Consolidated Financial Results
for the Fiscal Year Ended February 29, 2016
[Japanese GAAP]

March 31, 2016

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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Phone: +81-52-587-7011
Scheduled date of Ordinary General Meeting of Shareholders: May 25, 2016
Scheduled date of commencing dividend payments: May 26, 2016
Scheduled date for filing of annual securities report: May 27, 2016
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Available (for institutional investors)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended February 29, 2016 (March 1, 2015 to February 29, 2016)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended February 29, 2016	84,351	8.6	2,513	11.8	2,280	(5.1)	1,362	28.5
Fiscal year ended February 28, 2015	77,656	(2.2)	2,247	17.0	2,402	19.5	1,060	(8.0)

(Note) Comprehensive income: Fiscal year ended February 29, 2016: (¥3,973 million) [–%]
Fiscal year ended February 28, 2015: ¥4,287 million [795.6%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended February 29, 2016	29.24	28.89	4.1	3.9	3.0
Fiscal year ended February 28, 2015	22.75	22.52	3.2	4.2	2.9

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended February 29, 2016: ¥ – million
Fiscal year ended February 28, 2015: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 29, 2016	57,030	31,344	54.6	668.26
As of February 28, 2015	61,041	35,660	58.1	761.52

(Reference) Equity: As of February 29, 2016: ¥31,136 million
As of February 28, 2015: ¥35,483 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended February 29, 2016	1,420	(550)	(660)	3,217
Fiscal year ended February 28, 2015	3,507	(1,986)	(1,324)	3,035

2. Dividends

	Annual Dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended February 28, 2015	–	4.00	–	4.00	8.00	372	35.2	1.1
Fiscal year ended February 29, 2016	–	4.00	–	4.00	8.00	372	27.4	1.1
Fiscal year ending February 28, 2017 (Forecast)	–	4.00	–	4.00	8.00		21.9	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2017 (March 1, 2016 to February 28, 2017)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First six months	39,300	0.9	1,070	3.7	1,210	4.1	820	1.1	17.60
Full year	86,000	2.0	2,600	3.5	2,700	18.4	1,700	24.8	36.49

***Notes**

(1) Significant changes of subsidiaries during the year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): No

(2) 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

(3) Total number of issued shares (common stock)

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

February 29, 2016	48,000,000 shares
February 28, 2015	48,000,000 shares

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

February 29, 2016	1,406,760 shares
February 28, 2015	1,404,808 shares

3) Average number of shares during the period:

Fiscal year ended February 29, 2016	46,594,229 shares
Fiscal year ended February 28, 2015	46,614,678 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2016 (March 1, 2015 to February 29, 2016)

(1) Non-consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended February 29, 2016	78,488	10.2	2,235	2.7	1,936	(14.9)	1,070	64.2
Fiscal year ended February 28, 2015	71,246	(2.0)	2,176	26.3	2,276	28.3	651	(37.1)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended February 29, 2016	22.97	22.69
Fiscal year ended February 28, 2015	13.98	13.84

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 29, 2016	53,557	27,807	51.5	592.35
As of February 28, 2015	57,292	32,264	56.0	688.66

(Reference) Equity: As of February 29, 2016: ¥ 27,599 million
As of February 28, 2015: ¥ 32,088 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2017 (March 1, 2016 to February 28, 2017)

(% 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	36,200	0.8	870	0.5	960	0.3	630	0.4	13.52
Full year	80,000	1.9	2,300	2.9	2,400	23.9	1,400	30.8	30.05

<u>* Presentation regarding the implementation status of the audit process</u>

This summary of consolidated financial results is not subject to the audit process procedures provided by the Japanese Financial Instruments and Exchange Act. Therefore, at the time of the disclosure of these financial results, the financial statement audit process procedures based on the Act have not been completed.

<u>* Explanation of the proper use of performance forecast and other notes</u>

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. Furthermore, for the items on the forecast of the financial results above, please refer to page 6.

1. Analyses of Results of Operations and Financial Position

(1) Analysis of Results of Operations

(Results of Operations for the current fiscal year)

During the fiscal year ended February 29, 2016, the Japanese economy was on a moderate recovery track, backed by robust corporate performance and employment situation. However, personal consumption, which accounts for about 60% of GDP, is expected post a decline over two consecutive years following the previous fiscal year, due to a curb on consumption expenditure resulting from deterioration of consumer sentiment, reflecting declines in stock prices, etc., as well as a growing budget-minded tendency among consumers.

In the apparel industry, severe conditions generally persisted due to slow growth in sales of winter apparel resulting from a mild winter, in addition to a structural factor of a decreasing trend in the ratio of expenditures on clothing in household budget.

Under these circumstances, the Group focused on various initiatives. First, to expand its share of sales, the Group made efforts to increase new clients and enhance coordination proposals to existing clients by reorganizing its core business of ladies' apparel and setting up sales groups by sales channel. Secondly, to raise the added value of products, product proposals were made, starting from the stage of choosing materials such as Italian yarn and original fabric of the Company, to develop products that can appeal originality and unique features. Thirdly, to raise the stability of quality, we launched a QC center in Dalian City, China, and strived to increase the accuracy of product inspection and provide technical stitching guidance. Fourthly, to reduce costs, we focused on enhancing the productivity of our distribution operations while continuing to develop a new production setting within inland areas of China and ASEAN countries.

As a result, consolidated performance in the fiscal year ended February 29, 2016 registered ¥84,351 million net sales (8.6% increase from the previous fiscal year) and ¥2,513 million consolidated operating income (11.8% increase from the previous fiscal year). Meanwhile, consolidated ordinary income amounted to ¥2,280 million (5.1% decrease from the previous fiscal year) as loss on valuation of derivatives was posted under non-operating expenses concerning currency exchange contracts related to forecasted transactions for periods longer than the coming one year, following the rapid advance in the appreciation of the yen in February this year. Consolidated net income stood at ¥1,362 million (28.5% increase from the previous fiscal year) due to the absence of the impact of loss recognized through impairment accounting in association with a consolidated subsidiary in the previous fiscal year.

Performance by segment for the fiscal year ended February 29, 2016 was as follows.

1) Apparel & Textiles

In the Apparel & Textiles segment, its main business of apparel wholesale performed strongly, led by babies' and kids' items. As a result, the segment registered ¥78,964 million net sales (9.1% increase from the previous fiscal year).

2) Rental Business

The segment registered ¥806 million net sales (57.4% increase from the previous fiscal year) due to contributions throughout the year by effective utilization of property owned by the Company at Sakae 3-Chome, Naka-ku, Nagoya City.

3) Others

Businesses such as wholesale of resins remained weaker than in the previous year due to declines in sales prices following falls in prices of raw materials. As a result, the segment registered ¥4,579 million net sales (3.6% decrease from the previous fiscal year).

