

Business Report for Fiscal 2012

(From April 1, 2011, to March 31, 2012)

Annual Report 2011



 **Aoyama Trading Co., Ltd.**

(Securities code: 8219)

To Our Shareholders

Achieved an Increase in Sales and Profits for the First Time in 4 Years



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 of those affected by the Great East Japan Earthquake, and I sincerely pray for their early recovery. During the year under review, the Aoyama Trading Group recorded an increase in sales and profit for the first time in 4 years, backed by solid performance in the mainstay menswear retail business, where suits aimed at the younger market sold well, and strong sales in womenswear.

Although the business environment surrounding the Group is expected to remain uncertain for some time to come, amid lackluster personal consumption and intensifying competition, we will strive to further expand market share, focusing on the menswear retail business, by responding swiftly and accurately to the increasingly diverse needs of our customers.

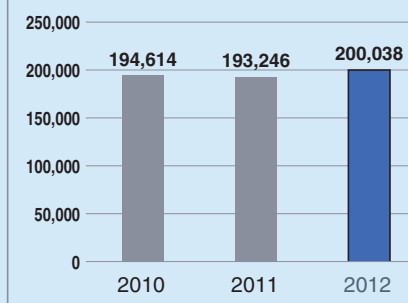
In all our endeavors, I would be grateful for your continued understanding and support.

President and CEO **Osamu Aoyama**

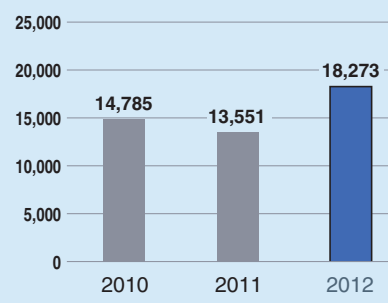
Consolidated Financial Highlights

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

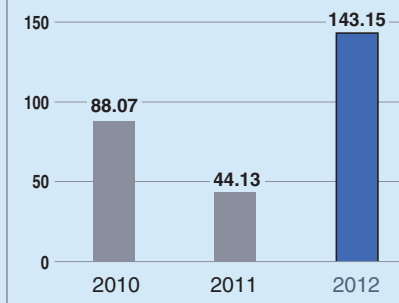
Net sales (Millions of yen)



Operating income (Millions of yen)



Net income per share (yen)



Note: Changes in presentation method for fiscal 2012 (year ended March 31, 2012), have also been reflected on the results of fiscal 2011 (year ended March 31, 2011) on a retroactive basis.

Strong Sales of Suits for the Younger Market and in Womenswear

Q1

How did the business perform in the year under review?

The Group posted an increase in sales and profit for the first time in 4 years, recording net sales of ¥200,038 million, 103.5% of the previous year's level, and operating income of ¥18,273 million, 134.8% of the previous year's level.

In the mainstay suits business, we continued to strive to expand market share by constantly opening new stores and relocating those mostly in Tokyo and the three neighboring prefectures, while at the same time enhancing the line-up of Cool Biz and Warm Biz products in response to growing demand for these products nationwide. In addition, we concentrated efforts on winning a new customer base with the launch in October 2011 of the new functional suits "Next Generation® Stretch Suits" and "Next Generation® Active Suits," aimed at the younger market. In womenswear, in October 2011, we featured actress Emi Takei as a spokesperson for clothing aimed at people who are job hunting or starting their

careers in order to appeal to the younger market. Furthermore, the collaborative brand "n♥line by nozomi" produced by actress Nozomi Sasaki, our womenswear spokesperson, was launched in January 2012 and has performed strongly.

As a result, existing-store sales for the year under review in the suits business were 102.5% of the previous year's level.

The average unit selling price of men's suits, our main product item, was ¥24,150, or 102.4% of the previous year's level, and the number of suits sold was 2,439,000, or 96.7% of the previous year's level.

The Company opened 17 Yofuku-no-Aoyama stores during the year under review (including 10 stores that were relocated or rebuilt), and closed 4 inefficient locations.

With the opening of 1 "The Suit Company" store, the year-end number of stores in the suits business totaled 790 locations (749 Yofuku-no-Aoyama stores, 38 TSC stores, and 3 UL stores).

Toward Increased Sales and Profit in 2 Consecutive Years

Q2

What initiatives are planned for fiscal 2013?

Despite signs of improvement in corporate earnings in some areas, the business environment surrounding the Company is expected to remain uncertain amid lackluster personal consumption and intensifying competition.

Amid these circumstances, in the core suits business, we will endeavor to expand our market share by continuing to open and relocate new stores mostly in Tokyo and the three neighboring prefectures, while at the same time working to win younger customers and expand sales in womenswear and other segments.

Yofuku-no-Aoyama Shin-Ogikubo Ekimae Store



Store Format and Positioning

Yofuku-no-Aoyama

No. of stores: 749

Target age groups: 20s-60s

No. 1 in suit sales worldwide.

Yofuku-no-Aoyama is the Company's core store format. We operate stores nationwide that offer clothing for adults of all ages.



