point

Summary of Consolidated Financial Results for the Fiscal Year Ended February 28, 2013

[Japanese GAAP]

April 4, 2013

Company name: POINT INC. Listing: TSE 1st section
Stock code: 2685 URL: http://www.point.co.jp
Representative: Michio Fukuda, Representative Director, Chairman & President
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Scheduled date of Annual General Meeting of Shareholders: May 23, 2013
Scheduled date of payment of dividend: May 8, 2013
Scheduled date of filing of Annual Securities Report: May 24, 2013
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for investors)

Note: The original disclosure in Japanese was released on April 4, 2013 at 15:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2013 (March 1, 2012 – February 28, 2013)

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2013	121,670	5.7	9,717	(21.4)	9,951	(20.5)	5,508	(18.9)
Fiscal year ended Feb. 29, 2012	115,058	8.7	12,361	(19.4)	12,522	(19.2)	6,789	(19.2)

Note: Comprehensive income Fiscal year ended Feb. 28, 2013: 6,416 million yen (down 5.1 %)
Fiscal year ended Feb. 29, 2012: 6,758 million yen (down 19.7 %)

	Net income per share	Diluted net income per share	ROE	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2013	241.45	-	13.8	15.8	8.0
Fiscal year ended Feb. 29, 2012	285.71	-	17.4	20.1	10.7

Reference: Equity in earnings of affiliates Fiscal year ended Feb. 28, 2013: - Fiscal year ended Feb. 29, 2012: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2013	63,410	38,598	60.9	1,775.28
As of Feb. 29, 2012	62,771	41,191	65.3	1,724.17

Reference: Shareholders' equity As of Feb. 28, 2013: 38,598 million yen As of Feb. 29, 2012: 40,969 million yen

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2013	11,565	(10,184)	(8,430)	18,338
Fiscal year ended Feb. 29, 2012	8,119	(6,076)	(2,850)	25,308

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 29, 2012	-	50.00	-	70.00	120.00	2,851	42.0	7.3
Fiscal year ended Feb. 28, 2013	-	50.00	-	70.00	120.00	2,679	49.7	6.9
Fiscal year ending Feb. 28, 2014 (forecast)	-	50.00	-	70.00	120.00		42.8	

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2014 (March 1, 2013 – February 28, 2014)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	61,300	11.1	3,500	(7.0)	3,600	(6.4)	2,100	(3.2)	96.59
Full year	134,000	10.1	10,100	3.9	10,300	3.5	6,100	10.7	280.56

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 3 (Singapore Point Pte. LTD, trinity Co., Ltd., universite CO., LTD) Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at end of period (including treasury stock)

As of Feb. 28, 2013: 24,400,000 shares As of Feb. 29, 2012: 24,400,000 shares

2) Number of shares of treasury stock at end of period

As of Feb. 28, 2013: 2,657,885 shares As of Feb. 29, 2012: 637,885 shares

3) Average number of shares outstanding during the period

Fiscal year ended Feb. 28, 2013: 22,812,391 shares Fiscal year ended Feb. 29, 2012: 23,762,115 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2013 (March 1, 2012 – February 28, 2013)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2013	115,089	3.2	9,252	(21.0)	9,634	(19.8)	5,439	(17.0)
Fiscal year ended Feb. 29, 2012	111,561	8.1	11,710	(19.7)	12,006	(19.3)	6,553	(18.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 28, 2013	238.43	-
Fiscal year ended Feb. 29, 2012	275.81	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2013	59,318	37,370	63.0	1,718.79
As of Feb. 29, 2012	61,032	40,007	65.6	1,683.68

Reference: Shareholders' equity As of Feb. 28, 2013: 37,370 million yen As of Feb. 29, 2012: 40,007 million yen

2. Non-consolidated Forecast for the Fiscal Year Ending February 28, 2014 (March 1, 2013 – February 28, 2014)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	55,300	4.0	3,700	2.8	3,800	0.2	2,300	5.2	105.79
Full year	120,300	4.5	9,800	5.9	10,000	3.8	6,100	12.2	280.56

Note 1: Indication of audit procedure implementation status

The current financial report is exempted from audit procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, the audit procedures for the financial statements have not been completed.