(Outlook for the next fiscal year and issues to be addressed)

Regarding the future outlook, while the Japanese economy is expected to continue to recover moderately supported by robust corporate performance, there are misgivings about a possibility that uncertainty will remain over economic conditions in emerging countries and resource-rich nations.

Personal consumption is also expected to remain at a standstill, due to the aggravation of consumer confidence, following turmoil in the financial market such as stock price falls, as well as the possible move to raise the consumption tax rate to 10% scheduled for April 2017. Particularly in the apparel market, the situation is expected to continue to be sluggish because of factors including declines in the ratio of apparel expenditures in the household budget, falls in prices and the generalization of casual fashion.

In light of these circumstances, the Group will work on the following five points.

The first is expanding our share of sales, following the previous year. With regard to our core business of ladies' apparel, we will cultivate transactions with the fast-growing specialist retailers, and our OEM and ODM efforts, mainly for department store apparel, by consolidating women's sales groups that were launched last year.

Secondly, we will improve the infrastructure to proceed with attentive and creative work. Currently, we are working on a project toward a full-scale renewal of the core system. Under the new system, while standardizing formats of the entire Company from the planning and production stages, we will improve our grasp of progress at each process and enhance control at important points in the operation process. In addition, we will expand our initiatives for the stability of quality, with the QC center in Dalian City, China, which started operations last year, as the core.

The third is cost-reduction initiatives. We will further raise the production ratios in ASEAN countries and South Asia, thereby reducing production cost. Also, we will work on further enhancing the productivity of distribution centers.

The fourth is development of overseas markets. Last year, transactions with major casual wear retail chains moved into high gear in the East Asian region, and test sales are set for character products for the United States. This year, we will continue to steadily push forward with overseas sale of products, which is our forte.

The fifth is concentration in core competence. We decided to suspend the "BERARDI" retail brand for department stores, effective the spring/summer season of this year. Though we will return sales space at department stores the Company has cultivated over many years, we will continue to focus on concentration in core competence boldly and flexibly.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

(Assets)

Current assets decreased by ¥3,599 million compared with the end of the previous fiscal year, to ¥28,261 million, due primarily to ¥4,904 million decrease in derivatives, despite ¥183 million increase in cash and deposits, ¥190 million increase in merchandise and finished goods and ¥798 million increase in deferred tax assets.

Non-current assets decreased by ¥411 million compared with the end of the previous fiscal year, to ¥28,769 million, due primarily to a decrease of ¥1,030 million in investment securities, despite increases of ¥138 million in land, ¥51 million in construction in progress, and ¥469 million in intangible assets.

As a result, total assets decreased by ¥4,011 million compared with the end of the previous fiscal year, to ¥57,030 million.

(Liabilities)

Liabilities increased by ¥304 million compared with the end of the previous fiscal year, to ¥25,686 million, due primarily to ¥651 million increase in notes and accounts payable-trade, despite ¥260 million decrease in loans payable.

(Net assets)

Net assets decreased by ¥4,315 million compared with the end of the previous fiscal year, to ¥31,344 million, due primarily to ¥5,335 million decrease in accumulated other comprehensive income, despite ¥989 million increase in retained earnings.

2) Cash Flows

Cash and cash equivalents as at the end of the current fiscal year (hereinafter referred to as “fund”) increased by ¥182 million (6.0%) compared with the end of the previous fiscal year, to ¥3,217 million.

(Net cash provided by operating activities)

Net cash provided by operating activities for the current fiscal year amounted to ¥1,420 million (an increase of ¥3,507 million for the previous fiscal year), mainly as a result of income before income taxes and minority interests standing at ¥2,132 million along with ¥652 million increase in notes and accounts payable-trade, whilst ¥1,128 million in income taxes paid were recorded.

(Net cash used in investment activities)

Net cash used in investment activities for the current fiscal year amounted to ¥550 million (a decrease of ¥1,986 million for the previous fiscal year), mainly as a result of ¥938 million in purchase of property, plant and equipment, despite ¥541 million proceeds from redemption of investment securities.

(Net cash used in financing activities)

Net cash used in financing activities for the current fiscal year amounted to ¥660 million (a decrease of ¥1,324 million for the previous fiscal year), mainly as a result of ¥240 million in net increase in short-term loans payable and ¥1,625 million in proceeds from long-term loans payable, despite ¥373 million in dividends paid and ¥2,125 million in repayment of long-term loans payable.

(Reference) Indicators relative to cash flows

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Equity ratio (%)	58.1	54.6
Equity ratio on a market value basis (%)	34.3	36.1
Interest-bearing debt/cash flow ratio (years)	3.6	9.8
Interest coverage ratio (multiple)	31.3	12.6

Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Interest-bearing debt/cash flow ratio: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses paid

(Notes) 1. All indicators are calculated using consolidated financial results.

2. Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (excluding treasury stock).

3. Cash flows from operating activities refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest expenses paid refer to interest expenses paid on the Consolidated Statements of Cash Flows.

(3) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year

The company recognizes that returning profit to shareholders is an important management issue. Our basic policy calls for continuing active and stable dividend payment by comprehensively taking into consideration trends in performance, payout ratio, dividend yield, and internal reserves required for investment in product development that meets market needs and implementation of businesses with an eye to the future.

Under this basic policy, we are planning to pay a dividend of 4 yen per share at the end of the current fiscal year. Therefore, when combined with an interim dividend of 4 yen per share, the annual dividend becomes 8 yen per share for the current fiscal year. In the next fiscal year, we plan to pay an interim dividend of 4 yen per share and a year-end dividend of 4 yen per share, making the annual dividend 8 yen per share.

(4) Risks Related to Business

The following is information regarding risks associated with the Group’s business activities.

Forward-looking statements contained herein are based on the Group’s best judgment as of the end of the current fiscal year.

1) Risks associated with changes in consumers’ taste

Clothing provided by the Group are prone to be influenced by external factors including changes in fashion trends, impact on consumer confidence from economic conditions and pressure on sales prices due to competition. Under these circumstances, the Group is striving to develop well-marketable products by enhancing the effectiveness of the planning process through more relevant analysis and accurate information, while reducing the manufacturing cycle. However, the Group’s performance could still be affected by tougher competition or by the Group’s failure to implement adequate merchandise policies to meet unexpected changes in market trends.

2) Risks associated with foreign exchange

Products manufactured overseas represent a high proportion of the Group’s purchase amount, which is settled largely in USD. For the purpose of hedging exchange risk, we use forward exchange contracts on the scale not beyond actual demand based on quarterly estimations of purchase amounts. However, the Group’s performance could be affected by unexpected fluctuations in the exchange rate.

3) Risks associated with places of production

The Group is highly dependent on production facilities in Asia, including China and South Korea. Thus, the Group’s performance could be affected in the event of disruption in the procurement of merchandise due to developments in those countries including unexpected change in laws and regulations, unforeseen turnaround in political regime or economic policy, national or regional disturbance due to acts of terrorism, war, natural disasters and other developments, and epidemic breakout with significant impact.

