

Consolidated Financial Results for the Fiscal Year Ended February 28, 2015 [Japanese GAAP]



April 14, 2015

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 2726
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 Schedule of financial results briefing session: Scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2015 (March 1, 2014 to February 28, 2015)

(1) Consolidated Operating Results (% 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 28, 2015	108,089	8.1	8,066	35.1	7,963	32.4	4,092	40.6
Fiscal year ended February 28, 2014	100,033	8.2	5,969	(20.9)	6,013	(20.3)	2,910	(33.8)

(Note) Comprehensive income: Fiscal year ended February 28, 2015: ¥4,106 million [50.1%]
 Fiscal year ended February 28, 2014: ¥2,735 million [(35.1)%]

	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 28, 2015	186.04	—	12.5	10.7	7.5
Fiscal year ended February 28, 2014	132.31	—	9.6	9.3	6.0

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended February 28, 2015: ¥21 million
 Fiscal year ended February 28, 2014: ¥(30) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 28, 2015	82,023	36,316	41.8	1,559.51
As of February 28, 2014	66,180	33,231	47.2	1,420.58

(Reference) Equity: As of February 28, 2015: ¥34,302 million
 As of February 28, 2014: ¥31,247 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing 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 28, 2015	13,084	(543)	(1,297)	43,503
Fiscal year ended February 28, 2014	4,440	(1,174)	(2,759)	32,258

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, 2014	—	0.00	—	50.00	50.00	1,099	37.8	3.6
Fiscal year ended February 28, 2015	—	0.00	—	65.00	65.00	1,429	34.9	4.4
Fiscal year ending February 29, 2016 (Forecast)	—	0.00	—	65.00	65.00		27.0	

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
First half	57,710	11.6	3,930	3.0	3,870	2.1	2,860	40.7	129.02
Full year	119,540	10.6	8,770	8.7	8,520	7.0	5,360	31.0	240.88

(Note) Effective on June 1, 2015, the Company will conduct a share exchange with NICE CLAUP Co., LTD., our consolidated subsidiary, to make it a wholly owned subsidiary. The Company will allot the treasury shares to the shareholders of NICE CLAUP Co., LTD. Gain on bargain purchase to be generated by this share exchange is assumed in the consolidated financial results forecast.

* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Any changes other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

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

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

As of February 28, 2015	23,136,000 shares
As of February 28, 2014	23,136,000 shares

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

As of February 28, 2015	1,140,318 shares
As of February 28, 2014	1,139,898 shares

3) Average number of shares during the period:

Fiscal year ended February 28, 2015	21,995,861 shares
Fiscal year ended February 28, 2014	21,996,311 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2015 (March 1, 2014 to February 28, 2015)

(1) Non-consolidated Operating Results (% 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 28, 2015	90,181	9.6	7,839	23.5	7,751	20.5	4,145	23.1
Fiscal year ended February 28, 2014	82,280	10.0	6,347	(18.6)	6,435	(17.9)	3,368	(12.0)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended February 28, 2015	188.48	—
Fiscal year ended February 28, 2014	153.16	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of February 28, 2015	71,543	32,710	45.7	1,487.15
As of February 28, 2014	58,426	29,663	50.8	1,348.60

(Reference) Equity: As of February 28, 2015: ¥32,710 million

As of February 28, 2014: ¥29,663 million

2. Non-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		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	yen
First half	48,200	11.1	4,070	4.0	2,360	6.4	106.47
Full year	99,400	10.2	8,600	11.0	4,910	18.5	220.66

* Presentation regarding the implementation status of the audit process

These consolidated financial results for the fiscal year ended February 28, 2015 are not covered by the audit procedure stipulated in the Financial Instruments and Exchange Act. At the time of the publication of these financial results, the audit procedure for financial statements has not been completed.

* Explanation of the proper use of financial results forecast and other notes

The statements regarding financial results forecast in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication. Therefore, there might be cases in which actual results differ from forecast values. For the premises of financial results forecast and the notes concerning the use of financial results forecast, please refer to “Analysis of Operating Results” on page 2 of the Appendix to this report.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Overview for the Fiscal Year Ended February 28, 2015

During the fiscal year ended February 28, 2015, the Japanese economy continued on a gradual recovery track driven partially by the economic stimulus policies by the government. However, the sluggish consumer spending was seen due to an increase in consumption tax rate.

Under such a business environment, the Corporate Group made every effort to expand its operations and improve management efficiency by proactively keeping its business conditions entrenched and promoting the opening of new stores, while at the same time revitalizing existing stores by switching businesses and withdrawing unprofitable stores.

