

Brief announcement of non-consolidated financial statements (Japanese GAAP) for the accounting period ended March 2015

April 30, 2015

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 Code number: 4679 Location of head office: Tokyo
 (URL <http://www.taya.co.jp>)

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Scheduled date of the general shareholders' meeting: June 16, 2015 Scheduled date of submission of financial statements: June 17, 2015

Scheduled date of starting the payment of dividend: -

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 2015 (April 1, 2014 to March 31, 2015)

(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 2015	11,763	(1.4)	(421)	-	(409)	-
Period ended March 2014	11,931	(1.0)	(150)	-	(143)	-

	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 2015	(892)	-	(178.64)	-	(25.8)	(5.3)	(3.6)
Period ended March 2014	(191)	-	(38.30)	-	(4.7)	(1.7)	(1.3)

(NOTE) Profit and loss on investments based on the equity method for the year ended March 2015: - million yen; for the year ended March 2014: - million yen.

(2) Financial position

	Total assets		Net assets		Capital ratio	Net assets per share	
	million yen		million yen		%	yen sen	
Period ended March 2015	7,228		2,958		40.9	592.05	
Period ended March 2014	8,214		3,959		48.2	792.30	

(NOTE) Shareholders' equity at the end of the year ended March 2015: 2,958 million yen; for the year ended March 2014: 3,959 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 2015	150		126		(382)		1,072	
Period ended March 2014	44		(354)		(41)		1,178	

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 2014	yen sen	yen sen	yen sen	yen sen	yen sen	million yen	%	%
Period ended March 2014	-	0.00	-	22.00	22.00	109	-	2.5
Period ended March 2015	-	0.00	-	0.00	0.00	-	-	-
Period ending March 2016 (Projection)	-	0.00	-	-	-	-	-	-

Note: The year-end dividend will be determined in consideration of the Company's business performance in the future.

3. Projected financial results for the period ending March 2016 (April 1, 2015 to March 31, 2016)

(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	3.0	(42)	-	(45)	-	(83)	-	(16.61)
Full year	12,300	4.6	215	-	213	-	100	-	20.01

*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 : 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 2015: 5,100,000 shares; for the year ended March 2014: 5,100,000 shares.

2) The number of the treasury stock at the end of the current year ended March 2015: 102,936 shares; for the year ended March 2014: 102,895 shares.

3) The average number of shares outstanding for the year ended March 2015: 4,997,103 shares; for the year ended March 2014: 4,997,105 shares.

(NOTE) Please refer to page 39 (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 showed a moderate recovery as corporate earnings picked up and the employment conditions improved, driven by the stimulus measures implemented by the government and the monetary policies implemented by the Bank of Japan. However, the outlook continued to be clouded by uncertainty as consumer spending remained weak due to a backlash to the last-minute demand before the consumption tax hike and a decline in real income as a result of the high cost of living caused by the yen's depreciation.

The beauty industry continued to face a tough business environment as consumers increasingly became budget-minded after the consumption tax hike, and due to the effects of abnormal weather and intensified competition between beauty salons.

Under these circumstances, the Company, marking the milestone of the 50th anniversary of its foundation, worked on reinforcing services in existing salons with the aim of creating beauty salons with number-one customer satisfaction in the region. By setting our minds on the Company's original management vision of exerting efforts "all for the sake of customers," every employee focused on maintaining this mindset and stepped up customer service to build strong and lasting relationships and trust with customers under the slogan of "Making every effort to help customers look beautiful every day."

In addition to delivering many customers the Company's "three special offers for customers," we enhanced our service lineups by introducing Neo Renaissance Perm, which is a gentle hair-styling perm, and Hair Corsage, which are fashionable wigs, in order to encourage customers to visit our salons.

Regarding salons, the Company opened one new salon (TAYA Mizonokuchi), and changed the brand of one salon (from Courreges salon beaute Aoyama to TAYA Aoyama). Meanwhile, three beauty salons were closed (Courreges salon beaute Shinjuku, Courreges salon beaute AURORA MALL JUNNU) and TAYA INTERNATIONAL Harajuku). As a result, the Company had 149 beauty salons and one retail shop as of the end of the fiscal year ended March 2015.

