

Brief announcement of non-consolidated financial statements [Japan GAAP] for the second quarter of fiscal year ending March 31, 2011

October 28, 2010

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 12, 2010

Preparing supplementary material for quarterly financial results: Yes

Holding quarterly financial results presentation meeting: Yes (for analysts)

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

1. Financial results for the second quarter of FY2010 (year-to-date: April 1 to September 30, 2010)

(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. FY2010 (YTD)	6,272	0.5	47	-	40	-
Second Qtr. FY2009 (YTD)	6,240	-	(163)	-	(159)	-

	Net profit		Net profit per share		Net profit per share after adjustment of latent shares	
	million yen	%	yen	sen	yen	sen
Second Qtr. FY2010 (YTD)	(63)	-	(12.64)	-	-	-
Second Qtr. FY2009 (YTD)	(223)	-	(44.25)	-	-	-

(2) Financial position

	Total assets		Net assets		Capital ratio	Net assets per share	
	million yen	%	million yen	%	%	yen	sen
Second Qtr. FY2010	8,583	-	4,382	51.1	-	866.61	-
FY2009	8,495	-	4,557	53.7	-	901.25	-

(Reference) Equity capital: Second quarter of FY2010: 4,382 million yen, FY2009: 4,557 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
FY2009	-	0.00	-	22.00	22.00
FY2010	-	0.00	-	-	-
FY2010 (forecast)	-	-	-	22.00	22.00

(NOTE) Revision of forecast for dividend for this quarter: None

3. The projected financial results for the period ending March 2011 (April 1, 2010 to March 31, 2011)

(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
Full year	12,700	0.3	270	-	264	-	30	-	5.93

(NOTE) Revision of forecast for this quarter: None

4. Others (For further details, please refer to "Others" on Page 5 of the accompanying material.)

(1) Application of simple accounting treatments and special accounting treatments: Yes

(NOTE) Refers to whether or not any special accounting treatment or any simplified accounting treatment was used during development of the quarterly financial statements.

(2) Changes in principles and procedures of the accounting method, and changes to presentation method

1) Changes associated with the revision of accounting standards, etc: Yes

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

(NOTE) Refers to changes to principles and procedures, as well as to presentation methods for accounting treatment in relation to the development of current quarter financial statements as referenced in the section entitled, "Changes to Important Items that Form the Basis of the Development of the Quarterly Financial Statements."

(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 2011: 5,100,000 shares; for the year ended March 2010: 5,100,000 shares
- 2) Number of treasury stocks, at the end of second quarter of the term ending March 2011: 42,860 shares; for the year ended March 2010: 42,860 shares
- 3) Average number of shares, second quarter of the term ending March 2011: 5,057,140 shares; second quarter of the term ended March 2010: 5,057,230 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

1. The projected financial results we announced on May 7, 2010 have been changed to the projection shown above. For details, please refer to "Notice concerning revisions of projected business performance" dated Oct. 22, 2010.
2. The projected results above are prepared based on the information available as of the date of announcement of this material, and actual future business performance may differ from the projected figures due to various factors.

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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 downside risks in the economies of other countries, as well as the prolonged appreciation of the yen and declines in stock markets amid deflation and a harsh employment situation, although corporate performance and business conditions gradually improved due to increases in exports and production.

The beauty industry is still facing a tough business environment amid intensifying price and other forms of competition, while personal consumption is declining due to a deteriorating employment situation and falling incomes.

Under these circumstances, the Company has been providing service menus that satisfy customers, working to improve the techniques of beauticians and customer service skills, and enhancing services at existing salons to "Improve our skills to help achieve customers' wishes to become beautiful" under the 3C slogans—"Chance," "Catch," and "Challenge."

We introduced the eight new hair colors named "Sherbet Colors" for the summer, in addition to eight Macaron Colors for the spring, to stimulate customer demand. We have also been working to maintain the freshness of customers' hairstyles by strengthening our unique "Style Check Support Service."

