Consolidated Financial Results for the Nine Months Ended November 30, 2012 [Japanese GAAP]



December 26, 2012

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 Contact: Atsushi Muto, Managing Director Phone: +81-52-587-7111 Scheduled date for filing of quarterly securities report: January 11, 2013 Scheduled date of commencing dividend payments: – Availability of supplementary briefing material on quarterly results: Available Schedule of quarterly results briefing session: Available (for institutional investors)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended November 30, 2012 (March 1, 2012 to November 30, 2012)

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

| | Net sal | ales Operating income | | Ordinary income | | Net income | | |
|--|-------------|-----------------------|-------------|-----------------|-------------|------------|-------------|--------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Nine months ended November 30, 2012 | 56,940 | 9.1 | 2,892 | 49.9 | 2,940 | 48.9 | 1,654 | 173.7 |
| Nine months ended November 30, 2011 | 52,190 | 3.9 | 1,929 | 276.1 | 1,975 | 70.7 | 604 | (11.7) |

(Note) Comprehensive income: Nine months ended November 30, 2012: ¥1,768 million (141.8%) Nine months ended November 30, 2011: ¥731 million (–%)

| | Net income per share | Diluted net income per share |
|--|-------------------------|---------------------------------|
| | yen | yen |
| Nine months ended November 30, 2012 | 35.25 | 34.97 |
| Nine months ended November 30, 2011 | 12.82 | 12.75 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
| | million yen | million yen | % | yen |
| As of November 30, 2012 | 55,856 | 30,229 | 53.9 | 642.13 |
| As of February 29, 2012 | 50,949 | 28,933 | 56.6 | 614.08 |

(Reference) Equity: As of November 30, 2012: ¥30,091 million

As of February 29, 2012: ¥28,821 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 29, 2012 | _ | 4.00 | _ | 6.00 | 10.00 | |
| Fiscal year ending February 28, 2013 | _ | 4.00 | - | | | |
| Fiscal year ending February 28, 2013 (Forecast) | | | | 4.00 | 8.00 | |

(Note) Revision of forecast results from recently announced figures: None

Breakdown of year-end dividend for the fiscal year ended February 29, 2012:

Commemorative dividend: ¥2.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2013 (March 1, 2012 to February 28, 2013)

(% indicates changes from the previous corresponding period)

| | Net sale | s | Operating i | ncome | Ordina incom | | Net inco | me | Net income per share |
|-----------|-------------|-----|-------------|-------|-----------------|------|-------------|------|-------------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Full year | 73,000 | 5.3 | 2,900 | 38.7 | 3,000 | 38.3 | 1,600 | 89.3 | 34.26 |

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

* Notes

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

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

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

| November 30, 2012 | 48,000,000 shares |
|---|-------------------|
| February 29, 2012 | 48,000,000 shares |
| 2) Total number of treasury stock at the end of | the period: |
| November 30, 2012 | 1,138,923 shares |
| February 29, 2012 | 1,065,362 shares |
| 3) Average number of shares during the period | (cumulative): |
| Nine months ended November 30, 2012 | 46,934,377 shares |
| Nine months ended November 30, 2011 | 47,135,733 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 for 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. Actual results may be different from the projections due to various factors.

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

(1) Qualitative Information on Consolidated Results of Operations

During the nine months ended November 30, 2012, the global economy witnessed the European debt crisis continue to wax and wane, while in the emerging nations, signs of a slowdown in economic growth were discerned in conjunction with the decline in exports to Europe.

As for the Japanese economy, although the growth in domestic demand related primarily to reconstruction efforts was initially steady, the economy subsequently weakened as a result of the decelerating overseas economies.

In the operational environment surrounding Takihyo Co., Ltd. (the "Company"), while each channel suffered from slow sales due to bad weather conditions including the lingering summer heat and typhoons, coats, jackets and knitwear were sold well as temperature declined.

The Company continued to strengthen its initiatives with leading specialist retailers, mail-order businesses, and brands affiliated with station buildings and fashion-oriented buildings, as well as efforts to develop new customers. Additionally, in the retail business, the Company announced its new brand, "BERARDI," which is to be launched with products of the 2013 spring/summer season.

In terms of costs, steps were taken for stable securing of production space in China and to develop production bases in the countries of Southeast Asia. Additionally, operations commenced at the "Inuyama Center 2" in an effort to reduce costs by centralizing the distribution.

As a result, consolidated performance in the nine months ended November 30, 2012 registered 56,940 million yen net sales (9.1% increase from the previous corresponding period), 2,892 million yen operating income (49.9% increase from the previous corresponding period), and 2,940 million yen ordinary income (48.9% increase from the previous corresponding period).

During the nine months ended November 30, 2012, due to factors such as a decrease in loss on valuation of investment securities, net income was 1,654 million yen (173.7% increase from the previous corresponding period).

(2) Qualitative Information on Consolidated Financial Position

1) Assets

Current assets increased by 5,514 million yen compared with the end of the previous fiscal year, to 28,902 million yen, due primarily to 668 million yen increase in cash and deposits and 4,503 million yen increase in notes and accounts receivable-trade.

Noncurrent assets decreased 607 million yen compared with the end of the previous fiscal year, to 26,954 million yen, due primarily to 93 million yen decrease in buildings, net, 284 million yen decrease in land and 236 million yen decrease in investment securities.

As a result, total assets increased by 4,906 million yen compared with the end of the previous fiscal year, to 55,856 million yen.

2) Liabilities

Liabilities increased by 3,611 million yen compared with the end of the previous fiscal year, to 25,627 million yen, due primarily to 2,197 million yen increase in loans payable, 652 million yen increase in accounts payable-other and 537 million yen increase in income taxes payable.