In the Apparel Business, the Group conducted proactive brand promotions while further pressing ahead with the reform of merchandising (MD) and improving the freshness of merchandise through agile introduction of items in stores, as well as the opening of 84 new stores. As a result, net sales increased by 5.7% year on year to ¥83,454 million.

In the Miscellaneous Goods/Accessories Business, we opened 37 new stores in response to robust demand for opening stores reflecting our rising visibility. As a result, net sales steadily continued to increase by 17.3% year on year to ¥24,502 million.

As a result of the above, net sales of the Corporate Group for the fiscal year ended February 28, 2015 increased by 8.1% year on year to ¥108,089 million.

In terms of profit, the gross profit margin increased by 1.7 points year on year to 56.4% due to the further reform of merchandising (MD), etc. Additionally, in terms of selling, general and administrative expenses, SG&A ratio increased by 0.2 points year on year to 48.9% due to factors such as increases in rent expenses and personnel expenses according to the increases in net sales and the opening of new stores.

As a result, operating income increased by 35.1% year on year to ¥8,066 million, and ordinary income increased by 32.4% year on year to ¥7,963 million. Total amount of extraordinary losses of ¥664 million was recorded, including ¥197 million in loss on retirement of non-current assets due to the withdrawal of stores and the change in businesses, and ¥350 million as impairment loss for the fiscal year ended February 28, 2015. As a result, net income increased by 40.6% year on year to ¥4,092 million.

2) Sales Results by Segment for the Fiscal Year Ended February 28, 2015

Segment	Amount (million yen)	Changes from the previous fiscal year (%)
Apparel Business	83,454	105.7
Miscellaneous Goods/Accessories Business	24,502	117.3
Other	132	79.0
Total	108,089	108.1

3) Status of Stores for the Fiscal Year Ended February 28, 2015 (March 1, 2014 to February 28, 2015)

Number of stores as of February 28, 2014	764 stores
Number of new stores	121 stores
Number of closed stores	52 stores
Number of stores as of February 28, 2015	833 stores

4) Outlook for Fiscal 2015

As for the outlook for fiscal 2015, the Company predicts increases in both sales and profits, expecting net sales to increase by 10.6% year on year to ¥119,540 million, operating income to increase by 8.7% year on year to ¥8,770 million, ordinary income to increase by 7.0% year on year to ¥8,520 million and net income to increase 31.0% year on year to ¥5,360 million.

Additionally, effective on June 1, 2015, the Company will conduct a share exchange with NICE CLAUP Co., LTD., our consolidated subsidiary, to make it a wholly owned subsidiary. The Company will allot the treasury shares to the shareholders of NICE CLAUP Co., LTD. Gain on bargain purchase to be generated by this share exchange is assumed in the outlook for fiscal 2015.

(2) Analysis of Financial Position

1) Status of Assets, Liabilities and Net Assets

(Assets)

Current assets increased by ¥13,640 million compared with the end of the previous fiscal year, due mainly to increases in cash and deposits by ¥10,459 million and in merchandise by ¥1,746 million.

Non-current assets increased by ¥2,201 million compared with the end of the previous fiscal year, due primarily to increases in buildings by ¥869 million and in guarantee deposits by ¥949 million.

(Liabilities)

Current liabilities increased by ¥10,734 million compared with the end of the previous fiscal year, due mainly to increases in income taxes payable by ¥1,354 million and notes and accounts payable - trade by ¥6,751 million.

Non-current liabilities increased by ¥2,022 million compared with the end of the previous fiscal year, due primarily to an increase in long-term loans payable by ¥1,326 million.

(Net assets)

Net assets increased by ¥3,085 million compared with the end of the previous fiscal year, due mainly to increases in retained earnings, etc.

2) Status of Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the fiscal year ended February 28, 2015 increased by ¥11,245 million compared with the end of the previous fiscal year to ¥43,503 million, due mainly to cash provided by operating activities in the amount of ¥13,084 million.

Cash flows for the fiscal year ended February 28, 2015 are as follows.

(Net cash provided by (used in) operating activities)

While cash provided by operating activities was ¥4,440 million for the previous fiscal year, cash provided by operating activities amounted to ¥13,084 million for the fiscal year ended February 28, 2015, due mainly to increases in notes and accounts payable – trade and income before income taxes and minority interests.

(Net cash provided by (used in) investing activities)

While cash used in investing activities was ¥1,174 million for the previous fiscal year, cash used in investing activities amounted to ¥543 million for the fiscal year ended February 28, 2015, due mainly to net expenditures of ¥947 million from the payments and repayments for guarantee deposits.