4) Risks associated with customers

i) Sales dependency

The group's five largest customers account for roughly 45.5% of the Group's sales. Our major sales policy is to attract new distribution customers while taking care at all times to reinforce close relationships with the main existing customers. However, the Group's performance could be affected by interruptions or disturbances to the continuing business transactions with existing customers due to unforeseen developments including changes in their management policies.

ii) Creditworthiness

The Group is selling its products to a range of customers including retailers such as volume retailers, specialist retailers, mail-order businesses, department stores and wholesale distributors of clothing products. Although the Group is making the best efforts to ensure protection of its receivables accounts by exercising thoroughgoing credit control over these customers according to relevant internal rules, its performance could be affected by bad debt losses or decline in sales due to unforeseen business failures of customers.

5) Risks associated with weather

The Group's main products, such as ladies' apparel, are composed predominantly of seasonal products. Thus the Group's performance could be affected by disappointing sales of them due to undesirable weather such as a cold summer and mild winter.

6) Risks associated with personal data

The Group has arranged an internal security control system for the protection of personal data involving use and control thereof. However, the Group's performance could be affected by external leakage of such protected data due to unexpected circumstances, resulting in deterioration of the Group's social credibility or give rise to liability in damages.

7) Risks associated with new businesses

To enhance its corporate value, the Group engages in business investment such as development of new business models and brands, flexibly adapting to customers' situations and changes in the market, on the basis of adequate research and development activities beforehand. However, the Group's performance could be affected if business activities in line with such investments would not make progress as originally scheduled due to changes in the market environment.

8) Risks associated with quality control

The Group is enforcing quality control over its products according to rigorous quality standards established under its control system. However, the Group's performance could be affected, in the event of an accident involving its products due to unexpected circumstances originating from the Group or its suppliers, consequently degrading the Group's corporate/brand image, or giving rise to liability in damages.

The Group's performance could also be affected, in the event of an interruption to business transactions with its main customers due to quality issues of the products supplied.

9) Risks associated with licensing agreements

As the Group benefits from licensing from various companies, its performance could be affected in the event of termination or cancellation of the licensing agreements or major changes in the terms and conditions thereof.

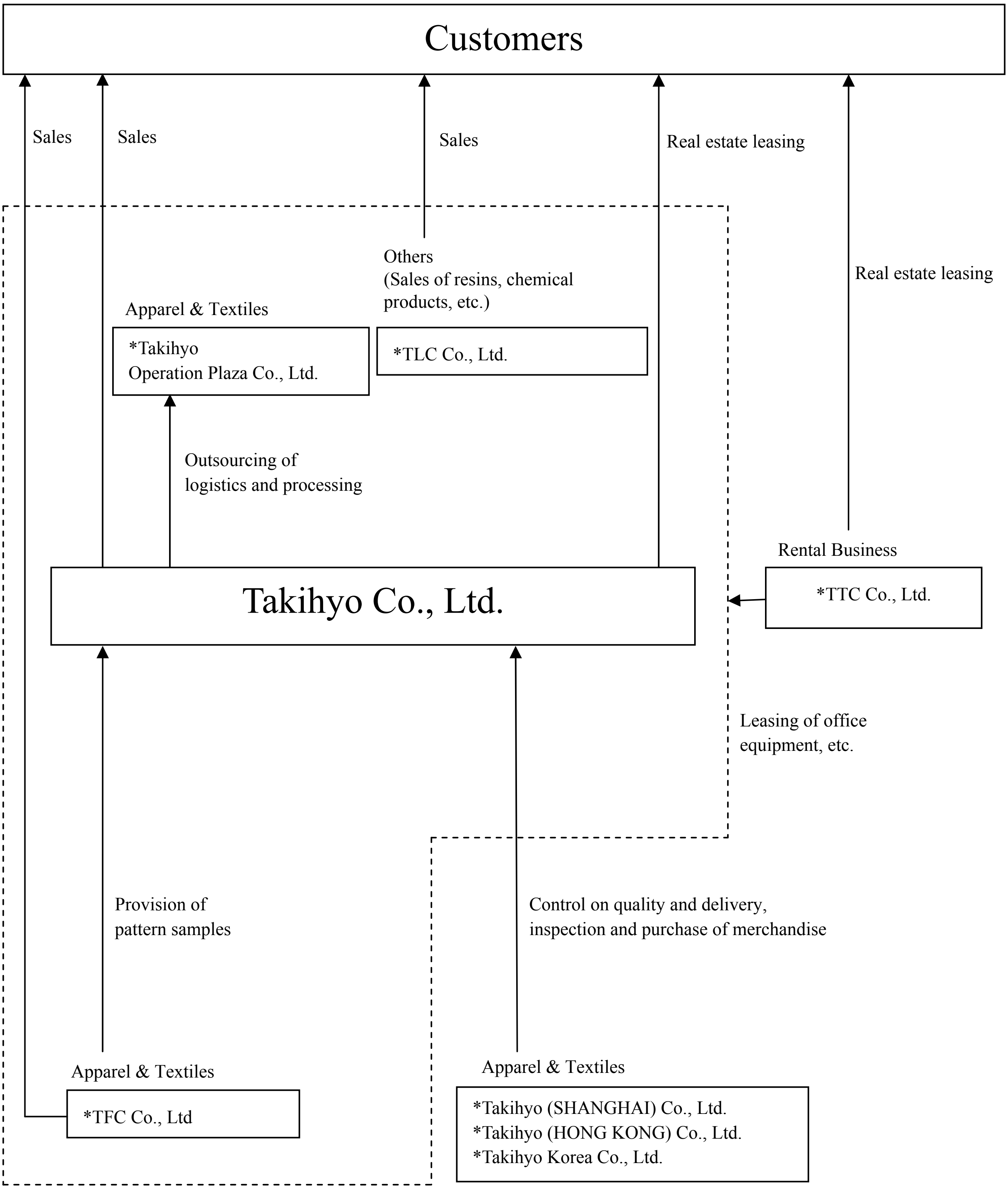
2. Consolidated Group

The Group comprises the Company and seven consolidated subsidiaries mainly engaged in planning, manufacturing and sales of various apparel & textiles products, along with business activities including the real estate rental business, and sales of resins and chemical products.

The operational positioning of the Group in connection with each segment is as follows.

Apparel & Textiles	The Company' main line of business is designing, manufacturing and merchandising of clothing primarily for ladies, kids and babies along with textile products (cloths) primarily made of wool. Each of the three overseas consolidated subsidiaries, Takihyo (SHANGHAI) Co., Ltd., Takihyo (HONG KONG) Co., Ltd. and Takihyo Korea Co., Ltd., primarily engages in local management of manufacturing process, delivery and quality control of the products to be shipped to the Company, as well as assistance in export to the Head Office. Of the domestic consolidated subsidiaries, TFC Co., Ltd. engages in production of pattern samples, knit shirts (cut-and-sew) and other sewing products, as well as designing and selling of uniforms, while Takihyo Operation Plaza Co., Ltd. engages in delivery-related businesses including sorting, packing and shipping of products primarily manufactured overseas for delivery to each retail premises of customers.
Rental Business	The Company engages in leasing and management of real estate and related activities. TTC Co., Ltd. primarily provides leasing of equipment along with leasing and management of real estate to the Group companies.
Others	TLC Co., Ltd. engages in sales of products including resins and chemical products, TTC Co., Ltd. engages in the operation of “Komeda Coffee Shop” as a franchisee.

