

# Business Report for Fiscal 2011

(From April 1, 2010, to March 31, 2011)

# *Annual Report 2010*



 **Aoyama Trading Co., Ltd.**

(Securities code: 8219)

# To Our Shareholders

## Responding to Diversifying Customer Needs



I would like to thank you, our shareholders, for your steadfast support of Aoyama Trading Company, Ltd. (the “Company”).

I would also like to express my heartfelt sympathy to all those in the areas affected by the Great East Japan Earthquake which occurred in March of this year. I sincerely pray for their early recovery and we will do our best for the restoration of the affected areas.

Unfortunately, the Aoyama Trading Group recorded declines in both sales and profits for a third consecutive year. This performance reflected decrease in sales in the region struck by the Great East Japan Earthquake and other factors.

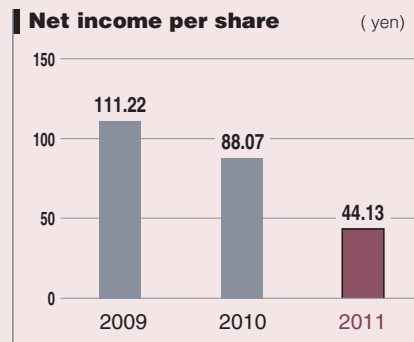
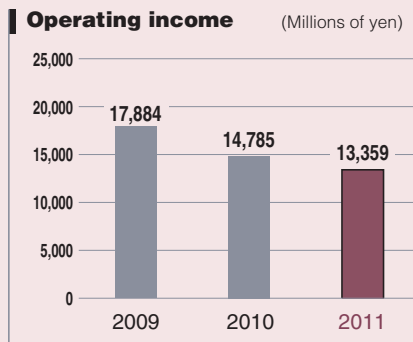
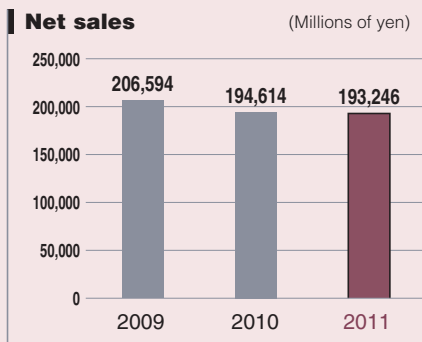
In this challenging business environment, we will strengthen the organization and cultivate human resources to appropriately and swiftly respond to changes in diversifying customer needs and further expand market share.

In all our endeavors, I would be grateful for your continued understanding and support.

President and CEO **Osamu Aoyama**

### Consolidated Financial Highlights

Note: Figures amounting to less than one million yen are rounded down.



## Brakes Put on Decrease in Customers

### Q1

#### ● How did the business perform in the year under review?

The Group's business results reflected the adverse business environment. Net sales were ¥193,246 million, 99.3% of the previous year's level and operating income was ¥13,359 million, 90.4% of the previous year's level. In the mainstay suit business, we continued to strive to expand mar-

ket share by constantly opening new stores mostly in Tokyo and the three neighboring prefectures. In addition, we implemented various measures to increase the number of customers. These measures include the "special sale" campaign implemented in May 2010 at all Yofuku-no-Aoyama stores in order to attract new customers mainly by appealing to them in terms of price.

Also, we opened the Ginza Honten Store in October 2010 and the Shibuya Ekimae So-honten Store in November 2010 as our

flagship urban stores, and at same time conducted an opening commemoration sale at all stores.

In womenswear, we bolstered the line-up of functional products, such as the "Aqua Wash Suit" which can be washed at home, and newly featured actress Nozomi Sasaki as a spokesperson of womenswear in February 2011. Through these efforts, we won new customers, resulting in brisk sales. The number of existing-store customers increased to 102.7% of the previous year's level.

With regard to the suits, our main product item, the number sold was 2,522,000, or 100.3% of the previous year's level, thus putting the brakes on the decrease in the number sold for the first time in three years. Meanwhile, the average unit selling price continued to decline, resulting in ¥23,578, or 96.2% of the previous year's level.

Yofuku-no-Aoyama Ginza Honten Store

## Strengthened Line-up of Cool Biz Products, etc.

### Q2

#### ● What initiatives are planned for fiscal 2012?

The environment surrounding the Company is expected to remain challenging given factors such as the lackluster personal consumption and intensifying competition.

Furthermore, the Great East Japan Earthquake which occurred in March 2011 has height-

ened uncertainties about the Japanese economy.

Amid these circumstances, in the core suit business, we will strive to achieve restoration of the affected areas as soon as possible and bolster the line-up of Cool Biz products in response to electricity saving-related demand. Through such initiatives, we are intent on swiftly and accurately responding to diversifying customer needs.



# Store Format and Positioning

## Yofuku-no-Aoyama

No. of stores: 746

Target age groups: All ages

Yofuku-no-Aoyama is the Company's core store format and the industry leader in the number of suits sold. We operate stores nationwide that offer clothing for adults of all ages.