The Company closed a shampoo salon (Shijo-Kawaramachi Hankyu) when the department store that housed the salon was closed, but opened a new shampoo salon (Kyoto Shijo) in the same neighborhood. As a result, the Company had 145 beauty salons and one retail shop as of the end of the second quarter of the term ending March 2011.

As a result, the Company's sales for the second quarter YTD of the term ending March 2011 were 6,272 million yen, up 0.5% from the same quarter last year. The Company recorded operating income of 47 million yen (operating loss of 163 million yen in the same quarter last year) and ordinary income of 40 million yen (ordinary loss of 159 million yen in the same quarter last year). The Company posted an extraordinary loss on adjustment for changes in the accounting standard for asset retirement obligations. As a result, the Company posted a current net loss of 63 million yen for the quarter under review (net loss of 223 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 8,583 million yen, an increase of 88 million yen from the end of the previous fiscal year.

Current assets totaled 2,454 million yen, up 37 million yen from the end of the previous fiscal year. Fixed assets amounted to 6,129 million yen, up 51 million yen from the end of the previous fiscal year. The main factor underlying the increase was a rise of 142 million yen in cash and deposits. The main factor underlying the decrease was a decline of accounts receivable of 85 million yen.

Total liabilities as of the end of the second quarter stood at 4,201 million yen, up 263 million yen from the end of the previous fiscal year.

Current liabilities amounted to 2,238 million yen, down 53 million yen from the end of the previous fiscal year. Fixed liabilities stood at 1,962 million yen, up 317 million yen from the end of the previous fiscal year. The main factors underlying the increase were a rise of 267 million yen in corporate bonds and a rise of 178 million yen in asset retirement obligations. The main factor underlying the decrease was a decline of 139 million in long-term and short-term loans payable.

The Company's net assets as of the end of the second quarter came to 4,382 million yen, down 175 million yen from the end of the previous fiscal year. As a result, our capital adequacy ratio declined from 53.7% in the previous fiscal year to 51.1%.

2) Cash flows

Cash and cash equivalents (“funds” hereinafter) as of the end of the second quarter increased by 128 million yen from the previous fiscal year to 1,388 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 237 million yen (negative 149 million yen for the same period last year).

This is primarily attributable to a pretax net loss of 47 million yen, depreciation expenses of 138 million yen, 85 million yen loss on adjustment for changes of accounting standard for asset retirement obligations, and a decline of 85 million in accounts receivable.

(Cash flow from investments)

Cash flow from investments for the second quarter YTD amounted to negative 97 million yen (negative 316 million yen for the same period last year).

This is mainly attributable to an outflow for the acquisition of tangible fixed assets of 77 million yen associated with the opening of salons.

(Cash flow from financial activities)

Cash flow from financial activities for the second quarter YTD was negative 11 million yen (negative 59 million yen for the same period last year).

This is mainly attributable to a net decrease of outstanding long-term and short-term borrowings of 139 million yen and dividend payments of 110 million yen, despite a net increase of 267 million yen in corporate bonds.

(3) Qualitative Information Regarding Earning Forecast

Consumer spending continues to be sluggish in the midst of uncertainty over the Japanese economy, and it is likely that the recovery of private consumption will take a significant amount of time. The Company will work on improving business efficiency while striving to provide services and programs that are appreciated by our customers. Meanwhile, considering the influence of the sales decrease of the first half of the year in addition to the continuing decline in consumer spending, we revised our earnings forecast and announced “Notice concerning revisions of projected business performance” on October 22, 2010. As a result, sales are expected to total 12,700 million yen (up 0.3% from the previous fiscal year), operating income 270 million yen (49 times greater than that of the previous fiscal year), ordinary income 264 million yen (27.2 times greater than that of the previous fiscal year), and net profit 30 million yen (net loss of 176 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. Others

(1) Overview of simplified accounting treatments and specified accounting treatments for the preparation of quarterly financial statements

Calculation of depreciation expenses for fixed assets

A method of proportionally spreading depreciation expenses over the fiscal year is used for assets for which the fixed-declining balance method is adopted.

