



Announcement of Financial Results for the 3rd Quarter
of the Fiscal Year Ending February 28, 2014 (FY2013)

2014.01.21

I Summary of Financial Results for the 3rd Quarter of the Fiscal Year Ending February 28, 2014 (FY2013)

*The amount given in this material is rounded to the nearest million yen.

1. Consolidated Financial Highlights – Profit and Loss

(Unit: Million yen)

	3rd Quarter FY2012		3rd Quarter, FY2013			
	Results	% of Total	Results	% of Total	Y/Y Change	Y/Y
Net Sales	137,208	100.0%	133,974	100.0%	▲3,233	97.6%
Gross Sales	71,261	51.9%	70,114	52.3%	▲1,146	98.4%
SG&A Expenses	71,282	52.0%	70,194	52.4%	▲1,087	98.5%
Operating Income	▲20	▲0.0%	▲79	▲0.1%	▲59	—
Ordinary Income	1,226	0.9%	1,880	1.4%	+653	153.3%
Income Before Income Taxes (Qtr)	1,714	1.2%	4,278	3.2%	+2,563	249.6%
Net Income (Qtr)	134	0.1%	591	0.4%	+457	440.6%

- Net Sales : Sales would have increased slightly year on year without the effect of Kate Spade Japan being excluded from the consolidated financial closing 100.6% year on year.
- Extraordinary Gain : Extraordinary income grew year on year in the 3rd quarter under review as the Company posted 2,525 million yen in gains on the sale of investment securities.

2. TOKYO STYLE Group (Alone・Subsidiaries) — Profit and Loss

(Unit: Million yen)

	3rd Quarter, FY2012				3rd Quarter, 2013						
	Alone	Subsidiaries	Elimination/ others	Total	Alone	Y/Y	Subsidiaries	Y/Y	Elimination /others	Total	Y/Y
Net Sales	17,863	49,472	▲7,366	59,968	13,491	75.5%	52,602	106.3%	▲5,751	60,342	100.6%
Gross Profit	6,569	23,453	▲252	29,771	5,409	82.3%	25,753	109.8%	▲8	31,154	104.6%
Gross Profit Rate	36.8%	47.4%		49.6%	40.1%	+3.3pt	49.0%	+1.6pt		51.6%	+2.0pt
SG&A Expenses	11,277	19,198	430	30,906	8,433	74.8%	21,931	114.2%	672	31,037	100.4%
Operating Income	▲4,707	4,255	▲682	▲1,135	▲3,024	—	3,822	89.8%	▲681	117	—
Ordinary Income	▲3,521	4,266	▲841	▲96	▲1,309	—	4,457	104.5%	▲1,426	1,721	—
Income Before Income Taxes (Qtr)	▲4,851	4,278	▲800	▲1,373	88	—	4,422	103.4%	▲851	3,659	—
Net Income (Qtr)	▲4,870	2,437	▲1,005	▲3,437	437	—	2,513	103.1%	▲1,197	1,753	—

- **Net Sales** : **【Alone】** Revenues declined due to a decrease in the total number of stores resulting from brand discontinuations and unprofitable store withdrawals that were conducted.
 : **【Subsidiaries】** Net sales grew 6.3% year on year, driven by well-performing brands such as nano universe and ARPEGE.
- **Operating Income** : **【Alone】** The gross profit rate rose by 3.3 percentage points year on year thanks to the effects of the structural reform program. SG&A expenses declined to 74.8% of the year-ago level.
 : **【Subsidiaries】** Income declined year on year due to an increase in SG&A expenses resulting from new store openings.