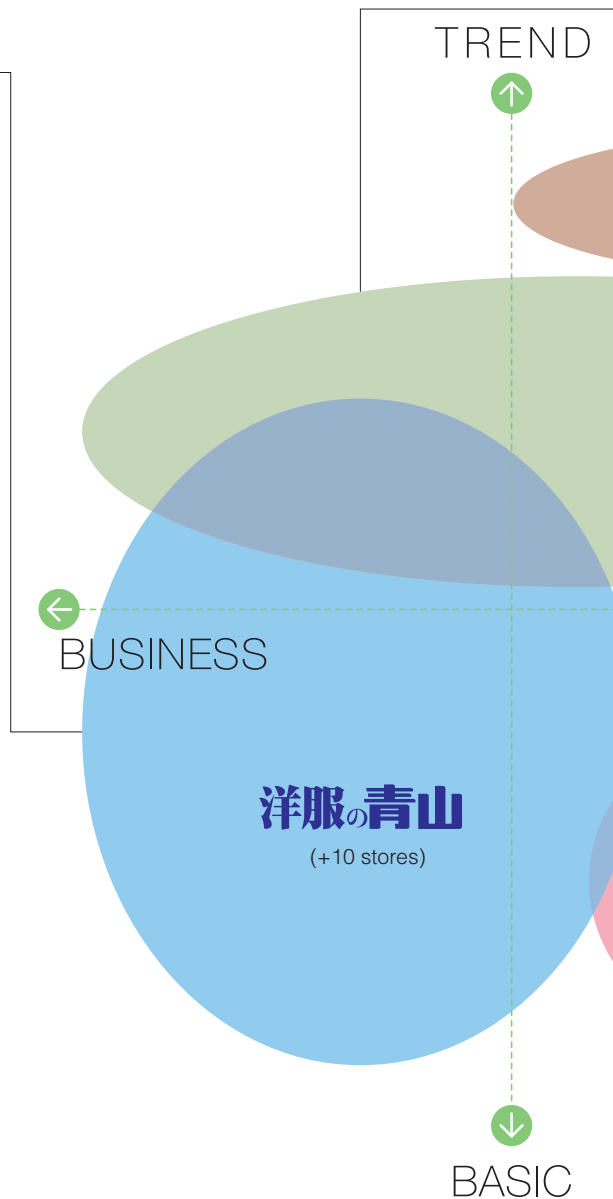
## Other Store Format

No. of 2nd STREET stores: 4

No. of JUMBLE STORE stores: 1

No. of LEVI'S STORE stores: 2

We conduct the franchise operation of "2nd STREET" and "JUMBLE STORE" in the reuse business and the "LEVI'S STORE" in the casual wear business.



UNIVERSAL LANGUAGE  
(No change in the number of stores)

THE SUIT COMPANY  
(+1 stores)

CASUAL

CALAJA CALAJA  
CASUAL LAND JAPAN CASUAL LAND JAPAN  
(-4 stores)

## The Suit Company

No. of stores: 37

Target age groups: 20s-30s

The Suit Company stores, specialty suit stores, are located mainly in urban areas and emphasize the latest fashion trends.



## Universal Language

No. of stores: 3

Target age groups: 30s-40s

Universal Language is a format for boutiques for urban adults that offer merchandise embodying the message "We bring the entire world fashion into your closet."



## CALAJA

No. of stores: 26

Target age groups: 20s-40s

CALAJA is a format of casual wear stores that offer better merchandise from the latest trends to basic clothing at lower prices.





# Strategy 1

## -New Store Opening Strategy-

## Opening Flagship Stores in Tokyo and the Three Neighboring Prefectures

In order to win new customers and further expand market share, we opened new flagship stores in urban areas by focusing on store structure and product line-up that differ from those of conventional suburban stores.

### Tactics 01

## Opening of Ginza Honten Store and Shibuya Ekimae So-honten Store as Flagship Urban Stores

We opened the Yofuku-no-Aoyama Ginza Honten Store in the Ginza district of Tokyo, which boasts the highest status in Japan, in October 2010 and the Shibuya Ekimae So-honten Store in Center Gai of Shibuya, a town for the youth and a base from which fashion information is dispatched, in November 2010 as flagship urban stores. These two stores use the new Yofuku-no-Aoyama logo and visuals linked to television commercials, among other things, in creating stores that differ from conventional suburban stores. At the same time, these stores also focus on the product line-up through such initiatives as increasing womenswear products and high-value-added suits as well as trend suits for young people. Moreover, utilizing the Chiba Center, a new distribution center which opened last year, these stores secured maximum selling space while minimizing the stockroom space, which conventionally occupied up to about 82.5 square meters.

On the opening day of the Ginza Honten Store, Tomokazu Miura, Saki Aibu, Panzetta Girolamo, and Junpei Mizobata, who all serve as spokespersons, came to the store and made the opening event a lively one. Also, actress Nozomi Sasaki, who is the new spokesperson of the womenswear, attended the tape cutting of the opening ceremony of the Shibuya Ekimae So-honten Store and wore our popular brand suit for young women when she welcomed customers.

Beside these two stores, in the year under review we opened the Tenjin So-honten Store (Fukuoka Prefecture), the Sendai Chuo-dori Store (Miyagi Prefecture), and the Sakae Honten Store (Aichi Prefecture) as core stores of cities designated by government ordinance. Through such initiatives, we further expanded market share.



Chiba Center



Yofuku-no-Aoyama Shibuya Ekimae So-honten Store



Yofuku-no-Aoyama Tenjin So-honten Store

# Strategy 2

## -Sales Strategy-

## Implementing New Sales Promotion Strategy

In an effort to win a new customer base, we commenced a sales promotion strategy that differ from the conventional promotion for “Yofuku-no-Aoyama” by taking such initiatives as implementing the “Take Blue” campaign mainly in the Tokyo metropolitan area and featuring Nozomi Sasaki as the new spokesperson.

### Tactics 01

## Implemented “Take Blue” Campaign Mainly in the Tokyo Metropolitan Area

From October 2010 we created a new logo for Yofuku-no-Aoyama and the catchphrase “Take Blue — suit. It suits you.” with a view to making consumers widely recognize the design and high quality of suits in the Tokyo metropolitan area in which many businessmen work. Along with this, we broadcast the television program “Otokotachi-no-Credo” (Credo per Signori) which focuses on the appeal of suit fashion and importance of appearance, as well as aired new television commercials and took other initiatives in commencing a new sales promotion strategy on the occasion of the opening of the flagship stores.



New commercial image

Logo of “Otokotachi-no- Credo”  
(Credo per Signori)



- Aired on TV Tokyo every Thursday from 10:54 p.m. to 11:00 p.m.
- Aired on BS Japan every Friday from 8:55 p.m. to 9:00 p.m.