As a result of implementing the above measures, the number of customer visits increased by 1.0% year on year, despite the effects of bad weather. However, sales per customer declined by 2.3% year on year and existing-store sales fell from the level a year earlier, mainly due to the special offers and special campaign prices commemorating the Company's 50th year. As a result, the Company's sales for the fiscal year ended March 31, 2015 decreased from a year earlier to 11,763 million yen (down 1.4% year on year). The Company recorded an operating loss of 421 million yen (operating loss of 150 million yen a year earlier) and ordinary loss of 409 million yen (operating loss of 143 million yen a year earlier), due to increased costs such as personnel expenses associated with recruitment of hairstylists and advertising expenses for the campaign. In addition, the Company recorded losses on the retirement of fixed assets and impairment loss on unprofitable salons and recognized reversal of deferred tax assets. As a result, the Company recorded a net loss of 892 million yen (current net loss of 191 million yen a year earlier).

2) Outlook for the next period

The outlook for the business environment in the coming period remains unclear as it is expected to take some time before consumer spending recovers due to negative factors such as price increases, despite rising expectations for economic recovery against the backdrop of pickups in corporate earnings and improvement in employment conditions.

Under these circumstances, the Company will create beauty salons that can satisfy customers and work on “eliminating the loss of customers and focusing on winning new ones” by setting our minds back to the Company’s original management vision of exerting efforts “all for the sake of customers” and ensuring that every employee makes every effort to help “customers look beautiful every day and everywhere.”

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 12,300 million yen (up 4.6% from the previous fiscal year), operating income 215 million yen (up 791 million yen from the previous fiscal year), ordinary income 213 million yen (up 774 million yen from the previous fiscal year) and current net profit 100 million yen (up 1,816 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 7,228 million yen, a decrease of 985 million yen from the end of the previous fiscal year.

Current assets totaled 2,364 million yen, down 163 million yen from the end of the previous fiscal year. Fixed assets amounted to 4,863 million yen, down 822 million yen from the end of the fiscal year. The main factors underlying the decrease were the reversal of deferred tax assets of 355 million yen, a decrease of 301 million in buildings due to salon closures and recognition of impairment loss, a decrease of 183 million yen in cash and deposits and a decline of 63 million yen in security deposit and guarantee money.

The total liabilities as of the end of the fiscal year under review stood at 4,270 million yen, up 15 million yen from the end of the previous fiscal year.

Current liabilities amounted to 2,250 million yen, up 174 million yen from the end of the previous fiscal year. Fixed liabilities stood at 2,019 million yen, down 159 million yen from the end of the previous fiscal year. The main factors underlying the increase were an increase of 84 million yen in notes payable and a rise of 199 million yen in unpaid consumption tax, while the main factors underlying the decrease were a net decrease of 320 million yen in short-term and long-term loans payable and decreases of 100 million yen in corporate bonds and 43 million yen in accounts payable-other.

The Company’s net assets as of the end of the fiscal year under review came to 2,958 million yen, down 1,000 million yen from the end of the previous fiscal

year. As a result, our capital ratio declined to 40.9% from 48.2% 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 105 million yen from the previous fiscal year to 1,072 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 150 million yen (44 million yen for the previous fiscal year).

This is primarily attributable to a pretax net loss of 474 million yen and payment of corporate taxes of 30 million yen, while there were depreciation expenses of 307 million yen, increases in unpaid consumption tax of 199 million yen and trade payables of 71 million yen and impairment loss of 43 million yen.

(Cash flow from investments)

Cash flow used in investing activities for the fiscal year under review amounted to 126 million yen (354 million yen for the previous fiscal year).

This is primarily attributable to income from withdrawal of time deposits of 622 million yen and income from recovery of security deposits and guarantee money of 45 million yen associated with the closure of salons, payment for time deposits of 445 million yen and for the acquisition of tangible fixed assets of 66 million yen associated with the opening of a new salon and the renovation of existing salons.

(Cash flow from financial activities)

Cash flow used in financing activities for the fiscal year under review was 382 million yen (41 million yen for the previous fiscal year).

This is primarily attributable to a net decrease of 320 million yen in short-term and long-term loans payable, outflows of 100 million yen in redemption of corporate bonds and 110 million yen in payment of dividends.

