



Announcement of Financial Results for the 2nd Quarter
of the Fiscal Year Ending February 28, 2014 (FY2013)

2013.10.17

I Summary of Financial Results for the 2nd Quarter of the Fiscal Year Ending February 28, 2014 (FY2013)

*The amount given in this material is rounded to the nearest million yen.

1. Consolidated Financial Highlights — Profit and Loss

(Unit: Million yen)

	2nd Quarter, FY2012		2nd Quarter, FY2013				
	Results	% of Total	Plan	Results	% of Total	Y/Y Change	Y/Y
Net Sales	90,534	100.0%	86,500	87,660	100.0%	▲2,873	96.8%
Gross Sales	46,298	51.1%	—	44,974	51.3%	▲1,324	97.1%
SG&A Expenses	47,374	52.3%	—	46,379	52.9%	▲995	97.9%
Operating Income	▲1,076	▲1.2%	▲1,500	▲1,404	▲1.6%	▲328	—
Ordinary Income	▲1,123	▲1.2%	▲1,200	53	0.1%	+1,176	—
Income Before Income Taxes (Qtr)	▲1,766	▲2.0%	—	▲259	▲0.3%	+1,506	—
Net Income (Qtr)	▲2,424	▲2.7%	▲2,300	▲2,888	▲3.3%	▲464	—

2. TOKYO STYLE Group (Alone・Subsidiaries) — Profit and Loss

(Unit: Million yen)

	2nd Quarter, FY2012				2nd Quarter, FY2013						
	Alone	Subsidiaries	Elimination/ others	Total	Alone	Y/Y	Subsidiaries	Y/Y	Elimination /others	Total	Y/Y
Net Sales	12,298	31,911	▲4,955	39,254	9,247	75.2%	33,446	104.8%	▲3,699	38,995	99.3%
Gross Profit	4,582	14,934	▲209	19,307	3,659	79.9%	15,814	105.9%	50	19,524	101.1%
Gross Profit Rate	37.3%	46.8%		49.2%	39.6%	+2.3pt	47.3%	+0.5pt		50.1%	+0.9pt
SG&A Expenses	8,110	12,476	225	20,812	5,734	70.7%	14,152	113.4%	444	20,331	97.7%
SGA Rate	65.9%	39.1%		53.0%	62.0%	▲3.9pt	42.3%	+3.2pt		52.1%	▲0.9pt
Operating Income	▲3,527	2,457	▲434	▲1,505	▲2,074	—	1,662	67.6%	▲394	▲806	—
Ordinary Income	▲3,224	2,234	▲666	▲1,655	▲618	—	2,048	91.7%	▲1,083	347	—
Income Before Income Taxes (Qtr)	▲3,281	2,190	▲652	▲1,743	▲991	—	2,005	91.5%	▲880	132	—
Net Income (Qtr)	▲3,281	1,218	▲741	▲2,804	▲668	—	1,102	90.5%	▲1,061	▲628	—

- Alone : Revenues declined due to a decrease in the total number of stores resulting from brand discontinuations and unprofitable store withdrawals that were conducted last year
→ A further five brands were discontinued as of the spring/summer season 2013
- Subsidiaries : Although sales were 104.8% year on year, ordinary profit declined due to the unsatisfactory performance of some subsidiaries

3. SANEI-INTERNATIONAL Group—Profit and Loss

(Unit: Million yen)

	2nd Quarter, FY2012		2nd Quarter, FY2013			
	Results	% of Total	Results	% of Total	Y/Y Change	Y/Y
Net Sales	51,312	100.0%	48,617	100.0%	▲2,695	94.7%
Gross Profit	27,001	52.6%	25,363	52.2%	▲1,637	93.9%
SG&A Expess	26,373	51.4%	25,953	53.4%	▲419	98.4%
Operating Income	628	1.2%	▲589	▲1.2%	▲1,217	—
Ordinary Income	786	1.5%	▲247	▲0.5%	▲1,034	—
Income Before Income Taxes (Qtr)	231	0.5%	▲261	▲0.5%	▲493	—
Net Income (Qtr)	534	1.0%	▲556	▲1.1%	▲1,091	—

- Net Sales : Sales would have increased slightly year on year without the effect of Kate Spade Japan being excluded from the consolidated financial closing 100.8% year on year
- Gross Profit Rate : Gross profit rate would have improved by 0.1 percentage point without the above-mentioned effect, a development attributable to the strong performance of high gross profit rate brands
- Operating Income : Earnings are down for new businesses due to increased selling and administration costs, etc.

