

Brief announcement of non-consolidated financial statements [Japan GAAP] for the second quarter of fiscal year ending March 31, 2012

October 28, 2011

Name of listed company: Taya Co., Ltd. Listed stock exchange: Tokyo Stock Exchange
Code number: 4679 (First Section)

(URL <http://www.taya.co.jp/>)

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Shihanki-Houkokusho to be submitted on: November 11, 2011

Preparing supplementary material for quarterly financial results: Yes

Holding quarterly financial results presentation meeting: Yes

(Amounts less than 1 million yen were rounded down.)

1. Financial results for the second quarter of FY2011 (year-to-date: April 1 to September 30, 2011)

(1) Operating results (Accumulated total) (The percentages denote year-on-year change)

	Sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Second Qtr. FY2011 (YTD)	6,227	(0.7)	229	383.6	230	470.9
Second Qtr. FY2010 (YTD)	6,272	0.5	47	-	40	-

	Net profit		Net profit per share		Net profit per share after adjustment of latent shares	
	million yen	%	yen	sen	yen	sen
Second Qtr. FY2011 (YTD)	90	-	17.80	-	-	-
Second Qtr. FY2010 (YTD)	(63)	-	(12.64)	-	-	-

(2) Financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen sen
Second Qtr. FY2011	8,658	4,387	50.7	867.57
FY2010	8,479	4,408	52.0	871.77

(Reference) Equity capital: Second quarter of FY2011: 4,387 million yen, FY2010: 4,408 million yen

2. Dividend payments

(Base date)	Dividend per share				
	At end of first quarter	At end of second quarter	At end of third quarter	Fiscal year-end	Annual dividend
	yen sen	yen sen	yen sen	yen sen	yen sen
FY2010	-	0.00	-	22.00	22.00
FY2011	-	0.00	-	-	-
FY2011 (forecast)	-	-	-	22.00	22.00

(NOTE) Revision of forecast for dividends announced recently: None

3. The projected financial results for the period ending March 2012 (April 1, 2011 to March 31, 2012)

(The percentages denote year-on-year change.)

	Sales		Operating income		Ordinary income		Current net profit		Current net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
Full year	12,700	1.1	510	144.1	505	159.1	210	-	41.53

(NOTE) Revision of forecast for this quarter announced recently: None

4. Others

(1) Application of accounting procedures unique to the preparation of quarterly financial statements: None

(2) Changes in accounting policy, changes in accounting estimates and restatement

1) Changes in accounting policy associated with the revision of accounting standards, etc.: None

2) Changes in accounting policy other than those in 1) above: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of outstanding shares (common stocks)

1) Number of outstanding shares (including treasury stocks), at the end of the second quarter of the term ending March 2012: 5,100,000 shares; for the year ended March 2011: 5,100,000 shares

2) Number of treasury stocks, at the end of the second quarter of the term ending March 2012: 42,860 shares; for the year ended March 2011: 42,860

shares

- 3) Average number of shares, the second quarter of the term ending March 2012: 5,057,140 shares; the second quarter of the term ended March 2011: 5,057,140 shares

* Recording of Implementation Conditions regarding Quarterly Review Procedures

This quarterly financial summary does not fall within the scope of the Quarterly Review Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the quarterly financial summary, the Company was in the process of implementing quarterly review procedures for its quarterly financial statements.

* Explanation on an appropriate use of the projected business performance and other remarks

Any description regarding future developments such as the projected business performance, etc. mentioned in this material is based on the information we currently possess and on the certain assumption that the projected business performance is reasonable. Such description may greatly differ from actual results due to various factors. For the conditions used for the assumption of the projected business performance and important notes, etc. for using such projected business performance, please refer to "Qualitative information regarding earnings forecast" on Page 5 of the accompanying material.

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1. Qualitative information regarding results for this quarter

(1) Qualitative Information Regarding Business Results

Japan's economy in the second quarter continued to face uncertain conditions including the power supply issue and harmful rumors caused by the nuclear accident and the prolonged appreciation of the yen as well as declines in stock markets worsened by economic instability in Western countries, although production activities showed a gradual recovery from the Great East Japan Earthquake.