(Net cash provided by (used in) financing activities)

While cash used in financing activities was ¥2,759 million for the previous fiscal year, cash used in financing activities amounted to ¥1,297 million for the fiscal year ended February 28, 2015, due mainly to cash dividends paid of ¥1,099 million and repayments of installment payables of ¥1,568 million.

(Reference) Cash flow-related indicators

	Fiscal year ended February 28, 2011	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Equity ratio (%)	42.0	42.1	46.3	47.2	41.8
Equity ratio based on market value (%)	66.4	59.5	72.3	59.4	87.2
Interest-bearing debt to cash flows ratio (%)	210.4	140.6	213.3	208.5	85.1
Interest- coverage ratio (times)	45.0	74.0	44.8	40.7	102.0

Equity ratio: $\text{Equity} / \text{Total assets}$

Equity ratio based on market value: $\text{Market capitalization of shares} / \text{Total assets}$

Interest-bearing debt to cash flows ratio: $\text{Interest-bearing debt} / \text{Operating cash flows}$

Interest-coverage ratio: $\text{Operating cash flows} / \text{Interest payments}$

(3) Basic Policy for Distribution of Profit and Dividends for Fiscal 2014 and Fiscal 2015

The Company considers the returning of profits to shareholders to be one of its most important management policies. The Company's basic policy is to reinforce and maintain the stability of its corporate structure by securing necessary profits from the expansion of its business as well as enhancing its internal reserves, thereby ensuring the continuance of long-term and stable payment of dividends to its shareholders.

For Fiscal 2014, the Company expects to pay an annual dividend of ¥65 per share, which is ¥15 higher than that of the previous fiscal year. For Fiscal 2015, the Company also expects to pay ¥65 per share.

(4) Risks Factors

1. Changes in fashion trends

Generally, fashion trends constantly undergo changes according to what is currently in vogue, thus as a member of the fashion apparel industry, it is difficult for the Corporate Group to eliminate the effects of such trends on its performance. Moreover, competition with rival companies on the youth market, which makes up its main customers, is becoming increasingly intense.

The Corporate Group, by developing multiple brands, covers a broad range of fashion, and by holding weekly meetings of store managers by each business division and examining sales and inventory trends etc., it is making efforts to plan products and conduct purchasing reflecting what is currently in vogue.

2. Expansion policy

1) Expansion by renting space as a tenant

The Corporate Group expands its stores primarily by renting space in station buildings and commercial complexes as tenants. It follows this policy in order to ensure sales capacity by opening stores in station buildings and other locations, which draw large volumes of customers, and also to minimize the risk of holding excess noncurrent assets and facilities when practicing its policy of “scrap and build” through the timely opening and closing of stores in response to the changes in the surrounding environment and customer flow.

Going forward, the Corporate Group will continue to pursue its policy of proactive expansion mainly by renting space in station buildings and commercial complexes as tenants, while maintaining its store brand. Additionally, the Corporate Group makes efforts to expand in an efficient manner by comprehensively taking into account the rent, the demographics of the trade area, and especially in the case of apparel, whether the potential store will be attractive to young people, its main customers, when selecting sites for new stores. If the Corporate Group fails to secure a satisfactory number of attractive store sites, it could lead to the scaling down of the number of stores, in addition to impacting the Corporate Group’s performance due to such factors as the number of stores, their locations and the timing of their opening.

Furthermore, as guarantee deposits are paid when renting space as tenants, guarantee deposits accounted for 15.5% of the total assets as of February 28, 2015. Although the Corporate Group mostly opens stores in the buildings of major developers, the Corporate Group is exposed to the risk of not being able to collect these guarantee deposits, in whole or in part, due to bankruptcy or other reasons pertaining to the lessor.

2) Costs associated with scrap and build

The Corporate Group captures changes in fashion trends accurately and in a timely manner and develops new businesses accordingly, while at the same time, actively reviews its outdated businesses. Generally in the retail industry, sales of existing stores tend to decline after their initial opening with the passage of time. Consequently, the Corporate Group is constantly making efforts to revitalize its stores as a whole by proactively practicing scrap and build including the opening of new stores, reviewing the product line-up at existing stores, changing the types of business, and closing stores, when necessary. The Corporate Group recognizes such costs associated with the rebuilding of its business will arise in the same manner as necessary expenses.

3. Management of customer information

Although the Corporate Group takes every precaution in managing its customer information, should such information be leaked, it could have an adverse impact on its performance as a result of a decline in the Corporate Group’s credibility, among others.