(Reference) Trend of cash flow indices

	39th period ended March 2013	40th period ended March 2014	41th period ended March 2015
Capital ratio (%)	49.5	48.2	40.9
Mark-to-market capital ratio (%)	42.5	45.0	55.5
Interest-bearing debt/Operating cash flow ratio (year)	16.6	47.9	11.5
Interest coverage ratio (multiple)	4.4	1.6	6.3

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.

Unfortunately, however, the Company decided to pass its dividend for the fiscal year under review in consideration of its business results for period.

Although we will make company-wide efforts for the prompt recovery of earnings, the dividend for the next fiscal year is undecided at this time. We will make an announcement as soon as we are able to make a dividend forecast.

(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 18, 2014).

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: (25.8) %)
- 2) Ratio of ordinary income to sales 10% (Results of current period: (3.5) %)
- 3) Current net profit per share 150 yen (Results of current period: (178.64 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

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 next period (fiscal year ending March 2016) will be the target year of the first stage of the management plan. However, the Company developed its earnings forecast for the next period based on the assumption that the initial numerical target will be difficult to achieve given its business results for the current period.

As for the medium to long-term management plan “MLP2019”, the Company will

consider revising it in light of the economic environment, consumption trends and changes in its business performance in the next period.

(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. Basic idea for selection of accounting policy

The Company prepares non-consolidated financial statements based on the Japanese GAAP. While paying attention to the trends in adoption of International Financial Reporting Standards (IFRS), the Company is striving to develop a system to adapt appropriately to trends.

5. Financial statements

(1) Balance sheet

	Unit: thousand yen	
	Previous fiscal year (as of March 31, 2014)	Current fiscal year (as of March 31, 2015)
Assets		
Current assets		
Cash and deposits	1,580,864	1,397,762
Accounts receivable-trade	553,310	524,834
Securities	-	100,000
Merchandise	36,332	63,042
Materials for beauty treatments	24,447	24,910
Supplies	17,564	16,398
Prepaid expenses	124,238	122,378
Deferred tax assets	119,312	-
Others	72,981	* ¹ 116,363
Bad debt reserves	(852)	(745)
Total current assets	2,528,200	2,364,944
Fixed assets		
Tangible fixed assets		
Buildings	* ¹ 4,474,995	* ¹ 4,330,056
Accumulated depreciation	(2,752,614)	(2,909,346)
Buildings (net value)	1,722,381	* ¹ 1,420,710
Structures	26,304	26,304
Accumulated depreciation	(22,094)	(22,715)
Structures (net value)	4,210	3,589
Equipment, tools and fixtures	40,566	40,016
Accumulated depreciation	(39,871)	(39,502)
Equipment, tools and fixtures (net value)	694	513
Land	* ¹ 1,375,445	* ¹ 1,375,445
Lease assets	89,115	69,989
Accumulated depreciation	(47,073)	(39,830)
Lease assets (net value)	42,041	30,158
Total tangible fixed assets	3,144,773	2,830,417
Intangible fixed assets		
Software	3,451	3,125
Lease assets	13,107	7,476
Others	30,097	30,097
Total intangible fixed assets	46,657	40,700
Investments and other assets		
Investment securities	100,000	-
Investments in subsidiaries and affiliated companies	119	119
Long-term loans to employees	1,330	2,030
Long-term prepaid expenses	36,271	33,451
Deferred tax assets	236,626	-
Security deposit and guarantee money	* ¹ 2,012,750	* ¹ 1,949,544
Others	107,429	7,433
Long-term bad debt reserves	(1)	(2)
Total of investment and other assets	2,494,525	1,992,574
Total fixed assets	5,685,955	4,863,692
Total assets	8,214,156	7,228,637

