



Announcement of Financial Results for the 1st Quarter
of the Fiscal Year Ending February 28, 2013 (FY2012)

July 18, 2012

I. Summary of Financial Results for the 1st Quarter of the Fiscal Year Ending February 28, 2013 (FY2012)

* The amounts of money stated on this document are rounded down to the nearest million yen.

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1. Consolidated Financial Highlights - Profit and Loss

Net Sales 47,529 million yen (Y/Y 123.1%), Operating Income 1,449 million yen
(Y/Y Change +1,806 million yen)

(millions of yen)

	Previous FY *		1st Quarter, FY2012			
	Results	% of Total	Results	% of Total	Y/Y Change	Y/Y
Net Sales	38,625	100.0%	47,529	100.0%	+8,903	123.1%
Gross Profit	20,095	52.0%	25,926	54.5%	+5,831	129.0%
SG&A Expenses	20,452	53.0%	24,477	51.5%	+4,024	119.7%
Operating Income	-357	-0.9%	1,449	3.0%	+1,806	—
Ordinary Income	-1,064	-2.8%	893	1.9%	+1,958	—
Income Before Income Taxes (Qtr)	-2,745	-7.1%	530	1.1%	+3,275	—
Net Income (Qtr)	-3,517	-9.1%	-3	0.0%	+3,513	—

* TSI HOLDINGS was established on June 1, 2011. The financial statement of the previous fiscal year does not include the results of the 1st quarter of SANEI INTERNATIONAL GROUP, which is calculated and included in the results of the previous fiscal year.

2. Consolidated Financial Highlights - Group (1)

TOKYO STYLE GROUP (Compared with the previous year: Non-consolidated/subsidiaries)

(Millions of yen)

	1st Quarter, FY2011			1st Quarter, FY2012					
	Non-consolidated	Subsidiaries Eliminations	Total	Non-consolidated	Y/Y	Subsidiaries Eliminations	Y/Y	Total	Y/Y
Net Sales	6,628	7,284	13,913	6,653	100.4%	13,874	190.5%	20,528	147.5%
Gross Profit	2,023	4,285	6,309	2,679	132.4%	7,940	185.3%	10,620	168.3%
Gross Profit Ratio	30.5%	58.8%	45.3%	40.3%	+9.7pt	57.2%	-1.6pt	51.7%	+6.4pt
SG&A Expenses	3,931	3,689	7,621	4,171	106.1%	6,427	174.2%	10,598	139.1%
Operating Income	-1,907	595	-1,311	-1,492	—	1,513	254.3%	21	—
Ordinary Income	-2,342	417	-1,925	-1,781	—	1,172	281.1%	-608	—
Income Before Income Taxes (Qtr)	-3,499	258	-3,240	-2,070	—	1,114	431.8%	-956	—
Net Income	-3,503	-188	-3,692	-2,045	—	402	—	-1,643	—

- Net Sales: Massive increase of Y/Y 147.5% due to the increase in the revenue of subsidiaries and because companies that merged during the previous fiscal year gave contributions through the full business year.
- Gross Profit Ratio (Non-consolidated): Previous fiscal year: 30.5% → Current year: 40.3% (+9.7pt); due to the reduction of BOY inventory and the improvement of the final sales rates at our regular stores.
- Operating Income: Contribution of profits of group companies → Turned profitable

SANEI INTERNATIONAL GROUP

(millions of yen)

	Previous FY *		1st Quarter, FY2012			
	Results	% of Total	Results	% of Total	Y/Y Change	Y/Y
Net Sales	24,711	100.0%	27,027	100.0%	+2,315	109.4%
Gross Profit	13,785	55.8%	15,310	56.6%	+1,525	111.1%
SG&A Expenses	12,830	51.9%	13,803	51.1%	+973	107.6%
Operating Income	954	3.9%	1,506	5.6%	+552	157.9%
Ordinary Income	861	3.5%	1,603	5.9%	+742	186.2%
Income Before Income Taxes (Qtr)	494	2.0%	1,588	5.9%	+1,093	321.5%
Net Income (Qtr)	174	0.7%	1,696	6.3%	+1,521	974.7%

* The account was settled in August in the previous fiscal year.