The following diagram illustrates how business within the Group is interrelated.



(Note) 1. * indicates consolidated subsidiaries.

3. Management Policy

(1) Basic Management Policy of the Company

The Company's basic policy is to keep providing apparel products that keenly respond to the needs and lifestyles of our customers, based on the three constant management philosophies: "Pay more attention to customers' interest than your own," "Modesty generates profits," and "Good name always comes first."

(2) Targeted Management Benchmark

The Company is striving to enhance its corporate value, by maximizing operating income and cash flows as the two critical management benchmarks that demonstrate the strength of its core businesses.

(3) Medium- to long-term Management Strategy

A new company-wide policy called "Global Challenge ~Change and Advance~" was developed and presented on the occasion of the Company's 260th anniversary.

As part of an implementation of this strategy, with regard to our core business of ladies' apparel, we consolidated women's sales groups, which were launched last year, with a view to appropriately adapting to changes of the times and market. Through the consolidation, we will cultivate transactions with the fast-growing specialist retailers, and our OEM and ODM efforts, mainly for department store apparel. In addition, we are going to explore opportunities to provide universally marketable merchandise to the global markets i.e. Asia, Europe, and the United States, to rise above our current status which greatly depends on the domestic market.

(4) Issues to be Addressed of the Company

As stated in 1. Analyses of Results of Operations and Financial Position (1) Analysis of Results of Operations (Outlook for the next fiscal year and issues to be addressed) by the Company on page 6.

4. Basic Policy on Selection of Accounting Standards

The Group applies Japanese GAAP to ensure comparability with its domestic competitors.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
Assets		
Current assets		
Cash and deposits	3,167	3,350
Notes and accounts receivable-trade	18,131	18,102
Merchandise and finished goods	4,948	5,138
Work in process	25	27
Raw materials and supplies	27	31
Derivatives	4,904	—
Deferred tax assets	42	841
Other	626	782
Allowance for doubtful accounts	(12)	(13)
Total current assets	31,861	28,261
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,539	4,601
Accumulated depreciation	(2,007)	(2,050)
Buildings and structures, net	2,531	2,551
Machinery, equipment and vehicles	201	211
Accumulated depreciation	(132)	(146)
Machinery, equipment and vehicles, net	69	65
Tools, equipment and fixtures	1,834	1,812
Accumulated depreciation	(423)	(380)
Tools, equipment and fixtures, net	1,411	1,432
Land	18,751	18,890
Lease assets	83	83
Accumulated depreciation	(68)	(83)
Lease assets, net	15	0
Construction in progress	—	51
Total property, plant and equipment	22,779	22,990
Intangible assets	97	567
Investments and other assets		
Investment securities	5,008	3,978
Investments in capital	22	22
Long-term loans receivable	60	54
Long-term guarantee deposit	783	813
Insurance funds	118	114
Deferred tax assets	76	64
Other	280	238
Allowance for doubtful accounts	(47)	(74)
Total investments and other assets	6,303	5,211
Total non-current assets	29,180	28,769
Total assets	61,041	57,030

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,356	12,008
Short-term loans payable	1,740	1,980
Current portion of long-term loans payable	2,025	2,250
Lease obligations	26	8
Accounts payable-other	3,179	2,637
Income taxes payable	708	540
Provision for bonuses	112	118
Provision for sales returns	38	34
Provision for loss on store closing	—	52
Deferred tax liabilities	1,631	1
Other	417	2,304
Total current liabilities	21,235	21,934
Non-current liabilities		
Long-term loans payable	1,800	1,075
Lease obligations	11	3
Net defined benefit liability	450	526
Provision for directors' retirement benefits	176	176
Asset retirement obligations	130	140
Deferred tax liabilities	1,084	520
Deferred tax liabilities for land revaluation	153	139
Other	339	1,171
Total non-current liabilities	4,146	3,751
Total liabilities	25,381	25,686
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus	4,148	4,148
Retained earnings	23,414	24,404
Treasury stock	(588)	(589)
Total shareholders' equity	30,597	31,585
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,449	1,093
Deferred gains or losses on hedges	3,210	(1,691)
Revaluation reserve for land	141	155
Foreign currency translation adjustment	99	68
Remeasurements of defined benefit plans	(14)	(75)
Total accumulated other comprehensive income	4,886	(449)
Subscription rights to shares	176	207
Total net assets	35,660	31,344
Total liabilities and net assets	61,041	57,030

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the previous fiscal year ended February 28, 2015	For the current fiscal year ended February 29, 2016
Net sales	77,656	84,351
Cost of sales	61,750	67,791
Gross profit	15,905	16,559
Provision for sales returns	1	(4)
Gross profit-net	15,904	16,563
Selling, general and administrative expenses		
Freightage related expenses	3,343	3,445
Advertising and promotion expenses	404	474
Salaries and allowances	4,560	4,617
Bonuses	506	561
Share-based compensation expenses	27	31
Welfare expenses	1,065	1,148
Provision for bonuses	105	112
Retirement benefit expenses	459	298
Traveling and transportation expenses	649	671
Communication expenses	352	373
Rent expenses	749	815
Depreciation	196	179
Other	1,236	1,321
Total selling, general and administrative expenses	13,657	14,050
Operating income	2,247	2,513
Non-operating income		
Interest income	38	31
Dividends income	78	76
Boarding fee income	31	31
Subsidy income	53	53
Other	108	79
Total non-operating income	310	272
Non-operating expenses		
Interest expenses paid	113	114
Loss on valuation of derivatives	—	326
Other	40	63
Total non-operating expenses	154	504
Ordinary income	2,402	2,280
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 sales of non-current assets	14	—
Loss on retirement of non-current assets	23	12
Impairment Loss	340	75
Loss on valuation of goods	—	111
Provision for loss on store closing	—	52
Other	10	10
Total extraordinary loss	389	260
Income before income taxes	2,197	2,132
Income taxes-current	1,022	968
Income taxes-deferred	113	(198)
Total income taxes	1,136	770
Income before minority interests	1,060	1,362
Net income	1,060	1,362

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the previous fiscal year ended February 28, 2015	For the current fiscal year ended February 29, 2016
Income before minority interests	1,060	1,362
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	697	(356)
Deferred gains or losses on hedges, net of tax	2,446	(4,901)
Revaluation reserve for land, net of tax	(0)	14
Foreign currency translation adjustment, net of tax	83	(31)
Remeasurements of defined benefit plans, net of tax	—	(61)
Total other comprehensive income	3,226	(5,335)
Comprehensive income	4,287	(3,973)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,287	(3,973)