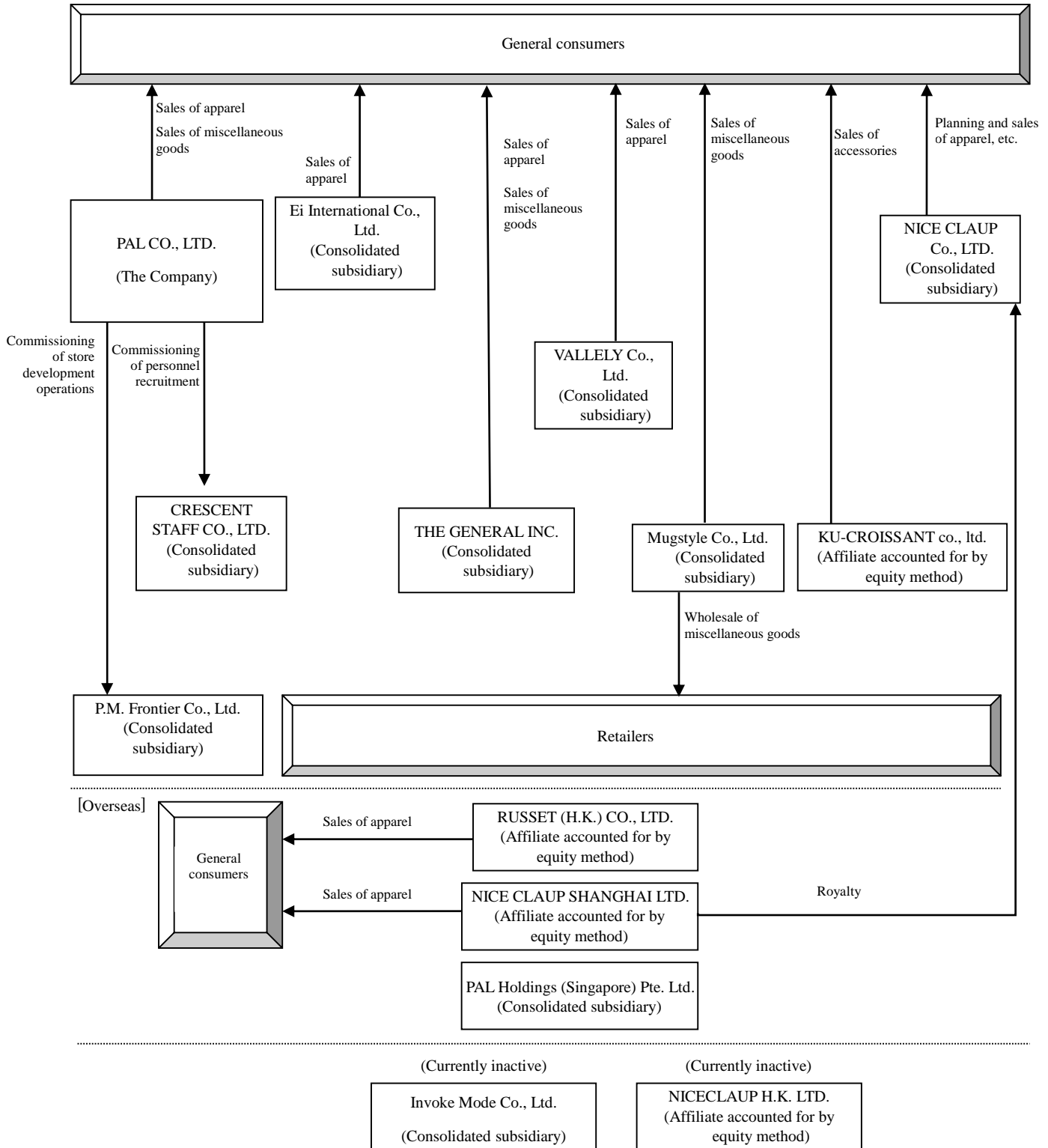
(5) Significant Events Relating to Going Concern Assumption

Not applicable.

2. Corporate Group Overview

As of the end of the fiscal year ended February 28, 2015, the Corporate Group comprised the Company, nine consolidated subsidiaries, five affiliates and one non-consolidated subsidiary. The Corporate Group is mainly engaged in the in-store sales of apparel to the general consumer, in addition to the sales of miscellaneous goods and other businesses.

An outline of the Corporate Group's businesses is as follows.