(2) Overview of changes to principles, procedures, and presentation method of accounting treatment for

the preparation of quarterly financial statements

From the beginning of the first quarter of the current fiscal year, the Accounting Standard for Asset Retirement Obligations (Accounting Standards Bureau of Japan (ASBJ) Statement No. 18, issued on March 31, 2008) and the Implementation Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008) have been adopted.

As a consequence, for the second quarter of FY2010, operating income and ordinary income were each 19 million yen lower, and pretax net loss increased 104 million yen. The change in asset retirement obligations following adoption of these standards is 168 million yen.

(3) Key events concerning preconditions for business as a going concern

None

3. Financial Statements

(1) Balance Sheet for the Second Quarter of FY 2010

(Unit: thousand yen)

	As of the end of the second quarter of FY2010 (September 30, 2010)	Summary of balance sheet as of the end of FY2009 (March 31, 2010)
Assets		
Current assets		
Cash and deposits	1,628,154	1,486,084
Accounts receivable-trade	460,850	546,543
Merchandise	40,339	40,602
Materials for beauty treatments	33,483	31,974
Others	292,611	313,347
Bad debt reserves	(982)	(1,184)
Total current assets	2,454,456	2,417,368
Fixed assets		
Tangible fixed assets		
Building (net value)	1,880,587	1,866,979
Land	1,377,828	1,377,828
Others (net value)	85,752	87,621
Total tangible fixed assets	3,344,168	3,332,429
Intangible fixed assets	43,236	44,955
Investments and other assets		
Security deposit and guarantee money	2,132,988	2,134,183
Others	620,611	577,982
Bad debt reserves	(11,701)	(11,708)
Total of investment and other assets	2,741,898	2,700,457
Total fixed assets	6,129,302	6,077,842
Total assets	8,583,759	8,495,211

(Unit: Thousand yen)

	As of the end of the second quarter of FY2010 (September 30, 2010)	Summary of balance sheet as of the end of FY2009 (March 31, 2010)
Liabilities		
Current liabilities		
Notes payable and trade accounts payable	424,843	437,673
Short-term loans payable	194,450	217,260
Long-term loans due within one year	335,774	426,492
Corporate bonds to be redeemed within one year	126,000	66,000
Accrued expenses	513,616	523,823
Unpaid corporate taxes	66,817	60,995
Bonus reserve	211,246	219,090
Others	365,638	340,674
Total current liabilities	2,238,386	2,292,008
Fixed liabilities		
Corporate bonds	341,000	134,000
Long-term loans payable	923,533	949,255
Retirement benefit reserve	353,892	347,431
Asset retirement obligations	178,381	-
Others	166,001	214,791
Total fixed liabilities	1,962,809	1,645,477
Total liabilities	4,201,195	3,937,486
Net assets		
Shareholders' equity		
Capital stock	1,480,180	1,480,180
Capital surplus	1,702,245	1,702,245
Retained earnings	1,318,770	1,493,932
Treasury stock	(118,632)	(118,632)
Total shareholders' equity	4,382,563	4,557,725
Total net assets	4,382,563	4,557,725
Total liabilities and net assets	8,583,759	8,495,211

**(2) Statement of Income for the Second Quarter of FY2010
(Second Quarter of FY2010 (YTD))**

(Unit: thousand yen)

