

# Brief announcement of non-consolidated financial statements (Japanese GAAP) for the accounting period ended March 2013

May 8, 2013

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Scheduled date of the general shareholders' meeting: June 11, 2013 Scheduled date of starting the payment of dividend: June 12, 2013

Scheduled date of submission of financial statements: June 12, 2013

Supplementary material on financial results: to be prepared

Financial results briefing: to be held

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

## 1. Financial results for the accounting period ended March 2013 (April 1, 2012 to March 31, 2013)

### (1) Operating results (The percentages represent the rates of increase or decrease over the previous accounting period)

	Sales		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Period ended March 2013	12,048	(3.8)	78	(84.5)	69	(86.1)
Period ended March 2012	12,518	(0.3)	505	142.0	502	157.6

	Current net profit		Current net profit per share	Current net profit per share after adjustment of latent shares	Return on shareholder's equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	million yen	%	yen sen	yen sen	%	%	%
Period ended March 2013	(47)	-	(9.54)	-	(1.1)	0.8	0.7
Period ended March 2012	161	-	32.02	-	3.7	5.7	4.0

(NOTE) Profit and loss on investments based on the equity method for the year ended March 2013: - million yen; for the year ended March 2012: - million yen.

### (2) Financial position

	Total assets		Net assets		Capital ratio	Net assets per share	
	million yen		million yen		%	yen sen	
Period ended March 2013	8,614		4,260		49.5	852.61	
Period ended March 2012	8,992		4,418		49.1	884.15	

(NOTE) Shareholders' equity at the end of the year ended March 2013: 4,260 million yen; for the year ended March 2012: 4,418 million yen.

### (3) Cash flow

	Cash flow from operations		Cash flow from investments		Cash flow from financial operations		Closing balance of cash and cash equivalents	
	million yen		million yen		million yen		million yen	
Period ended March 2013	125		(353)		(109)		1,528	
Period ended March 2012	655		(57)		(9)		1,865	

## 2. Dividend payments

	Annual amount of dividend per share					Annual total amount of dividends	Divided payout ratio	Ratio of dividend to net assets
	First quarter	Second quarter	Third quarter	Final	Full year			
Period ended March 2012	yen sen	yen sen	yen sen	yen sen	yen sen	million yen	%	%
Period ended March 2012	-	0.00	-	22.00	22.00	109	68.7	2.5
Period ended March 2013	-	0.00	-	22.00	22.00	109	-	2.5
Period ending March 2014 (Projection)	-	0.00	-	22.00	22.00	-	64.7	-

## 3. Projected financial results for the period ending March 2014 (April 1, 2013 to March 31, 2014)

(The percentages shown for full year represent the rates of increase or decrease over the previous accounting period.)

The percentages shown for second quarter represent the rates of increase or decrease over the second quarter of the previous year.)

	Sales		Operating income		Ordinary income		Current net profit		Current net profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
Second quarter	6,070	0.8	109	-	102	-	30	-	6.00
Full year	12,500	3.7	435	459.5	425	514.3	170	-	34.02

\*Notes

### (1) Changes in accounting policy, changes in accounting estimates and restatement

- 1) Changes in accounting policy associated with the revision of accounting standards, etc. : Yes
- 2) Changes in accounting policy other than those in 1) above : None
- 3) Changes in accounting estimates : Yes
- 4) Restatement : None

(NOTE) Changes during the fiscal year under review correspond to Article 8-3-6 (Changes in accounting policies which are difficult to distinguish from changes in accounting estimates) of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. For further details, please refer to "4. Financial Statements (5) Notes on financial statements (Changes in Accounting Policies, etc.)" on page 19 of the accompanying material.

(2) The number of outstanding shares (common stock)

1) The number of outstanding shares (including treasury stocks) at the end of the year ended March 2013: 5,100,000 shares; for the year ended March 2012: 5,100,000 shares.

2) The number of the treasury stock at the end of the current year ended March 2013: 102,895 shares; for the year ended March 2012: 102,895 shares.

3) The average number of shares outstanding for the year ended March 2013: 4,997,105 shares; for the year ended March 2012: 5,047,617 shares.

(NOTE) Please refer to page 37 (Per share information) of the accompanying material for the number of shares to be the base for the calculation of current net profit per share.

\* Representation of Implementation Conditions regarding Audit Procedures

This brief announcement of non-consolidated financial statements does not fall within the scope of the Audit Procedures for Financial Statements referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the brief announcement of non-consolidated financial statements, the audit procedures based on the Financial Instruments and Exchange Act were being conducted.

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

Any description regarding future developments such as the projected business performance mentioned in this material is based on the information we currently have available and on certain assumptions that we consider they are 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 for using such projected business performance, please refer to “1. Operating results (1) Analysis of business performance” on page 4 of the accompanying material

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## **1. Operating results**

### **(1) Analysis of business performance**

(Operating results of the current fiscal year)

The Japanese economy during the fiscal year under review continued to be on a mild recovery track on the strength mainly of demand for reconstruction from the Great East Japan Earthquake. It received a boost from the weak yen and rising stock prices due to expectations for the economic and financial policies adopted by the new government which took office at the end of last year. However, there were concerns about a slowdown of the global economy. As a result, uncertainty remained about the outlook for the economy.

The beauty industry continued to face a tough business environment because consumers remained strongly budget-minded to safeguard their lives amid concerns about the uncertain outlook of employment conditions and the income environment, in addition to intensified competition in the industry.

Under these circumstances, the Company worked on creating beauty salons with the highest customer satisfaction in the region and enhanced services in existing salons by stepping up customer services to bring a smile to customers. It did this through improved techniques and smiles of beauticians under the slogan “Ability to make others smile.”

As for beauty treatments, we introduced new hair colors every season and enhanced the line-up of treatments by introducing “cosmetic curl,” which uses cosmetic grade solvents. In addition, we provided our original technique “texture change” that can help customers solve their hair related problems and achieve their ideal hairstyles. We also added “scalp cleansing” to our new menus. Through such measures, we worked to please customers.

Regarding salons, the Company opened three new salons (Courregés salon de beauté mina Tsudanuma, Courregés salon de beauté Tenjin Imaizumi and TAYA CIAL Tsurumi) and relocated one salon (TAYA&CO. GINZA) while it closed one salon (Courregés salon de beauté Tsurumi). In addition, the Company fully renovated three existing salons (TAYA Kashii, TAYA I’m Kokura and Courregés salon de beauté AEON MALL Atsuta), and TAYA Kashii reopened in March of the fiscal year under review while the other two salons are under construction as of the year-end. As a result, the Company had 149 beauty salons and 1 retail shop, including beauty salons closed for renovation, as of the end of the fiscal year ended March 31, 2013.

Despite implementing these measures, consumers maintained a very cautious stance on consumption and the number of customer visits continued to decline. As a result, operating results were weak, with a 4.3% decrease in the number of customer visits and a 4.9% decline in existing-store sales from a year earlier.

As a result, the Company’s sales for the fiscal year ended March 31, 2013 were 12,048 million yen (down 3.8% from a year earlier). The Company recorded operating income of 78 million yen (down 84.5% from a year earlier), ordinary income of 69 million yen (down 86.1% from a year earlier) and net loss of 47 million yen (net income of 161 million yen in the previous fiscal year).

(Outlook for the next period)

The outlook for the business environment in the coming period remains uncertain, due to the effects of the steep exchange rate fluctuations, the increase in

prices of raw materials due to the rising crude oil price and electricity rate hike, as well as concerns about uncertain employment and income environment. We assume that an improvement of such environment is required for a consumer spending recovery. This situation remained despite growing expectations for an economic rebound on the back of recovery of corporate earnings due to the weak yen and rising stock prices and an increase in reconstruction-related investment.