The results of the same period (March/2011 to May/2011) is stated above as the results of the previous fiscal year, for comparison.

- Net Sales: Increased due to the increase in the revenue of main brands and the newly opened stores of new brands
- Gross Profit Ratio: Increased since the discount rate was reduced
- Operating Income: Increased due to the increase of the gross profit ratio and the reduction of the SG&A expenses ratio

Rush of the opening of new stores in large commercial establishments

Shibuya Hikarie



Opened
Apr. 28, 2012

Other brands in the location



Tokyo Solamachi

FREE'SMART



Opened
May 22, 2012

Other brands in the location



DiverCity Tokyo Plaza



Cath Kidston®

Opened
Apr. 19, 2012

Other brands in the location



Mitsui Outlet Park Kisarazu



ROSE BUD

Opened Apr. 13,
2012

Other brands in the location



Apuweiser-riche

Cath Kidston®



Rirandture

NEOPASA Shimizu SA

Opened Apr. 14,
2012



Aggressive business development in overseas markets

Business Expansion in China

- Operation of "JILLSTUART" of SANEI INTERNATIONAL, using the Chinese subsidiary of TOKYO STYLE
- "m.tsubomi" increased in revenue.

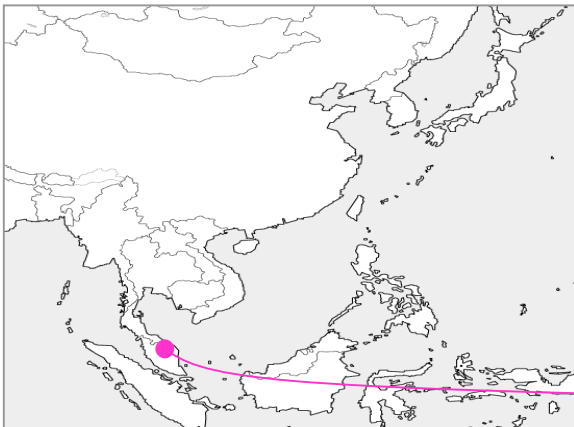


"JILLSTUART"
Sunshine Department
Store, Qingdao



"m.tsubomi"
China World Trade Center
(Beijing) Branch

Business Expansion in Hong Kong and South-East Asia



"NATURAL BEAUTY BASIC"
Takashimaya Singapore

II. Progress of the Mid-term Management Plan (FY2012 to FY2014) of the TSI Group

(1) Reforming cost structure

1) Close low-yielder/unprofitable stores.

- Close approx. 300 unprofitable stores of TOKYO STYLE. → Reduce store expenses.

2) Withdraw from unprofitable business.

- Close four brands of TOKYO STYLE.
- As for the low-yielding brands of the group, a restructure plan is to be made in which the withdrawal of the brands is to be studied. → Investment is to be concentrated on growing brands.

3) Increase of Gross Profit

- Reform the organization of TOKYO STYLE into divisions of each brand business.
→ Reinforce the inventory management and clarify the profit responsibility.
- Reconsider the planning and production system of the TOKYO STYLE brand.
→ Reduce advanced plans and increase the interim planning ratio.

4) Drastic improvement of the SG&A expenses ratio

- Personnel costs → Diminish personnel costs by withdrawing approx. 300 stores (from Oct. 2012).
- Advertising expenses/sales promotion expenses → Reconsider advertisements in magazines and on billboards to a large extent.
- Logistics cost → Perform a part of the outsourced activities of logistics in-house.

(2) Improving profitability

1) Development of new business

- M&A of 5 companies in FY 2011 → These companies give contributions to the consolidated financial results in the full business year from FY2012.
- Start "Planet Blue" from spring/summer 2013, which is a store business for casual-style fashion.

