May 8, 2014

Brief announcement of non-consolidated financial statements (Japanese GAAP) for the accounting period ended March 2014

Name of listed company: Taya Co., Ltd.
Listed stock exchange: Tokyo Stock Exchange (First Section)
Code number: 4679
Location of head office: Tokyo
(URL http://www.taya.co.jp)
Representative: Kazumasa Taya
President
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Scheduled date of the general shareholders' meeting: June 17, 2014
Scheduled date of starting the payment of dividend: June 18, 2014
Scheduled date of submission of financial statements: June 18, 2014
Supplementary material on financial results: to be prepared
Financial results briefing: to be held
(For institutional investors and securities analysts)

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

1. Financial results for the accounting period ended March 2014 (April 1, 2013 to March 31, 2014)

(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 2014	11,931	(1.0)	(150)	-	(143)	-
Period ended March 2013	12,048	(3.8)	78	(84.5)	69	(86.1)

	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 2014	(191)	-	(38.30)	-	(4.7)	(1.7)	(1.3)
Period ended March 2013	(47)	-	(9.54)	-	(1.1)	0.8	0.7

(NOTE) Profit and loss on investments based on the equity method for the year ended March 2014: - million yen; for the year ended March 2013: - million yen.

(2) Financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen sen
Period ended March 2014	8,214	3,959	48.2	792.30
Period ended March 2013	8,614	4,260	49.5	852.61

(NOTE) Shareholders' equity at the end of the year ended March 2014:3,959 million yen; for the year ended March 2013:4,260 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 2014	44	(354)	(41)	1,178
Period ended March 2013	125	(353)	(109)	1,528

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			
	yen sen	yen sen	yen sen	yen sen	yen sen	million yen	%	%
Period ended March 2013	-	0.00	-	22.00	22.00	109	-	2.5
Period ended March 2014	-	0.00	-	22.00	22.00	109	-	2.7
Period ending March 2015 (Projection)	-	0.00	-	22.00	22.00	-	55.0	-

3. Projected financial results for the period ending March 2015 (April 1, 2014 to March 31, 2015)

(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	5,940	0.5	70	-	70	-	30	-	6.00
Full year	12,400	3.9	425	-	425	-	200	-	40.02

*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. : None
2) Changes in accounting policy other than those in 1) above : None
3) Changes in accounting estimates : None
4) Restatement : None

(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 2014: 5,100,000 shares; for the year ended March 2013: 5,100,000 shares.

2) The number of the treasury stock at the end of the current year ended March 2014: 102,895 shares; for the year ended March 2013: 102,895 shares.

3) The average number of shares outstanding for the year ended March 2014: 4,997,105 shares; for the year ended March 2013: 4,997,105 shares.

(NOTE) Please refer to page 40 (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

1) Operating results of the current fiscal year

The Japanese economy in the fiscal year under review headed towards gradual recovery as corporate earnings picked up, driven by improvement in the export environment and the effects of economic stimulus measures implemented by the government. However, the outlook continued to be clouded by uncertainty due to the risk that a downturn in the overseas economy will put a damper on the domestic economy and concerns about a slowdown in consumer spending following the increase in consumption tax.

Although consumer spending picked up due to the sense of economic recovery, the beauty industry continued to face a tough business environment due to the household budget remaining tight amid the stagnant income environment and surging prices, concerns about a downturn in consumer sentiment following the consumption tax hike, intensified competition within the industry and difficulty of securing human resources.

Under these circumstances, the Company worked on “providing improved techniques and excellent services and creating beauty salons with the highest customer satisfaction in the region” and enhanced services in existing salons by stepping up customer services to build strong and lasting relations of trust with customers under the slogan “Creation of customer lifetime value.”

Regarding salons, the Company opened four new salons (TAYA Musashi Kosugi Tokyu Square, Shampoo Tsurumi, Shampoo Azamino Gardens, and TAYA Sendai Sirius Ichibancho) and closed two salons (Shampoo Chiba Naganuma and Shampoo AEON Mall Niihama). In addition, the Company fully renovated one salon (TAYA Chiba SOGO). As a result, the Company had 151 beauty salons and 1 retail shop as of the end of the fiscal year ended March 31, 2014.