3. SANEI-INTERNATIONAL Group—Profit and Loss

(Unit: Million yen)

	3rd Quarter, FY2012		3rd Quarter, FY2013			
	Results	% of Total	Results	% of Total	Y/Y Change	Y/Y
Net Sales	77,196	100.0%	73,489	100.0%	▲3,707	95.2%
Gross Profit	41,490	53.7%	38,844	52.9%	▲2,646	93.6%
SG&A Expenses	39,959	51.8%	39,194	53.3%	▲764	98.1%
Operating Income	1,531	2.0%	▲350	▲0.5%	▲1,882	—
Ordinary Income	1,819	2.4%	56	0.1%	▲1,762	3.1%
Income Before Income Taxes (Qtr)	3,583	4.6%	368	0.5%	▲3,215	10.3%
Net Income (Qtr)	4,111	5.3%	32	0.0%	▲4,078	0.8%

- **Net Sales** : Net sales declined to 95.2% of the year-ago level owing to sluggish sales of autumn-winter products.
- **Operating Income** : Operating income decreased year on year as cost saving efforts failed to offset declining sales.

II Progress in the TSI Group's Structural Reform Program and Revision of the Business Results Forecast for the Fiscal year ending February 28, 2014

(1) Store withdrawals

① TOKYO STYLE (Alone)

	FY2012	FY2013 (plan)	Total	(data) Number of stores as of February 29, 2012
Number of store shutdowns due to brand exit	143stores (5brands)	163stores(6brands)		
Number of store shutdowns due to other reason	261stores	118stores		
Total	404stores	281stores	685stores	1,255stores

② SANEI-INTERNATIONAL Group

	FY2012	FY2013 (plan)	Total	(data) Number of stores as of February 29, 2012
Number of store shutdowns due to brand exit	54stores (1brand)	76stores(6brands)		
Number of store shutdowns due to other reason	51stores	75stores		
Total	105stores	151stores	256stores	945stores

(2) Other measures

- ① Sale of unused assets: Disposal of noncurrent assets and securities
- ② Effective use of assets: TS Aoyama Building

(Unit: Million yen)

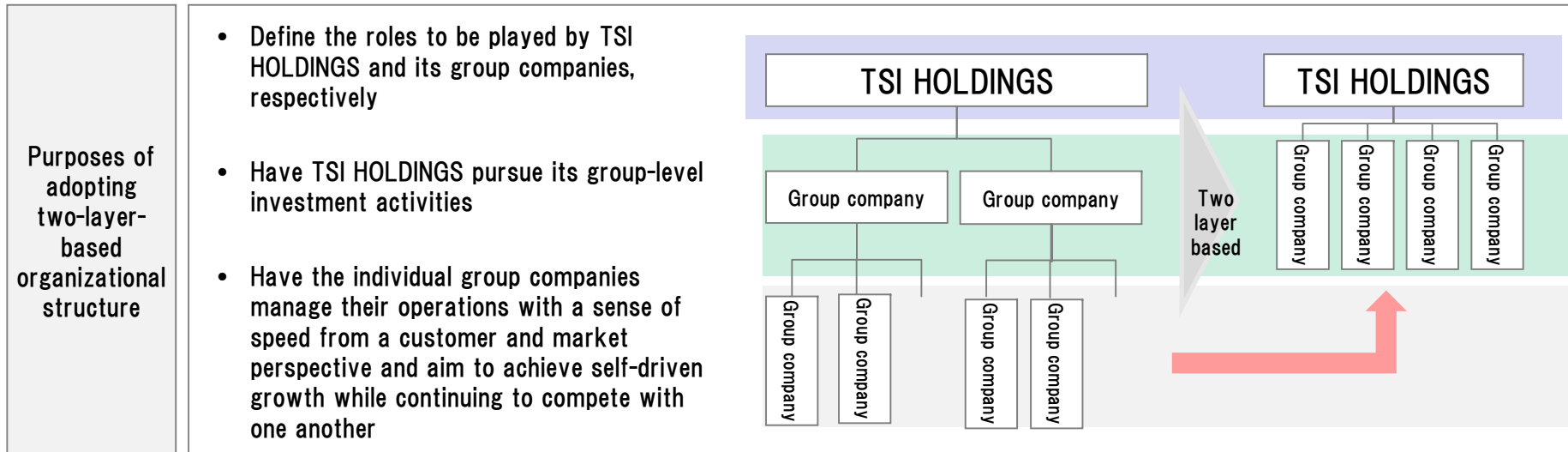
FY2013				
	Previous forecast	Revised forecast	Difference	Percentage vs. the previous forecast
Net Sales	180,000	179,000	▲ 1,000	99.4%
Operating Income	1,200	▲ 1,800	▲ 3,000	—
Ordinary Income	3,000	200	▲ 2,800	6.7%
Net Income	▲ 1,500	500	+2,000	—

* The previous forecast represents the business results forecast released by TSI HOLDINGS on October 11, 2013.