- (Notes) 1 NICECLAUP H.K. LTD., an affiliate accounted for by equity method, has suspended operations since September 2008.
- 2 Invoke Mode Co., Ltd., a consolidated subsidiary, has suspended operations since January 2011.
- 3 Brandnewdays Co., Ltd., which had been a consolidated subsidiary by the end of the previous fiscal year, was merged into Ei International Co., Ltd., a consolidated subsidiary, as of March 1, 2014.
- 4 PAL Holdings (Singapore) Pte. Ltd., a consolidated subsidiary, was established during the fiscal year ended February 28, 2015

3. Management Policy

(1) Basic Management Policy of the Company

The Company's motto is "To contribute to society by constantly proposing new fashionable ways of life." To this end, we have made it our basic policy to grow and win the trust of not only our customers, but also shareholders, business partners, and the society in every aspect of our business including our products, services, sales technique, financial constitution and the quality of our employees.

(2) Targeted Management Indicators

The Company aims to reinforce its corporate foundations and enhance its high-profit company structure, while engaging in corporate management based on the ROE (Return on Equity) as its key indicator.

(3) The Company's Medium- to Long-term Management Strategies and Issues to be Addressed

The Corporate Group will make every effort 1) to pursue both price appeal and profitability by promoting the supply of products of high-sensitivity and high profit margins in line with globalization of production, while 2) ensuring the optimal allocation of management resources by promoting greater efficiency in staff assignments and store management. The Corporate Group also intends 3) to engage in companywide activities in order to improve Customer Satisfaction (CS) and win the support of its customers.

Additionally, 4) under the theme of "Let's become top notch," the approximately 50 brands of the Corporate Group have set their own targets in accordance with their individual brand concepts and are striving to further improve operating efficiency in terms of sales and profits, etc., in addition to implementing various measures in order to become "top notch" in brand image and CS.

Through the implementation of the above measures, the Corporate Company intends to expand its management base and aim for stable growth.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
Assets		
Current assets		
Cash and deposits	33,044	43,503
Notes and accounts receivable - trade	4,146	5,603
Merchandise	5,955	7,701
Raw materials and supplies	6	6
Deferred tax assets	489	580
Other	744	589
Allowance for doubtful accounts	(46)	(3)
Total current assets	44,340	57,981
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,690	11,819
Accumulated depreciation	(4,573)	(4,833)
Buildings and structures, net	6,116	6,986
Machinery, equipment and vehicles	14	14
Accumulated depreciation	(10)	(11)
Machinery, equipment and vehicles, net	4	2
Land	763	723
Leased assets	1,809	2,315
Accumulated depreciation	(733)	(903)
Leased assets, net	1,076	1,412
Other	280	262
Accumulated depreciation	(187)	(175)
Other, net	92	86
Total property, plant and equipment	8,053	9,211
Intangible assets	61	201
Investments and other assets		
Investment securities	955	843
Guarantee deposits	11,801	12,750
Deferred tax assets	464	513
Other	621	641
Allowance for doubtful accounts	(118)	(119)
Total investments and other assets	13,724	14,628
Total non-current assets	21,839	24,041
Total assets	66,180	82,023

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,455	18,207
Short-term loans payable	782	1,459
Current portion of long-term loans payable	2,849	2,725
Accrued expenses	1,629	2,143
Income taxes payable	1,008	2,363
Provision for bonuses	955	1,122
Provision for directors' bonuses	233	281
Provision for sales returns	0	0
Other	2,946	4,293
Total current liabilities	21,861	32,596
Non-current liabilities		
Long-term loans payable	5,628	6,954
Provision for retirement benefits	629	—
Net defined benefit liability	—	541
Provision for directors' retirement benefits	112	115
Provision for loss on guarantees	—	71
Long-term accounts payable - other	2,546	2,856
Lease obligations	829	1,092
Asset retirement obligations	1,264	1,424
Negative goodwill	9	—
Deferred tax liabilities	13	10
Other	53	43
Total non-current liabilities	11,087	13,110
Total liabilities	32,949	45,706
Net assets		
Shareholders' equity		
Capital stock	3,181	3,181
Capital surplus	3,379	3,379
Retained earnings	25,571	28,563
Treasury shares	(1,145)	(1,146)
Total shareholders' equity	30,986	33,977
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	254	261
Foreign currency translation adjustment	5	6
Remeasurements of defined benefit plans	—	56
Total accumulated other comprehensive income	260	324
Minority interests	1,984	2,014
Total net assets	33,231	36,316
Total liabilities and net assets	66,180	82,023