Under these circumstances, the Company, under the slogan “Creating lifetime value for customers,” will improve customer services further and aim to establish “the best regional salons in terms of customer satisfaction by offering excellent techniques and services.” In this way, we will build a strong trusting relationship with our customers to encourage them to continue to visit our salons.

The Company will open salons in areas where synergies with existing salons are expected and improve management efficiency through scrap-and-build programs.

As for the business performance of the next fiscal year, sales are expected to total 12,500 million yen (up 3.7% from the previous fiscal year), operating income 435 million yen (up 459.5% from the previous fiscal year), ordinary income 425 million yen (up 514.3% from the previous fiscal year) and net income 170 million yen (up 218 million yen from the previous fiscal year).

(Note) The projected business performance is based on the information we currently have available. Actual results may greatly differ from the projections due to various factors that may arise in the future.

## **(2) Analysis of financial status**

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

The total assets as of the end of the fiscal year under review were 8,614 million yen, a decrease of 377 million yen from the end of the previous fiscal year.

Current assets totaled 2,825 million yen, down 236 million yen from the end of the previous fiscal year. Fixed assets amounted to 5,789 million yen, down 140 million yen from the end of the fiscal year. The main factor underlying the decrease was a decline of 218 million yen in cash and deposits and a decline of 105 million yen in lease and guarantee deposits.

The total liabilities as of the end of the fiscal year under review stood at 4,354 million yen, down 219 million yen from the end of the previous fiscal year.

Current liabilities amounted to 2,429 million yen, down 303 million yen from the end of the previous fiscal year. Fixed liabilities stood at 1,924 million yen, up 83 million yen from the end of the fiscal year. The main factor underlying the increase was a net rise of 52 million yen in corporate bonds and a net rise of 21 million yen in short or long-term loans payable, and the main factor underlying the decrease was a decline of 158 million yen in unpaid corporate taxes and a decline of 69 million yen in accounts payable-other.

The Company's net assets as of the end of the fiscal year under review came to 4,260 million yen, down 157 million yen from the end of the previous fiscal year. As a result, our capital ratio rose to 49.5% from 49.1% at the end of the previous fiscal year.

### **2) Cash flows**

Cash and cash equivalents (“funds” hereinafter) as of the end of the current

fiscal year decreased by 336 million yen from the previous fiscal year to 1,528 million yen.

Detailed cash flows in the current period are shown below.

(Cash flow from operations)

Cash flow provided by operating activities for the fiscal year under review was 125 million yen (655 million yen for the previous fiscal year).

This is primarily attributable to a pretax net income of 45 million yen and depreciation expenses of 298 million yen, while there was a payment of corporate taxes of 228 million yen and decreases in accrued consumption taxes of 27 million yen, accounts payable-other of 20 million yen and provision for bonuses of 17 million yen.

(Cash flow from investments)

Cash flow used in investing activities for the fiscal year under review amounted to 353 million yen (57 million yen for the previous fiscal year).

This is primarily attributable to an outflow for the acquisition of tangible fixed assets of 274 million yen associated with opening of new salons and renovation of existing salons, in addition to expenditure for the acquisition of investment securities of 100 million yen.

(Cash flow from financial activities)

Cash flow used in financing activities for the fiscal year under review was 109 million yen (9 million yen for the previous fiscal year).

This is mainly attributable to a net increase in corporate bonds of 52 million yen, a net increase in short or long-term loans payable of 21 million yen against payment of dividends of 109 million yen.

(Reference) Trend of cash flow indices

	37th period ended March 2011	38th period ended March 2012	39th period ended March 2013
Capital ratio (%)	52.0	49.1	49.5
Mark-to-market capital ratio (%)	39.2	38.7	42.5
Interest-bearing debt/Operating cash flow ratio (year)	4.0	3.2	16.6
Interest coverage ratio (multiple)	14.7	22.3	4.4

Capital ratio: Net worth/Total assets

Mark-to-market capital ratio: Total market capitalization/Total assets

Interest-bearing debt/Operating cash flow ratio: Interest bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest payment

- \* 1. Total market capitalization was computed by multiplying closing stock prices at year-end by total outstanding shares (excluding treasury stocks) at year-end.
- 2. Operating cash flow represents cash flow from operating activities in the cash flow statement. Interest-bearing debt represents all interest-bearing debts recorded on the balance sheet. In addition, interest payments represent the interest payment recorded in the cash flow statement.

### **(3) Basic dividend policy and dividend of current year and next year**

It is the Company's basic policy to ensure the stable distribution of dividends to its shareholders, to return profits to shareholders in line with the Company's business results, and to make every effort to expand its operations. The retained earnings of the Company will be used to strengthen its financial position by maximizing corporate value. Retained earnings will also be used to expand the Company's businesses in the future to meet the expectations of shareholders.

Based on such policy, the Company is prepared to pay 22 yen per share as a regular dividend for the current fiscal year. The Company is scheduled to pay a regular dividend of 22 yen per share for fiscal year ending March 2014.

### **(4) Business and other management risks**

The operating results, stock price and financial conditions of the Company may be affected by risks which are explained as below.

The matters concerning the future mentioned in the following are judged by the Company based on the current conditions at the end of the current fiscal year.

1) Specific management policy adopted by the Company:

It is essential for the business development of the Company to employ beauticians having national licenses. For the maintenance and improvement of its service quality, the Company has been recruiting such licensed beauticians as regular salaried employees in principle and sending them out to the job after educating them by the novice training course or the mid-career new employee training course held at the Company's training facilities and offices. When the recruiting or the educational training does not proceed on as planned, the business development, operation performance, etc., of the Company may be disturbed.

2) Situation to cause unusual fluctuation of the financial conditions and the operation performance:

The sales amount of the Company tends to increase in July, when the sense of season is felt strongly, December among other winter months and March, when the entrance and graduation ceremonies of kindergartens, schools and companies as well as the welcome parties are held, in comparison with other months of the year. On the other hand, such bad weathers as cool summer, warm winter, long rain and typhoon may adversely affect the business development, operation performance, etc., of the Company.

3) Heavy dependence on specific business partners, etc., with which the continuity of business is unstable:

For majority cases of the business development by the Company, the salons are located in the rental spaces or the shops of other businesses rather than the Company's own properties. Although the relations with the landlords and developers are favorable at this moment, when such occasion arises that the continuation of such business partner becomes questionable, there may be the possibility that the lease and guarantee money cannot be recovered or the Company's salon has to be removed or the business has to be discontinued, and the business development, operation performance, etc. of

the Company may be disturbed.

- 4) Heavy dependence on specific products or technologies, of which future prospects are unknown:

For the development of the Company's business, as stated above, it is deemed important to have the beauticians, who have national licenses and are highly supported by the customers, do the job. If such specialists quit the Company in large number, the business development, operation performance, etc. of the Company may be disturbed.

- 5) Specific legal regulations, etc.

The Beauticians Law, which applies to the business the Company engages in, may possibly be revised or the way in which this law is construed may alter if there is any change in the social situation, or such like. This may affect the Company's business.

- 6) Management of personal information:

The Company has been doing its best to perfectly protect the security of personal information by continuously improving the customer database access conditions and the security systems. In addition, the Company has reinforced the internal security control environment by conducting thorough education of the employees to heighten their consciousness in the handling of information, constraining the number of staff authorized to access the information and constructing a supervision system.

The Company will conduct tight security control of personal information hereafter; however, should a leakage of personal information occur, the business development, operation performance, etc. of the Company may be disturbed.

- 7) Accounting for the impairment

When impairment is needed for assets of the Company due to the decline of the substantial value, there may be some impact on the Company's operating results.