- Operating Income : TOKYO STYLE CO.,LTD. (parent company) and SANEI-INTERNATIONAL CO., LTD. failed to achieve their regular sales targets for October and November 2013, resulting in operating income falling short of projection.
- Net income : Extraordinary income was recorded due to the sale of securities implemented by TSI HOLDINGS for the purpose of utilizing its assets effectively.

III Realignment of the TSI Group

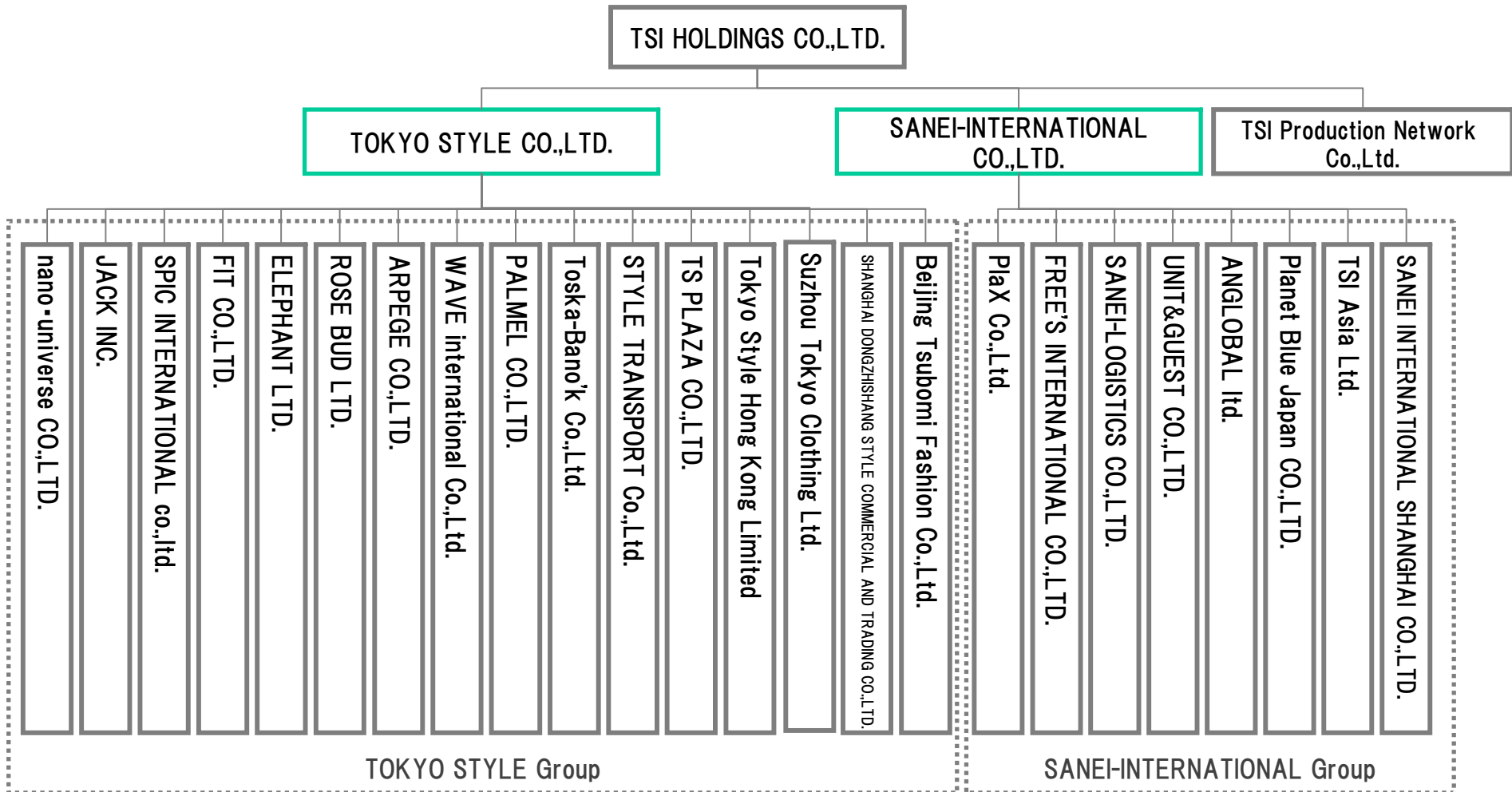
Our purposes for adopting a two-layer-based organizational structure are to have TSI HOLDINGS play the role of exercising governance over the entire Group and pursuing the group business strategy and to have our individual group companies manage their operations as subsidiaries through building a self-supported operational platform, respectively.