2) Expansion of core brands

- Aggressive investments on large-market brands such as "nano · universe," "NATURAL BEAUTY BASIC," etc.

3) Re-evaluation of goodwill value

- Revised the business plans of group companies in FY2011 and impaired the goodwill value → The burden of SG&A expenses was reduced from FY2012.

4) Effective utilization of assets

- Reconsider and revise the investment in securities and idle assets, with a view to selling them.

(3) Strengthening group management capabilities

1) Concentration of management functions at the administrative headquarters of TSI Holdings

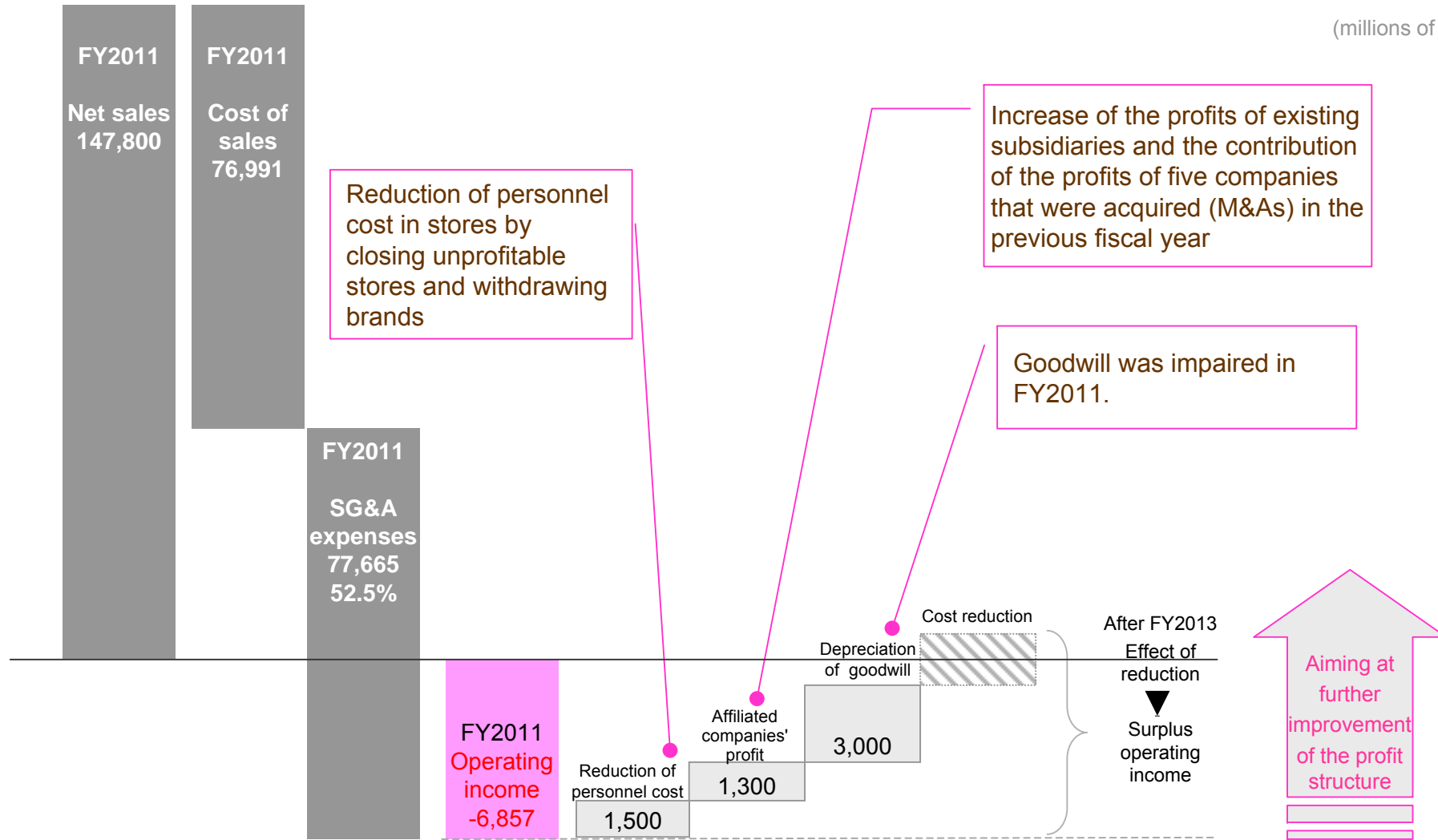
- Consolidate HR, accounting, administration, and system divisions that TOKYO STYLE and SANEI INTERNATIONAL have separately.
- Establish an affiliated enterprises division. → Centralization of information and integration of the entire group