3) Net assets

Net assets increased by 1,295 million yen compared with the end of the previous fiscal year, to 30,229 million yen, due primarily to 1,013 million yen increase in retained earnings and 284 million yen increase in accumulated other comprehensive income.

(3) Qualitative Information on Consolidated Financial Results Forecast

Financial results forecast has not been changed since the earlier announcement on September 28, 2012.

2. Matters Related to Summary Information (Notes)

(Additional information)

The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) have been applied for accounting changes and corrections of prior period errors which are made on and after the beginning of the first quarter of the current fiscal year.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of February 29, 2012 | As of November 30, 2012 | |
|--|-------------------------|-------------------------|--|
| Assets | | | |
| Current assets | | | |
| Cash and deposits | 2,428 | 3,096 | |
| Notes and accounts receivable-trade | 15,871 | 20,375 | |
| Inventories | 3,674 | 3,953 | |
| Other | 1,479 | 1,537 | |
| Allowance for doubtful accounts | (64) | (60) | |
| Current assets | 23,388 | 28,902 | |
| Noncurrent assets | | | |
| Property, plant and equipment | | | |
| Land | 18,224 | 17,940 | |
| Other, net | 3,123 | 3,064 | |
| Property, plant and equipment | 21,348 | 21,005 | |
| Intangible assets | 529 | 502 | |
| Investments and other assets | | | |
| Investment securities | 4,328 | 4,092 | |
| Other | 1,478 | 1,439 | |
| Allowance for doubtful accounts | (123) | (85) | |
| Investments and other assets | 5,684 | 5,446 | |
| Noncurrent assets | 27,561 | 26,954 | |
| Assets | 50,949 | 55,856 | |
| Liabilities | ^ | | |
| Current liabilities | | | |
| Notes and accounts payable-trade | 8,916 | 8,813 | |
| Short-term loans payable | 1,862 | 5,105 | |
| Current portion of long-term loans payable | 1,081 | 1,000 | |
| Income taxes payable | 288 | 825 | |
| Provision | 164 | 308 | |
| Other | 2,345 | 2,951 | |
| Current liabilities | 14,659 | 19,003 | |
| Noncurrent liabilities | | | |
| Long-term loans payable | 5,963 | 5,000 | |
| Provision for retirement benefits | 463 | 539 | |
| Provision for directors' retirement benefits | 190 | 190 | |
| Asset retirement obligations | 121 | 124 | |
| Other | 619 | 769 | |
| Noncurrent liabilities | 7,357 | 6,623 | |
| Liabilities | 22,016 | 25,627 | |

(Millions of yen)

| | As of February 29, 2012 | As of November 30, 2012 |
|---|-------------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,622 | 3,622 |
| Capital surplus | 4,148 | 4,148 |
| Retained earnings | 21,186 | 22,200 |
| Treasury stock | (440) | (469) |
| Shareholders' equity | 28,516 | 29,501 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 92 | 36 |
| Deferred gains or losses on hedges | 458 | 587 |
| Revaluation reserve for land | (120) | 88 |
| Foreign currency translation adjustment | (124) | (122) |
| Accumulated other comprehensive income | 305 | 589 |
| Subscription rights to shares | 112 | 137 |
| Net assets | 28,933 | 30,229 |
| Liabilities and net assets | 50,949 | 55,856 |

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

| | | (Millions of yen) |
|---|-------------------------|-------------------------|
| | For the nine months | For the nine months |
| | ended November 30, 2011 | ended November 30, 2012 |
| Net sales | 52,190 | 56,940 |
| Cost of sales | 40,652 | 43,548 |
| Gross profit | 11,537 | 13,391 |
| Provision for sales returns | 11 | 16 |
| Gross profit-net | 11,526 | 13,375 |
| Selling, general and administrative expenses | 9,596 | 10,482 |
| Operating income | 1,929 | 2,892 |
| Non-operating income | | |
| Interest income | 5 | 19 |
| Dividends income | 48 | 52 |
| Subsidy income | 42 | 42 |
| Other | 69 | 63 |
| Non-operating income | 165 | 178 |
| Non-operating expenses | | |
| Interest expenses | 72 | 92 |
| Foreign exchange losses | 18 | _ |
| Other | 29 | 37 |
| Non-operating expenses | 120 | 130 |
| Ordinary income | 1,975 | 2,940 |
| Extraordinary income | | |
| Reversal of allowance for doubtful accounts | 28 | - |
| Gain on sales of noncurrent assets | - | 40 |
| Other | - | 7 |
| Extraordinary income | 28 | 48 |
| Extraordinary loss | | |
| Loss on valuation of investment securities | 574 | 28 |
| Loss on sales of investment securities | - | 61 |
| Loss on sales of noncurrent assets | _ | 54 |
| Other | 295 | 14 |
| Extraordinary loss | 869 | 159 |
| Income before income taxes and minority interests | 1,133 | 2,828 |
| Income taxes | 529 | 1,174 |
| Income before minority interests | 604 | 1,654 |
| Net income | 604 | 1,654 |

Consolidated Statements of Comprehensive Income

| | | (Millions of yen) |
|---|---|--|
| | For the nine months ended November 30, 2011 | For the nine months ended November 30, 2012 |
| Income before minority interests | 604 | 1,654 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (36) | (55) |
| Deferred gains or losses on hedges | 176 | 129 |
| Revaluation reserve for land | _ | 38 |
| Foreign currency translation adjustment | (14) | 2 |
| Other comprehensive income | 126 | 113 |
| Comprehensive income | 731 | 1,768 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 731 | 1,768 |

(3) Notes on Going Concern Assumption Not applicable.

(4) Notes in Case of Significant Changes in Shareholders' Equity Not applicable.