(3) Consolidated Statements of Changes in Net Assets

For the previous fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	3,622	4,148	22,727	(577)	29,921
Changes of items during the period					
Dividends from surplus			(372)		(372)
Net income			1,060		1,060
Purchase of treasury stock				(11)	(11)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	687	(11)	676
Balance at the end of the current period	3,622	4,148	23,414	(588)	30,597

(Millions of yen)

	Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency transaction adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the current period	751	763	142	16	—	1,674	148	31,744
Changes of items during the period								
Dividends from surplus								(372)
Net income								1,060
Purchase of treasury stock								(11)
Net changes of items other than shareholders' equity	697	2,446	(0)	83	(14)	3,211	27	3,239
Total changes of items during the period	697	2,446	(0)	83	(14)	3,211	27	3,915
Balance at the end of the current period	1,449	3,210	141	99	(14)	4,886	176	35,660

For the current fiscal year ended February 29, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	3,622	4,148	23,414	(588)	30,597
Changes of items during the period					
Dividends from surplus			(372)		(372)
Net income			1,362		1,362
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	989	(0)	988
Balance at the end of the current period	3,622	4,148	24,404	(589)	31,585

(Millions of yen)

	Accumulated other comprehensive income						Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency transaction adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of the current period	1,449	3,210	141	99	(14)	4,886	176	35,660
Changes of items during the period								
Dividends from surplus								(372)
Net income								1,362
Purchase of treasury stock								(0)
Net changes of items other than shareholders' equity	(356)	(4,901)	14	(31)	(61)	(5,335)	31	(5,304)
Total changes of items during the period	(356)	(4,901)	14	(31)	(61)	(5,335)	31	(4,315)
Balance at the end of the current period	1,093	(1,691)	155	68	(75)	(449)	207	31,344

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the previous fiscal year ended February 28, 2015	For the current fiscal year ended February 29, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	2,197	2,132
Depreciation and amortization	348	352
Impairment loss	340	75
Amortization of goodwill	32	—
Increase (decrease) in allowance for doubtful accounts	(59)	28
Increase (decrease) in provision for bonuses	(5)	5
Increase (decrease) in provision for sales returns	1	(4)
Increase (decrease) in provision for loss on store closing	—	52
Increase (decrease) in provision for retirement benefits	(434)	—
Increase (decrease) in defined benefit liability	427	(18)
Interest and dividends income	(116)	(108)
Interest expenses paid	113	114
Loss (gain) on valuation of derivatives	—	326
Loss (gain) on redemption of investment securities	7	(29)
Loss (gain) on sales of property, plant and equipment	(168)	(83)
Loss on retirement of property, plant and equipment	23	12
Decrease (increase) in notes and accounts receivable-trade	(778)	25
Decrease (increase) in inventories	(848)	(196)
Increase (decrease) in notes and accounts payable-trade	1,380	652
Increase (decrease) in accrued consumption taxes	145	(120)
Decrease (increase) in other assets	188	(161)
Increase (decrease) in other liabilities	1,237	(551)
Other, net	7	38
Subtotal	4,038	2,541
Interest and dividends income received	102	119
Interest expenses paid	(111)	(112)
Income taxes paid	(521)	(1,128)
Net cash provided by (used in) operating activities	3,507	1,420

(Millions of yen)

	For the previous fiscal year ended February 28, 2015	For the current fiscal year ended February 29, 2016
Net cash provided by (used in) investment activities		
Payments into time deposits	(132)	(132)
Proceeds from withdrawal of time deposits	132	132
Purchase of property, plant and equipment	(2,953)	(938)
Proceeds from sales of property, plant and equipment	799	401
Purchase of investment securities	(2)	—
Proceeds from redemption of investment securities	124	541
Payments of loans receivable	(30)	(68)
Collection of loans receivable	34	29
Proceeds from collection of guarantee deposits	43	9
Other, net	(2)	(525)
Net cash provided by (used in) investment activities	(1,986)	(550)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(40)	240
Proceeds from long-term loans payable	—	1,625
Repayment of long-term loans payable	(900)	(2,125)
Cash dividends paid	(373)	(373)
Purchase of treasury stock	(11)	(0)
Other, net	—	(26)
Net cash provided by (used in) financing activities	(1,324)	(660)
Effect of exchange rate change on cash and cash equivalents	39	(26)
Net increase (decrease) in cash and cash equivalents	234	182
Cash and cash equivalents at beginning of period	2,800	3,035
Cash and cash equivalents at end of period	3,035	3,217

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Important Matters that Form the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

7 companies

Names of the principal consolidated subsidiaries:

TTC Co., Ltd., TLC Co., Ltd., Max & Growing Co., Ltd., Takihyo (HONG KONG) Co., Ltd., TFC Co., Ltd., Takihyo (SHANGHAI) Co., Ltd., Takihyo Operation Plaza Co., Ltd., Takihyo Korea Co., Ltd.

(2) There are no non-consolidated subsidiaries.

2. Scope of application of the equity method

There is no application of equity method due to the absence of non-consolidated subsidiaries and affiliates.

3. Fiscal year, etc. of consolidated subsidiaries

Of all the consolidated subsidiaries, Takihyo (HONG KONG) Co., Ltd. and Takihyo (SHANGHAI) Co., Ltd. close accounts on December 31 of each year. Since the difference of closing dates does not exceed three months, financial statements of these two subsidiaries are consolidated as at their own closing date, while necessary adjustment is made for the purpose of consolidation in the event of significant transactions taking place between such closing date and the consolidation date. All other consolidated subsidiaries share the same closing date as the consolidation date.

4. Accounting standards

(1) Valuation standards and methods regarding significant assets

1) Securities

Other securities:

Securities with market quotations:

Market value method based on the quoted market price at the fiscal year-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of securities sold is calculated using the moving-average method).

Securities without market quotations:

Cost method using the moving-average method.

2) Inventories

a. Merchandise:

Stated at cost primarily using the moving-average method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability.)

b. Finished goods, work in process, and raw materials:

Stated at cost primarily using the specific cost method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability.)

c. Supplies:

Stated at cost using the last-purchase-price method (Amounts shown on the balance sheets take into account declines in book values based on reduced profitability)

3) Derivatives

Stated at market value

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Stated at declining-balance method. Service life is determined using the same standard as set out in the Corporation Tax Law, provided however that buildings (excluding auxiliary equipment) acquired on and after April 1, 1998, are subject to the straight-line method.

(Petty sum depreciable assets)

Assets acquired at the cost of 100,000 yen or more but less than 200,000 yen are subject to equal depreciation over three years.

2) Intangible assets (excluding lease assets)

Stated at straight-line method. Service life is determined using the same standard as set out in the Corporation Tax Law, provided however that software (for internal use) is subject to the straight-line method over the internally available period of five years.