Store poster featuring Nozomi Sasaki

### Tactics 02

## Featuring Nozomi Sasaki as a Spokesperson

We newly featured actress Nozomi Sasaki as the spokesperson of womenswear from February 2011.

Nozomi Sasaki, who is very popular among young people in their 20s as a fashion icon, is engaged in a wide range of activities as a television personality, such as commercials and variety programs. At the same time, she appears in the popular Tokyo Girls Collection event as a model. We featured her as a spokesperson because she is suitable for achieving our objective of reinforcing the young womenswear category.

The television commercial featuring Nozomi Sasaki has elicited the response of a wide range of customers, mainly women, and sales of womenswear were strong.

# Strategy 3

## -Product Strategy-

## Enhancing the Line-up of Functional Products

We bolstered the line-up of high-value-added products in terms of quality, functionality, fashion and eco-friendliness.

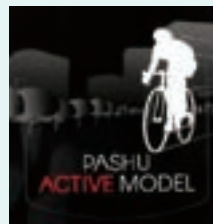


### Launch of “Active Model” Suit — A Strong Ally of Active Businessmen and Most Suitable for Commuting by Bicycle

We launched the “Active Model” suit as a result of our thorough pursuit of stretchability to enable easy movement while riding on a bicycle.

We used stretchable materials for the outer material and lining, and also utilized the “Power Net” stretch function lining for the back lining of the jacket and the upper arm portion of the lining of the sleeve. This significantly broadened the range of arm movement compared with normal suits. Furthermore, we used a mesh kneepad in the lining of the knee area of the trousers to make it easy to raise the knees, and incorporated other ideas to achieve stretchability in various areas.

In recent years, commuting by bicycle has attracted much attention due to mounting environment consciousness, energy-saving consciousness, and health consciousness. Prompted by this trend, demand for suits that allow easy movement has been rising. The “Active Model” suit is a product that responds to such customer demand.



“Active Model” Suit



### Enhancement of “Aqua Wash Suit” that can be Washed at Home

In recent years, washable suits that can be washed at home have been drawing much attention because of mounting saving consciousness among consumers.

We, too, offer a suit called “Aqua Wash Suit” that can not only be washed at home but also be easily washed by using a shower and other means. Furthermore, this suit has enhanced functionality as a result of anti-wrinkle stretching function added to the materials used, mainly wool.

In the future, we will further enhance the Aqua Wash Suit and start offering washable suit for women in February 2011. Through these initiatives, we will augment sales of washable suits.





# TOPICS

## TOPICS 01

### Franchise Operation of AMERICAN EAGLE OUTFITTERS

In a bid to expand the casual wear business as a franchise of AMERICAN EAGLE OUTFITTERS, we established Eagle Retailing Corporation through a joint venture with Sumikin Bussan Corporation.

Eagle Retailing Corporation obtained the rights to conduct franchise operation in Japan of the two brands, the AMERICAN EAGLE OUTFITTERS and AERIE, from American Eagle Outfitters Inc., the world's leading apparel retailer. The company plans to open a new store of AMERICAN EAGLE OUTFITTERS as the first stand-alone store in Japan in Omotesando of Shibuya Ward, Tokyo, in spring of 2012.



AMERICAN EAGLE OUTFITTERS store  
in the United States

## TOPICS 02

### Absorption-type Merger of Casual Land Aoyama Co., Ltd.

We executed an absorption-type merger of Casual Land Aoyama Co., Ltd., a wholly-owned consolidated subsidiary, on April 1, 2011 for the purpose of enhancing management efficiency of the whole Group.

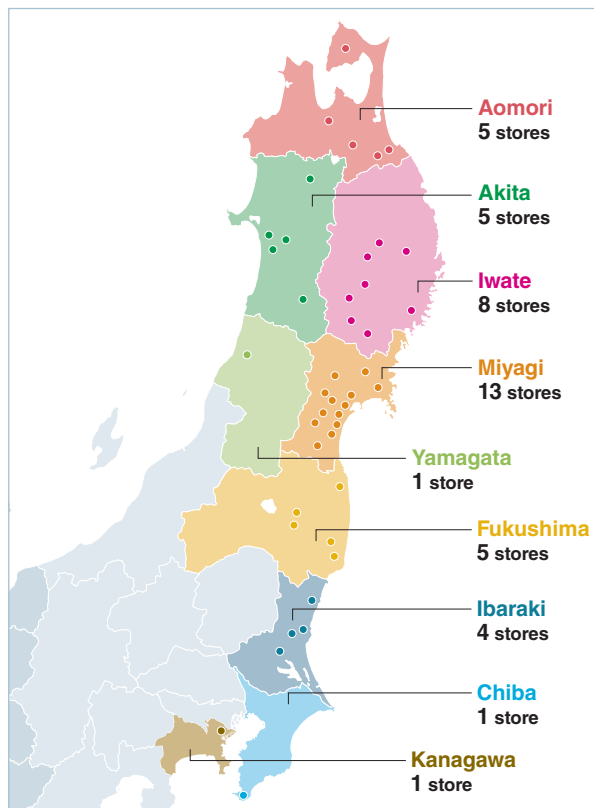
# Great East Japan Earthquake

## Damage Caused by the Earthquake

We would like to convey our condolences to those who lost their lives in the Great East Japan Earthquake which occurred in March this year and express our heartfelt sympathies to the victims, their families and related people.

Fortunately, the Group did not suffer any casualties among its employees in this earthquake. Nevertheless, some stores located in the Tohoku and Kanto areas suffered damage such as soiled products and partial collapse of buildings. Yofuku-no-Aoyama was seriously affected as 43 stores were forced to suspend operations. (As of May 31, 2011, all Yofuku-no-Aoyama stores, except the two stores of Tagajo Store (Miyagi Prefecture) and Fukushima Haramachi Store (Fukushima Prefecture), resumed operation).