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Net sales	100,033	108,089
Cost of sales	45,322	47,145
Gross profit	54,710	60,944
Provision for sales returns	(0)	(0)
Gross profit - net	54,710	60,944
Selling, general and administrative expenses		
Advertising and promotion expenses	2,280	2,394
Transportation and warehousing expenses	2,411	2,738
Provision of allowance for doubtful accounts	(1)	(0)
Salaries, allowances and bonuses	14,426	15,628
Provision for bonuses	955	1,122
Provision for directors' bonuses	233	281
Provision for retirement benefits	108	—
Retirement benefit expenses	—	45
Provision for directors' retirement benefits	3	3
Welfare expenses	2,476	2,752
Rent expenses	16,713	18,109
Lease expenses	254	209
Other	8,878	9,592
Total selling, general and administrative expenses	48,741	52,877
Operating income	5,969	8,066
Non-operating income		
Interest income	9	11
Rent income	21	10
Share of profit of entities accounted for using equity method	—	21
Amortization of negative goodwill	32	9
Reversal of allowance for doubtful accounts	—	37
Foreign exchange gains	110	—
Other	57	40
Total non-operating income	231	132
Non-operating expenses		
Interest expenses	109	128
Share of loss of entities accounted for using equity method	30	—
Loss on investments in partnership	4	9
Provision of allowance for doubtful accounts	30	—
Provision for loss on guarantees	—	71
Other	11	25
Total non-operating expenses	187	235
Ordinary income	6,013	7,963
Extraordinary income		
Gain on sales of non-current assets	—	15
Total extraordinary income	—	15

(Millions of yen)

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Extraordinary losses		
Loss on retirement of non-current assets	340	197
Loss on cancellation of leases	12	6
Impairment loss	422	350
Loss on valuation of shares of subsidiaries and associates	29	—
Loss on valuation of investment securities	—	100
Other	1	8
Total extraordinary losses	807	664
Income before income taxes and minority interests	5,206	7,313
Income taxes - current	2,553	3,358
Income taxes - deferred	(9)	(140)
Total income taxes	2,543	3,217
Income before minority interests	2,662	4,095
Minority interests in income (loss)	(247)	3
Net income	2,910	4,092

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Income before minority interests	2,662	4,095
Other comprehensive income		
Valuation difference on available-for-sale securities	108	9
Deferred gains or losses on hedges	(42)	—
Share of other comprehensive income of entities accounted for using equity method	7	1
Total other comprehensive income	72	10
Comprehensive income	2,735	4,106
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,977	4,099
Comprehensive income attributable to minority interests	(241)	7

(3) Consolidated Statements of Changes in Net Assets
Fiscal year ended February 28, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,181	3,379	23,760	(1,143)	29,177
Changes of items during period					
Dividends of surplus			(1,099)		(1,099)
Net income			2,910		2,910
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,810	(1)	1,808
Balance at end of current period	3,181	3,379	25,571	(1,145)	30,986

(Millions of yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	149	42	1	—	193	2,253	31,624
Changes of items during period							
Dividends of surplus							(1,099)
Net income							2,910
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	105	(42)	4	—	67	(268)	(201)
Total changes of items during period	105	(42)	4	—	67	(268)	1,607
Balance at end of current period	254	—	5	—	260	1,984	33,231

Fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,181	3,379	25,571	(1,145)	30,986
Changes of items during period					
Dividends of surplus			(1,099)		(1,099)
Net income			4,092		4,092
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,992	(1)	2,991
Balance at end of current period	3,181	3,379	28,563	(1,146)	33,977

(Millions of yen)

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	254	—	5	—	260	1,984	33,231
Changes of items during period							
Dividends of surplus							(1,099)
Net income							4,092
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	6	—	1	56	64	29	93
Total changes of items during period	6	—	1	56	64	29	3,085
Balance at end of current period	261	—	6	56	324	2,014	36,316

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	5,206	7,313
Depreciation	1,582	1,744
Impairment loss	422	350
Amortization of negative goodwill	(32)	(9)
Increase (decrease) in allowance for doubtful accounts	28	(37)
Interest and dividend income	(13)	(15)
Interest expenses	109	128
Foreign exchange losses (gains)	(1)	(1)
Share of (profit) loss of entities accounted for using equity method	30	(21)
Decrease (increase) in notes and accounts receivable - trade	(148)	(1,457)
Decrease (increase) in inventories	(522)	(1,745)
Increase (decrease) in notes and accounts payable - trade	520	6,803
Increase (decrease) in provision for bonuses	126	167
Increase (decrease) in provision for directors' retirement benefits	(5)	3
Increase (decrease) in provision for directors' bonuses	(65)	48
Increase (decrease) in provision for retirement benefits	60	(629)
Increase (decrease) in net defined benefit liability	—	541
Increase (decrease) in provision for sales returns	(0)	(0)
Increase (decrease) in provision for loss on guarantees	—	71
Loss on valuation of shares of subsidiaries and associates	29	—
Loss on retirement of property, plant and equipment	353	204
Loss (gain) on sales of non-current assets	—	(15)
Loss (gain) on valuation of investment securities	—	100
Loss (gain) on investments in partnership	4	9
Increase (decrease) in accrued consumption taxes	(51)	777
Other, net	(3)	894
Subtotal	7,634	15,225
Interest and dividend income received	10	13
Interest expenses paid	(109)	(128)
Income taxes (paid) refund	(3,095)	(2,026)
Net cash provided by (used in) operating activities	4,440	13,084