Despite the above management efforts, consumer spending remained weak and the number of customers did not increase as a result of customer churn following the retirement of hairstylists and an irregular cycle of salon visits by customers due to the effects of bad weather. Consequently, the operating results were weak, with a 4.3% decrease in the number of customer visits in existing stores and a 2.7% decline in existing-store sales from a year earlier.

As a result, the Company’s sales for the fiscal year ended March 31, 2014 decreased from a year earlier to 11,931 million yen (down 1.0% year on year). The Company recorded an operating loss of 150 million yen (operating income of 78 million yen a year earlier), an ordinary loss of 143 million yen (ordinary income of 69 million yen a year earlier) and a current net loss of 191 million yen (current net loss of 47 million yen a year earlier).

2) Outlook for the next period

The outlook for the business environment in the coming period remains unclear, due to uncertain factors such as the effects of the consumption tax increase, although there are positive signs of economic recovery such as pickups in corporate earnings and improvement in employment conditions.

Under these circumstances, the Company, under the slogan “Let’s do everything we can to help our customers look stylish every day,” will go back to its basic management philosophy – It’s all about the customer – and ensure all the employees comply with the philosophy. In this way, we will build a strong trusting relationship with our customers and establish “the best regional salons in terms of customer satisfaction by offering excellent techniques and services.”

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 12,400 million yen (up 3.9% from the previous fiscal year), operating income 425 million yen (up 575 million yen from the previous fiscal year), ordinary income 425 million yen (up 568 million yen from the previous fiscal year) and current net profit 200 million yen (up 391 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 8,214 million yen, a decrease of 400 million yen from the end of the previous fiscal year.

Current assets totaled 2,528 million yen, down 297 million yen from the end of the previous fiscal year. Fixed assets amounted to 5,685 million yen, down 103 million yen from the end of the fiscal year. The main factor underlying the decrease was a decline of 329 million yen in cash and deposits and a decline of 23 million yen in security deposit and guarantee money.

The total liabilities as of the end of the fiscal year under review stood at 4,254 million yen, down 99 million yen from the end of the previous fiscal year.

Current liabilities amounted to 2,075 million yen, down 353 million yen from the end of the previous fiscal year. Fixed liabilities stood at 2,179 million yen, up 254 million yen from the end of the fiscal year. The main factor underlying the increase was a net rise of 175 million yen in short-term and long-term loans payable, and the main factor underlying the decrease was declines of 100 million yen in corporate bonds, 85 million yen in accounts payable – other and 55 million yen in deposits received.

The Company’s net assets as of the end of the fiscal year under review came to 3,959 million yen, down 301 million yen from the end of the previous fiscal year. As a result, our capital ratio declined to 48.2% from 49.5% 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 350 million yen from the previous fiscal year to 1,178 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 44 million yen (125 million yen for the previous fiscal year).

This is primarily attributable to depreciation expenses of 322 million yen, a decrease in inventories of 22 million yen and an increase in accounts payable – other, while loss before income taxes of 163 million yen and payment of income taxes of 76 million yen were recorded.

(Cash flow from investments)

Cash flow used in investing activities for the fiscal year under review amounted to 354 million yen (353 million yen for the previous fiscal year).

This is primarily attributable to an outflow for the acquisition of tangible fixed assets of 325 million yen associated with the opening of new salons and renovation of existing salons.

(Cash flow from financial activities)

Cash flow used in financing activities for the fiscal year under review was 41 million yen (109 million yen for the previous fiscal year).

This is primarily attributable to outflows of 100 million yen in redemption of corporate bonds and 110 million yen in payment of dividends in spite of a net increase in short-term and long-term loans payable of 175 million yen.

(Reference) Trend of cash flow indices

	38th period ended March 2012	39th period ended March 2013	40th period ended March 2014
Capital ratio (%)	49.1	49.5	48.2
Mark-to-market capital ratio (%)	38.7	42.5	45.0
Interest-bearing debt/Operating cash flow ratio (year)	3.2	16.6	47.9
Interest coverage ratio (multiple)	22.3	4.4	1.6

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 aregular 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 2015.

(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 12, 2013).