Unit: thousand yen

	Previous fiscal year (as of March 31, 2014)	Current fiscal year (as of March 31, 2015)
Liabilities		
Current liabilities		
Notes payable	325,276	409,818
Accounts payable-trade	76,536	73,381
Short-term loans payable	* ¹ 101,600	* ¹ 86,800
Corporate bonds to be redeemed within one year	100,000	70,000
Long-term loans payable due within one year	* ¹ 434,914	* ¹ 386,577
Lease obligations	20,636	17,712
Accounts payable-other	161,362	117,727
Accrued expenses	511,393	502,181
Unpaid corporate taxes	57,256	79,092
Unpaid consumption taxes	51,007	250,483
Advances received	1,229	502
Deposits received	32,984	32,221
Unearned revenues	1,232	1,119
Bonus reserve	196,909	204,996
Asset retirement obligations	3,406	17,832
Total current liabilities	2,075,747	2,250,445
Fixed liabilities		
Corporate bonds	130,000	60,000
Long-term loans payable	* ¹ 1,382,148	* ¹ 1,125,138
Lease obligations	34,389	19,786
Deferred tax liabilities	-	12,204
Retirement benefit reserve	384,729	382,718
Asset retirement obligations	205,987	205,201
Others	41,925	214,652
Total fixed liabilities	2,179,180	2,019,701
Total liabilities	4,254,927	4,270,147
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	560,000
Earned surplus carried forward	9,338	(691,365)
Total retained earnings	936,258	(64,445)
Treasury stock	(159,455)	(159,489)
Total shareholders' equity	3,959,228	2,958,489
Total net assets	3,959,228	2,958,489
Total liabilities and net assets	8,214,156	7,228,637

(2) Income statement

	Unit: thousand yen	
	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Sales		
Sales of beauty treatments	10,601,644	10,382,128
Sales of goods	1,286,109	1,338,425
Others	43,694	42,554
Totals sales	11,931,448	11,763,108
Cost of sales		
Cost of beauty treatments	9,941,245	10,043,924
Cost of goods sold	641,275	612,636
Others	22,572	22,273
Total cost of sales	10,605,093	10,678,834
Gross profit	1,326,355	1,084,274
Sales and administrative expenses	* ¹ 1,477,061	* ¹ 1,505,276
Operating loss	(150,706)	(421,002)
Non-operating income		
Interest received	1,530	2,560
Interest on securities	750	752
Dividend income	-	905
Real estate lease	10,787	13,203
Others	31,829	36,767
Total non-operating income	44,896	54,188
Non-operating expenses		
Interest expense	25,437	22,877
Interest paid for corporate bonds	1,805	1,191
Real estate rental expenses	6,805	7,081
Others	3,624	11,897
Total non-operating expenses	37,673	43,048
Ordinary loss	(143,482)	(409,861)
Extraordinary income		
Income from compensation for closed salons and shops	5,159	12,265
Others	-	76
Total extraordinary income	5,159	12,342
Extraordinary losses		
Loss from disposal of fixed assets	* ² 11,175	* ² 33,071
Impairment loss	* ³ 14,350	* ³ 43,734
Total extraordinary losses	25,525	76,805
Current net loss before tax	(163,848)	(474,324)
Corporate tax, inhabitant tax and enterprise tax	60,622	51,283
Amount of adjustment for corporate tax	(33,061)	367,080
Total of corporate tax and others	27,561	418,363
Current net loss	(191,410)	(892,688)

(3) Statement of shareholders' equity

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

(Unit: thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Profit reserve	Retained earnings		Total retained earnings
		Capital reserve	Total capital surplus		Other retained earnings		
				Separate reserve	Earned surplus carried forward		
Balance as of previous fiscal year	1,480,180	1,702,245	1,702,245	66,920	860,000	310,685	1,237,605
Cumulative effects of changes in accounting policies							
Restated balance	1,480,180	1,702,245	1,702,245	66,920	860,000	310,685	1,237,605
Changes during the current fiscal year							
Reversal of separate reserve							
Acquisition of treasury stock							
Dividend of surplus						(109,936)	(109,936)
Current net loss						(191,410)	(191,410)
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
Cumulative effects of changes in accounting policies			
Restated balance	(159,455)	4,260,575	4,260,575
Changes during the current fiscal year			
Reversal of separate reserve			
Acquisition of treasury stock			
Dividend of surplus		(109,936)	(109,936)
Current net loss		(191,410)	(191,410)
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

Current fiscal year (April 1, 2014 to March 31, 2015)