(Millions of yen)

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Cash flows from investing activities		
Purchase of property, plant and equipment	(450)	(334)
Proceeds from sales of property, plant and equipment	24	67
Proceeds from sales and redemption of short-term and long-term investment securities	212	15
Payments of loans receivable	(177)	(7)
Collection of loans receivable	73	185
Purchase of intangible assets	(4)	(152)
Decrease (increase) in time deposits	(0)	785
Payments for guarantee deposits	(1,427)	(2,004)
Proceeds from collection of guarantee deposits	689	1,057
Purchase of shares of subsidiaries	(15)	—
Payments for asset retirement obligations	(152)	(155)
Proceeds from liquidation of subsidiaries	52	—
Other, net	0	—
Net cash provided by (used in) investing activities	(1,174)	(543)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	55	677
Proceeds from long-term loans payable	1,205	2,830
Repayments of long-term loans payable	(1,116)	(1,628)
Purchase of treasury shares	(1)	(1)
Purchase of treasury shares of subsidiaries	(0)	(0)
Cash dividends paid	(1,099)	(1,099)
Cash dividends paid to minority shareholders	(31)	(16)
Proceeds from share issuance to minority shareholders	20	—
Repayments of installment payables	(1,408)	(1,568)
Repayments of finance lease obligations	(383)	(490)
Net cash provided by (used in) financing activities	(2,759)	(1,297)
Effect of exchange rate change on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	507	11,245
Cash and cash equivalents at beginning of period	31,750	32,258
Cash and cash equivalents at end of period	32,258	43,503

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
Assets		
Current assets		
Cash and deposits	28,181	36,679
Accounts receivable - trade	3,124	4,318
Merchandise	5,132	6,703
Advance payments - trade	136	87
Prepaid expenses	224	237
Deferred tax assets	466	567
Other	350	91
Allowance for doubtful accounts	(30)	—
Total current assets	37,585	48,683
Non-current assets		
Property, plant and equipment		
Buildings	5,357	6,207
Vehicles	4	2
Tools, furniture and fixtures	10	8
Land	943	944
Leased assets	1,027	1,331
Total property, plant and equipment	7,344	8,494
Intangible assets		
Trademark right	0	18
Telephone subscription right	17	17
Leased assets	11	7
Software in progress	—	131
Total intangible assets	29	175
Investments and other assets		
Investment securities	772	674
Shares of subsidiaries and associates	1,944	1,944
Long-term prepaid expenses	281	282
Guarantee deposits	9,854	10,637
Insurance funds	95	95
Deferred tax assets	491	538
Other	79	68
Allowance for doubtful accounts	(52)	(52)
Total investments and other assets	13,467	14,189
Total non-current assets	20,841	22,859
Total assets	58,426	71,543

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
Liabilities		
Current liabilities		
Notes payable - trade	2,077	3,222
Accounts payable - trade	8,179	12,258
Current portion of long-term loans payable	2,675	2,527
Accounts payable - other	639	770
Current portion of long-term accounts payable- other	1,161	1,306
Accrued expenses	1,430	1,900
Lease obligations	356	451
Income taxes payable	950	2,242
Accrued consumption taxes	169	819
Deposits received	35	129
Provision for bonuses	871	1,026
Provision for directors' bonuses	233	278
Asset retirement obligations	20	9
Other	10	13
Total current liabilities	18,810	26,956
Non-current liabilities		
Long-term loans payable	5,426	6,510
Provision for retirement benefits	337	391
Provision for directors' retirement benefits	112	115
Long-term accounts payable - other	2,249	2,593
Lease obligations	788	1,023
Provision for loss on guarantees	—	71
Asset retirement obligations	984	1,140
Other	53	29
Total non-current liabilities	9,952	11,875
Total liabilities	28,762	38,832
Net assets		
Shareholders' equity		
Capital stock	3,181	3,181
Capital surplus		
Legal capital surplus	3,379	3,379
Other capital surplus	0	0
Total capital surpluses	3,379	3,379
Retained earnings		
Legal retained earnings	21	21
Other retained earnings		
General reserve	12,600	12,600
Retained earnings brought forward	11,367	14,413
Total retained earnings	23,988	27,034
Treasury shares	(1,145)	(1,146)
Total shareholders' equity	29,403	32,448
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	259	262
Total valuation and translation adjustments	259	262
Total net assets	29,663	32,710
Total liabilities and net assets	58,426	71,543