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: (4.7) %)
2) Ratio of ordinary income to sales	10%	(Results of current period: (1.2) %)
3) Current net profit per share	150 yen	(Results of current period: (38.30) 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)

<u>Targets of the medium to long-term management plan</u>

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) 1st Stage		2019 (46th period) 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, 2013)	Current fiscal year (as of March 31, 2014)
Assets		
Current assets		
Cash and deposits	1,910,534	1,580,864
Accounts receivable-trade	557,165	553.310
Merchandise	49,197	36,332
Materials for beauty treatments	31,046	24,447
Supplies	20,684	17,564
Prepaid expenses	119,374	124,238
Deferred tax assets	91,883	119,312
Others	46,224	72,981
Bad debt reserves	(899)	(852)
Total current assets	2,825,212	2,528,200
Fixed assets		
Tangible fixed assets		
Buildings	*[1]4,307,477	*[1]4,474,995
Accumulated depreciation	(2,522,341)	(2,752,614)
Buildings (net value)	1,785,136	1,722,381
Structures	26,304	26,304
Accumulated depreciation	(21,352)	(22,094)
Structures (net value)	4,952	4,210
Equipment, tools and fixtures	47,585	40,566
Accumulated depreciation	(46,547)	(39,871)
Equipment, tools and fixtures (net value)	1,038	694
Land	*[1]1,375,445	*[1]1,375,445
Lease assets	148,332	89,115
Accumulated depreciation	(98,489)	(47,073)
Lease assets (net value)	49,843	42,041
Construction in progress	455	-
Total tangible fixed assets	3,216,870	3,144,773
Intangible fixed assets		
Software	2,957	3,451
Lease assets	21,715	13,107
Others	30,097	30,097
Total intangible fixed assets	54,771	46,657
Investments and other assets		
Investment securities	100,000	100,000
Investments in subsidiaries and affiliated companies	119	119
Long-term loans to employees	652	1,330
Long-term prepaid expenses	42,589	36,271
Deferred tax assets	230,994	236,626
Security deposit and guarantee money	*[1]2,035,915	*[1]2,012,750
Others	107,966	107,429
Long-term bad debt reserves	(151)	(1)
Total of investment and other assets	2,518,086	2,494,525
Total fixed assets	5,789,728	5,685,955
Total assets	8,614,941	8,214,156

Unit: thousand yen

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
Liabilities		
Current liabilities		
Notes payable	316,707	325,276
Accounts payable-trade	83,701	76,536
Short-term loans payable	*1 120,300	*1 101,600
Corporate bonds to be redeemed within one year	100,000	100,000
Long-term loans payable due within one year	*1 551,111	*1 434,914
Lease obligations	32,515	20,636
Accounts payable-other	246,496	161,362
Accrued expenses	550,261	511,393
Unpaid corporate taxes	70,634	57,256
Unpaid consumption taxes	64,207	51,007
Advances received	99	1,229
Deposits received	88,388	32,984
Unearned revenues	1,021	1,232
Bonus reserve	199,848	196,909
Asset retirement obligations	4,130	3,406
Total current liabilities	2,429,423	2,075,747
Fixed liabilities		
Corporate bonds	230,000	130,000
Long-term loans payable	*1 1,071,698	*1 1,382,148
Lease obligations	40,712	34,389
Retirement benefit reserve	384,805	384,729
Asset retirement obligations	197,726	205,987
Others	-	41,925
Total fixed liabilities	1,924,941	2,179,180
Total liabilities	4,354,365	4,254,927
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	310,685	9,338
Total retained earnings	1,237,605	936,258
Treasury stock	(159,455)	(159,455)
Total shareholders' equity	4,260,575	3,959,228
Total net assets	4,260,575	3,959,228
Total liabilities and net assets	8,614,941	8,214,156

(2) Income statement

Unit: thousand yen

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Sales		
Sales of beauty treatments	10,736,895	10,601,644
Sales of goods	1,262,832	1,286,109
Others	48,643	43,694
Totals sales	12,048,372	11,931,448
Cost of sales		
Cost of beauty treatments	9,863,511	9,941,245
Cost of goods sold	602,138	641,275
Others	28,632	22,572
Total cost of sales	10,494,281	10,605,093
Gross profit	1,554,090	1,326,355
Sales and administrative expenses	*[1]1,475,635	*[1]1,477,061
Operating income or operating loss	78,455	(150,706)
Non-operating income		
Interest received	671	1,530
Interest on securities	716	750
Real estate lease	10,672	10,787
Others	23,836	31,829
Total non-operating income	35,896	44,896
Non-operating expenses		
Interest expense	26,752	25,437
Interest paid for corporate bonds	2,066	1,805
Bond issuance cost	3,417	-
Real estate rental expenses	7,632	6,805
Others	4,581	3,624
Total non-operating expenses	44,449	37,673
Ordinary income or ordinary loss	69,902	(143,482)
Extraordinary income		
Income from compensation for closed salons and shops	-	5,159
Total extraordinary income	-	5,159
Extraordinary losses		
Loss from disposal of fixed assets	*[2]6,753	*[2]11,175
Impairment loss	*[3]2,772	*[3]14,350
Loss on litigation	*[4]14,677	-
Total extraordinary losses	24,204	25,525
Current net profit (loss) before tax	45,698	(163,848)
Corporate tax, inhabitant tax and enterprise tax	71,185	60,622
Amount of adjustment for corporate tax	22,207	(33,061)
Total of corporate tax and others	93,392	27,561
Current net loss	(47,694)	(191,410)