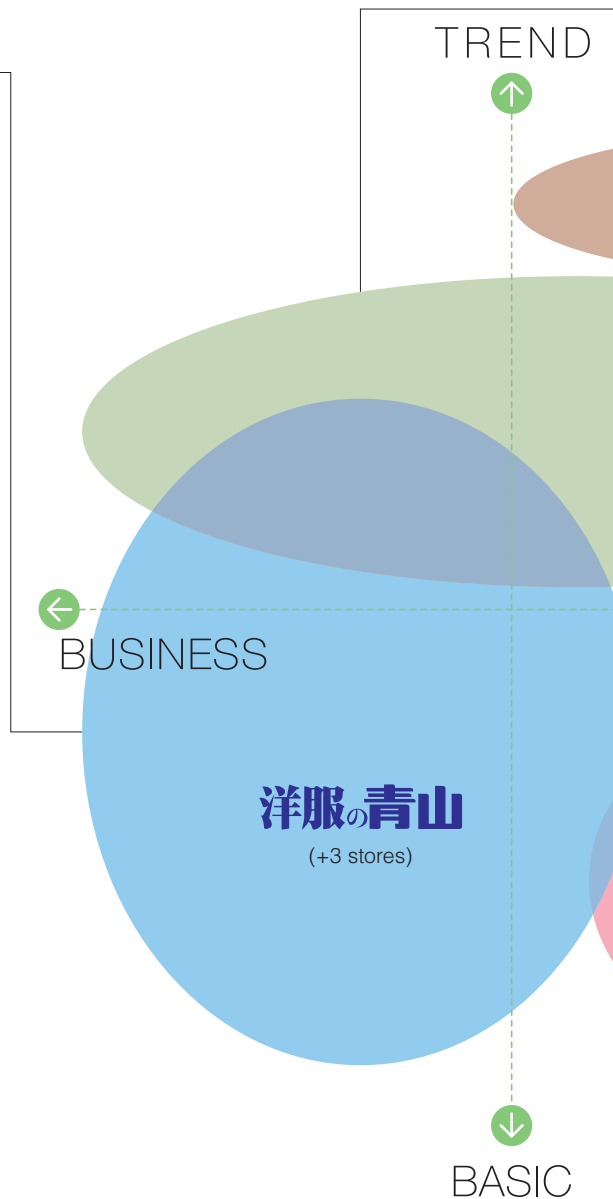
Other Store Format

No. of 2nd STREET stores: 4

No. of JUMBLE STORE stores: 1

No. of LEVI'S STORE stores: 4

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
(-1 stores)

The Suit Company

(Including Ueno TSC Outlet Store)

No. of stores: 38

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: 25

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.



Cultivating New Customer Segments in New Markets

The Company is stepping up expansion into new markets in each business format in response to the increasing diversity of customer needs.



Opening a Series of Yofuku-no-Aoyama Stores within Ito-Yokado Stores

Yofuku-no-Aoyama
Ito-Yokado
LaLaport YOKO-
HAMA Store



Yofuku-no-Aoyama Ito-Yokado
Tsudanuma Store

In the latter half of the year under review, we opened 3 Yofuku-no-Aoyama stores inside Ito-Yokado stores in Tokyo and the three neighboring prefectures. Following the Yofuku-no-Aoyama store opened within Ito-Yokado Kameari Ekimae in May of last year, this makes a total of 4 stores opened within Ito-Yokado.

Opening stores within Ito-Yokado's stores which are located near train stations in Tokyo and the three neighboring prefectures has enabled the Company to win a new customer base different from that of conventional suburban stores.

The 3 stores opened during the latter half of the year under review were Yofuku-no-Aoyama at Ito-Yokado LaLaport YOKOHAMA, Yofuku-no-Aoyama at Ito-Yokado Nokendai, and Yofuku-no-Aoyama at Ito-Yokado Tsudanuma. Products are shipped daily to each of these locations from the Company's advanced logistics hub, the Chiba Center, thus reducing the need for in-store inventory space and enabling us to offer a product line-up, specializing in suits, neckties, and other business items, equivalent to suburban stores.



Opening of 2 LEVI'S STORE Stores

In the latter half of the year under review, we newly opened 2 LEVI'S STORE stores, bringing the number of LEVI'S STOREs operated by the Company to four.

One of the new stores was opened inside "Kichijoji PARCO," a fashion building in Musashino, Tokyo and the other in "Yodobashi-Umeda," near Umeda Station, Osaka. The stores offer a wide selection of LEVI'S brand casual clothing for men and women and accessories.

"LEVI'S STORE" was launched in March 2010 as a franchise of Levi Strauss Japan KK. Seeing the store's recognition level rise gradually, the Company decided to go ahead and set up the new stores. In the future, we intend to develop the business further, mainly in shopping centers and fashion buildings.



LEVI'S STORE Yodobashi-Umeda Store

NEWS

Making Real Inroads into Chinese Market with Opening of 4 Stores Centered on Shanghai

The Company began opening stores in China in 1994, and worked to expand the number of stores, although factors including a downturn in performance led to downsizing of the operation, and in recent years there were only 2 stores operating as antenna shops. However, in light of the remarkable economic development in China these days, we are confident of achieving profitability, and therefore embarked once again on expansion.