## **2. Status of the corporate group**

The statement is omitted, since there is no material change from the "Business System Diagram (Outline of Business)" shown in the latest financial report (published on June 20, 2012).



### **3. Management policy**

#### **(1) Basic management policy**

The Company aims to enhance the techniques, creativity, sensitivity and service quality of its beauty therapists, while placing great emphasis throughout its businesses on the use of exceptional practical techniques. Our Company's principal goal is to add beauty to the lives of our customers through hair care, in line with the Company's mission statement: "Our contribution to society is to provide everybody with hopes and dreams."

The Company acknowledges that its role in society, in conducting its businesses, is to pursue the four goals of customer satisfaction, shareholder satisfaction, employee satisfaction and community satisfaction.

#### **(2) Targeted financial indexes**

The Company aims at achieving the major financial indexes below:

- 1) Return on shareholders' equity 10% (Results of current period: (1.1) %)
- 2) Ratio of ordinary income to sales 10% (Results of current period: 0.6%)
- 3) Current net profit per share 150 yen (Results of current period: (9.54) yen)

#### **(3) Medium- to long-term corporate strategy**

The Company has been promoting the medium to long-term management plan "MLP 2019" (announced on May 7, 2012), based on its basic management policy.

An outline of the medium to long-term management plan "MLP 2019" is as follows

##### **Basic Policy**

- I. Enhancing human resources development and improving service quality (establishing TAYA quality).
- II. Strengthening the business base
- III. Deploying the growth strategy

##### **Specific measures**

- (1) Human resources measures
  - 1) Securing stable source of hair designers in terms of both quality and quantity
  - 2) Ensuring efficient personnel allocation
- (2) Sales measures
  - 1) Providing useful techniques and services
  - 2) Responding to individual needs of customers
  - 3) Creating customers
  - 4) Firmly establishing the core product (beauty treatment)
- (3) Salon measures
  - 1) Effective salon development
- (4) Corporate measures
  - 1) Increasing profitability
  - 2) Ensuring implementation of CSR (corporate social responsibility)

### **Targets of the medium to long-term management plan**

The Company will aim to achieve the management indicators set as its targets as the basis of restructuring its corporate structure.

<The final target year of the medium- to long-term management plan>  
FY2019 (fiscal year ending March 2020)

<The management plan period>

The Company has divided the medium- to long-term management plan period of eight years from FY2012 to FY2019 into two four-year stages, and positioned each stage as follows.

#### **The first stage**

**[The intermediate target year: FY2015 (fiscal year ending March 2016)]**

Primarily focusing on increasing profitability to build basic corporate strength.

Placing priority on enhancing existing salons and developing a corporate structure that enables us to generate profits even amid low economic growth.

Limiting new salon openings to about three salons per year and standardizing development of salons which will become profitable early.

#### **The second stage**

**[The final target year: FY2019 (fiscal year ending March 2020)]**

Deploying the growth strategy based on profit base of existing salons.

Accelerating new salon openings to five or more salons per year to establish the growth base (growing at an average rate of 3.5% per year).

Achieving the target management indicators.

Unit: million yen

	2015 (42nd period)		2019 (46th period)	
	1st Stage		2nd stage	
Sales	13,600	100.0	15,500	100.0
Gross profit	2,300	16.9	3,125	20.2
Operating income	790	5.8	1,555	10.0
Ordinary income	785	5.8	1,550	10.0
Current net profit	370	2.7	750	4.8
EPS (yen)		74		150
ROE (%)		7.1		10.9
The number of salons at year-end (salons)		160		181
The average number of staff during period (persons)		2,003		2,264

The Company will strengthen its corporate structure based on the above medium- to long-term business plan.

**(4) Items to be addressed**

In accordance with its mission statement, the Company will continue to create an environment that benefits its customers, regardless of their age, gender or race. The Company, as a leading company in the hairdressing industry, responding to diversifying customer needs and lifestyles, will simultaneously pursue profitability and growth, with the emphasis on continuously developing new technology, training its employees, disseminating information, increasing the number of its beauty salons, and reasonably reducing costs.

The Company will also comply with laws and ordinances, further enhance its internal control system and strive to improve and reinforce its corporate culture to be able to quickly and flexibly cope with changes in such management environments as the economic structure and social situation.

## 4. Financial statements

### (1) Balance sheet

Unit: thousand yen

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	2,129,313	1,910,534
Accounts receivable-trade	555,885	557,165
Merchandise	48,011	49,197
Materials for beauty treatments	34,208	31,046
Supplies	20,083	20,684
Prepaid expenses	134,266	119,374
Deferred tax assets	111,714	91,883
Others	29,511	46,224
Bad debt reserves	(1,008)	(899)
Total current assets	3,061,987	2,825,212
Fixed assets		
Tangible fixed assets		
Buildings	4,154,089	4,307,477
Accumulated depreciation	(2,367,900)	(2,522,341)
Buildings (net value)	* <sup>1</sup> 1,786,188	* <sup>1</sup> 1,785,136
Structures	26,304	26,304
Accumulated depreciation	(20,463)	(21,352)
Structures (net value)	5,840	4,952
Equipment, tools and fixtures	49,540	47,585
Accumulated depreciation	(48,931)	(46,547)
Equipment, tools and fixtures (net value)	609	1,038
Land	* <sup>1</sup> 1,375,445	* <sup>1</sup> 1,375,445
Lease assets	136,414	148,332
Accumulated depreciation	(72,899)	(98,489)
Lease assets (net value)	63,514	49,843
Construction in progress	-	455
Total tangible fixed assets	3,231,599	3,216,870
Intangible fixed assets		
Software	3,449	2,957
Lease assets	30,324	21,715
Others	30,097	30,097
Total intangible fixed assets	63,871	54,771
Investments and other assets		
Investment securities	-	100,000
Investments in subsidiaries and affiliated companies	119	119
Long-term loans to employees	572	652
Long-term prepaid expenses	43,559	42,589
Deferred tax assets	233,370	230,994
Long-term deposits	200,000	100,000
Security deposit and guarantee money	* <sup>1</sup> 2,141,330	* <sup>1</sup> 2,035,915
Others	31,127	7,966
Long-term bad debt reserves	(15,188)	(151)
Total of investment and other assets	2,634,891	2,518,086
Total fixed assets	5,930,362	5,789,728
Total assets	8,992,349	8,614,941

Unit: thousand yen

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes payable	322,317	316,707
Accounts payable-trade	84,353	83,701
Short-term loans payable	* <sup>1</sup> 149,668	* <sup>1</sup> 120,300
Long-term loans payable due within one year	* <sup>1</sup> 502,866	* <sup>1</sup> 551,111
Corporate bonds to be redeemed within one year	128,000	100,000
Lease obligations	37,794	32,515
Accounts payable-other	316,108	246,496
Accrued expenses	556,696	550,261
Unpaid corporate taxes	228,986	70,634
Unpaid consumption taxes	91,548	64,207
Advances received	44	99
Deposits received	86,362	88,388
Unearned revenues	980	1,021
Bonus reserve	217,109	199,848
Asset Retirement Obligations	10,281	4,130
Total current liabilities	2,733,117	2,429,423
Fixed liabilities		
Corporate bonds	150,000	230,000
Long-term loans payable	* <sup>1</sup> 1,069,121	* <sup>1</sup> 1,071,698
Lease obligations	62,215	40,712
Retirement benefit reserve	372,517	384,805
Asset Retirement Obligations	172,809	197,726
Long-term accounts payable	14,363	-
Total fixed liabilities	1,841,026	1,924,941
Total liabilities	4,574,143	4,354,365
Net assets		
Shareholders' equity		
Capital stock	1,480,180	1,480,180
Capital surplus		
Capital reserve	1,702,245	1,702,245
Total capital surplus	1,702,245	1,702,245
Retained earnings		
Profit reserve	66,920	66,920
Other retained earnings		
Separate reserve	860,000	860,000
Earned surplus carried forward	468,316	310,685
Total retained earnings	1,395,236	1,237,605
Treasury stock	(159,455)	(159,455)
Total shareholders' equity	4,418,206	4,260,575
Total net assets	4,418,206	4,260,575
Total liabilities and net assets	8,992,349	8,614,941