Note 2: Cautionary statement with respect to forward-looking statements

Forward-looking statements in this report are based on currently available information and certain assumptions judged to be reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to the section "1. Results of Operations and Outlook (1) Analysis of Operations" on page 1 regarding preconditions or other related matters for the forecast shown above.

1. Results of Operations and Outlook

(1) Analysis of Operations

1) Results of operations for the current fiscal year

In the current fiscal year (March 1, 2012 to February 28, 2013), the Japanese economy was firm due to Great East Japan Earthquake reconstruction activities and other factors. There were some encouraging signs, including an improvement in corporate earnings as the yen weakened and a stock market rally fueled by expectations for an economic recovery. However, consumer spending has not yet started to recover. Furthermore, there is still a risk of an economic downturn in Japan caused by a decline in overseas economies.

In the casual wear market, in which our group operates, conditions continued to be difficult due to poor weather and other external factors as the economic outlook remained uncertain.

In this environment, domestic existing-store sales were 97.7% of the previous fiscal year, and consolidated net sales increased 5.7%.

In Japan, among existing brands, sales of *RAGEBLUE* and the men's line in *HARE*, kept growing steadily. And two new brands, namely *REPIPI ARMARIO* and *BLISS POINT*, posted strong sales growth. However, sales of *APART BY LAWRYS* decreased because of a reduction in the number of stores.

We continued to aggressively open new stores and close unprofitable ones in Japan: we opened 78 new stores, and closed 60, resulting in a domestic network of 785 stores at the end of the current fiscal year (including 31 e-commerce websites).

Overseas, eight stores were opened and four were closed in Taiwan, eight stores were opened and one was closed in Hong Kong, six stores were opened in China, and four stores were opened in Singapore. At the end of the current fiscal year, there were 31 stores in Taiwan, 24 in Hong Kong, 17 in China, and four in Singapore for a total of 76 overseas stores.

Due to the acquisition of all shares of trinity Co., Ltd., this company and its subsidiary universite CO., LTD. have been added to the scope of consolidation. These two companies had 38 stores at the end of the current fiscal year.

Regarding profits, even though production-related expenses were included in the cost of sales and there was some impact from the adoption of a stricter inventory valuation methodology, the gross profit margin was virtually unchanged at 58.5% (down 0.2 percentage point year-on-year).

Selling, general and administrative (SG&A) expenses increased 11.3% year-on-year. The increase was attributable primarily to higher personnel expenses in order to strengthen operations for achieving the goals of the TOP15 medium-term management plan and growth in depreciation expenses. SG&A-to-sales ratio rose 2.5 percentage points year-on-year to 50.5%, and the operating income margin declined 2.7 percentage points to 8.0%.

We booked a gain on sales of noncurrent assets of 18 million yen as an extraordinary gain and impairment losses at 15 stores totaling 217 million yen as an extraordinary loss.

As a result, consolidated net sales in the current fiscal year increased 5.7% year-on-year to 121,670 million yen, operating income decreased 21.4% to 9,717 million yen, ordinary income decreased 20.5% to 9,951 million yen, and net income decreased 18.9% to 5,508 million yen.

2) Outlook for the fiscal year ending on February 28, 2014

Although there are indications that the Japanese economy has stopped declining, the operating environment for the fiscal year ending on February 28, 2014 is expected to continue to undergo drastic changes. These changes are caused by Japan's declining population, a falling birthrate and aging population, the diversification of consumer life styles, the rapid advance of globalization, and other events.

To respond to these circumstances, the Point Group started the TOP15 medium-term management plan in the fiscal year ended on February 28, 2013, taking actions in line with the strategic objectives of this plan with the goal of further enhancing corporate value.

In the fiscal year ending on February 28, 2014, the Point Group will continue to strengthen the internal planning and production operations that have been a priority in recent years in order to create more distinctive merchandise. Another goal is to make brands more powerful primarily by combining new store designs with advertising and marketing activities. Outside Japan, the Group will build a sound base of operations with the aim of achieving growth in overseas markets primarily for core brands.

Point plans to conduct a management integration with TRINITY ARTS inc. and NATURAL NINE HOLDINGS CO., LTD. and begin using a holding company structure in September 2013. One aim of these actions is to build a sound foundation to support the growth of all Point Group companies. These actions are also expected to enable maximizing synergies involving supply chains, IT systems, administrative operations and other aspects of operations while respecting and preserving the corporate culture of each company. We further believe that these actions will make it possible to use measures that include M&A to strengthen the brand portfolio and grow outside Japan.