The beauty industry is facing an extremely tough business environment amid a heightened mood of voluntary restraint and awareness of consumers regarding lifestyle preservation, while concerns about employment and income situations further increased due to the effects of the Great East Japan Earthquake.

Under these circumstances, the Company has been working on the "creation of beauty salons customers are happy with", working to improve the techniques and customer service skills of all the employees and to provide new services, in order to use beauty to make many customers smile, under the slogan "Ability to make others happy".

As for new hair colors, we introduced "Candy Colors (eight colors)" for the spring and "LOVE Colors (eight colors)" for the summer and expanded our unique color variation. In addition, we added new service menus such as the "See-Through Wave" and "Perfect Treatment" to help customers stay "cool, pretty, and refreshed" despite the energy-saving during the hot summer. We have been working to please our customers by proposing hair styles that are easy to care for and style and by promoting hair health by caring for it from its roots.

We also introduced the summer-only "Sparkling Grapefruit" and "Curacao Orange" series as well as the autumn-only "Autumn Magic" shampoo & treatment as our unique seasonal hair care products.

The Company closed TAYA Shinsaibashi due to relocation. As a result, the Company had 146 beauty salons and one retail shop as of the end of the second quarter of the term ending March 2012.

We have also been working on reinforcing the revenue-earning structure by improving productivity based on the strict management of material usage, human resources development/appropriate staffing, saving electricity, and cutting unnecessary expenses.

As a result, the Company's sales for the second quarter YTD of the term ending March 2012 were 6,227 million yen (down 0.7% from the same quarter last year). The Company recorded an operating income of 229 million yen (up 383.6% from the same quarter last year) and an ordinary income of 230 million yen (up 470.9% from the same quarter last year). As a result, the Company posted a current net income of 90 million yen for the quarter under review (a net loss of 63 million yen for the same quarter last year).

(2) Qualitative Information Regarding Financial Position

1) Status of assets, liabilities, and shareholders' equity

Total assets as of the end of the second quarter under review were 8,658 million yen, an increase of 179 million yen from the end of the previous fiscal year.

Current assets totaled 2,580 million yen, up 212 million yen from the end of the previous fiscal year. Fixed assets amounted to 6,078 million yen, down 32 million yen from the end of the previous fiscal year. The main factor underlying the increase was a rise of 226 million yen in cash and deposits. The main factor underlying the decrease was a 65 million yen net decline of buildings due to the relocation of branches and salons as well as depreciation.

Total liabilities as of the end of the second quarter stood at 4,271 million yen, up 200 million yen from the end of the previous fiscal year.

Current liabilities amounted to 2,387 million yen, up 211 million yen from the end of the previous fiscal year. Fixed liabilities stood at 1,883 million yen, down 11 million yen from the end of the previous fiscal year. The main factor underlying the increase was a rise of 216 million yen in outstanding long-term and short-term borrowings. The main factors underlying the decrease were a decline of 63 million yen in corporate bonds and a decline of 31 million yen in unpaid corporate taxes.

The Company's net assets as of the end of the second quarter came to 4,387 million yen, down 21 million yen from the end of the previous fiscal year. As a result, our capital adequacy ratio declined from 52.0% in the previous fiscal year to 50.7%.

2) Cash flows

Cash and cash equivalents ("funds" hereinafter) as of the end of the second quarter increased by 214 million yen from the previous fiscal year to 1,491 million yen.

Detailed cash flows and causal factors are shown below.

(Cash flow from operations)

Cash flow from operations for the second quarter YTD was 294 million yen (positive 237 million yen for the same period last year).

This is primarily attributable to a pretax net income of 212 million yen, depreciation expenses of 132 million yen, a rise of 36 million yen in trade payables, and a payment of corporate taxes of 152 million yen.

(Cash flow from investments)

Cash flow from investments for the second quarter YTD amounted to negative 91 million yen (negative 97 million yen for the same period last year).

This is mainly attributable to an outflow for the acquisition of tangible fixed assets of 60 million yen as well as a security deposit and guarantee money of 17 million yen associated with the relocation of branches and salons.

(Cash flow from financial activities)

Cash flow from financial activities for the second quarter YTD was negative 11 million yen (negative 11 million yen for the same period last year).