## (2) Income statement

Unit: thousand yen

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
<b>Sales</b>		
Sales of beauty treatments	11,126,791	10,736,895
Sales of goods	1,340,642	1,262,832
Others	51,188	48,643
<b>Totals sales</b>	<b>12,518,622</b>	<b>12,048,372</b>
<b>Cost of sales</b>		
Cost of beauty treatments	9,889,300	9,863,511
Cost of goods sold	637,989	602,138
Others	23,026	28,632
<b>Total cost of sales</b>	<b>10,550,316</b>	<b>10,494,281</b>
<b>Gross profit</b>	<b>1,968,306</b>	<b>1,554,090</b>
Sales and administrative expenses	* <sup>1</sup> 1,462,767	* <sup>1</sup> 1,475,635
<b>Operating income</b>	<b>505,539</b>	<b>78,455</b>
<b>Non-operating income</b>		
Interest received	1,377	671
Interest on securities	-	716
Real estate lease	11,261	10,672
Others	24,287	23,836
<b>Total non-operating income</b>	<b>36,925</b>	<b>35,896</b>
<b>Non-operating expenses</b>		
Interest expense	26,629	26,752
Interest paid for corporate bonds	2,391	2,066
Bond issuance cost	-	3,417
Real estate rental expenses	6,450	7,632
Others	4,784	4,581
<b>Total non-operating expenses</b>	<b>40,256</b>	<b>44,449</b>
<b>Ordinary income</b>	<b>502,207</b>	<b>69,902</b>
<b>Extraordinary income</b>		
Income from compensation for closed salons and shops	3,000	-
<b>Total extraordinary income</b>	<b>3,000</b>	<b>-</b>
<b>Extraordinary losses</b>		
Loss from sales of fixed assets	7,069	-
Loss from disposal of fixed assets	* <sup>2</sup> 12,703	* <sup>2</sup> 6,753
Impairment loss	* <sup>3</sup> 28,130	* <sup>3</sup> 2,772
Loss on litigation	-	* <sup>4</sup> 14,677
Others	4,650	-
<b>Total extraordinary losses</b>	<b>52,553</b>	<b>24,204</b>
<b>Current net profit before tax</b>	<b>452,654</b>	<b>45,698</b>
<b>Corporate tax, inhabitant tax and enterprise tax</b>	<b>271,181</b>	<b>71,185</b>
Amount of adjustment for corporate tax	19,841	22,207
<b>Total of corporate tax and others</b>	<b>291,023</b>	<b>93,392</b>
<b>Current net profit or loss</b>	<b>161,631</b>	<b>(47,694)</b>

### (3) Statement of shareholders' equity

Unit: thousand yen

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
<b>Shareholders' equity</b>		
Capital stock		
Balance as of previous fiscal year	1,480,180	1,480,180
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	1,480,180	1,480,180
Capital surplus		
Capital reserve		
Balance as of previous fiscal year	1,702,245	1,702,245
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	1,702,245	1,702,245
Total capital surplus		
Balance as of previous fiscal year	1,702,245	1,702,245
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	1,702,245	1,702,245
Retained earnings		
Profit reserve		
Balance as of previous fiscal year	66,920	66,920
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	66,920	66,920
Other retained earnings		
Separate reserve		
Balance as of previous fiscal year	860,000	860,000
Changes during the current fiscal year		
Net changes during the current fiscal year	-	-
Balance as of current fiscal year	860,000	860,000
Earned surplus carried forward		
Balance as of previous fiscal year	417,941	468,316
Changes during the current fiscal year		
Dividend of surplus	(111,257)	(109,936)
Current net profit or loss	161,631	(47,694)
Net changes during the current fiscal year	50,374	(157,630)
Balance as of current fiscal year	468,316	310,685
Total retained earnings		
Balance as of previous fiscal year	1,344,861	1,395,236
Changes during the current fiscal year		
Dividend of surplus	(111,257)	(109,936)
Current net profit or loss	161,631	(47,694)
Net changes during the current fiscal year	50,374	(157,630)
Balance as of current fiscal year	1,395,236	1,237,605
Treasury stock		
Balance as of previous fiscal year	(118,632)	(159,455)
Changes during the current fiscal year		
Acquisition of treasury stock	(40,822)	-
Net changes during the current fiscal year	(40,822)	-

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Balance as of current fiscal year	(159,455)	(159,455)
Total shareholders' equity		
Balance as of previous fiscal year	4,408,654	4,418,206
Changes during the current fiscal year		
Dividend of surplus	(111,257)	(109,936)
Current net profit or loss	161,631	(47,694)
Acquisition of treasury stock	(40,822)	-
Net changes during the current fiscal year	9,551	(157,630)
Balance as of current fiscal year	4,418,206	4,260,575
Total net asset		
Balance as of previous fiscal year	4,408,654	4,418,206
Changes during the current fiscal year		
Dividend of surplus	(111,257)	(109,936)
Current net profit or loss	161,631	(47,694)
Acquisition of treasury stock	(40,822)	-
Net changes during the current fiscal year	9,551	(157,630)
Balance as of current fiscal year	4,418,206	4,260,575

#### (4) Cash flow statement

(Unit: Thousand yen)

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Cash flow from operations		
Current net profit before tax	452,654	45,698
Depreciation	268,059	298,466
Impairment loss	28,130	2,772
Increase (decrease) in bonus reserve	(1,700)	(17,260)
Increase (decrease) in retirement benefit reserve	11,142	12,288
Increase (decrease) in bad debt reserve	196	(108)
Interest received	(1,377)	(671)
Interest income on securities	-	(716)
Interest paid	26,629	26,752
Loss from retirement of fixed assets	12,195	6,753
Loss (gain) from sales of fixed assets	6,613	-
Income from compensation for closed salons and shops	(3,000)	-
Loss on litigation	-	14,677
(Increase) decrease in accounts receivable-trade	(83,133)	(1,224)
(Increase) decrease in inventory	2,431	1,375
Increase (decrease) in trade payables	13,108	(9,570)
Increase (decrease) in accounts payable-other	175,018	(20,404)
Increase (decrease) in unpaid consumption tax, etc.	24,352	(27,341)
Others	(15,631)	62,600
Sub-total	915,690	394,086
Amount of received interest	1,447	980
Amount of interest payments	(29,419)	(28,510)
Income from compensation for closed salons and shops received	3,000	-
Payments for loss on litigation	-	(12,600)
Paid casualty loss	(6,087)	-
Paid corporate taxes	(229,619)	(228,371)
Cash flow from operations	655,010	125,584



(Unit: Thousand yen)

