current assets	183	83
Total extraordinary income	183	112
Extraordinary loss		
Loss on retirement of non-current assets	20	9
Impairment loss	340	–
Other	24	–
Total extraordinary losses	385	9
Income before income taxes and minority interests	1,871	2,632
Income taxes	906	889
Income before minority interests	965	1,743
Net income	965	1,743

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended November 30, 2014	For the nine months ended November 30, 2015
Income before minority interests	965	1,743
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	404	344
Deferred gains or losses on hedges, net of tax	3,304	(1,924)
Revaluation reserve for land, net of tax	–	14
Foreign currency translation adjustment, net of tax	23	(11)
Remeasurements of defined benefit plans, net of tax	–	9
Total other comprehensive income	3,732	(1,568)
Comprehensive income	4,698	175
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,698	175

(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.