	TSI HOLDINGS	Group company
Underlying concept	<p style="text-align: center;"><u>Small government</u></p> <ul style="list-style-type: none"> Refrain from making excessive intervention in group company operations Achieve an improved operational efficiency and a lean organizational structure Implement measures required to be taken as the parent company 	<p style="text-align: center;"><u>Flexible business units driven by a select few individuals (the key driver for the brand business)</u></p> <ul style="list-style-type: none"> Independent business decision-making Put the brand business on a firm footing Brand and business management platform adopted on a company-by-company basis
Functions held	<ul style="list-style-type: none"> The function to pursue the TSI Group's policies and to provide assistance to its subsidiaries Platform function (the function to give support for business execution) Shared service function (indirect function) 	<ul style="list-style-type: none"> Group company policy function Business execution function Indirect function (corporate planning-related management function)

7. Pre-realignment group organization chart

The TSI Group is currently composed of TSI HOLDINGS and its subsidiaries comprising TOKYO STYLE CO., LTD., SANEI-INTERNATIONAL CO., LTD., and TSI Production Network Co., Ltd., and of group companies that are subsidiaries of such TSI HOLDINGS subsidiaries.



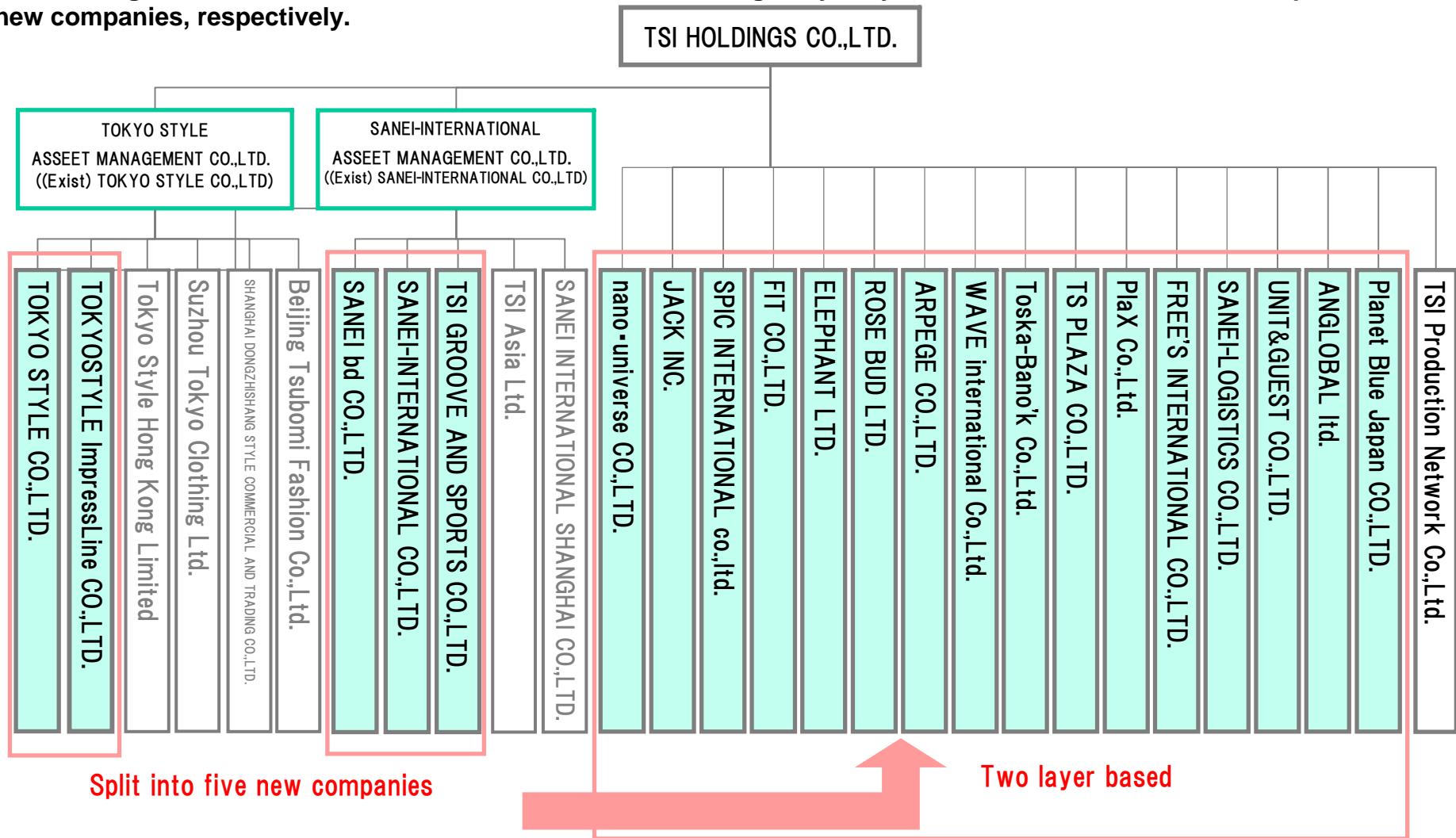
(*1) Only subsidiaries involved in the group realignment program are presented in the chart.

(*2) In November 2013, C.S.F. Ltd. changed its company name to TSI Asia Ltd.

Part of the operations of Tokyo Style Hong Kong Limited is scheduled to be transferred to TSI Asia Ltd. in January 2014 through the sale of part of the former's assets to the latter.