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
<b>Cash flow from investments</b>		
Payment for time deposits	(457,331)	(483,244)
Income from withdrawal of time deposits	537,558	465,413
Payment for acquisition of tangible fixed assets	(122,123)	(274,803)
Proceeds from sales of tangible fixed assets	2,383	-
Expenditure for security deposit and guarantee money payment	(63,220)	(44,691)
Income due to the recovery of security deposit and guarantee money	68,121	124,658
Purchase of investment securities	-	(100,000)
Others	(23,118)	(40,463)
Cash flow from investments	(57,729)	(353,129)
<b>Cash flow from financial operations</b>		
Income from additional short-term loans	654,000	613,000
Repayment of short-term loans	(611,232)	(642,368)
Income from long-term loans	719,000	550,000
Repayment of long-term loans	(429,015)	(499,178)
Proceeds from issuance of bonds	-	200,000
Outflow by redemption of corporate bonds	(126,000)	(148,000)
Expenditure for long-term accounts payable repayment	(33,223)	(34,533)
Expenditure for lease obligation repayment	(30,911)	(38,701)
Expenditure for acquiring treasury stock	(40,822)	-
Dividend payments	(111,112)	(109,545)
Cash flow from financial operations	(9,316)	(109,326)
Translation adjustments on cash and cash equivalents	(34)	263
Amount of increase (decrease) in cash and cash equivalents	587,930	(336,608)
Opening balance of cash and cash equivalents	1,277,492	1,865,423
Closing balance of cash and cash equivalents	*1,865,423	*1,528,814

## **(5) Notes on financial statements**

(Note concerning events or conditions that may cast significant doubt over the precondition of a going concern)

N/A

(Material accounting policy)

### 1. Standard and method of evaluating investment securities

Held-to-maturity bonds

Stated using the amortized cost method (straight-line method).

### 2. Standard and method of evaluating inventories

Merchandise and materials for beauty treatment:

mainly a cost accounting approach with a moving-average method (a method in which book value is written down based on a decrease in profitability and is used for balance sheet values).

Supplies:

at cost, based on the final purchase cost.

### 3. Depreciation of fixed assets

#### 1) Tangible fixed assets (excluding lease assets)

Declining method.

However, the straight-line method is used for buildings acquired on or after April 1, 1998 (excluding attached equipment).

Major items are deemed to have the following useful lives:

Buildings: 8 to 60 years

Furniture and fixtures: 3 to 10 years

Depreciation for buildings leased on fixed term contracts is calculated based on each fixed term instead of their useful lives.

#### 2) Intangible fixed assets (excluding lease assets)

Straight-line method.

The straight-line method is applied to software for the Company's use based on the usable period in the Company (five years).

#### 3) Lease assets

straight-line method over the lease period with a residual value of zero.

Of finance lease contracts under which ownership does not transfer to the lessee, lease contracts that began on March 31, 2008 or before are based on the accounting method applied to operating lease transactions.

#### 4) Long-term prepaid expenses

Straight-line method.

### 4. Method of accounting of deferred assets

Bond-issuing expenses

The full amount is treated as expenditure at the time of payout.

### 5. Accounting standards for reserves

#### 1) Reserves for bad debts

As the reserve for losses from the default on payment of accounts receivable, the amount that is impossible to collect is set aside based on the actual bad debt ratio for general receivables and by individually considering the possibility of collecting specified receivables, such as receivables over which there is concern about their collection.

## 2) Bonus reserve

A reserve is set aside for the payment of bonuses to employees to provide for bonuses accrued in the current fiscal year, based on bonuses to be paid in the future.

## 3) Retirement benefits and allowances reserve

The Company sets aside an amount based on the expected amount of retirement benefit liabilities at the end of the current fiscal year, to cover employees' retirement benefits and allowances.

The entire difference from the actuarial calculation shall be treated as an expense in the accounting period when that difference occurs.

## 6. Scope of funds in the Cash Flow Statement

Funds in the Cash Flow Statement (cash and cash equivalents) consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments that can be converted into cash easily, involve only a minor risk of value fluctuation, and can be reimbursed within three months of their acquisition.

## 7. Other important matters that are the bases for the preparation of financial statements

Accounting for consumption taxes, etc.

Based on net sales exclusive of taxes.

(Changes in accounting policies, etc.)

(Changes in accounting policies deemed difficult to distinguish from changes in accounting estimates)

In accordance with the revision of the Corporation Tax Act of Japan, the depreciation method for tangible fixed assets acquired on or after April 1, 2012 has been changed to the method under the revised act from this fiscal year.

As a result, operating income, ordinary income and current net profit before tax increased by 2,377 thousand yen each compared with the previous method.

(Notes on balance sheet)

### \*1. Assets provided as security and secured debt

Assets provided as security are as follows:

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
Buildings	426,674	407,606
Land	1,315,455	1,315,455
Security deposit and guarantee money	273,589	273,589
Total	2,015,720	1,996,651

Secured debts are as follows:

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
Short-term loans payable	149,668	120,300
Long-term loans payable (including long-term loans repayable within one year )	1,290,459	1,188,481
Total	1,440,127	1,308,781

## 2. Guarantee liabilities

	Unit: thousand yen	
	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
1. Guarantee liabilities for borrowings from financial institutions by former employees based on a program to assist employees become independent	3,610	286
2. Guarantee money for obligation to reimburse deposit money, which the Company bears to the financial institution of the lender, for part of the security deposit and guarantee of leasehold based on a contract in which the financial institution pays security deposit on behalf of the Company, signed by the Company, lender and the financial institution.	-	72,528

3. The Company has made an overdraft agreement with banks so as to effectively raise working capital. The amount not to be funded under the agreement at the end of the current fiscal year is as follows:

	Unit: thousand yen	
	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
Overdraft limit	400,000	600,000
Funded amount	-	-
Balance	400,000	600,000

(Notes on income statement)

\*1 The percentages of sales and administrative expenses for the previous and current fiscal years that are classified as sales expenses are approximately 6.8 % and 8.1%, respectively, and the same percentages of general expenses are approximately 93.2% and 91.9%, respectively.

The major items and their amounts are as follows:

	Unit: thousand yen	
	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Advertising expenses	99,666	118,945
Remuneration to officers	138,116	153,505
Salary and bonuses	608,523	602,729
Reserve for bonus additionally counted	65,604	64,937
Retirement benefit expenses	5,530	7,191
Welfare expenses	102,618	105,297
Traveling & transportation expenses	49,396	49,675
Depreciation costs	32,304	31,333
Additional bad debt reserves	46	(108)

\*2 Loss from disposal of fixed assets consists of the following items.

	Unit: thousand yen	
	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Buildings	12,195	6,744
Others	507	8
Total	12,703	6,753

### \*3 Impairment loss

Previous fiscal year (April 1, 2011 to March 31, 2012)

The Company posted an impairment loss for the following asset groups:

Location	Purpose of usage	Type
Shibuya-ku, Tokyo	Salon	Building
Naka-ku, Hiroshima-shi	Salon	Buildings, tools, furniture and fixtures
Tama-shi, Tokyo	Salon	Building
Niihama-shi, Ehime Prefecture	Salon	Buildings, tools, furniture and fixtures
Nakagyo-ku, Kyoto-shi	Salon	Buildings and lease assets

The Company regards each salon as a group, by considering it to be a basic and minimum unit that generates cash flows. The book value of a group of assets of salons whose operating activities continuously result in losses is reduced to a collectible value, and the reduced value is posted as impairment loss in the extraordinary loss section.

The impairment loss consists of 26,927 thousand yen for buildings, 1,193 thousand yen for leased assets and 9 thousand yen for tools, furniture and fixtures.

In addition, the collectible value of such group of assets is measured based on usable value, and future cash flows are discounted by 4%.

Current fiscal year (April 1, 2012 to March 31, 2013)

The Company posted an impairment loss for the following asset groups:

Location	Purpose of usage	Type
Shibuya-ku, Tokyo	Salon	Building
Kyoto-shi, Kyoto	Salon	Building

The Company regards each salon as a group, by considering it to be a basic and minimum unit that generates cash flows. The book value of a group of assets of salons whose operating activities continuously result in losses is reduced to a collectible value, and the reduced value is posted as impairment loss in the extraordinary loss section.