3) Lease assets

Lease assets concerning non-transfer ownership finance leases:
Straight-line method is applied, with useful lives being lease terms and assuming that residual values would be zero.

4) Long-term prepaid expenses

Stated at straight-line method. Service life is determined using the same standard as set out in the Corporation Tax Law.

(3) Accounting standards for significant allowances and provisions

1) Allowance for doubtful accounts

The Group provides for possible credit losses stemming from notes and accounts receivable-trade and loans receivable. Estimated amounts of irrecoverable debt are calculated based on historical write-off ratio for ordinary receivables, and on a consideration of feasibly recoverable amounts in individual cases of specific debts such as doubtful accounts.

2) Provision for bonuses

The Group provides for payments of employee bonuses based on the portion of the estimated amount of bonus payment as attributable to the current fiscal year.

3) Provision for sales returns

To provide for losses due to return of goods, Takihyo Co., Ltd. records estimated amounts of losses in consideration of the past return ratios actually experienced.

4) Provision for loss on store closing

To provide for losses resulting from store closing, the Group records estimated amounts of losses, which are expected to occur in the future, for stores whose closure has been decided.

5) Provision for directors' retirement benefits

Takihyo Co., Ltd. provides for the payment of retirement benefits to officers based on the aggregate amount of liabilities corresponding to each officer's period in office up to May 23, 2007 (the 96th Ordinary General Meeting of Shareholders) in accordance with the relevant internal rules.

(4) Accounting methods for retirement benefits

1) Method of attributing projected retirement benefits to periods

In calculating benefit obligations, straight-line attribution is adopted for the purpose of attributing the projected retirement benefits to the period up to the end of the current fiscal year.

2) Calculation of actuarial differences and past service costs

Past service costs are charged to expenses, using the straight-line method, over the determined number of years (10 years) not exceeding average remaining service years of the employees at the time of their accrual.

Actuarial differences are amortized using the straight-line method over the determined number of years (10 years) not exceeding average remaining service years of the employees at the time of their accrual in each fiscal year, from the fiscal year following the year of their accrual.

3) Adoption of the simplified method in small businesses, etc.

Certain consolidated subsidiaries adopt the simplified method, where benefit obligations are estimated at the amount of retirement benefit payments required for voluntary retirements at the end of the fiscal year, to calculate net defined benefit liability and retirement benefit expenses.

(5) Translation of significant assets and liabilities denominated in foreign currencies into yen

Monetary claims and liabilities denominated in foreign currencies have been translated into yen at the rates of exchange in effect at the fiscal year end. Translation adjustments are treated as gains or losses. Assets and liabilities as well as revenues and expenses of overseas subsidiaries, etc. have been translated into yen using the spot exchange rates in effect as of the closing dates, and the resultant translation differences are included in foreign currency translation adjustment in net assets.

(6) Significant hedge accounting

1) Hedge accounting

Deferred hedge accounting is adopted. Designation transactions are applied to foreign exchange forward contracts which conform to the requirements for designation transactions.

2) Means of hedging and hedging items

Means of hedging	Hedging items
Foreign exchange forward contracts	Foreign currency-denominated monetary claims and liabilities

3) Hedging policy

The Group is primarily hedging exchange risk according to the internal control rules of the Company.

4) Methods for evaluating the effectiveness of hedges

Since all foreign exchange forward contracts are carried out on the basis of the actual demand for future transactions, with a very high likelihood of being exercised, process to evaluate the hedging effectiveness is spared.

(7) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.

(8) Other significant matters for preparing consolidated financial statements

Accounting method for consumption taxes

The tax exclusion method.

(Changes in Accounting Policies)

Application of Accounting Standard for Retirement Benefits, etc.

Effective from the current fiscal year, 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 fiscal year under review.

(Segment Information)

1. Outline of reportable segments

The Group's reportable segments are those constituent units within the Group for which discrete financial information is available and are regularly reviewed by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group's main line of business, centered on the Company, is the planning, manufacture and sale of apparel and textile products. In addition, the Company and one subsidiary engage in real estate rental business. The Group draws up a comprehensive strategy for each business unit to carry out its business activities.

Therefore, the Group comprises segments classified according to products and services, with "Apparel & Textiles" and "Rental Business" as two reportable segments.

The "Apparel & Textiles" segment is engaged in planning, manufacturing and selling of ladies' apparel, baby and kids' apparel, homeware, and textiles.

The "Rental Business" segment is engaged in leasing and management of real estate, and leasing of office automation equipment, etc.

2. Calculation methods for net sales, income or loss, assets, and other items by reportable segment

The accounting methods for the business segments reported are mostly the same as those described in the "Important Matters that Form the Basis for Preparing Consolidated Financial Statements."

Income by reportable segment is based on operating income, while inter-segment revenues and transfers are based on market price.

3. Information on net sales, income or loss, assets, and other items by reportable segment

For the previous fiscal year (From March 1, 2014 to February 28, 2015)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Amounts on consolidated financial statements
	Apparel & Textiles	Rental Business	Subtotal				
Net sales							
Net sales to outside customers	72,394	512	72,906	4,749	77,656	—	77,656
Inter-segment sales and transfers	19	115	135	60	195	(195)	—
Total	72,414	627	73,041	4,810	77,852	(195)	77,656
Segment income	1,980	278	2,258	(15)	2,243	3	2,247
Segment assets	41,706	17,854	59,560	1,519	61,080	(38)	61,041
Other items							
Depreciation	187	138	326	20	347	1	348
Amortized goodwill	32	—	32	—	—	—	32
Increase in property, plant and equipment and intangible assets	423	2,622	3,045	32	3,078	—	3,078

(Notes) 1. “Others” refers to business segments not included in the reportable segments, including sales of synthetic resins and chemical products, etc.

2. Depreciation includes the amortization of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes an increase in long-term prepaid expenses.

3. The -¥38 million adjustment to segment assets includes elimination of inter-segment of -¥1,173 million and corporate assets of ¥1,134 million not allocated among reportable segments. Corporate assets consist primarily of surplus funds (investment securities) not belonging to any reportable segment.

4. The ¥3 million adjustment to segment income represents elimination of inter-segment transactions of ¥3 million, etc.

5. Segment income is adjusted with operating income in the consolidated statements of income.

For the current fiscal year (From March 1, 2015 to February 29, 2016)

(Millions of yen)

	Reportable segment			Others	Total	Adjustment	Amounts on consolidated financial statements
	Apparel & Textiles	Rental Business	Subtotal				
Net sales							
Net sales to outside customers	78,964	806	79,771	4,579	84,351	—	84,351
Inter-segment sales and transfers	2	99	101	25	126	(126)	—
Total	78,966	906	79,873	4,604	84,478	(126)	84,351
Segment income	1,971	540	2,512	(7)	2,505	7	2,513
Segment assets	38,210	18,022	56,232	1,574	57,806	(775)	57,030
Other items							
Depreciation	170	164	335	17	352	—	352
Increase in property, plant and equipment and intangible assets	766	620	1,387	71	1,459	—	1,459

(Notes) 1. "Others" refers to business segments not included in the reportable segments, including sales of synthetic resins and chemical products, etc.
2. Depreciation includes the amortization of long-term prepaid expenses. Increase in property, plant and equipment and intangible assets includes an increase in long-term prepaid expenses.
3. The -¥775 million adjustment to segment assets includes elimination of inter-segment of -¥1,312 million and corporate assets of ¥536 million not allocated among reportable segments. Corporate assets consist primarily of surplus funds (investment securities) not belonging to any reportable segment.
4. The ¥7 million adjustment to segment income represents elimination of inter-segment transactions of ¥7 million, etc.
5. Segment income is adjusted with operating income in the consolidated statements of income.