With respect to the damage caused by the earthquake, the Group has posted ¥213 million loss on disaster under extraordinary loss for the year ended March 31, 2011.



Stores that suspended operations due to the impact of the earthquake (Yofuku-no-Aoyama)



President Aoyama of the Company (right) presents a list of items

## Activities to Support the Affected Areas

We donated ¥300 million through the Japanese Red Cross Society in order to support those living in the affected areas.

In addition, after consulting with the Disaster Headquarters of Miyagi Prefecture, Iwate Prefecture, and Fukushima Prefecture, we provided support in the form of 40,000 men's undershirts, 120,000 men's underwear, 10,000 pieces of winter clothes, 10,000 pairs of functional socks, and 1 million masks.

# Social and Environmental Activities

## ~Contributing to the Prevention of Global Warming~ Launching the Industry's First Suit with Carbon Offset Contributing to the Environment by Wearing Suits of Yofuku-no-Aoyama

In view of our corporate social responsibility, we launched the industry's first suit with carbon offset in support of the "ZERO CO<sub>2</sub> PROGRAM" (\*Note) advocated by Australian Wool Innovation (AWI, headquartered in Sydney) as part of our environmental activities.

(\*Note) "ZERO CO<sub>2</sub> PROGRAM" is a program that supports tree planting activities, needed to offset CO<sub>2</sub> emitted at the time of producing one suit, by purchasing raw wool from designated farms.



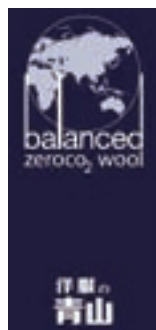
At the signing ceremony with The Merino Company, President Aoyama is at the right.

Amid mounting social awareness regarding the prevention of global warming, concrete measures to deal with greenhouse gases are required and countries all over the world are taking measures to prevent global warming.

We considered whether we could contribute to reducing CO<sub>2</sub> in suits, the world's number one product in terms of the number we have sold. In doing so, we focused on carbon offset for wool, the raw material of suits.

Specifically, we will indirectly offset CO<sub>2</sub> emitted in the manufacturing process of wool products and contribute to the prevention of global warming by purchasing from The Merino Company (headquartered in Melbourne) raw wool obtained at sheep farms that carry out tree planting activities in the appropriate quantity required for the carbon offset of CO<sub>2</sub> emitted during suit production, and by selling suits made out of such raw wool.

Since December 2010 we have been gradually expanding the sale of suits with the brand trademark of "Balanced ZERO CO<sub>2</sub> WOOL" at Yofuku-no-Aoyama stores throughout Japan.



Trademark of Balanced ZERO CO<sub>2</sub> WOOL

### "Aoyama's Initiative for the Environment" – Balanced ZERO CO<sub>2</sub>

"Zero CO<sub>2</sub>" is a sustainable program that aims at achieving zero CO<sub>2</sub> emissions\* on a net basis during the manufacturing process for wool suits through tree planting activities.



\* This product uses Merino wool from Australia's Zero CO<sub>2</sub> certified farms.

\* CO<sub>2</sub> emissions are computed based on the figures announced by Australian government agencies and Japan's Ministry of Economy, Trade and Industry.

\* This tag is printed on 70% recycled paper.

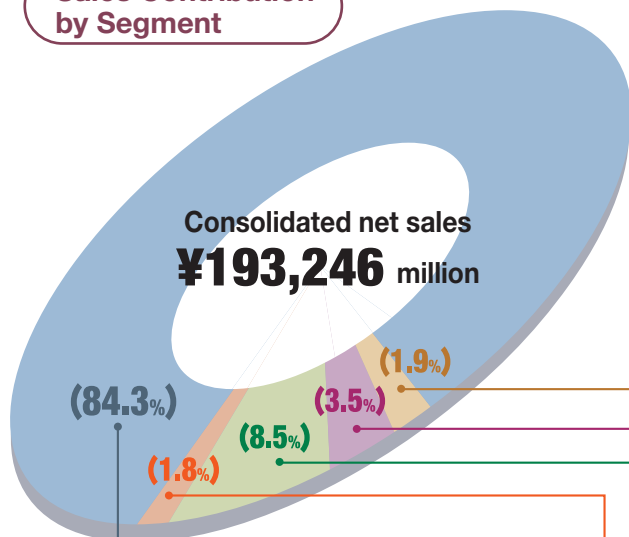


## Review of Operations

Yofuku-no-Aoyama  
Shin-Fukuoka Ohashi Store



### Sales Contribution by Segment



Note: Segment sales contribution is net sales after elimination of intercompany transactions.

## Menswear Retail Business

- This business comprises four companies—Aoyama Trading Co., Ltd., Blue Reverse Co., Ltd., MDS Co., Ltd., and Eisho Co., Ltd. Casual Land Aoyama Co., Ltd. had been included in menswear retail business up to now, but was excluded from this business and included in “others” due to the application of the new accounting standard from the year under review.
- Sales from the menswear retail business were ¥162,882 million, 100.7% of the previous year’s level, and operating income was ¥12,891 million, 95.0% of the previous year’s level.

### Aoyama Trading Co., Ltd.

- Existing-store sales were 99.3% of the previous year’s level. The number of suits sold was 2,522,000, or 100.3% of the previous year’s level, thus putting the brakes on the decrease in the number sold for the first time in three years. Meanwhile, the average unit selling price for suits continued to decline, resulting in ¥23,578, or 96.2% of the previous year’s level.
- The Company newly opened 17 Yofuku-no-Aoyama stores (including six relocated stores) and closed 1 inefficient store during the year under review. Furthermore, the Company opened 1 The Suit Company (TSC) store while it closed 1 The Suit Company’s Weekend store, and eliminated the business format.
- As a result, sales were ¥162,300 million, 100.6% of the previous year’s level and operating income was ¥12,419 million, 95.5% of the previous year’s level.