The impairment loss consists of 2,772 thousand yen for buildings.

In addition, the collectible value of such group of assets is measured based on usable value, and future cash flows are discounted by 4%.

### \*4 Loss from lawsuits

The Company recorded a loss from payment of settlement money as it reached a settlement in an action for damages for a fire that occurred at a salon in the past fiscal year.

(Notes on statement of shareholders' equity)

Previous fiscal year (April 1, 2011 to March 31, 2012)

1. Matters concerning the types and total number of shares outstanding and the types and number of treasury stocks

Unit: shares

	Balance at the beginning of the current fiscal year	Increase during the current fiscal year	Decrease during the current fiscal year	Balance at the end of the current fiscal year
Shares outstanding				
Common stock	5,100,000	-	-	5,100,000
Total	5,100,000	-	-	5,100,000
Treasury stock				
Common stock	42,860	60,035	-	102,895
Total	42,860	60,035	-	102,895

(Note) 60,035 treasury stocks that increased during the current fiscal year consist of 60,000 treasury stocks acquired in accordance with the passing of a resolution of the board of directors and an increase of 35 stocks as a result of the purchase of shares constituting less than one unit.

2. Statement on stock warrant and treasury stock warrant

N/A

3. Matters concerning dividend

(1) Dividend paid

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 21, 2011	Common stock	111,257	22	March 31, 2011	June 22, 2011

(2) Dividends for which record date belongs to current fiscal year and effective date belongs to the next fiscal year

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Resource of dividend	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 19, 2012	Common stock	109,936	Retained earnings	22	March 31, 2012	June 20, 2012

Current fiscal year (April 1, 2012 to March 31, 2013)

1. Matters concerning the types and total number of shares outstanding and the types and number of treasury stocks

Unit: shares

	Balance at the beginning of the current fiscal year	Increase during the current fiscal year	Decrease during the current fiscal year	Balance at the end of the current fiscal year
Shares outstanding				
Common stock	5,100,000	-	-	5,100,000
Total	5,100,000	-	-	5,100,000
Treasury stock				
Common stock (Note)	102,895	-	-	102,895
Total	102,895	-	-	102,895

2. Statement on stock warrant and treasury stock warrant

N/A

3. Matters concerning dividend

(1) Dividend paid

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 19, 2012	Common stock	109,936	22	March 31, 2012	June 20, 2012

(2) Dividends for which record date belongs to current fiscal year and effective date belongs to the next fiscal year

Resolution	Types of shares	Total amount of dividend paid (thousand yen)	Resource of dividend	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 11, 2013	Common stock	109,936	Retained earnings	22	March 31, 2013	June 12, 2013

(Notes on cash flow statement)

\*1 Relationship between the closing balance of cash and cash equivalents and the amount recorded in the Balance Sheet

Unit: thousand yen

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Cash and cash accounts	2,129,313	1,910,534
Time deposit, deposited for a period of more than three months	(263,889)	(381,719)
Cash and cash equivalents	1,865,423	1,528,814



(Note on lease transactions)

1. Finance lease transactions

Finance lease transactions, excluding transactions that involve transference of the ownership of the lease subject to the lessee.

1) Contents of lease assets

a) Tangible fixed assets

Facilities in the beauty industry (equipment, tools and fixtures)

b) Intangible fixed assets

Software

2) Method for calculating depreciation of lease assets

As stated in Material accounting policy "3. Depreciation of fixed assets"

Among non-transfer ownership finance lease transactions, those, which started on March 31, 2008, or before, are based on the accounting method applied to operating lease transactions as shown below.

(1) Acquisition price of leased property, accumulated depreciation, and closing balance

Unit: thousand yen

	Previous fiscal year (as of March 31, 2012)		
	Acquisition price of leased property	Accumulated depreciation	Closing balance
Tools, furniture and fixtures	111,118	97,943	13,175
Total	111,118	97,943	13,175

Unit: thousand yen

	Current fiscal year (as of March 31, 2013)		
	Acquisition price of leased property	Accumulated depreciation	Closing balance
Tools, furniture and fixtures	-	-	-
Total	-	-	-

(2) Closing balance of prepaid lease fees

Unit: thousand yen

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
Closing balance of prepaid lease fees		
One year or less	13,986	-
Over one year	-	-
Total	13,986	-

(3) Lease fees paid, amount equivalent to depreciation expenses and amount equivalent to paid interest

Unit: thousand yen

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Lease fees paid	36,489	14,145
Amount equivalent to depreciation expenses	33,848	13,175
Amount equivalent to paid interest	941	159

(4) Method of calculating the amount equivalent to depreciation expenses  
This was calculated based on the straight-line method over the lease period with a residual value of zero.

(Impairment loss)

No impairment loss was recognized for lease assets.

2. Operating lease transactions

Of operating lease transactions, unexpired lease fees related to noncancellable operating leases are as follows:

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
One year or less	-	1,540
Over one year	-	5,392
Total	-	6,933

(Financial products)

1. Matters concerning situations of financial instruments

(1) Policy for handling financial instruments

The Company raises funds required for equipment in light of its equipment plan (mainly by borrowing from banks or the issuance of corporate bonds). The Company invests extra funds in principal-protected time deposits and corporate bonds with credit ratings above a certain level. The Company raises short-term working capital by borrowing from banks.

The Company conducts derivatives transactions in order to avoid the risks to be explained later, without making speculative transactions.

(2) Descriptions and risk of financial instruments

Operating receivables including sales receivables, security deposit and guarantee money are exposed to the credit risks of trading counterparties. Investment securities are held-to-maturity bonds, and are exposed to the credit risks of issuers. Banks have right to terminate long-term savings.

Most operating payables including notes payable and accounts payable are due and payable within three months.

Long-term debt and corporate bonds, mainly for the purpose of fund raising for equipment investment, are paid or redeemed with fixed amounts in a certain period of time.

(3) Risk management system concerning financial instruments

1) Management of credit risk (Risk concerning nonperformance by counterparties)

groups and branches in the business division periodically monitor the situation of major transaction counterparties for operating receivables, security deposit and guarantee money and the accounting group manages due dates and outstanding balances every month in order to early grasp concerns on collection due to the worsening of their financial conditions and alleviate these concerns.

In time deposits, we transact only with highly-rated banks. In investment securities, we invest only in corporate bonds with high credit ratings. Therefore, our credit risk is small.

In derivatives transactions, there is almost no credit risk since counterparties are limited to banks which are rated high.

2) Management of market risk (Interest fluctuation risk)

In corporate bonds, we regularly check their market values.

In long-term deposits, interests received and the evaluation amount may vary depending on the change in interest rates and exchange rates.

The department in charge performs and manages derivatives transactions with the approval of the board of directors. Transaction results are reported monthly to the board of directors.

3) Management on liquidity risk concerning fund raising (Risk on the failure of the payment on due dates)

In this Company the department in charge develops and updates cash management plans at appropriate times based on reports from each department and maintains liquidity in hands in order to manage liquidity risks.

(4) Supplemental explanation about the market value of financial instruments

The market value of financial instruments includes the value based on the market value, as well as the value based on reasonable estimate for financial instruments when an instrument has no market value. In estimating the said value, fluctuating factors are incorporated, and the said value may change if different assumptions are adopted.