(3) Statement of shareholders' equity

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

(Unit: thousand yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
					Other retained earnings		
	Capital stock	Capital reserve	Total capital surplus	Profit reserve	Separate reserve	Earned surplus carried forward	Total retained earnings
Balance as of previous fiscal year	1,480,180	1,702,245	1,702,245	66,920	860,000	468,316	1,395,236
Changes during the current fiscal year							
Dividend of surplus						(109,936)	(109,936)
Current net loss						(47,694)	(47,694)
Acquisition of treasury stock							
Net changes during the current fiscal year	-	-	-	-	-	(157,630)	(157,630)
Balance as of current fiscal year	1,480,180	1,702,245	1,702,245	66,920	860,000	310,685	1,237,605

	Shareholders' equity		Total net asset
	Treasury stock	Total shareholders' equity	
Balance as of previous fiscal year	(159,455)	4,418,206	4,418,206
Changes during the current fiscal year			
Dividend of surplus		(109,936)	(109,936)
Current net loss		(47,694)	(47,694)
Acquisition of treasury stock	-	-	-
Net changes during the current fiscal year	-	(157,630)	(157,630)
Balance as of current fiscal year	(159,455)	4,260,575	4,260,575

Current fiscal year (April 1, 2013 to March 31, 2014)

(Unit: thousand yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
					Other retained earnings		
	Capital stock	Capital reserve	Total capital surplus	Profit reserve	Separate reserve	Earned surplus carried forward	Total retained earnings
Balance as of previous fiscal year	1,480,180	1,702,245	1,702,245	66,920	860,000	310,685	1,237,605
Changes during the current fiscal year							
Dividend of surplus						(109,936)	(109,936)
Current net loss						(191,410)	(191,410)
Acquisition of treasury stock							
Net changes during the current fiscal year	-	-	-	-	-	(301,346)	(301,346)
Balance as of current fiscal year	1,480,180	1,702,245	1,702,245	66,920	860,000	9,338	936,258

	Shareholders' equity		Total net asset
	Treasury stock	Total shareholders' equity	
Balance as of previous fiscal year	(159,455)	4,260,575	4,260,575
Changes during the current fiscal year			
Dividend of surplus		(109,936)	(109,936)
Current net loss		(191,410)	(191,410)
Acquisition of treasury stock			
Net changes during the current fiscal year	-	(301,346)	(301,346)
Balance as of current fiscal year	(159,455)	3,959,228	3,959,228

(4) Cash flow statement

(Unit: Thousand yen)

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Cash flow from operations		
Current net profit (loss) before tax	45,698	(163,848)
Depreciation	298,466	322,483
Impairment loss	2,772	14,350
Increase (decrease) in bonus reserve	(17,260)	(2,938)
Increase (decrease) in retirement benefit reserve	12,288	(75)
Increase (decrease) in bad debt reserve	(108)	(198)
Interest received	(671)	(1,530)
Interest income on securities	(716)	(750)
Interest paid	26,752	25,437
Loss from retirement of fixed assets	6,753	11,175
Income from compensation for closed salons and shops	-	5,159
Loss on litigation	14,677	-
(Increase) decrease in accounts receivable-trade	(1,224)	4,984
(Increase) decrease in inventory	1,375	22,584
Increase (decrease) in trade payables	(9,570)	2,477
Increase (decrease) in accounts payable-other	(20,404)	15,766
Increase (decrease) in unpaid consumption tax, etc.	(27,341)	(13,200)
Others	62,600	(83,020)
Sub-total	394,086	148,537
Amount of received interest	980	1,671
Amount of interest payments	(28,510)	(28,868)
Payments for loss on litigation	(12,600)	-
Paid corporate taxes	(228,371)	(76,518)
Cash flow from operations	125,584	44,821