## Credit Card Business

- The number of “Aoyama Card” members amounted to 3.7 million at the end of February 2011 (same as the previous year), and the balance of operating loans was ¥40,947 million.
- Due to the impact of the revised Money Lending Business Act, sales were ¥4,055 million, 74.0% of the previous year's level, and operating income was ¥31 million, 8.3% of the previous year's level.



## Commercial Printing Business

- We placed priority on the cultivation of relationships with existing customers, reinforcement of efforts to win new customers, and development of new businesses.
- Due to the impact of the Great East Japan Earthquake, forward-looking investments for new businesses, and other factors, sales were ¥10,631 million, 104.9% of the previous year's level, and operating income was ¥9 million, 5.6% of the previous year's level.



## Sundry Sales Business

- This business involves the operation of “Daiso & Aoyama 100 Yen Plaza” shops on premises previously occupied by Yofuku-no-Aoyama or CALAJA stores or on premises shared with Yofuku-no-Aoyama stores to achieve synergy.
- As a result of the opening of 6 new shops and closing 5 inefficient shops during the year under review, the total number of Daiso & Aoyama 100 Yen Plaza shops was 129 at the end of February 2011.
- With industry competition on the rise as businesses in different formats enter the scene, sales were ¥16,399 million, 94.9% of the previous year's level, while operating income was ¥385 million, 75.3% of the previous year's level.



## Others

- With respect to Casual Land Aoyama Co., Ltd., which was excluded from the “menswear retail business” and included in “others” due to the application of the new accounting standard, existing-store sales were 92.5% of the previous year's level due to factors such as sluggish personal consumption.
- As for stores, we opened 3 2nd STREET stores, 1 JUMBLE STORE store, 1 LEVI'S STORE store, and closed 4 CALAJA stores. As a result, the number of stores at the end of March 2011 was 26 CALAJA stores, 4 2nd STREET stores, 1 JUMBLE STORE store, and 2 LEVI'S STORE stores.
- Also, in a bid to expand the casual wear business as a franchise of the U.S. AMERICAN EAGLE OUTFITTERS, we newly established Eagle Retailing Corporation in December 2010 through a joint venture between Aoyama Trading Co., Ltd. and Sumikin Bussan Corporation and plan to open a new store of AMERICAN EAGLE OUTFITTERS as the first standalone store in Japan in Omotesando (Shibuya Ward, Tokyo) in Spring 2012.
- As a result of the above, sales from “others” were ¥3,502 million, 100.9% of the previous year's level, and the operating loss was ¥292 million.





## Current assets

Current assets amounted to ¥173,584 million, having increased ¥1,092 million compared with the figure at the previous fiscal year-end, as a result of decreases of ¥8,379 million in operating loans and ¥2,441 million in merchandise and finished goods offset by increases of ¥5,158 million in cash and deposits and ¥7,383 million in short-term investment securities.

## Noncurrent liabilities

Noncurrent liabilities amounted to ¥43,015 million, having increased ¥4,362 million compared with the figure at the previous fiscal year-end, due to increases of ¥3,000 million in bonds payable, ¥560 million in long-term loans payable and ¥776 million in asset retirement obligations.

## Consolidated Balance Sheets (Summary)

(Millions of yen)

	Fiscal 2011 (As of March 31, 2011)	Fiscal 2010 (As of March 31, 2010)
<b>Assets</b>		
Current assets	173,584	172,492
Cash and deposits	36,505	31,347
Notes and accounts receivable-trade	11,734	11,986
Short-term investment securities	41,851	34,468
Merchandise and finished goods	37,076	39,518
Work in process	47	37
Raw materials and supplies	497	603
Deferred tax assets	1,576	1,693
Operating loans	40,947	49,326
Other	3,707	4,353
Allowance for doubtful accounts	(360)	(841)
Noncurrent assets	162,398	161,217
Property, plant and equipment	97,897	102,978
Buildings and structures	57,155	60,662
Land	33,213	33,109
Other	7,529	9,207
Intangible assets	2,494	2,171
Investments and other assets	62,006	56,067
Lease and guarantee deposits	28,454	28,146
Other	33,573	27,947
Allowance for doubtful accounts	(21)	(26)
Deferred tax assets	54	—
Total assets	336,037	333,709
<b>Liabilities</b>		
Current liabilities	65,911	68,251
Notes and accounts payable-trade	16,542	15,488
Short-term loans payable	7,840	10,325
Current portion of bonds	2,000	10,000
Accounts payable-other	22,188	20,168
Other	17,341	12,270
Noncurrent liabilities	43,015	38,652
Bonds payable	22,000	19,000
Long-term loans payable	11,000	10,440
Other	10,015	9,212
Total liabilities	108,926	106,904
<b>Net assets</b>		
Shareholders' equity	242,312	242,201
Capital stock	62,504	62,504
Capital surplus	62,975	62,975
Retained earnings	129,080	128,968
Treasury stock	(12,249)	(12,247)
Accumulated other comprehensive income	(17,440)	(17,437)
Valuation difference on available-for-sale securities	18	170
Revaluation reserve for land	(17,459)	(17,607)
Subscription rights to shares	412	246
Minority interests	1,826	1,794
Total net assets	227,110	226,805
Total liabilities and net assets	336,037	333,709

Note: Figures amounting to less than one million yen are rounded down.