	Second Qtr. FY2009 (YTD) (April 1 to September 30, 2009)	Second Qtr. FY2010 (YTD) (April 1 to September 30, 2010)
Sales	6,240,842	6,272,278
Cost of sales	5,618,464	5,479,226
Gross profit	622,377	793,052
Sales and administrative expenses	785,845	745,604
Operating profit (loss)	(163,468)	47,447
Non-operating income		
Interest income	2,508	1,298
Real estate lease	7,127	5,528
Others	18,706	14,915
Total non-operating income	28,342	21,743
Non-operating expenses		
Interest expense	17,499	17,501
Real estate rental expenses	4,242	4,526
Bond issuance cost	-	6,024
Others	2,543	840
Total non-operating expense	24,286	28,893
Ordinary income (loss)	(159,411)	40,297
Extraordinary income		
Gain on redemption of memberships	3,755	-
Reversal of bad debt reserve	242	209
Total extraordinary income	3,997	209
Extraordinary losses		
Loss from disposal of fixed assets	47,198	2,552
Impairment loss	30,905	-
Retirement benefits for directors	50,000	-
Loss on adjustment for changes of Accounting Standard for Asset Retirement Obligations	-	85,671
Total extraordinary losses	128,103	88,223
Current net loss before tax	(283,518)	(47,716)
Corporate tax, inhabitant tax and enterprise tax	29,834	36,229
Amount of adjustment for corporate tax	(89,555)	(20,042)
Total of corporate tax and others	(59,721)	16,187
Current net loss	(223,797)	(63,904)

(3) Statement of Cash Flows for the Second Quarter of FY2010

(Unit: Thousand yen)

	Second Qtr. FY2009 (YTD) (April 1 to September 30, 2009)	Second Qtr. FY2010 (YTD) (April 1 to September 30, 2010)
Cash flow from operations		
Current net loss before tax	(283,518)	(47,716)
Depreciation	121,688	138,839
Impairment loss	30,905	-
Increase (decrease) in bonus reserve	(10,860)	(7,843)
Increase (decrease) in retirement benefit reserve	12,480	6,461
Increase (decrease) in bad debt reserve	(242)	(209)
Interest received	(2,508)	(1,298)
Interest paid	17,499	17,501
Loss from retirement of fixed assets	23,473	2,552
Gain on redemption of memberships	(3,755)	-
Retirement benefits for directors	50,000	-
Loss on adjustment for changes of Accounting Standard for Asset Retirement Obligations	-	85,671
(Increase) decrease in accounts receivable-trade	75,418	85,693
(Increase) decrease in inventory	9,240	(882)
Increase (decrease) in trade payables	26,364	(12,829)
Others	12,937	6,770
Sub-total	79,123	272,708
Amount of received interest	3,593	1,164
Amount of interest payable	(17,925)	(17,575)
Indemnification of closed salons and shops received	-	10,991
Paid retirement benefits for directors	(50,000)	-
Paid corporate taxes	(164,338)	(29,993)
Cash flow from operations	(149,547)	237,295
Cash flow from investments		
Payment for time deposits	(570,869)	(302,738)
Income from withdrawal of time deposits	555,980	288,849
Payment for acquisition of tangible fixed assets	(267,779)	(77,381)
Expenditure for security deposit and guarantee money payment	(43,820)	(4,269)
Revenue due to the recovery of security deposit and guarantee money	15,903	4,558
Revenue from redemption of memberships	3,800	-
Others	(9,555)	(6,628)
Cash flow from investments	(316,340)	(97,610)

	Second Qtr. FY2009 (YTD) (April 1 to September 30, 2009)	Second Qtr. FY2010 (YTD) (April 1 to September 30, 2010)
Cash flow from financial operations		
Income from additional short-term loans	507,000	249,000
Repayment of short-term loans	(361,900)	(271,810)
Income from long-term loans	235,000	267,000
Repayment of long-term loans	(213,026)	(383,440)
Expenditure for long-term accounts payable repayment	(15,872)	(16,290)
Expenditure for lease obligation repayment	(10,210)	(12,386)
Proceeds from issuance of bonds	-	300,000
Outflow by redemption of corporate bonds	(90,000)	(33,000)
Expenditure for acquiring treasury stock	(29)	-
Dividend payments	(110,226)	(110,379)
Cash flow from financial operations	(59,265)	(11,307)
Translation adjustments on cash and cash equivalents	(170)	(197)
Increase (decrease) in cash and cash equivalents	(525,324)	128,180
Opening balance of cash and cash equivalents	1,416,771	1,260,076
Closing balance of cash and cash equivalents	891,447	1,388,256

(4) Note concerning precondition for going business

None

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

None