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Cash flow from investments		
Payment for time deposits	(483,244)	(706,786)
Income from withdrawal of time deposits	465,413	685,748
Purchase of investment securities	(100,000)	-
Payment for acquisition of tangible fixed assets	(274,803)	(325,166)
Expenditure for security deposit and guarantee money payment	(44,691)	(16,716)
Income due to the recovery of security deposit and guarantee money	124,658	24,848
Others	(40,463)	(16,259)
Cash flow from investments	(353,129)	(354,332)
Cash flow from financial operations		
Income from additional short-term loans	613,000	452,000
Repayment of short-term loans	(642,368)	(470,700)
Income from long-term loans	550,000	764,000
Repayment of long-term loans	(499,178)	(569,747)
Proceeds from issuance of bonds	200,000	-
Outflow by redemption of corporate bonds	(148,000)	(100,000)
Expenditure for long-term accounts payable repayment	(34,533)	(14,363)
Expenditure for lease obligation repayment	(38,701)	(33,751)
Proceeds from guarantee money received	-	41,925
Dividend payments	(109,545)	(110,677)
Cash flow from financial operations	(109,326)	(41,314)
Translation adjustments on cash and cash equivalents	263	116
Amount of increase (decrease) in cash and cash equivalents	(336,608)	(350,708)
Opening balance of cash and cash equivalents	1,865,423	1,528,814
Closing balance of cash and cash equivalents	*1,528,814	*1,178,106

(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:

Stated at cost, determined primarily by the moving-average method.
(The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)

Supplies:

Stated at cost, determined by the recent purchase method.
(The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.)

3. Depreciation of fixed assets

1) Tangible fixed assets (excluding lease assets)

Tangible fixed assets (excluding lease assets) are depreciated using the declining-balance method. However, buildings acquired on or after April 1, 1998, excluding fixtures, are depreciated using the straight-line method.

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)

Intangible fixed assets (excluding lease assets) are amortized using the straight-line method.

Amortization of software for internal use is calculated based on the estimated useful lives (five years).

3) Lease assets

Depreciation of lease assets is calculated by the straight-line method, with lease periods of such assets being useful lives, and residual values being 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

Long-term prepaid expenses are amortized using the straight-line method.

4. 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.

1) Method of attributing expected benefit to periods
To calculate retirement benefit obligation, the estimated amount of retirement benefits is attributed to the consolidated fiscal year under review based on the straight-line attribution method.
2) Method of amortization of actuarial gain or loss
The entire difference from the actuarial calculation shall be treated as an expense in the accounting period when that difference occurs.

5. 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.

6. 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.

(Unapplied accounting standards, etc.)
"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012)
1. Outline
Revision of the method of calculating retirement benefit obligations and past service costs (As for the method of attributing expected benefit to periods, the choice between the straight-line method and benefit formula basis is allowed, and the method of determining the discount rate was revised.)
2. Effective date
The revision shall be effective as of the beginning of the fiscal year beginning on or after April 1, 2014.
3. Impact of application of the said accounting standards, etc.
The impact of application of the said accounting standards, etc., on financial statements on the preparation thereof is currently under evaluation.

(Changes in the method of presentation)
(Balance sheet)
"Long-term deposits," which was presented separately under "Investments and other assets" in the previous fiscal year, is included in "Others" in the fiscal year under review as its amount decreased to five-hundredths or less of the total assets. In order to reflect the change in the method of presentation, the balance sheets for

the previous fiscal year have been reclassified.
As a result, 100,000 thousand yen that was presented as “Long-term deposits” under “Investments and other assets” has been reclassified as “Others.”

(Income statement)
“Welfare expenses” and “Traveling & transportation expenses,” which were presented separately in the previous fiscal year, are not presented separately in the fiscal year under review as their amounts decreased to ten-hundredths or less of “Sales and administrative expenses.” The amount of “Welfare expenses” was 105,297 thousand yen and that of “Traveling & transportation expenses” was 49,675 thousand yen in the previous fiscal year.