4. Changes in reportable segments, etc.

As stated in "Changes in Accounting Policies," following the change in calculation methods for benefit obligations and service costs from the fiscal year ended February 29, 2016, the Group changed calculation methods for benefit obligations and service costs in business segments in the same way.

This change does not have any effect on segment income for the current fiscal year.

(Related Information)

For the previous fiscal year (From March 1, 2014 to February 28, 2015)

1. Information by product or service

This information is omitted as the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment in Japan exceeded 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
SHIMAMURA Co., Ltd.	20,341	Apparel & Textiles and others

For the current fiscal year (From March 1, 2015 to February 29, 2016)

1. Information by product or service

This information is omitted as the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment in Japan exceeded 90% of the amount of property, plant and equipment in the consolidated balance sheets.

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
SHIMAMURA Co., Ltd.	24,926	Apparel & Textiles and others

(Information regarding impairment loss on noncurrent assets by reportable segment)

For the previous fiscal year (From March 1, 2014 to February 28, 2015)

In the Apparel & Textiles segment, impairment loss on non-current assets of ¥340 million (including ¥312 million of impairment loss on goodwill) was recorded.

For the current fiscal year (From March 1, 2015 to February 29, 2016)

In the Apparel & Textiles segment, impairment loss on non-current assets of ¥75 million was recorded.

(Information regarding amortized goodwill and the balance of unamortized goodwill by reportable segment)

For the previous fiscal year (From March 1, 2014 to February 28, 2015)

Amortized goodwill is omitted as same information is disclosed in the segment information. In addition, there is no balance of unamortized goodwill.

For the current fiscal year (From March 1, 2015 to February 29, 2016)

Not applicable.

(Per Share Information)

For the previous fiscal year (From March 1, 2014 to February 28, 2015)		For the current fiscal year (From March 1, 2015 to February 29, 2016)	
Net assets per share	761.52 yen	Net assets per share	668.26 yen
Net income per share	22.75 yen	Net income per share	29.24 yen
Diluted net income per share	22.52 yen	Diluted net income per share	28.89 yen

(Notes) 1. As stated in "Changes in Accounting Policies," the Retirement Benefits Accounting Standard, etc. are applied transitionally as prescribed in Paragraph 37 of the Retirement Benefits Accounting Standard.
This change does not have any effect on net assets per share, net income per share or diluted net income per share.
2. The basis for calculation of net assets per share is as follows:

(Millions of yen)

	For the previous fiscal year (As of February 28, 2015)	For the current fiscal year (As of February 29, 2016)
Total net assets	35,660	31,344
Amount deducted from the total net assets	176	207
(Subscription rights to shares included in the above)	(176)	(207)
Amount of net assets related to common stock as of the end of the fiscal year	35,483	31,136
Number of shares of common stock used in the calculation of net assets per share as of the end of the fiscal year (Thousands shares)	46,595	46,593

3. The basis for calculation of net income per share and diluted net income per share is as follows:

(Millions of yen)	For the previous fiscal year (From March 1, 2014 to February 28, 2015)	For the current fiscal year (From March 1, 2015 to February 29, 2016)
Net income per share		
Net income	1,060	1,362
Net income not attributable to common shareholders	—	—
Net income related to common stock	1,060	1,362
Average number of shares of common stock outstanding during the fiscal year (Thousands shares)	46,614	46,594
Diluted net income per share		
Increase in number of shares of common stock (Thousands shares)	483	562
(Subscription rights to shares included in the above) (Thousands shares)	(483)	(562)
Summary of potential stock that were not included in the computation of net income per share since there was no effect of dilution	—	—

(Significant Subsequent Events)
Not applicable.

(Omission of Disclosure)

Disclosure of notes relating to the following items is omitted, as considered to be no great necessity for disclosing such items for Consolidated Financial Results: Notes to consolidated balance sheets, consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows, and notes to lease transactions, transactions with relevant parties, tax effect accountings, financial instruments, investment securities, derivatives transactions, retirement benefits, asset retirement obligations, real estate properties, stock options and business combinations.

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
Assets		
Current assets		
Cash and deposits	2,190	2,280
Notes receivable-trade	1,006	1,123
Accounts receivable-trade	15,993	15,925
Merchandise	4,761	5,009
Advance payments-trade	132	187
Prepaid expenses	124	134
Derivatives	4,894	—
Deferred tax assets	—	799
Other	237	358
Allowance for doubtful accounts	(11)	(11)
Total current assets	29,328	25,809
Non-current assets		
Property, plant and equipment		
Buildings	1,584	1,505
Structures	44	36
Machinery and equipment	20	16
Vehicles	1	0
Tools, equipment and fixtures	1,190	1,254
Land	18,095	18,095
Lease assets	68	39
Construction in progress	—	51
Total property, plant and equipment	21,006	21,001
Intangible assets		
Leasehold right	10	10
Right of trademark	22	6
Software	25	25
Lease assets	14	5
Other	19	493
Total intangible assets	92	541
Investments and other assets		
Investment securities	4,532	3,933
Stocks of subsidiaries and affiliates	1,216	1,216
Investments in capital	22	22
Long-term loans receivable	60	54
Long-term retaining claims	42	35
Long-term prepaid expenses	23	27
Long-term guarantee deposit	693	717
Insurance funds	118	114
Other	192	126
Allowance for doubtful accounts	(37)	(44)
Total investments and other assets	6,865	6,204
Total non-current assets	27,964	27,747
Total assets	57,292	53,557