## Consolidated Statements of Income (Summary) (Millions of yen)

	Fiscal 2011 (Year Ended March 31, 2011)	Fiscal 2010 (Year Ended March 31, 2010)
Net sales	193,246	194,614
Cost of sales	86,838	87,488
Gross profit	106,407	107,125
Selling, general and administrative expenses	93,047	92,340
Operating income	13,359	14,785
Non-operating income	1,603	1,656
Interest and dividends income	691	686
Real estate rent	492	398
Other	419	571
Non-operating expenses	4,448	3,004
Interest expenses	210	304
Loss on valuation of derivatives	1,603	1,065
Foreign exchange losses	2,524	1,455
Other	109	178
Ordinary income	10,515	13,437
Extraordinary income	370	30
Gain on sales of noncurrent assets	12	30
Reversal of allowance for doubtful accounts	358	—
Extraordinary loss	4,343	3,024
Loss on disaster	213	—
Loss on sales and retirement of noncurrent assets	329	780
Impairment loss	2,437	2,235
Loss on valuation of investment securities	869	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	493	—
Other	—	9
Income before income taxes	6,542	10,443
Income taxes-current	4,597	2,456
Income taxes-deferred	(928)	2,196
Income before minority interests	2,873	—
Minority interests in income	67	190
Net income	2,805	5,599

Note: Figures amounting to less than one million yen are rounded down.

### Ordinary income

Ordinary income was ¥10,515 million, 78.3% of the previous year's level, partly because a ¥1,603 million loss on valuation of derivatives associated with "comprehensive long-term foreign exchange contracts (coupon swap contracts)" and a ¥2,524 million foreign exchange losses were recorded as non-operating expenses.

### Extraordinary loss

Total extraordinary loss of ¥4,343 million was recorded. This included ¥213 million in loss on disaster accompanying the Great East Japan Earthquake and ¥2,437 million in impairment loss.

### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥34,476 million (compared with ¥27,967 million in net cash provided by operating activities for the previous fiscal year). This was a result of ¥6,542 million in income before income taxes, ¥8,536 million in depreciation, ¥2,437 million in impairment loss, ¥1,603 million in loss on valuation of derivatives, a ¥8,379 million decrease in operating loans, as well as cash inflows resulting from a ¥4,641 million decrease in cash outlays due to increase/decrease in working capital (notes and accounts receivable-trade, inventories, notes and accounts payable-trade, and accounts payable-other).

## Consolidated Statements of Cash Flows (Summary) (Millions of yen)

	Fiscal 2011 (Year Ended March 31, 2011)	Fiscal 2010 (Year Ended March 31, 2010)
Cash flows from operating activities	34,476	27,967
Cash flows from investing activities	(22,927)	(29,720)
Cash flows from financing activities	(8,472)	(11,268)
Effect of exchange rate change on cash and cash equivalents	(884)	(152)
Net increase (decrease) in cash and cash equivalents	2,191	(13,174)
Cash and cash equivalents at beginning of year	25,135	38,309
Cash and cash equivalents at end of year	27,327	25,135

Note: Figures amounting to less than one million yen are rounded down.

## Consolidated Statements of Changes in Net Assets (from April 1, 2010, to March 31, 2011) (Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income			
Balance at March 31, 2010	62,504	62,975	128,968	(12,247)	242,201	170	(17,607)	(17,437)	246	1,794	226,805
Changes of items during the year											
Dividends from surplus			(2,543)		(2,543)						(2,543)
Net income			2,805		2,805						2,805
Reversal of revaluation reserve for land			(150)		(150)						(150)
Purchase of treasury stock				(1)	(1)						(1)
Net changes of items other than shareholders' equity						(151)	148	(3)	166	31	194
Total changes of items during the year	—	—	111	(1)	110	(151)	148	(3)	166	31	305
Balance at March 31, 2011	62,504	62,975	129,080	(12,249)	242,312	18	(17,459)	(17,440)	412	1,826	227,110

Note: Figures amounting to less than one million yen are rounded down.

### Payment of a Year-end Dividend of ¥20 Per Share

The Company positions returning profits to shareholders as an important management issue and has introduced partially performance-linked dividend payment in order to promote return of profits to shareholders, targeting a payout ratio of 30%.

The payout ratio is calculated against the Company's non-consolidated net income excluding special income and losses such as a gain or a loss on valuation of derivatives. Concretely, the Company intends to pay an ordinary dividend of ¥40 (interim dividend of ¥20 and year-end dividend of ¥20) per share in order to maintain stable dividend payment, and if the amount of a dividend calculated based on the payout ratio of 30% exceeds ¥40, the excess amount will be treated as performance-linked dividend and will be paid as a special dividend at the end of a fiscal year.

In accordance with the dividend policy, the year-end dividend of ¥20 per share, which is an ordinary dividend, was approved at the 47th ordinary general meeting of shareholders. As a result, in addition to the interim dividend (ordinary dividend of ¥20), cash dividends for the year amounted to ¥40 per share.

Balance Sheets (Summary)		(Millions of yen)
	Fiscal 2011 (Year Ended March 31, 2011)	Fiscal 2010 (Year Ended March 31, 2010)
Assets		
Current assets	129,667	128,372
Noncurrent assets	162,608	161,889
Property, plant and equipment	93,854	98,866
Intangible assets	2,187	1,887
Investments and other assets	66,566	61,134
Total assets	292,276	290,261
Liabilities		
Current liabilities	56,688	44,570
Noncurrent liabilities	18,293	28,613
Total liabilities	74,982	73,183
Net assets		
Shareholders' equity	234,132	234,082
Capital stock	62,504	62,504
Capital surplus	62,975	62,975
Retained earnings	120,900	120,849
Treasury stock	(12,249)	(12,247)
Valuation and translation adjustments	(17,251)	(17,250)
Valuation difference on available-for-sale securities	18	170
Revaluation reserve for land	(17,269)	(17,420)
Subscription rights to shares	412	246
Total net assets	217,293	217,078
Total liabilities and net assets	292,276	290,261

Note: Figures amounting to less than one million yen are rounded down.