(Notes on balance sheet)

*1. Assets provided as security and secured debt

Assets provided as security are as follows:

Unit: thousand yen

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
Buildings	407,606	389,411
Land	1,315,455	1,315,455
Security deposit and guarantee money	273,589	273,589
Total	1,996,651	1.978.457

Secured debts are as follows:

Unit: thousand yen

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
Short-term loans payable	120,300	101,600
Long-term loans payable (including long-term loans repayable within one year)	1,188,481	1,505,870
Total	1,308,781	1,607,470

2. Guarantee liabilities

Unit: thousand yen

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
1. Guarantee liabilities for borrowings from financial institutions by former employees based on a program to assist employees become independent	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	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, 2013)	Current fiscal year (as of March 31, 2014)
Overdraft limit	600,000	600,000
Funded amount	-	-
Balance	600,000	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 8.1 % and 9.3%, respectively, and the same percentages of general expenses are approximately 91.9% and 90.7%, respectively.

The major items and their amounts are as follows:

Unit: thousand yen

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Advertising expenses	118,945	137,999
Remuneration to officers	153,505	155,246
Salary and bonuses	602,729	575,637
Reserve for bonus additionally counted	64,937	62,407
Retirement benefit expenses	7,191	5,391
Depreciation costs	31,333	30,797
Additional bad debt reserves	(108)	(48)

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

Unit: thousand yen

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Buildings	6,744	10,603
Others	8	572
Total	6,753	11,175

*3 Impairment loss

Previous 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
Nakagyo-ku, Kyoto-shi	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%.

Current fiscal year (April 1, 2013 to March 31, 2014)

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

Location	Purpose of usage	Type
Chuo-ku, Kobe-shi	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 14,350 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%.

(Notes on statement of shareholders' equity)
Previous 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	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

Current fiscal year (April 1, 2013 to March 31, 2014)

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	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 11, 2013	Common stock	109,936	22	March 31, 2013	June 12, 2013

(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 17, 2014	Common stock	109,936	Retained earnings	22	March 31, 2014	June 18, 2014

(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, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Cash and cash accounts	1,910,534	1,580,864
Time deposit, deposited for a period of more than three months	(381,719)	(402,758)
Cash and cash equivalents	1,528,814	1,178,106

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

Unit: thousand yen

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Lease fees paid	14,145	-
Amount equivalent to depreciation expenses	13,175	-
Amount equivalent to paid interest	159	-

(2) 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.

(3) Method of calculating interest equivalent

The difference between the aggregate lease payments and the acquisition cost of lease assets is deemed to be the interest equivalent, and the interest method is used to amortize the interest equivalent for each period.

(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:

Unit: thousand yen

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
One year or less	1,540	1,540
Over one year	5,392	3,852
Total	6,933	5,392

(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.

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.

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, 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) Security deposit and guarantee money	2,035,915	2,027,648	(8,267)
Total assets	4,603,616	4,592,476	(11,139)
(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	-	-	-
Total Liabilities	2,928,083	2,952,826	24,743

Current fiscal year (as of March 31, 2014)

	Amount recorded on the balance sheet (thousand yen)	Market value (thousand yen)	Balance (thousand yen)
(1) Cash and deposits	1,580,864	1,580,864	-
(2) Accounts receivable-trade	553,310	553,310	-
(3) Investment securities	100,000	97,350	(2,650)
(4) Security deposit and guarantee money	2,012,750	2,004,353	(8,396)
Total assets	4,246,925	4,235,879	(11,046)
(1) Notes payable	325,276	325,276	-
(2) Trade accounts payable	76,536	76,536	-
(3) Short-term loans	101,600	101,600	-
(4) Accounts payable-other	161,362	161,362	-
(5) Unpaid corporate taxes	57,256	57,256	-
(6) Unpaid consumption taxes	51,007	51,007	-
(7) Corporate bonds	230,000	231,972	1,972
(8) Long-term loans payable	1,817,062	1,828,788	11,726
(9) Lease obligations	55,025	54,315	(710)
Total Liabilities	2,875,128	2,888,116	12,988

(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) 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. In the previous fiscal year, 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, 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	-	-
Total	2,467,700	100,000	-	-

(Note) Security deposits and guarantee money are not written because scheduled redemption is not determined.