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
Liabilities		
Current liabilities		
Foreign notes payable-trade	6,960	8,651
Accounts payable-trade	3,769	2,875
Short-term loans payable	2,362	2,863
Current portion of long-term loans payable	2,025	2,400
Lease obligations	32	14
Accounts payable-other	3,214	2,690
Income taxes payable	584	485
Provision for bonuses	86	93
Provision for sales returns	38	34
Provision for loss on store closing	—	52
Deferred tax liabilities	1,631	—
Other	326	2,183
Total current liabilities	21,031	22,343
Non-current liabilities		
Long-term loans payable	1,950	1,075
Lease obligations	30	16
Provision for retirement benefits	257	252
Provision for directors' retirement benefits	176	176
Asset retirement obligations	78	89
Deferred tax liabilities	1,042	523
Deferred tax liabilities for land revaluation	153	139
Other	307	1,133
Total non-current liabilities	3,996	3,406
Total liabilities	25,027	25,750
Net assets		
Shareholders' equity		
Capital stock	3,622	3,622
Capital surplus		
Legal capital surplus	4,148	4,148
Total capital surplus	4,148	4,148
Retained earnings		
Legal retained earnings	806	806
Other retained earnings		
Reserve for advanced depreciation of non-current assets	993	1,040
General reserve	15,500	15,500
Retained earnings brought forward	2,826	3,477
Other retained earnings	19,320	20,017
Total retained earnings	20,126	20,823
Treasury stock	(588)	(589)
Total shareholders' equity	27,308	28,005
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,433	1,101
Deferred gains or losses on hedges	3,203	(1,662)
Revaluation reserve for land	141	155
Total valuation and translation adjustments	4,779	(405)
Subscription rights to shares	176	207
Total net assets	32,264	27,807
Total liabilities and net assets	57,292	53,557

(2) Non-consolidated Statements of Income

(Millions of yen)

	For the previous fiscal year ended February 28, 2015	For the current fiscal year ended February 29, 2016
Net sales	71,246	78,488
Cost of sales	56,312	62,707
Gross profit	14,933	15,780
Provision for sales returns	1	(4)
Gross profit-net	14,932	15,784
Selling, general and administrative expenses	12,756	13,549
Operating income	2,176	2,235
Non-operating income		
Interest and dividends income	89	88
Subsidy income	53	53
Other	111	81
Total non-operating income	255	222
Non-operating expenses		
Interest expenses paid	120	122
Loss on valuation of derivatives	—	326
Other	34	71
Total non-operating expenses	155	521
Ordinary income	2,276	1,936
Extraordinary income		
Gain on redemption of investment securities	—	29
Total extraordinary income	—	29
Extraordinary loss		
Loss on extinguishment of tie-in shares	629	—
Loss on retirement of non-current assets	16	12
Impairment loss	—	75
Loss on valuation of goods	—	111
Provision for loss on store closing	—	52
Other	8	10
Total extraordinary loss	654	260
Income before income taxes	1,621	1,705
Income taxes-current	853	862
Income taxes-deferred	116	(226)
Total income taxes	969	635
Net income	651	1,070

(3) Non-consolidated Statements of Changes in Net Assets
For the previous fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		Retained earnings
		Legal capital surplus	Total capital surplus	Legal retained earnings
Balance at the beginning of the current period	3,622	4,148	4,148	806
Changes of items during the period				
Dividends from surplus				
Net income				
Purchase of treasury stock				
Provision of reserve for advanced depreciation of non-current assets				
Reversal of reserve for advanced depreciation of non-current assets				
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	—	—	—
Balance at the end of the current period	3,622	4,148	4,148	806

(Millions of yen)

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Other retained earnings			Total retained earnings		
	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at the beginning of the current period	999	15,500	2,542	19,847	(557)	27,041
Changes of items during the period						
Dividends from surplus			(372)	(372)		(372)
Net income			651	651		651
Purchase of treasury stock					(11)	(11)
Provision of reserve for advanced depreciation of non-current assets						
Reversal of reserve for advanced depreciation of non-current assets	(5)		5	—		—
Net changes of items other than shareholders' equity						
Total changes of items during the period	(5)	—	284	278	(11)	267
Balance at the end of the current period	993	15,500	2,826	20,126	(588)	27,308

(Millions of yen)

	Valuation and translation adjustments				Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of the current period	800	762	142	1,704	148	28,894
Changes of items during the period						
Dividends from surplus						(372)
Net income						651
Purchase of treasury stock						(11)
Provision of reserve for advanced depreciation of non-current assets						
Reversal of reserve for advanced depreciation of non-current assets						—
Net changes of items other than shareholders' equity	633	2,441	(0)	3,074	27	3,102
Total changes of items during the period	633	2,441	(0)	3,074	27	3,369
Balance at the end of the current period	1,433	3,203	141	4,779	176	32,264

For the current fiscal year ended February 29, 2016

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		Retained earnings
		Legal capital surplus	Total capital surplus	Legal retained earnings
Balance at the beginning of the current period	3,622	4,148	4,148	806
Changes of items during the period				
Dividends from surplus				
Net income				
Purchase of treasury stock				
Provision of reserve for advanced depreciation of non-current assets				
Reversal of reserve for advanced depreciation of non-current assets				
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	—	—	—
Balance at the end of the current period	3,622	4,148	4,148	806

(Millions of yen)

	Shareholders' equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Other retained earnings			Total retained earnings		
	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at the beginning of the current period	993	15,500	2,826	20,126	(588)	27,308
Changes of items during the period						
Dividends from surplus			(372)	(372)		(372)
Net income			1,070	1,070		1,070
Purchase of treasury stock					(0)	(0)
Provision of reserve for advanced depreciation of non-current assets	50		(50)	—		—
Reversal of reserve for advanced depreciation of non-current assets	(3)		3	—		—
Net changes of items other than shareholders' equity						
Total changes of items during the period	46	—	650	697	(0)	696
Balance at the end of the current period	1,040	15,500	3,477	20,823	(589)	28,005

(Millions of yen)

	Valuation and translation adjustments				Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of the current period	1,433	3,203	141	4,779	176	32,264
Changes of items during the period						
Dividends from surplus						(372)
Net income						1,070
Purchase of treasury stock						(0)
Provision of reserve for advanced depreciation of non-current assets						—
Reversal of reserve for advanced depreciation of non-current assets						—
Net changes of items other than shareholders' equity	(332)	(4,866)	14	(5,184)	31	(5,153)
Total changes of items during the period	(332)	(4,866)	14	(5,184)	31	(4,457)
Balance at the end of the current period	1,101	(1,662)	155	(405)	207	27,807

(4) Notes to Non-consolidated Financial Statements
(Notes on Going Concern Assumption)
Not applicable.

7. Others
(1) Change of Officers
1) Change of representatives
Not applicable.

2) Change of other officers
Not applicable.

(2) Others
Net sales by product

(Millions of yen, all fractions are rounded down to the nearest 1 million yen)

Item	The 104th fiscal year (From March 1, 2014 to February 28, 2015)		The 105th fiscal year (From March 1, 2015 to February 29, 2016)		Increase (decrease) from the previous fiscal year
	Net sales	Composition ratio	Net sales	Composition ratio	
		%		%	%
Ladies' apparel	40,155	56.7	42,586	54.7	6.1
Baby/Kids' apparel	12,088	17.1	14,202	18.3	17.5
Homeware	4,552	6.4	5,089	6.5	11.8
Textile/OEM	11,242	15.9	11,789	15.2	4.9
Men's apparel	2,342	3.3	3,045	3.9	30.0
Others	417	0.6	1,073	1.4	157.3
Total	70,796	100.0	77,784	100.0	9.9

* Sales of rental business are not included.