(Unit: thousand yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Profit reserve	Retained earnings		
		Capital reserve	Total capital surplus		Other retained earnings		Total retained earnings
				Separate reserve	Earned surplus carried forward		
Balance as of previous fiscal year	1,480,180	1,702,245	1,702,245	66,920	860,000	9,338	936,258
Cumulative effects of changes in accounting policies						1,919	1,919
Restated balance	1,480,180	1,702,245	1,702,245	66,920	860,000	11,258	938,178
Changes during the current fiscal year							
Reversal of separate reserve					(300,000)	300,000	-
Acquisition of treasury stock							
Dividend of surplus						(109,936)	(109,936)
Current net loss						(892,688)	(892,688)
Net changes during the current fiscal year	-	-	-	-	(300,000)	(702,624)	(1,002,624)
Balance as of current fiscal year	1,480,180	1,702,245	1,702,245	66,920	560,000	(691,365)	(64,445)

	Shareholders' equity		Total net asset
	Treasury stock	Total shareholders' equity	
Balance as of previous fiscal year	(159,455)	3,959,228	3,959,228
Cumulative effects of changes in accounting policies		1,919	1,919
Restated balance	(159,455)	3,961,148	3,961,148
Changes during the current fiscal year			
Reversal of separate reserve		-	-
Acquisition of treasury stock	(34)	(34)	(34)
Dividend of surplus		(109,936)	(109,936)
Current net loss		(892,688)	(892,688)
Net changes during the current fiscal year	(34)	(1,002,658)	(1,002,658)
Balance as of current fiscal year	(159,489)	2,958,489	2,958,489

(4) Cash flow statement

(Unit: Thousand yen)

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Cash flow from operations		
Current net loss before tax	(163,848)	(474,324)
Depreciation	322,483	307,644
Impairment loss	14,350	43,734
Increase (decrease) in bonus reserve	(2,938)	8,086
Increase (decrease) in retirement benefit reserve	(75)	971
Increase (decrease) in bad debt reserve	(198)	(105)
Interest received and dividend income	(1,530)	(3,465)
Interest income on securities	(750)	(752)
Interest paid	25,437	22,877
Loss from retirement of fixed assets	11,175	33,071
Income from compensation for closed salons and shops	(5,159)	(12,265)
(Increase) decrease in accounts receivable-trade	4,984	27,748
(Increase) decrease in inventory	22,584	(26,006)
Increase (decrease) in trade payables	2,477	71,824
Increase (decrease) in accounts payable-other	15,766	4,258
Increase (decrease) in unpaid consumption tax, etc.	(13,200)	199,475
Others	(83,020)	(11,064)
Sub-total	148,537	191,707
Interest and dividend income received	1,671	3,636
Amount of interest payments	(28,868)	(23,715)
Income from compensation for closed salons and shops received	-	5,159
Income taxes refund	-	3,987
Paid corporate taxes	(76,518)	(30,219)
Cash flow from operations	44,821	150,556

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Cash flow from investments		
Payment for time deposits	(706,786)	(445,298)
Income from withdrawal of time deposits	685,748	622,995
Purchase of investment securities	-	(99,960)
Proceeds from sales and redemption of investment securities	-	100,037
Payment for acquisition of tangible fixed assets	(325,166)	(66,971)
Expenditure for security deposit and guarantee money payment	(16,716)	(6,810)
Income due to the recovery of security deposit and guarantee money	24,848	45,169
Others	(16,259)	(23,129)
Cash flow from investments	(354,332)	126,032
Cash flow from financial operations		
Income from additional short-term loans	452,000	392,000
Repayment of short-term loans	(470,700)	(406,800)
Income from long-term loans	764,000	150,000
Repayment of long-term loans	(569,747)	(455,347)
Outflow by redemption of corporate bonds	(100,000)	(100,000)
Expenditure for long-term accounts payable repayment	(14,363)	—
Expenditure for lease obligation repayment	(33,751)	(21,115)
Proceeds from guarantee money received	41,925	169,200
Expenditure for acquisition of treasury stock	-	(34)
Dividend payments	(110,677)	(110,094)
Cash flow from financial operations	(41,314)	(382,190)
Translation adjustments on cash and cash equivalents	116	195
Amount of increase (decrease) in cash and cash equivalents	(350,708)	(105,404)
Opening balance of cash and cash equivalents	1,528,814	1,178,106
Closing balance of cash and cash equivalents	*1,178,106	* 1,072,701

(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.

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.