Current fiscal year (as of March 31, 2014)

	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	1,580,864	-	-	-
Accounts receivable-trade	553,310	-	-	-
Investment Securities				
Bonds to be held until maturity	-	100,000	-	-
Total	2,134,175	100,000	-	-

(Note) 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, 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)	14,363	-	-	-	-	-
Total	818,289	476,564	366,403	260,064	151,857	87,520

Current fiscal year (as of March 31, 2014)

	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	101,600	-	-	-	-	-
Corporate bonds	100,000	70,000	40,000	20,000	-	-
Long-term loans payable	434,914	367,719	597,238	209,543	146,019	61,629
Lease obligations	20,636	16,994	11,136	4,308	1,949	-
Total	657,150	454,713	648,374	233,851	147,968	61,629

(Notes on investment securities)
Held-to-maturity bonds
Previous 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)

Current fiscal year (as of March 31, 2014)

	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	97,350	(2,650)
	(3) Others	-	-	-
	Sub total	100,000	97,350	(2,650)
Total		100,000	97,350	(2,650)

(Derivative transactions)
N/A.

(Retirement benefits)
Previous fiscal year (from April 1, 2012 to March 31, 2013)
1 Outline of the retirement benefit plan adopted by the Company
The Company has adopted the lump-sum retirement benefit plan as a defined benefit plan.

2. Matters concerning retirement benefit obligations

(1) Retirement benefit obligations (thousand yen)	(384,805)
(2) Provision for retirement benefits (thousand yen)	(384,805)

3. Matters concerning retirement benefit expenses

(1)Service cost (thousand yen)	55,601
(2)Interest cost (thousand yen)	2,220
(3)Amortization of unrecognized actuarial gain or loss (thousand yen)	6,163
(4)Retirement benefit expenses (1) + (2) + (3) (thousand yen)	63,985

4. Matters concerning the basis of calculating retirement benefit obligations, etc.
(1) Allocation of estimated amount of retirement benefits
Allocated to each period by the straight-line method.
(2) Discount rate
0.3%
(3) Term to amortize unrecognized net actuarial gain or loss
Unrecognized net actuarial gain or loss is amortized entirely in the fiscal year in which it arises.

Fiscal year under review (from April 1, 2013 to March 31, 2014)
1. Outline of the retirement benefit plan adopted by the Company
The Company has adopted the lump-sum retirement benefit plan as a defined benefit plan.

2. Defined benefit plan
(1) Adjustment schedule for the beginning and ending balance of retirement benefit obligations

Beginning balance of retirement benefit obligations	384,805	thousand yen
Service cost	53,809	
Interest cost	1,147	
Accrued unrecognized net actuarial gain or loss	(4,208)	
Amount of retirement benefits paid	(50,825)	
Ending balance of retirement benefit obligations	384,729	

(2) Amount of retirement benefit expenses and the sub-items

Service cost	53,809	thousand yen
Interest cost	1,147	
Amortization of unrecognized actuarial gain or loss	(4,208)	
Retirement benefit expenses for the defined benefit plan	50,749	

(3) Matters concerning the basis of actuarial calculation

The basic discount rate used for principal actuarial calculation as of the end of the fiscal year under review: 0.4%

(Stock options and others)
N/A

(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, 2013)	Current fiscal year (as of March 31, 2014)
(Deferred tax assets)		
Denial of bonus reserve	75,962	70,178
Loss carried forward	-	35,322
Impairment loss	30,367	28,241
Denial of retirement benefit reserve	139,563	137,117
asset retirement obligations	72,906	74,628
Others	38,081	40,960
Total deferred tax assets	356,880	386,448
Valuation reserve	(15,254)	(15,254)
Net deferred tax assets	341,625	371,194
(Deferred tax liabilities)		
Asset retirement obligations	(18,747)	(15,255)
Total deferred tax liabilities	(18,747)	(15,255)
Net deferred tax assets	322,877	355,938

2. Significant components of difference between statutory tax rate and effective tax rate after adjustments for tax effect accounting.