2. Matters on the market value of financial instruments  
 Previous fiscal year (as of March 31, 2012)

	Amount recorded on the balance sheet (thousand yen)	Market value (thousand yen)	Balance (thousand yen)
(1) Cash and deposits	2,129,313	2,129,313	-
(2) Accounts receivable-trade	555,885	555,885	-
(3) Investment securities	-	-	-
(4) Long-term deposits	200,000	199,351	(648)
(5) Security deposit and guarantee money	2,141,330	2,128,646	(12,683)
<b>Total assets</b>	<b>5,026,529</b>	<b>5,013,196</b>	<b>(13,332)</b>
(1) Notes payable	322,317	322,317	-
(2) Trade accounts payable	84,353	84,353	-
(3) Short-term loans	149,668	149,668	-
(4) Accounts payable-other	316,108	316,108	-
(5) Unpaid corporate taxes	228,986	228,986	-
(6) Unpaid consumption taxes	91,548	91,548	-
(7) Corporate bonds	278,000	280,707	2,707
(8) Long-term loans payable	1,571,987	1,596,351	24,364
(9) Lease obligations	100,010	98,463	(1,546)
(10) Long-term accounts payable	14,363	14,281	(81)
<b>Total Liabilities</b>	<b>3,157,342</b>	<b>3,182,787</b>	<b>25,444</b>

Current fiscal year (as of March 31, 2013)

	Amount recorded on the balance sheet (thousand yen)	Market value (thousand yen)	Balance (thousand yen)
(1) Cash and deposits	1,910,534	1,910,534	-
(2) Accounts receivable-trade	557,165	557,165	-
(3) Investment securities	100,000	96,910	(3,090)
(4) Long-term deposits	100,000	103,097	3,097
(5) Security deposit and guarantee money	2,035,915	2,027,648	(8,267)
<b>Total assets</b>	<b>4,703,616</b>	<b>4,695,356</b>	<b>(8,259)</b>
(1) Notes payable	316,707	316,707	-
(2) Trade accounts payable	83,701	83,701	-
(3) Short-term loans	120,300	120,300	-
(4) Accounts payable-other	246,496	246,496	-
(5) Unpaid corporate taxes	70,634	70,634	-
(6) Unpaid consumption taxes	64,207	64,207	-
(7) Corporate bonds	330,000	333,315	3,315
(8) Long-term loans payable	1,622,809	1,645,079	22,270
(9) Lease obligations	73,227	72,384	(843)
(10) Long-term accounts payable	-	-	-
<b>Total Liabilities</b>	<b>2,928,083</b>	<b>2,952,826</b>	<b>24,743</b>

(Note)The calculation method of the market value of financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable-trade

As they are settled in a short time and the market value is almost the same as book value, the book value is used.

(3) Investment securities

The prices quoted by correspondent financial institutions are used for the market value of corporate bonds.

(4) Long-term deposits

The market value for long term deposits is calculated with the discounted present value obtained from future cash flow with yields of government bonds depending on the residual period.

(5) Security deposit and guarantee money

The market value for security deposit and guarantee money is calculated with the discounted present value obtained from the cash flow for each tenant with yields of government bonds depending on the residual period

Liabilities

(1) Notes payable, (2) Trade accounts payable, (3) Short-term loans, (4) Accounts payable-other, (5) Unpaid corporate taxes and (6) Unpaid consumption taxes, etc.

As they are settled in a short time and the market value is almost the same as book value, the book value is used. Long-term accounts payable scheduled to be paid in a year is included in accounts payable-other.

(7) Corporate bonds

The market value of corporate bonds is calculated with the discounted present value obtained with interest rate and guarantee fee, which are expected to adopt for the additional issuance of similar corporate bonds. Corporate bonds to be scheduled to be redeemed within a year are also included.

(8) Long-term loans payable

The market value of long-term loans payable is calculated with the discounted present value obtained from principal and interest with interest rate estimated to be adopted for the similar borrowing. Long-term loans payable to be scheduled to be repaid within a year is included in long-term loans payable.

(9) Lease obligations, (10) Long-term accounts payable

The market value is calculated with the present value discounted with the interest rate estimated to be applied for similar lease transactions and long-term accounts payable transactions. Lease obligations include current and fixed liabilities. Long-term accounts payable scheduled to be paid in a year is included in accounts payable.

3. Scheduled redeemed amount of monetary receivables after settlement day  
Previous fiscal year (as of March 31, 2012)

	Within a year (thousand yen)	More than one year and within five years (thousand yen)	More than five years and within ten years (thousand yen)	More than ten years (thousand yen)
Cash and deposits	2,129,313	-	-	-
Accounts receivable-trade	555,885	-	-	-
Long-term deposits (Note 1)	-	100,000	100,000	-
Total	2,685,198	100,000	100,000	-

(Note)

1. The scheduled redeemed amount for long-term deposits is the amount when banks don't exercise their termination rights.

2. Security deposits and guarantee money are not written because scheduled redemption is not determined.

Current fiscal year (as of March 31, 2013)

	Within a year (thousand yen)	More than one year and within five years (thousand yen)	More than five years and within ten years (thousand yen)	More than ten years (thousand yen)
Cash and deposits	1,910,534	-	-	-
Accounts receivable-trade	557,165	-	-	-
Investment Securities				
Bonds to be held until maturity	-	100,000	-	-
Long-term deposits (Note 1)	-	-	100,000	-
Total	2,467,700	100,000	100,000	-

(Note)

1. The scheduled redeemed amount for long-term deposits is the amount when banks don't exercise their termination rights.

2. Security deposits and guarantee money are not written because scheduled redemption is not determined.

4. Scheduled redeemed amount and repayment amount of corporate bonds,  
long-term loans payable, lease obligations and other interest-bearing debts after  
the book closing date

Previous fiscal year (as of March 31, 2012)

	Within a year (thousand yen)	More than one year and within two years (thousand yen)	More than two years and within three years (thousand yen)	More than three years and within four years (thousand yen)	More than four years and within five years (thousand yen)	More than five years (thousand yen)
Short-term loans payable	149,668	-	-	-	-	-
Corporate bonds	128,000	60,000	60,000	30,000	-	-
Long-term loans payable	502,866	443,844	257,416	180,831	110,350	76,680
Lease obligations	37,794	29,995	15,076	11,501	5,642	-
Other debt with interests (part of accounts payable-other and long-term accounts payable)	55,362	14,363	-	-	-	-
Total	873,690	548,202	332,492	222,332	115,992	76,680

Current fiscal year (as of March 31, 2013)

	Within a year (thousand yen)	More than one year and within two years (thousand yen)	More than two years and within three years (thousand yen)	More than three years and within four years (thousand yen)	More than four years and within five years (thousand yen)	More than five years (thousand yen)
Short-term loans payable	120,300	-	-	-	-	-
Corporate bonds	100,000	100,000	70,000	40,000	20,000	-
Long-term loans payable	551,111	359,104	282,519	212,038	130,517	87,520
Lease obligations	32,515	17,460	13,884	8,026	1,340	-
Other debt with interests (part of accounts payable-other and long-term accounts payable)	14,363	-	-	-	-	-
Total	818,289	476,564	366,403	260,064	151,857	87,520



(Notes on investment securities)  
Held-to-maturity bonds  
Previous fiscal year (as of March 31, 2012)  
Not applicable.

Current fiscal year (as of March 31, 2013)

	Category	Amount recorded on the balance sheet (thousand yen)	Market value (thousand yen)	Balance (thousand yen)
The market value exceeds the balance sheet amount	(1) Government bonds and municipal bonds, etc.	-	-	-
	(2) Corporate bonds	-	-	-
	(3) Others	-	-	-
	Sub total	-	-	-
The market value is below the balance sheet amount	(1) Government bonds and municipal bonds, etc.	-	-	-
	(2) Corporate bonds	100,000	96,910	(3,090)
	(3) Others	-	-	-
	Sub total	100,000	96,910	(3,090)
Total		100,000	96,910	(3,090)

(Profit and loss under the equity method, etc.)