Statements of Income (Summary)		(Millions of yen)
	Fiscal 2011 (Year Ended March 31, 2011)	Fiscal 2010 (Year Ended March 31, 2010)
Net sales	162,300	161,323
Cost of sales	67,247	67,495
Gross profit	95,053	93,828
Selling, general and administrative expenses	82,633	80,818
Operating income	12,419	13,009
Non-operating income	2,071	2,188
Non-operating expenses	4,314	2,934
Ordinary income	10,176	12,263
Extraordinary income	12	38
Extraordinary loss	4,380	3,388
Income before income taxes	5,807	8,914
Income taxes-current	4,144	1,959
Income taxes-deferred	(1,082)	2,084
Net income	2,745	4,870

Note: Figures amounting to less than one million yen are rounded down.

## Corporate Profile

(as of March 31, 2011)

**Company Name** : Aoyama Trading Co., Ltd.

**Establishment** : May 6, 1964

**Paid-in-Capital** : ¥62,504,710,000

**Number of Employees** : 3,780

**Offices** : **Head Office:**

3-5, Ohji-cho 1-chome, Fukuyama,  
Hiroshima, Japan

**Tokyo Head Office:**

TSC TOWER 7F, 5-10, Ueno 4-chome,  
Taito-ku, Tokyo

**Tokyo Office for The Suit Company and  
Universal Language:**

Shibuya Heiwa Bldg. 6F, 21-8,  
Udagawa-cho, Shibuya-ku, Tokyo

**Kannabe Stock Center:**

1727-1, Aza Fukami, Oaza Nishichujo,  
Kannabe-cho, Fukuyama, Hiroshima

**Ibara Stock Center:**

1345-2, Oemachi, Ibara, Okayama

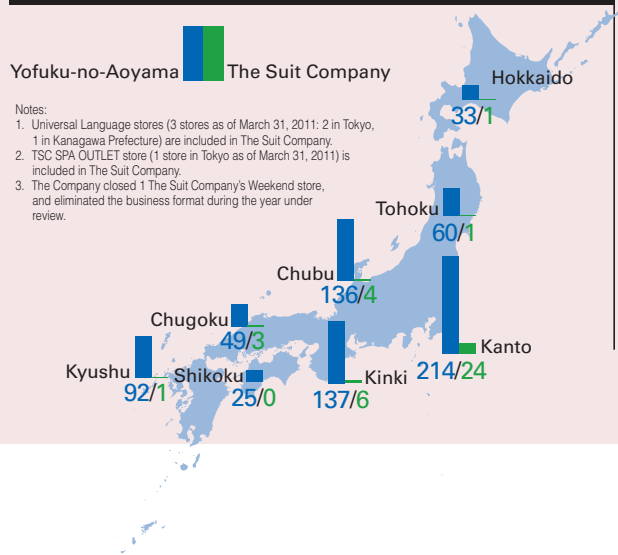
**Tagawa Stock Center:**

2423-4, Oaza Ida, Tagawa, Fukuoka

**Chiba Center:**

32-22, Shin-minato, Mihama-ku, Chiba

**Number of Stores** : 786 (excluding CALAJA, 2nd STREET, JUMBLE STORE and LEVI'S STORES)



## Directors and Officers

(as of June 29, 2011)

### Board of Directors

**Chairman of the Board** : Shozo Miyamae

**Vice Chairman of the Board** : Hiroaki Miyamae

**President and CEO** : Osamu Aoyama

**Senior Director and Senior  
Managing Executive Officer** : Makoto Miyatake

(General Manager of Planning and Administration Div. and  
General Manager of Casual Wear/Reuse Business Div.)

**Director and Executive Officer** : Yoshiyuki Matsukawa

(General Manager of Marketing and Sales Div.)

**Director and Executive Officer** : Shinji Okano (General Manager of Purchasing Div.)

### Board of Auditors

**Standing Corporate  
Auditor (full time)** : Koshin Endo

**Corporate Auditor** : Seishi Uchibayashi \*

**Corporate Auditor** : Hiroshi Ohgi \*

**Corporate Auditor** : Kiyoshi Takegawa \*

Note: Marked with \* are outside auditors.

### Executive Officers

**Senior Managing  
Executive Officer** : Michinobu Miyagawa

(General Manager of Store Development Div.)

**Managing Executive Officer** : Yoshio Kaneki

(General Manager of Tokyo Head Office and General Manager of PR Office)

**Executive Officer** : Kiyohide Hasegawa

(General Manager of IT and Systems Dept.)

**Executive Officer** : Shozo Hirakawa

(General Manager of General Affairs Dept.)

**Executive Officer** : Yasuhiro Fujii

(General Manager of Marketing and Sales Dept.)

**Executive Officer** : Eiji Tanikawa

(General Manager of Advertising Dept. and Information Controller)

**Executive Officer** : Michinori Fujii

(General Manager of Marketing and Sales Dept. of TSC)

**Executive Officer** : Osamu Mizutani

(General Manager of Purchasing Dept. of TSC)

**Executive Officer** : Yoshiyuki Maekawa

(General Manager of Purchasing Dept. No. 1)



## Stock Information

### Shares

(as of March 31, 2011)

<b>Total number of shares authorized to be issued</b>	<b>174,641,100</b>
<b>Number of shareholders</b>	<b>8,764</b>
<b>Number of shares outstanding</b>	<b>67,394,016</b>
<b>Number of shares of treasury stock</b>	<b>3,813,645 (5.7%)</b>

### Major Shareholders

(as of March 31, 2011)

Shareholder	Shareholdings (thousand shares)	Shareholdings (%)
Japan Trustee Services Bank, Ltd. (Trust account)	5,508	8.6
The Master Trust Bank of Japan, Ltd. (Trust account)	3,708	5.8
Aoyama Bussan, Ltd.	3,541	5.5
Osamu Aoyama	2,484	3.9
Japan Trustee Services Bank, Ltd. (Trust account 9)	2,245	3.5
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	1,486	2.3
Trust & Custody Services Bank, Ltd. (Securities Investment Trust account)	1,465	2.3
Sumiko Aoyama	1,261	1.9
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	1,191	1.8
Hoshino Shoji Limited	1,001	1.5

Notes: 1. Shareholdings amounting to less than the minimum trading unit have been rounded down.  
2. Shareholdings (%) represent the percentage of shareholdings to the number of shares outstanding (excluding treasury stock) as of March 31, 2011.  
3. The Company holds 3,813 thousand shares of treasury stock, but the holdings are not included in the above list of major shareholders because these shares are without voting rights.