This is mainly attributable to a net increase of outstanding long-term and short-term borrowings of 216 million yen, dividend payments of 110 million yen, and redemption of corporate bonds of 63 million yen.

(3) Qualitative Information Regarding Earnings Forecast

Based on the performance for the second quarter YTD, we published the "Notice concerning revisions of projected business performance" on October 21, 2011 in consideration of concerns for the future of consumer spending and the power shortage problem. As a result, sales are expected to total 12,700 million yen (up 1.1% from the previous fiscal year), operating income 510 million yen (up 144.1% from the previous fiscal year), ordinary income 505 million yen (up 159.1% from the previous fiscal year), and net profit 210 million yen (net loss of 37 million in the previous fiscal year).

The projected results are prepared based on the information available as at present, and actual future business performance may differ from the projected figures due to various factors.

2. Matters regarding summary information (others)

(1) Application of accounting procedures unique to the preparation of quarterly financial statements

None

(2) Changes in accounting policy, changes in accounting estimates, and restatement

None

3. Key events concerning preconditions for business as a going concern

None

4. Financial Statements

(1) Balance Sheet for the Second Quarter of FY 2011

(Unit: thousand yen)

	Previous fiscal year (as of March 31, 2011)	As of the second quarter of FY2011 (September 30, 2011)
Assets		
Current assets		
Cash and deposits	1,521,609	1,747,739
Accounts receivable-trade	472,748	452,295
Merchandise	48,941	51,022
Materials for beauty treatments	30,832	38,703
Others	295,140	291,580
Bad debt reserves	(915)	(915)
Total current assets	2,368,356	2,580,426
Fixed assets		
Tangible fixed assets		
Building (net value)	1,848,395	1,782,436
Land	1,377,828	1,377,828
Others (net value)	74,409	66,579
Total tangible fixed assets	3,300,634	3,226,845
Intangible fixed assets	41,309	65,785
Investments and other assets		
Security deposit and guarantee money	2,152,514	2,166,416
Others	633,082	634,462
Bad debt reserves	(16,735)	(15,235)
Total of investment and other assets	2,768,860	2,785,644
Total fixed assets	6,110,804	6,078,274
Total assets	8,479,161	8,658,701

(Unit: Thousand yen)

	Previous fiscal year (as of March 31, 2011)	As of the second quarter of FY2011 (September 30, 2011)
Liabilities		
Current liabilities		
Notes payable and trade accounts payable	399,506	430,430
Short-term loans payable	106,900	156,000
Long-term loans due within one year	341,579	428,567
Corporate bonds to be redeemed within one year	126,000	126,000
Unpaid corporate taxes	186,763	155,507
Bonus reserve	218,810	216,204
Asset retirement obligations	-	4,147
Others	796,039	870,586
Total current liabilities	2,175,598	2,387,442
Fixed liabilities		
Corporate bonds	278,000	215,000
Long-term loans payable	940,423	1,020,665
Retirement benefit reserve	361,375	360,685
Asset retirement obligations	189,132	181,912
Others	125,977	105,594
Total fixed liabilities	1,894,908	1,883,857
Total liabilities	4,070,506	4,271,300
Net assets		
Shareholders' equity		
Capital stock	1,480,180	1,480,180
Capital surplus	1,702,245	1,702,245
Retained earnings	1,344,861	1,323,608
Treasury stock	(118,632)	(118,632)
Total shareholders' equity	4,408,654	4,387,401
Total net assets	4,408,654	4,387,401
Total liabilities and net assets	8,479,161	8,658,701

**(2) Statement of Income for the Second Quarter of FY2011
(Second Quarter of FY2011 (YTD))**

(Unit: thousand yen)