N/A

(Notes on deferred tax accounting)

1. Breakdown of the reasons for deferred tax assets and deferred tax liabilities

	(Unit: thousand yen)	
	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
(Deferred tax assets)		
Denial of bonus reserve	82,523	75,962
Impairment loss	41,552	30,367
Denial of retirement benefit reserve	136,144	139,563
asset retirement obligations	68,157	72,906
Others	49,241	38,081
Total deferred tax assets	377,619	356,880
Valuation reserve	(15,254)	(15,254)
Net deferred tax assets	362,364	341,625
(Deferred tax liabilities)		
Asset retirement obligations	(17,279)	(18,747)
Total deferred tax liabilities	(17,279)	(18,747)
Net deferred tax assets	345,085	322,877

2. Breakdown of main items which caused significant difference, if any, between the legal effective tax rate and the corporate tax rate after the adoption of deferred tax accounting

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
Legal effective tax rate	40.7	38.0
(Adjustment)		
Items which are not counted permanently as the loss such as entertainment expenses	3.0	30.3
Per capita levy of local residential tax	13.5	132.2
Increase or decrease in valuation reserves	(0.1)	-
Decrease in deferred tax assets at year-end due to tax rate changes	7.4	-
Others	(0.2)	3.9
Corporate tax rate after the adoption of deferred tax accounting	64.3	204.4

(Unit: %)

(Note on Retirement benefits)

1. Outline of the Company's retirement benefit system

The Company has adopted a lump sum retirement allowance system based on a defined benefit system.

2. Retirement benefit payment liability and its breakdown

Unit: thousand yen

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
Retirement benefit payment liability		
(1) Retirement benefit liabilities	(372,517)	(384,805)
(2) Retirement benefit reserves	(372,517)	(384,805)

3. Breakdown of retirement benefit payment expenses

Unit: thousand yen

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Retirement benefit cost	61,486	63,985
(1) Service costs	57,901	55,601
(2) Interest expense	2,891	2,220
(3) Disposed amount of the expense for the difference in actuarial calculation	693	6,163

4. Assumption for the calculation of retirement benefit liabilities

(1) Periodic allocation method of expected retirement benefit amounts

Periodic fixed amount standard

(2) Discount rate

Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
0.6%	0.3%

(3) Number of years for amortization of the difference in actuarial calculation

The entire difference is recognized as an expense when incurred.

(Asset retirement obligations)

1. Asset retirement obligations posted on the Balance Sheet

a. Outline of these asset retirement obligations posted

Obligations of the restoration to the original conditions on fixed-period lease agreement of beauty salons.

b. Calculation method of the amount of the subject asset retirement obligations

The amount of the asset retirement obligation is calculated for the property leased on the fixed-period agreement, estimating the lease period, using yield of government bond depending on the lease period as the discount rate.

c. Increase or decrease of the total amount of the subject asset retirement obligations

	Unit: thousand yen	
	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Opening balance (Note)	189,132	183,091
Increase due to the acquisition of tangible fixed assets	16,305	13,242
Adjustment by the lapse of time	1,452	1,240
Decrease due to the fulfillment of asset retirement obligations	(21,710)	(10,284)
Other increase (decrease)	30,387	14,566
Increase (decrease) due to the change in estimate	(32,476)	-
Closing balance	183,091	201,856

2. Asset retirement obligations for those other than that posted on the balance sheet

The Company assumes liabilities concerning the restoration to original conditions at the evacuation for salons used on the lease agreement. However, it is impossible to make a reasonable estimation of asset retirement liabilities for lease agreements other than fixed term lease agreements, if the use period of the leases assets is not clear and transfer is not scheduled at the present time. Therefore, asset retirement obligations for them are not posted.

(Segment information)

[Segment information]

Previous fiscal year (From April 1, 2011 to March 31, 2012) and Current fiscal year (From April 1, 2012 to March 31, 2013)

As the Company consists of one segment of beauty business, the description is omitted.

[Associated information]

Previous fiscal year (From April 1, 2011 to March 31, 2012)

1. Information for each product or service

(Unit: thousand yen)

	Beauty treatments	Merchandise	Others	Total
Sales for external customers	11,126,791	1,340,642	51,188	12,518,622

2. Information for each region

(1) Sales amount

Sales to external customers in Japan exceed 90% of those on the income statement, the description is omitted.

(2) Tangible fixed assets

As the Company has no tangible fixed assets in other region than Japan, the description is omitted.

3. Information for each major customer

In sales to external customers, there is no customer that exceeds 10% of sales in the income statement, the description is omitted.

Current fiscal year (From April 1, 2012 to March 31, 2013)

1. Information for each product or service

(Unit: thousand yen)

	Beauty treatments	Merchandise	Others	Total
Sales for external customers	10,736,895	1,262,832	48,643	12,048,372

2. Information for each region

(1) Sales amount

Sales to external customers in Japan exceed 90% of those on the income statement, the description is omitted.

(2) Tangible fixed assets

As the amount of tangible fixed assets the Company possesses in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet, a description is omitted.

3. Information for each major customer

In sales to external customers, there is no customer that exceeds 10% of sales in the income statement, the description is omitted.

[Information on the impairment loss of fixed assets for each reportable segment]

Previous fiscal year (From April 1, 2011 to March 31, 2012)

As the Company consists of one segment, the description is omitted.

Current fiscal year (From April 1, 2012 to March 31, 2013)

As the Company consists of one segment, the description is omitted.

(Per share information)

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Net assets per share (yen)	884.15	852.61
Current net income per share/(current net loss per share) (yen)	32.02	(9.54)
Current net profit per share after adjustment of latent shares	No statement is made of the amount of current net profit per share after adjusting for residual stocks because there were no residual stocks that had a dilution effect.	No statement is made of the amount of current net profit per share after adjusting for residual stocks because there were no residual stocks that had a dilution effect.

Note: The base data for calculating current net income per share or current net loss per share are as follows.

	Previous fiscal year (April 1, 2011 to March 31, 2012)	Current fiscal year (April 1, 2012 to March 31, 2013)
Current net income or loss (thousand yen)	161,631	(47,694)
Amount which dose not belong to shareholders of common stock (thousand yen)	-	-
Current net income or loss which belongs to common stock (thousand yen)	161,631	(47,694)
Average number of common stocks outstanding for the fiscal year (thousand shares)	5,047	4,997

(Important post-balance sheet events)

N/A

## 5. Others

### (1) Change in officers

#### 1) Change in the representatives

N/A

#### 2) Change in other officers

##### 1. The Candidates for the new Directors

Toshiro Minakami (currently, corporate officer and President of Kansai Office of the Sales Department)

Kazuhisa Shindo (currently, corporate officer and General Manager of the Marketing Department)

##### 2. The Director scheduled to retire from post

N/A

##### 3. The Candidate for the new Corporate Auditor

N/A

##### 4. The Corporate Auditor scheduled to retire from post

N/A

### (2) Others

#### Comparison of sales by category

(Unit: thousand yen)

Items	Previous fiscal year (April 1, 2011 to March 31, 2012)		Current fiscal year (April 1, 2012 to March 31, 2013)		Comparison with the previous year
	Amount	Breakdown	Amount	Breakdown	Increase or decrease
		%		%	
Beauty treatments	11,126,791	88.9	10,736,895	89.1	(389,896)
Merchandise	1,340,642	10.7	1,262,832	10.5	(77,809)
Others	51,188	0.4	48,643	0.4	(2,544)
Total	12,518,622	100.0	12,048,372	100.0	(470,250)