(Change in accounting policy)

(Application of Accounting Standard for Retirement Benefits)

Effective the current fiscal year, the Company has adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015) in regard to the provisions set forth in the main text of Paragraph 35 of the Accounting Standard for Retirement Benefits and that of Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, revised the methods for calculating retirement benefit obligations and service costs, and changed the method of determining the discount rate from the method of applying the number of years close to the average remaining service period of employees for the term of bonds used as the basis of determining the discount rate to the method of using a single weighted average discount rate that reflects the expected period of payment of retirement benefits and the amount by the expected period of payment.

In regard to the application of the Accounting Standard for Retirement Benefits, the Company has reflected the amount of impact associated with the changes in the methods for calculating retirement benefit obligations and service costs on retained earnings at the beginning of the current fiscal year in accordance

with the transitional treatment provided in Paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result of the above, retirement benefit reserve decreased 2,982 thousand yen and retained earnings increased 1,919 thousand yen as of the beginning of the current fiscal year. The impact of this change on income/loss for the current fiscal year is minimal.

The impact of this change on net assets per share and net income per share for the current fiscal year is minimal.

(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, 2014)	Current fiscal year (as of March 31, 2015)
Buildings	389,411	371,972
Land	1,315,455	1,315,455
Security deposit and guarantee money	273,589	240,275
Others (Current assets)	-	33,314
Total	1,978,457	1,961,017

Secured debts are as follows:

	Unit: thousand yen	
	Previous fiscal year (as of March 31, 2014)	Current fiscal year (as of March 31, 2015)
Short-term loans payable	101,600	86,800
Long-term loans payable (including long-term loans repayable within one year)	1,505,870	1,219,188
Total	1,607,470	1,305,988

2. Guarantee liabilities

	Unit: thousand yen	
	Previous fiscal year (as of March 31, 2014)	Current fiscal year (as of March 31, 2015)
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	72,463

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, 2014)	Current fiscal year (as of March 31, 2015)
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 9.3 % and 11.2%, respectively, and the same percentages of general expenses are approximately 90.7% and 88.8%, respectively.

The major items and their amounts are as follows:

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Advertising expenses	137,999	168,656
Remuneration to officers	155,246	180,899
Salary and bonuses	575,637	545,813
Reserve for bonus additionally counted	62,407	64,549
Retirement benefit expenses	5,391	3,562
Depreciation costs	30,797	26,827
Additional bad debt reserves	(48)	(105)

Unit: thousand yen

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

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Buildings	10,603	31,374
Others	572	1,696
Total	11,175	33,071

Unit: thousand yen

*3 Impairment loss

Previous 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%.

Current fiscal year (April 1, 2014 to March 31, 2015)

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

Location	Purpose of usage	Type
Niigata-shi, Niigata	Salon	Building
Minato-ku, Tokyo	Salon	Building, lease asset
Meguro-ku, Tokyo	Salon	Building, lease asset
Yokohama-shi, Kanagawa	Salon	Building
Kyoto-shi, Kyoto	Salon	Building
Suita-shi, Osaka	Salon	Building, lease asset

Izumisano-shi, Osaka	Salon	Building, lease asset
Kitakyushu-shi, Fukuoka	Salon	Building, lease asset
Kumamoto-shi, Kumamoto	Salon	Building, lease asset

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 40,207 thousand yen for buildings and 3,526 thousand yen for leased assets.

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, 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

Current fiscal year (April 1, 2014 to March 31, 2015)

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	41	-	102,936
Total	102,895	41	-	102,936

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

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

N/A

(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, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Cash and cash accounts	1,580,864	1,397,762
Time deposit, deposited for a period of more than three months	(402,758)	(325,061)
Cash and cash equivalents	1,178,106	1,072,701

(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”

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, 2014)	Current fiscal year (as of March 31, 2015)
One year or less	1,540	1,540
Over one year	3,852	2,311
Total	5,392	3,852

(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. Securities and 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)

Sales 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 grasp concerns on collection due to the worsening of their financial conditions in early stage and alleviate these concerns.