8. Post-realignment group organization chart (March 2014)

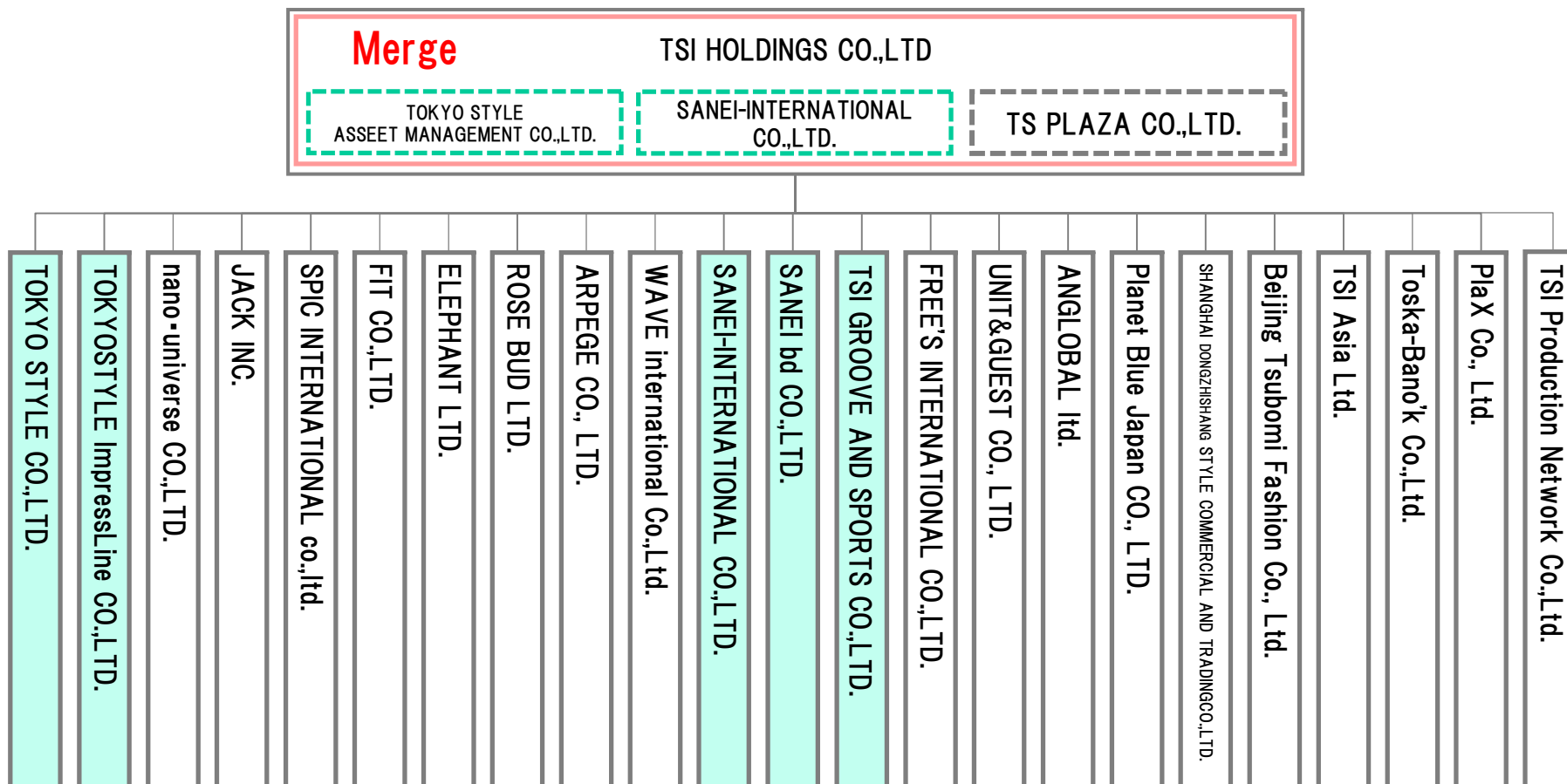
Shifting to a two-layer-based organizational structure composed of the holdings layer and the group company layer in March 2014
 The existing SANEI-INTERNATIONAL CO., LTD. and the existing Tokyo Style Co., Ltd. are scheduled to be split into five new companies, respectively.



(*1) Only subsidiaries involved in the group realignment program are presented in the chart

(*2) PALMEL CO., LTD. is a subsidiary of TOKYO SYLE CO., Ltd., and STYLE TRANSPORT CO., LTD. is a subsidiary of TSI Production Network Co., Ltd.

In September 2014, the existing Tokyo Style Co., Ltd. and the existing SANEI-INTERNATIONAL CO., LTD. are scheduled to merge with TSI HOLDINGS.



- (*1) Only subsidiaries involved in the group realignment program are presented in the chart
- (*2) PALMEL CO., LTD. is a subsidiary of TOKYO STYLE CO., LTD., and SANEI INTERNATIONAL SHANGHAI CO., LTD. is a subsidiary of TSI GROOVE AND SPORTS CO., LTD.
Suzhou Tokyo Clothing Co., Ltd. is a subsidiary of TSI Production Network Co., Ltd.
- (*3) SANEI-LOGISTICS CO., LTD. is scheduled to be merged with TSI Production Network Co., Ltd. in June 2014.