### Guidance on the Preferential Discount Coupon for Shareholders

The Company issues and offers the "Preferential Discount Coupon for Shareholders" (15% discount) to all the shareholders as of September 30 and March 31 every fiscal year.

#### Issuance standards of the Preferential Discount Coupon for Shareholders

The Company issues Preferential Discount Coupons for Shareholders based on the following criteria to the shareholders recorded in the register of shareholders and the beneficial shareholders recorded in the register of beneficial shareholders as of September 30 and March 31 every fiscal year, according to their respective shares held.



#### Number of shares held

100-999 shares: Three (3) coupons  
1,000-2,999 shares: Four (4) coupons  
3,000 shares or more: Five (5) coupons

#### Expiration date

Record date of eligible shareholders	Timing of sending by post	Expiration date
Shareholders as of September 30	Early December of the same year	December 31 of the following year
Shareholders as of March 31	Early July of the same year	June 30 of the following year

#### Stores where the coupons can be used

Stores of Yofuku-no-Aoyama, The Suit Company (excluding TSC SPA OUT-LET Ueno Store), Universal Language, and CALAJA.

### Memo to Shareholders

<b>Business year</b>	: From April 1 to March 31
<b>Ordinary general meeting of shareholders</b>	: June of each year
<b>Record date</b>	: March 31 (other publicly announced days, as necessary). Shareholders recorded in the register of shareholders at the end of each business year shall be deemed the shareholders entitled to exercise the shareholders' rights at the ordinary general meeting of shareholders pertaining to the aforementioned business year.
<b>Interim dividends</b>	: Interim dividends shall be paid to shareholders recorded in the register of shareholders as of September 30.
<b>Year-end dividends</b>	: Dividends shall be paid to the shareholders recorded in the register of shareholders as of March 31.
<b>Transfer agent and special account management institution</b>	: Sumitomo Trust & Banking, Co. Ltd. 5-33 Kitahama 4-chome, Chuo-ku, Osaka
<b>Transfer agent's handling office</b>	: Stock Transfer Agency Department Sumitomo Trust & Banking Co., Ltd. 5-33 Kitahama 4-chome, Chuo-ku, Osaka
<b>(Mailing address)</b>	: Stock Transfer Agency Department Sumitomo Trust & Banking Co., Ltd. 1-10 Nikko-cho, Fuchu, Tokyo 183-8701
<b>(Telephone contact)</b>	: 0120-176-417
<b>(Website URL)</b>	: <a href="http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html">http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html</a>

#### Notification of address change and inquiries concerning shares

Please contact the securities firm with which you have your securities account for notification of address change and for inquiries. If you do not have an account with a securities firm, please contact the transfer agent indicated at left.

#### Procedures concerning special accounts

Share certificates of the Company and all other listed companies were dematerialized on January 5, 2009. Accordingly, previous paper share certificates become invalid and shareholders' rights are electronically managed by Japan Securities Depository Center, Inc. (JASDEC) through securities firms. Rights of shareholders who have not completed procedures for dematerialization of share certificates are currently managed in special accounts with Sumitomo Trust & Banking Co., Ltd. (special account management institution). In order to sell shares owned, it is necessary to open an account with a securities firm and implement procedures to transfer shares from the special account. For detailed procedures, please contact the transfer agent indicated at left.

**Media for public notices** : Electronic disclosure or Nihon Keizai Shimbun (newspaper) if electronic disclosure is unavailable  
<http://www.aoyama-syouji.co.jp>

**Listing stock exchanges** : Tokyo Stock Exchange (First Section)  
Osaka Securities Exchange (First Section)

## Cool Biz items featured on official online store

The “Yofuku-no-Aoyama official online store” run by the Company is currently holding “2011 COOLBIZ COLLECTION” featuring Cool Biz. The product line-up covers a wide array of offerings ranging from suits to be worn with and without a necktie to linen jackets and functional shirts.

<http://store.y-aoyama.jp/ec/info/eshop/feature/coolbiz/index.html>



### Recommended item

#### Aqua Wash suit that can be water washed

GEAR

##### Aqua Wash double button suit

Material: Polyester 51%, wool 49%

Size: Drop 12, Drop 10

Function: Washable

Stains, odor, spots, etc. can be easily and effectively removed by washing with water. This suit uses wrinkle-resistant materials, is resistant to losing its shape and shrinkage, and therefore is suitable for businessmen during summer.



#### A jacket that gives a pleasant feeling of “Asa” (linen), a typical material used in summer

YUKI TORII HOMME

##### Double button mini block soft jacket

Material: Cotton 72%, polyester 23%, linen 5%

Size: Drop 12, Drop 10, Drop 4

Function: Sweat absorbing, quick dry

The “Cool Max”, sweat absorbing, quick dry functional polyester is mixed in the material, giving the jacket a light and dry feel. An airy jacket to be worn like a shirt.



### You can try on the product before purchase

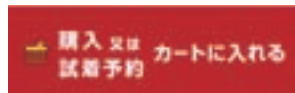
#### 01. Choose a product you wish to try on



Check the availability of the chosen size on the page which provides detailed information of the product and place the product in the shopping cart.



#### 02. Follow the procedure for making an appointment for try-on



Click “Appointment for try-on” in the shopping cart and follow the appointment procedure.



#### 03. Try on the product at the store



Try on the product you reserved which has arrived at a nearby “Yofuku-no-Aoyama” store.