In time deposits, we transact only with highly-rated banks. In securities and 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, 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) Securities and 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

Current fiscal year (as of March 31, 2015)

	Amount recorded on the balance sheet (thousand yen)	Market value (thousand yen)	Balance (thousand yen)
(1) Cash and deposits	1,397,762	1,397,762	-
(2) Accounts receivable-trade	524,834	524,834	-
(3) Securities and investment securities	100,000	99,980	(20)
(4) Security deposit and guarantee money	1,949,544	1,941,712	(7,832)
Total assets	3,972,141	3,964,289	(7,852)
(1) Notes payable	409,818	409,818	-
(2) Trade accounts payable	73,381	73,381	-
(3) Short-term loans	86,800	86,800	-
(4) Accounts payable-other	117,727	117,727	-
(5) Unpaid corporate taxes	79,092	79,092	-
(6) Unpaid consumption taxes	250,483	250,483	-
(7) Corporate bonds	130,000	130,903	903
(8) Long-term loans payable	1,511,715	1,522,109	10,394
(9) Lease obligations	37,498	37,149	(349)
Total Liabilities	2,696,516	2,707,465	10,948

(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) Securities and 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.

(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 be adopted 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

The market value is calculated with the present value discounted with the interest rate estimated to be applied for similar lease transactions. Lease obligations include current and fixed liabilities.

3. Scheduled redeemed amount of monetary receivables after settlement day
Previous 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	-	-	-
Securities and 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.

Current fiscal year (as of March 31, 2015)

	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	1,397,762	-	-	-
Accounts receivable-trade	524,834	-	-	-
Securities and investment securities				
Bonds to be held until maturity	100,000	-	-	-
Total	2,022,597	-	-	-

(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, 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

Current fiscal year (as of March 31, 2015)

	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	86,800	-	-	-	-	-
Corporate bonds	70,000	40,000	20,000	-	-	-
Long-term loans payable	386,577	619,942	229,939	173,259	64,430	37,568
Lease obligations	17,712	11,854	5,025	2,667	239	-
Total	561,089	671,796	254,964	175,926	64,669	37,568

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

Current fiscal year (as of March 31, 2015)

	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	99,980	(20)
	(3) Others	-	-	-
	Sub total	100,000	99,980	(20)
Total		100,000	99,980	(20)

(Derivative transactions)

N/A.

(Retirement benefits)

1. Outline of the retirement benefit plan adopted by the Company

The Company has adopted the lump-sum retirement benefit plan as an unfunded defined benefit plan to provide for payments of retirement benefits to employees.

2. Defined benefit plan

(1) Adjustment schedule for the beginning and ending balance of retirement benefit obligations

	Unit: thousand yen	
	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Beginning balance of retirement benefit obligations	384,805	384,729
Cumulative effects of changes in accounting policies	-	(2,982)
Restated balance	384,805	381,747
Service cost	53,809	52,677
Interest cost	1,147	1,841
Accrued unrecognized net actuarial gain or loss	(4,208)	(8,184)
Amount of retirement benefits paid	(50,825)	(45,364)
Ending balance of retirement benefit obligations	384,729	382,718

(2) Adjustment schedule for the ending balance of retirement benefit obligations and provision for retirement benefits recognized in the balance sheet

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Retirement benefit obligations in the unfunded defined benefit plan	384,729	382,718
Unfunded retirement benefit obligations	384,729	382,718
Net amount of liabilities and assets recognized in the balance sheet	384,729	382,718
Retirement benefit reserve	384,729	382,718
Net amount of liabilities and assets recognized in the balance sheet	384,729	382,718

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

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Service cost	53,809	52,677
Interest cost	1,147	1,841
Amortization of unrecognized actuarial gain or loss	(4,208)	(8,184)
Retirement benefit expenses for the defined benefit plan	50,749	46,335

(4) Matters concerning the basis of actuarial calculation

The basic discount rate used for principal actuarial calculation

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Discount rate	0.4%	0.8%

(Stock options and others)

N/A

(Deferred tax accounting)

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

	Previous fiscal year (as of March 31, 2014)	Current fiscal year (as of March 31, 2015)
(Unit: thousand yen)		
(Deferred tax assets)		
Denial of bonus reserve	70,178	66,295
Loss carried forward	35,322	152,696
Impairment loss	28,241	24,538
Denial of retirement benefit reserve	137,117	123,771
Asset retirement obligations	74,628	72,129
Others	40,960	41,754
Total deferred tax assets	386,448	481,186
Valuation reserve	(15,254)	(481,186)
Net deferred tax assets	371,194	-
(Deferred tax liabilities)		
Asset retirement obligations	(15,255)	(12,204)
Total deferred tax liabilities	(15,255)	(12,204)
Net deferred tax assets (liabilities)	355,938	(12,204)