8. Expectation of Effectiveness of Measures Taken in FY2012 TSI HOLDINGS

Cost reduction through reforming cost structure and an increase of profit-earning capacity

The effects will be achieved on a full-year basis after FY2013 --> Surplus operating income

(millions of yen)



III. Forecast for FY2012

9. Consolidated Business Plan for FY2012

Modify the initial plan due to share transfer and the non-consolidation of Kate Spade Japan Co., Ltd.

(Millions of yen)

	FY2012	FY2012			<Reference>
	Initial plan	Modified plan	Change from initial plan	Ratio against initial plan	Results in FY2011
Net Sales	199,000	197,000	-2,000	99.0%	147,800
Operating Income	-200	-500	-300	—	-6,857
Ordinary Income	300	0	-300	0.0%	-12,255
Net Income	-3,300	-1,600	+1,700	—	-27,158

Impact of the share transfer of Kate Spade Japan Co., Ltd.

- ① Exclude the expected amounts of net sales and profit after share transfer (4th qtr.) from the initial plan.
- ② Account for capital gain as extraordinary profit.

IV. Reference Data

10. Net Sales per Brand

Brand Name	FY2012 1st Quarter	(Millions of yen)	
		% of Total	Y/Y
1.nano · universe	4,084	8.6%	148.0%
2.NATURAL BEAUTY BASIC	3,950	8.3%	109.7%
3. ROSE BUD	2,263	4.8%	—
4. MARGARET HOWELL	2,175	4.6%	113.1%
5. Apuweiser-riche	1,645	3.5%	—
6. FREE'S SHOP	1,543	3.2%	103.3%
7. kate spade new york	1,541	3.2%	130.2%
8. HUMAN WOMAN	1,451	3.1%	101.9%
9. & by P&D	1,406	3.0%	109.7%
10.PEARLY GATES	1,226	2.6%	118.1%
Others	26,239	55.2%	—
Total	47,529	100.0%	—

* The net sales of ROSE BUD is the consolidated net sales of ROSEBUD Co., Ltd. and Elephant Co., Ltd.

11. Net Sales per Sales Channel

(Millions of yen)

Sales Channel	TOKYO STYLE GROUP		SANEI INTERNATIONAL GROUP		TSI (Non-consolidated) Eliminations	Consolidated	
	Results	% of Total	Results	% of Total		Results	% of Total
Department store	8,072	39.3%	8,107	30.0%	—	16,179	34.0%
Commercial facilities*	7,239	35.3%	14,691	54.4%	—	21,930	46.1%
EC	1,799	8.8%	889	3.3%	—	2,688	5.7%
Overseas	1,361	6.6%	947	3.5%	—	2,308	4.9%
Others	2,057	10.0%	2,391	8.8%	-26	4,422	9.3%
Total	20,528	100.0%	27,027	100.0%	-26	47,529	100.0%

* Commercial facilities: Fashion buildings, railroad station buildings, individual stores, outlet shops, etc., except for department stores

* Others: Apparel business, such as wholesale and in-company sales and the non-apparel business of group companies

□ In this document, our company's forecast is premised on judgments and presumptions made through information obtainable as of the date of the document. The actual results may vary due to a variety of factors.