IV Reference Data

Net Sales per Brand

(Unit: Million yen)

Brand Name		3rd Quarter, FY2012	3rd Quarter, FY2013	% of Total	Y/Y
1 nano · universe	●	13,571	15,774	11.8%	116.2%
2 NATURAL BEAUTY BASIC	●	11,950	12,412	9.3%	103.9%
3 MARGARET HOWELL	●	6,557	7,767	5.8%	118.5%
4 ROSE BUD	●	6,869	7,353	5.5%	107.0%
5 Apuweiser-riche	●	4,809	5,911	4.4%	122.9%
6 PEARLY GATES	●	4,706	5,533	4.1%	117.6%
7 HUMAN WOMAN	●	4,577	4,226	3.2%	92.3%
8 Callaway Apparel	●	3,105	4,040	3.0%	130.1%
9 & by P&D	●	4,313	3,927	2.9%	91.0%
10 PROPORTION BODY DRESSING	●	3,814	3,640	2.7%	95.4%
Total of top10		64,275	70,588	52.7%	109.8%
Others		72,933	63,386	47.3%	86.9%
Total		137,208	133,974	100.0%	97.6%

*The net sales of ROSE BUD is the consolidated net sales of ROSE BUD LTD. and ELEPHANT LTD.

*Apuweiser-riche sales represent the aggregate total sales generated by brands run by ARPAGE CO., LTD.

*Previously, Sanei International Group's outlet sales were reported as a lump sum in Other; however, from this quarter, they will be recorded in the sales of each brand for the current and previous year

● TOKYO STYLE Group

● SANEI-INTERNATIONAL Group

Net Sales per Sales Channel

(Unit: Million yen)

Sales Chanel	3rd Quarter, FY2013						
	TOKYO STYLE Group		SANEI-INTERNATIONAL Group		TSI (Nonconsolidated) Sales Chanel Eliminations	Consolidates	
	Results	% of Total	Results	% of Total		Results	% of Total
Department store	18,955	31.4%	21,162	28.8%	—	40,118	29.9%
Commercial Facilities *1	22,355	37.0%	39,223	53.4%	—	61,578	46.0%
EC	7,866	13.0%	3,459	4.7%	—	11,325	8.5%
Overseas	4,524	7.5%	3,409	4.6%	—	7,933	5.9%
Others *2	6,639	11.0%	6,234	8.5%	143	13,017	9.7%
Total	60,342	100.0%	73,489	100.0%	143	133,974	100.0%

*1 Commercial facilities: Fashion buildings, railroad station buildings, individual stores, outlet shops, etc., except for department stores

*2 Others: Apparel business, such as wholesale and in-company sales and the non-apparel business of group companies

(1) Non-operating income

	Previous FY	3rd Quarter Cumulative, FY2013
Interest received	417 million yen	626 million yen
Dividends received	392 million yen	339 million yen
Foreign exchange gain	82 million yen	215 million yen
Valuation gain on derivatives	58 million yen	521 million yen
Others	885 million yen	599 million yen
Total	1,834 million yen	2,300 million yen

(2) Non-operating expenses

	Previous FY	3rd Quarter Cumulative, FY2013
Interest paid	184 million yen	111 million yen
Others	402 million yen	229 million yen
Total	586 million yen	340 million yen

(3) Extraordinary gain

	Previous FY	3rd Quarter Cumulative, FY2013
Gain on sale of fixed assets	454 million yen	1,257 million yen
Gain on sales of investments securities	496 million yen	2,965 million yen
Others	2,877 million yen	410 million yen
Total	3,827 million yen	4,632 million yen

(4) Extraordinary Loss

	Previous FY	3rd Quarter Cumulative, FY2013
Loss on retirement of fixed assets	143 million yen	579 million yen
Impairment loss	71 million yen	342 million yen
Loss on sales of investments securities	180 million yen	420 million yen
Valuation loss on investment securities	1,352 million yen	312 million yen
Loss on sale of related company shares	—	308 million yen
Others	1,593 million yen	273 million yen
Total	3,339 million yen	2,234 million yen

□ The performance outlook for TSI Holdings indicated in this material is based on the assessments/assumptions from the information available as of this material's date. Actual performance may differ depending on various factors.