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, 2014)	Current fiscal year (as of March 31, 2015)
Statutory tax rate	As the Company posted a	As the Company posted a
(Adjustment)	loss before income taxes,	loss before income taxes,
Items which are not counted	there is no listing of the	there is no listing of the
permanently as the loss such as	significant components of	significant components of
entertainment expenses	the difference between the	the difference between the
Per capita levy of local residential	statutory tax rate and	statutory tax rate and
tax	effective tax rate after	effective tax rate after
Others	adjustments for tax effect	adjustments for tax effect
	accounting	accounting
Effective tax rate after the adoption of		
deferred tax accounting		

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

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No.9 of 2015) and the “Act for Partial Revision of the Local Tax, etc.” (Act No.2 of 2015) were promulgated on March 31, 2015, resulting in a reduction in the rates of corporate taxes from fiscal years beginning on April 1, 2015. Accordingly, the effective statutory tax rates used to calculate deferred tax assets and liabilities will change from 35.6% to 33.1% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2015, and to 32.3% for temporary differences expected to be eliminated in fiscal years beginning on or after April 1, 2016.

As a result of this change, the amount of deferred tax liabilities has decreased by 1,118 thousand yen and the amount of adjustment for corporate tax has decreased 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, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Opening balance (Note)	201,856	209,394
Increase due to the acquisition of tangible fixed assets	5,873	—
Adjustment by the lapse of time	1,149	996
Decrease due to the fulfillment of asset retirement obligations	(6,680)	(12,984)
Other increase (decrease)	7,196	25,628
Closing balance	209,394	223,034

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, 2013 to March 31, 2014) and Current fiscal year (From April 1, 2014 to March 31, 2015)

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

[Associated information]

Previous 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

As the 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, 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. Accordingly, the description is omitted.

Current fiscal year (From April 1, 2014 to March 31, 2015)

1. Information for each product or service

(Unit: thousand yen)

	Beauty treatments	Merchandise	Others	Total
Sales for external customers	10,382,128	1,338,425	42,554	11,763,108

2. Information for each region

(1) Sales amount

As the 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, 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. Accordingly, the description is omitted.

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

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

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

Current fiscal year (From April 1, 2014 to March 31, 2015)

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, 2013 to March 31, 2014)

N/A

Current fiscal year (from April 1, 2014 to March 31, 2015)

N/A

[Information concerning gain on negative goodwill by reporting segment]

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

N/A

Current fiscal year (from April 1, 2014 to March 31, 2015)

N/A

(Information concerning related parties)

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

N/A

Current fiscal year (from April 1, 2014 to March 31, 2015)

N/A

(Per share information)

	Previous fiscal year (April 1, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Net assets per share (yen)	792.30	592.05
Current net loss per share (yen)	38.30	178.64
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, 2013 to March 31, 2014)	Current fiscal year (April 1, 2014 to March 31, 2015)
Current net loss (thousand yen)	191,410	892,688
Amount which does not belong to shareholders of common stock (thousand yen)	-	-
Current net loss which belongs to common stock (thousand yen)	191,410	892,688
Average number of common stocks outstanding for the fiscal year (thousand shares)	4,997	4,997

(Important post-balance sheet events)

N/A

6. Others

(1) Change in officers (Scheduled on June 16, 2015)

1) Change in Representative Director

N/A

2) Change in other officers

1. The Candidates for the new Directors

Nobuyoshi Chiku, Director (Outside Director)

Takao Mikame, Director (Outside Director)

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, 2013 to March 31, 2014)		Current fiscal year (April 1, 2014 to March 31, 2015)		Comparison with the previous year
	Amount	Breakdown	Amount	Breakdown	Increase or decrease
Beauty treatments	10,601,644	% 88.8	10,382,128	% 88.2	(219,516)
Merchandise	1,286,109	10.8	1,338,425	11.4	52,316
Others	43,694	0.4	42,554	0.4	(1,140)
Total	11,931,448	100.0	11,763,108	100.0	(168,340)