II Priority measures for the Second Half of the Fiscal Year Ending February 28, 2014 (FY2013)

Priority measures	Description
<p>(1) Reforming cost structure</p> <p>→ Entering a total completion stage</p>	<ul style="list-style-type: none"> · TOKYO STYLE Group ··· Achieve improved gross profit rate · SANEI-INTERNATIONAL Group ··· Promotion of scrapping of unprofitable stores and brand ⇒ Realign the existing brand portfolio
<p>(2) Improving profitability</p> <p>→ Seek to achieve an optimal revenue generation structure</p>	<ul style="list-style-type: none"> · TOKYO STYLE to launch two new brands (Oui, Ayano Ruban · Aylesmue) · Step up “Online to Offline” with a focus on the flagship brands · Expansion of overseas channels · Effective use of assets
<p>(3) Strengthening group management capabilities</p>	<ul style="list-style-type: none"> · Construction of Group organizational structure · Integration of production subsidiary

III Reference Data

Net Sales per Brand

(Unit : Million yen)

Brand Name		2nd Quarter, FY2012	2nd Quarter, FY2013	% of Total	Y/Y
1 nano·universe	●	8,281	9,426	10.8%	113.8%
2 NATURAL BEAUTY BASIC	●	7,854	8,297	9.5%	105.6%
3 MARGARET HOWELL	●	4,213	5,089	5.8%	120.8%
4 ROSE BUD	●	4,266	4,603	5.3%	107.9%
5 Apuweiser-riche	●	3,062	3,650	4.2%	119.2%
6 PEARLY GATES	●	2,911	3,505	4.0%	120.4%
7 HUMAN WOMAN	●	3,029	2,831	3.2%	93.5%
8 & by P&D	●	3,000	2,763	3.2%	92.1%
9 Callaway Apparel	●	2,141	2,609	3.0%	121.9%
10 FREE'S SHOP	●	3,036	2,337	2.7%	77.0%
Others		48,735	42,545	48.5%	87.3%
Total		90,534	87,660	100.0%	96.8%

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

*Apuweiser-riche sales represent the aggregate total sales generated by brands run by Arpege Co., Ltd.

*Previously, Sanei International Group's outlet sales were reported as a lump sum in Other; however, from this quarter, they will be recorded in the sales of each brand for the current and previous year

● TOKYO STYLE Group

● SANEI-INTERNATIONAL Group

Net Sales per Sales Channel

(Unit : Million yen)

Sales Chanel	2nd Quarter, FY2013						
	TOKYO STYLE Group		SANEI-INTERNATIONAL Group		TSI (Nonconsolidated) Sales Chanel Eliminations	Consolidates	
	Results	% of Total	Results	% of Total		Results	% of Total
Department store	12,641	32.4%	13,735	28.3%	—	26,376	30.1%
Commercial Facilities *1	13,974	35.8%	26,409	54.3%	—	40,384	46.1%
EC	4,806	12.3%	2,285	4.7%	—	7,090	8.1%
Overseas	3,090	7.9%	2,134	4.4%	—	5,225	6.0%
Others *2	4,483	11.5%	4,052	8.3%	47	8,584	9.8%
Total	38,995	100.0%	48,617	100.0%	47	87,660	100.0%

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

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

(1) Non-operating income

Interest received	499 million yen
Dividends received	315 million yen
Valuation gain on derivatives	268 million yen
Foreign exchange gain	181 million yen
Others	315 million yen
Total	1,676 million yen

(2) Non-operating expenses

Interest paid	70 million yen
Others	147 million yen
Total	217 million yen

(3) Extraordinary gain

Gain on sale of fixed assets	1,257 million yen
Gain on sales of investments securities	440 million yen
Others	148 million yen
Total	1,846 million yen

(4) Extraordinary Loss

Loss on retirement of fixed assets	573 million yen
Impairment loss	250 million yen
Loss on sales of investments securities	420 million yen
Valuation loss on investment securities	389 million yen
Loss on sale of related company shares	318 million yen
Others	208 million yen
Total	2,160 million yen

□ The performance outlook for TSI Holdings indicated in this material is based on the assessments/assumptions from the information available as of this material's date. Actual performance may differ depending on various factors.