	Previous fiscal year (as of March 31, 2013)	Current fiscal year (as of March 31, 2014)
Statutory tax rate	38.0	As the Company posted a loss before income taxes, there is no listing of the significant components of the difference between the statutory tax rate and effective tax rate after adjustments for tax effect accounting
(Adjustment)		
Items which are not counted permanently as the loss such as entertainment expenses	30.3	
Per capita levy of local residential tax	132.2	
Others	3.9	
Effective tax rate after the adoption of deferred tax accounting	204.4	

(Unit: %)

3. Revision of amounts of deferred tax assets and deferred tax liabilities resulting from the change in income tax rates

As a result of promulgation of the “Law for Partial Amendment of the Income Tax Law, etc.” (Law No. 10, 2014) on March 31, 2014, the Special reconstruction corporation tax has been abolished from the fiscal years beginning on and after April 1, 2014. In conjunction with this change, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities has changed for the timing differences expected to be resolved in the fiscal year beginning on April 1, 2014, from the former 38.0% to 35.6%.

As a result of this change, the amount of deferred tax assets has decreased by 10,198 thousand yen and the amount of adjustment for corporate tax has increased by the same amount.

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

(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, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Opening balance (Note)	183,091	201,856
Increase due to the acquisition of tangible fixed assets	13,242	5,873
Adjustment by the lapse of time	1,240	1,149
Decrease due to the fulfillment of asset retirement obligations	(10,284)	(6,680)
Other increase (decrease)	14,566	7,196
Closing balance	201,856	209,394

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.

(Real estate leasing and others)

N/A

(Segment information)

[Segment information]

Previous fiscal year (From April 1, 2012 to March 31, 2013) and Current fiscal year (From April 1, 2013 to March 31, 2014)

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

[Associated information]

Previous 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.

Current fiscal year (From April 1, 2013 to March 31, 2014)

1. Information for each product or service

(Unit: thousand yen)

	Beauty treatments	Merchandise	Others	Total
Sales for external customers	10,601,644	1,286,109	43,694	11,931,448

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, 2012 to March 31, 2013)
As the Company consists of one segment, the description is omitted.

Current fiscal year (From April 1, 2013 to March 31, 2014)
As the Company consists of one segment, the description is omitted.

[Information concerning amortization of goodwill and unamortized balance by reporting segment]
Previous fiscal year (from April 1, 2012 to March 31, 2013)
N/A

Current fiscal year (from April 1, 2013 to March 31, 2014)
N/A

[Information concerning gain on negative goodwill by reporting segment]
Previous fiscal year (from April 1, 2012 to March 31, 2013)
N/A.

Current fiscal year (from April 1, 2013 to March 31, 2014)
N/A

(Information concerning related parties)
Previous fiscal year (from April 1, 2012 to March 31, 2013)
N/A

Current fiscal year (from April 1, 2013 to March 31, 2014)
N/A

(Per share information)

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Net assets per share (yen)	852.61	792.30
Current net loss per share (yen)	9.54	38.30
Current net profit per share after adjustment of latent shares	Diluted current net profit per share is not presented since current net loss per share was posted and there were no residual securities	Diluted current net profit per share is not presented since current net loss per share was posted and there were no residual securities

Note: The base data for calculating current net loss per share is as follows.

	Previous fiscal year (April 1, 2012 to March 31, 2013)	Current fiscal year (April 1, 2013 to March 31, 2014)
Current net loss (thousand yen)	47,694	191,410
Amount which dose not belong to shareholders of common stock (thousand yen)	-	-
Current net loss which belongs to common stock (thousand yen)	47,694	191,410
Average number of common stocks outstanding for the fiscal year (thousand shares)	4,997	4,997

(Important post-balance sheet events)

N/A

5. Others

(1) Change in officers (Scheduled on June 17, 2014)

1) Change in the Representatives Director

Tetsuya Taya, Chairman and Representative Director (Currently, Chairman)

2) Change in other officers

1. The Candidates for the new Directors

Yoko Sato, Director (Currently, Executive Officer and President of Kyushu Office in Sales Unit)

2. The Director scheduled to retire from post

Koji Shiromoto, Managing Director (Scheduled to assume the position of Corporate Auditor)

3. The Candidate for the new Corporate Auditor

Koji Shiromoto, Corporate Auditor (Currently, Managing Director)

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, 2012 to March 31, 2013)		Current fiscal year (April 1, 2013 to March 31, 2014)		Comparison with the previous year
	Amount	Breakdown	Amount	Breakdown	Increase or decrease
		%		%	
Beauty treatments	10,736,895	89.1	10,601,644	88.8	(135,250)
Merchandise	1,262,832	10.5	1,286,109	10.8	23,276
Others	48,643	0.4	43,694	0.4	(4,949)
Total	12,048,372	100.0	11,931,448	100.0	(116,923)