For the fiscal year ending on February 28, 2014, we forecast a 10.1% increase in consolidated net sales to 134.0 billion yen, a 11.6% increase in gross profit to 79.4 billion yen, a 3.9% increase in operating income to 10.1 billion yen, a 3.5% increase in ordinary income to 10.3 billion yen and a 10.7% increase in net income to 6.1 billion yen. This forecast assumes that domestic existing-store sales will decrease 0.6% and that 76 stores will be opened and 25 stores will be closed in Japan.

This forecast does not include the effects of the management integration and associated measures due to the difficulty of making a reasonable determination of the effects at this time. This was explained in the April 4, 2013 press release (Japanese version only) announcing the agreement for an exchange of stock with TRINITY ARTS inc. and NATURAL NINE HOLDINGS CO., LTD., the establishment of a preparatory company for the shift to a holding company structure, the agreement to absorb and divest businesses, and the change in the company name and other items prescribed in the Articles of Incorporation. Regarding the outlook for consolidated performance following the management integration, we plan to make an announcement in September 2013 after taking into consideration the post-integration forecasts of all the companies involved.

(2) Analysis of Consolidated Financial Condition

1) Balance sheet position

Assets

Current assets decreased 5,041 million yen from as of February 29, 2012 to 33,190 million yen as of February 28, 2013. This was mainly due to a decrease in short-term investment securities (mainly treasury discounted bills).

Noncurrent assets increased 5,680 million yen to 30,220 million yen. This was mainly due to the recording of goodwill and an increase in investment securities.

As a result, total assets increased 639 million yen to 63,410 million yen.

Liabilities

Current liabilities increased 2,779 million yen to 24,231 million yen. This was mainly due to increases in short-term loans payable, accounts payable-other, and income taxes payable.

Noncurrent liabilities increased 454 million yen to 581 million yen. This was mainly due to an increase in long-term loans payable.

As a result, total liabilities increased 3,233 million yen to 24,812 million yen.

Net assets

Net assets decreased 2,593 million yen to 38,598 million yen mainly due to the treasury stock purchases.

2) Cash flow position

Cash and cash equivalents (hereinafter “net cash”) as of February 28, 2013 amounted to 18,338 million yen, or 6,969 million yen less than as of February 29, 2012.

A summary of cash flows from each activity is as follows:

Cash flows from operating activities

Net cash provided by operating activities totaled 11,565 million yen (an increase of 3,445 million yen, compared with the previous fiscal year). The main factors include income before income taxes of 9,752 million yen and depreciation expenses of 4,843 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 10,184 million yen (an increase of 4,107 million yen). This was mainly due to payments of 5,337 million yen for the purchase of property, plant and equipment and 1,510 million yen for lease and guarantee deposits, both of which were caused by new store openings, 1,817 million yen for the purchase of subsidiary stock associated with changes in the scope of consolidation, and 817 million yen for the repayments to minority shareholders.

Cash flows from financing activities

Net cash used in financing activities totaled 8,430 million yen (an increase of 5,579 million yen). This was due to cash dividends paid of 2,821 million yen and the treasury stock purchases of 5,947 million yen.

(3) Basic Policy on Profit Distribution, and Dividend Plans for the Current and Next Fiscal Years

With regard to the distribution of profits, we will make investments in the necessary businesses to develop highly appealing brands and supply merchandise that can further increase corporate value (shareholder value), which will lead to the satisfaction of both customers and shareholders. For profit distributions to shareholders, we use a consolidated payout ratio of 30% as the standard for dividends. In addition, we position the repurchase of treasury stock as one way to return earnings to shareholders. Repurchases will be determined in an appropriate and timely manner while taking into account changes in our stock price, our financial position and other factors.

Based on this policy, we decided to pay a 70 yen fiscal year-end dividend. Combined with the 50 yen interim dividend, the annual dividend for the current fiscal year is 120 yen per share, which results in an annual consolidated payout ratio of 49.7%.

For the next fiscal year ending on February 28, 2014, we plan to pay 120 yen for an annual dividend, the same as the dividend for the current fiscal year.