	Second Qtr. FY2010 (YTD) (April 1 to September 30, 2010)	Second Qtr. FY2011 (YTD) (April 1 to September 30, 2011)
Sales	6,272,278	6,227,489
Cost of sales	5,479,226	5,257,720
Gross profit	793,052	969,769
Sales and administrative expenses	745,604	740,324
Operating profit	47,447	229,444
Non-operating income		
Interest income	1,298	853
Real estate lease	5,528	5,421
Others	14,915	16,045
Total non-operating income	21,743	22,321
Non-operating expenses		
Interest expense	17,501	15,140
Real estate rental expenses	4,526	3,678
Bond issuance cost	6,024	-
Others	840	2,900
Total non-operating expense	28,893	21,719
Ordinary income	40,297	230,046
Extraordinary income		
Reversal of bad debt reserve	209	-
Total extraordinary income	209	-
Extraordinary losses		
Loss from disposal of fixed assets	2,552	-
Impairment loss	-	17,617
Loss on adjustment for changes of Accounting Standard for Asset Retirement Obligations	85,671	-
Total extraordinary losses	88,223	17,617
Current net profit or loss before tax	(47,716)	212,428
Corporate tax, inhabitant tax and enterprise tax	36,229	121,019
Amount of adjustment for corporate tax	(20,042)	1,405
Total of corporate tax and others	16,187	122,424
Current net profit or loss	(63,904)	90,003

(3) Statement of Cash Flows for the Second Quarter of FY2011

(Unit: Thousand yen)

	Second Qtr. FY2010 (YTD) (April 1 to September 30, 2010)	Second Qtr. FY2011 (YTD) (April 1 to September 30, 2011)
Cash flow from operations		
Current net profit or loss before tax	(47,716)	212,428
Depreciation	138,839	132,955
Impairment loss	-	17,617
Increase (decrease) in bonus reserve	(7,843)	(2,605)
Increase (decrease) in retirement benefit reserve	6,461	(689)
Increase (decrease) in bad debt reserve	(209)	150
Interest received	(1,298)	(853)
Interest paid	17,501	15,140
Loss from retirement of fixed assets	2,552	-
Loss on adjustment for changes of Accounting Standard for Asset Retirement Obligations	85,671	-
(Increase) decrease in accounts receivable-trade	85,693	23,590
(Increase) decrease in inventory	(882)	(3,970)
Increase (decrease) in trade payables	(12,829)	36,867
Others	6,770	38,035
Sub-total	272,708	468,665
Amount of received interest	1,164	795
Amount of interest payable	(17,575)	(16,338)
Indemnification of closed salons and shops received	10,991	-
Paid casualty loss	-	(6,391)
Paid corporate taxes	(29,993)	(152,430)
Cash flow from operations	237,295	294,300
Cash flow from investments		
Payment for time deposits	(302,738)	(213,051)
Income from withdrawal of time deposits	288,849	201,083
Payment for acquisition of tangible fixed assets	(77,381)	(60,229)
Expenditure for security deposit and guarantee money payment	(4,269)	(17,283)
Revenue due to the recovery of security deposit and guarantee money	4,558	2,045
Others	(6,628)	(3,940)
Cash flow from investments	(97,610)	(91,376)

	Second Qtr. FY2010 (YTD) (April 1 to September 30, 2010)	Second Qtr. FY2011 (YTD) (April 1 to September 30, 2011)
Cash flow from financial operations		
Income from additional short-term loans	249,000	368,000
Repayment of short-term loans	(271,810)	(318,900)
Income from long-term loans	267,000	364,000
Repayment of long-term loans	(383,440)	(196,770)
Expenditure for long-term accounts payable repayment	(16,290)	(16,720)
Expenditure for lease obligation repayment	(12,386)	(14,530)
Proceeds from issuance of bonds	300,000	-
Outflow by redemption of corporate bonds	(33,000)	(63,000)
Dividend payments	(110,379)	(110,692)
Cash flow from financial operations	(11,307)	11,386
Translation adjustments on cash and cash equivalents	(197)	(149)
Increase (decrease) in cash and cash equivalents	128,180	214,161
Opening balance of cash and cash equivalents	1,260,076	1,277,492
Closing balance of cash and cash equivalents	1,388,256	1,491,654

(4) Note concerning preconditions for business as a going concern

None

(5) Note in the case of significant changes in shareholders' equity

None

(Omission of disclosure)

Disclosure of segment information, other notes, and supplementary information are omitted since the necessity of their disclosure is considered limited in the brief announcement of financial statements for the quarter under review.