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Net sales	82,280	90,181
Cost of sales		
Beginning goods	4,505	5,132
Cost of purchased goods	37,390	40,512
Total	41,895	45,645
Ending goods	5,132	6,703
Total cost of sales	36,763	38,942
Gross profit	45,516	51,239
Selling, general and administrative expenses		
Sales commission	785	1,024
Packing and transportation expenses	1,883	2,232
Advertising expenses	837	735
Directors' compensations	281	169
Salaries and allowances	10,751	11,881
Bonuses	733	881
Provision for bonuses	871	1,026
Provision for directors' bonuses	233	278
Provision for retirement benefits	64	71
Provision for directors' retirement benefits	3	3
Welfare expenses	2,017	2,294
Entertainment expenses	34	33
Traveling and transportation expenses	470	462
Taxes and dues	293	318
Depreciation	1,234	1,435
Technical development expenses	106	150
Rent expenses	13,470	14,904
Lease expenses	224	177
Utilities expenses	635	699
Commission fee	2,964	3,273
Miscellaneous expenses	1,271	1,347
Total selling, general and administrative expenses	39,169	43,400
Operating income	6,347	7,839
Non-operating income		
Interest income	6	13
Dividend income	54	28
Rent income	20	10
Foreign exchange gains	105	—
Reversal of allowance for doubtful accounts	—	30
Other	29	28
Total non-operating income	216	111
Non-operating expenses		
Interest expenses	89	106
Provision of allowance for doubtful accounts	30	—
Provision for loss on guarantees	—	71
Other	9	21
Total non-operating expenses	128	199
Ordinary income	6,435	7,751

(Millions of yen)

	Fiscal year ended February 28, 2014	Fiscal year ended February 28, 2015
Extraordinary losses		
Loss on retirement of non-current assets	229	129
Loss on cancellation of leases	9	0
Impairment loss	292	281
Loss on valuation of shares of subsidiaries and associates	29	—
Loss on valuation of investment securities	—	100
Other	—	8
Total extraordinary losses	561	521
Income before income taxes	5,873	7,230
Income taxes - current	2,465	3,233
Income taxes - deferred	40	(148)
Total income taxes	2,505	3,084
Net income	3,368	4,145

(3) Non-consolidated Statements of Changes in Net Assets
Fiscal year ended February 28, 2014

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings	
						General reserve	Retained earnings brought forward
Balance at beginning of current period	3,181	3,379	0	3,379	21	12,600	9,098
Changes of items during period							
Dividends of surplus							(1,099)
Net income							3,368
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	—	—	—	—	2,269
Balance at end of current period	3,181	3,379	0	3,379	21	12,600	11,367

(Millions of yen)

	Shareholders' equity			Valuation and translation adjustments			Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total retained earnings						
Balance at beginning of current period	21,719	(1,143)	27,136	159	42	201	27,338
Changes of items during period							
Dividends of surplus	(1,099)		(1,099)				(1,099)
Net income	3,368		3,368				3,368
Purchase of treasury shares		(1)	(1)				(1)
Net changes of items other than shareholders' equity				100	(42)	58	58
Total changes of items during period	2,269	(1)	2,267	100	(42)	58	2,325
Balance at end of current period	23,988	(1,145)	29,403	259	—	259	29,663

Fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings	
						General reserve	Retained earnings brought forward
Balance at beginning of current period	3,181	3,379	0	3,379	21	12,600	11,367
Changes of items during period							
Dividends of surplus							(1,099)
Net income							4,145
Purchase of treasury shares							
Net changes of items other than shareholders' equity							
Total changes of items during period	—	—	—	—	—	—	3,046
Balance at end of current period	3,181	3,379	0	3,379	21	12,600	14,413

(Millions of yen)

	Shareholders' equity			Valuation and translation adjustments			Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Total retained earnings						
Balance at beginning of current period	23,988	(1,145)	29,403	259	—	259	29,663
Changes of items during period							
Dividends of surplus	(1,099)		(1,009)				(1,099)
Net income	4,145		4,145				4,145
Purchase of treasury shares		(1)	(1)				(1)
Net changes of items other than shareholders' equity				2	—	2	2
Total changes of items during period	3,046	(1)	3,044	2	—	2	3,047
Balance at end of current period	27,034	(1,146)	32,448	262	—	262	32,710