Working through the locally incorporated AOYAMA SUITS (Shanghai) Co., Ltd. by the end of March 2012, the Company had set up 4 new Yofuku-no-Aoyama stores in shopping centers mainly in Shanghai, China, bringing the number of Yofuku-no-Aoyama stores in China to six.

Going forward, we will increase the number of stores, while striving to establish the Yofuku-no-Aoyama brand image and recognition level in China.



Yofuku-no-Aoyama Pudong Jinyi Square Store

Suitmaker FUKURYO, Co., Ltd. Converted to Wholly-Owned Subsidiary

In December of last year, the Company made FUKURYO, Co., Ltd. (headquartered in Nagoya Aichi Prefecture), a producer of suits and other products, a wholly-owned subsidiary.

FUKURYO, Co., Ltd., a company noted for its advanced technical prowess and production control capacity, has a powerful production base in China, and 90% of its sales are accounted for by the Company.

As part of its mid- to long-term product procurement strategy, the Company believes it is important to secure stable access to high quality products by maintaining steady production in China while also expanding production bases in Southeast Asia. Considering FUKURYO's technical strength and production control capacity to be vital to realization of that goal, the Company decided to proceed with making FUKURYO, Co., Ltd. a wholly-owned subsidiary.

In addition, utilization of the production and distribution base of FUKURYO, Co., Ltd. is expected to further increase the efficiency of store-openings as the Company expands into the Chinese market.



Shanghai FUKURYO
Local Plant



Name	FUKURYO, Co., Ltd.
Location	74, Issha 1-chome, Meito-ku, Nagoya, Aichi
Description	Manufacture of men's and women's suits
Capital	303 million yen
Date of Foundation	May 1, 1950

Cultivating a New Customer Base through Vigorous Sales Promotion Measures

The Company implemented a vigorous sales promotion campaign centered on television commercials during the latter half of the year under review, in an effort to win a new customer base focused on the younger market.

Tactics 1

Implementation of Aggressive Sales Promotion Focused on Television Commercials

During the latter half of the year under review, the Company carried out an aggressive sales promotion campaign in connection with new products and sales initiatives.

Efforts were directed toward winning a new customer base mainly in the younger market, as seen in our initiatives including television commercials featuring actress Emi Takei aimed at people who are job hunting or starting their careers, the new functional suits “Next Generation® Suits,” featuring Junpei Mizobata, and the new brand “n♥line by nozomi” featuring actress Nozomi Sasaki.

Going forward, the Company will continue to carry out aggressive sales promotion linked to new products and sales initiatives, and will strive to capture a new range of customers primarily in the younger market.



A spokesperson of the Company: Emi Takei

Tactics 2

“Yofuku-no-Aoyama Online Store” Gets a Makeover

In February 2012, the Company renovated its own e-commerce website, the “Yofuku-no-Aoyama Online Store.” The number of products has been doubled, with approximately 2,700 items available, and the viewer-friendly site makes selection easier through features such as a “recommendation function,” which automatically suggests products according to the user’s preferences, as well as an enhanced search function.

Furthermore, to heighten the synergy between the web-based business and bricks-and-mortar stores, we introduced the online set sales that have been popular at the bricks-and-mortar stores, and unified the “Web point” system for website purchases with the “Aoyama points” at bricks-and-mortar stores. In addition, the “fitting appointment” feature, which allows customers to make an online booking to try on an item at a store, is now available on every product page, making it even more convenient to use.

Going forward, we will strive to expand web-based sales while boosting synergies with bricks-and-mortar stores, in order to win a new customer base.



Renovated “Yofuku-no-Aoyama Online Store”

Developing New Products Aimed at Younger Market

During the latter half of the year under review, the Company introduced a series of new products and new brand launches targeting the younger market.

Tactics 1 Development of Youth-Oriented “Next Generation® Suits”

In October 2011, the Company introduced “Next Generation® Suits,” made with a high degree of stretchability, targeting the younger market.

The trend in suits for young people is toward a sharp silhouette with a short, narrow jacket and slightly low-rise pants. Stretchability plays a key role in achieving this look without constricting movement for the wearer.

Therefore, the Company created material with a high level of stretchability, setting our own standards for elasticity at 10% to 15%, roughly twice the rate of standard stretch fabrics.

These “Next Generation® Suits” were then offered at Yofuku-no-Aoyama stores nationwide, and have been well received.



Junpei Mizobata, spokesperson for “Next Generation® Suits”

Tactics 2 Development of New Brand Produced by Nozomi Sasaki

In January 2012, the Company launched sales of the new collaborative brand “n♥line by nozomi” produced by actress and the Company’s spokesperson Nozomi Sasaki, at Yofuku-no-Aoyama stores nationwide. The brand is aimed at young women who are job hunting or starting their careers.

Based on the idea of creating a suit that lets the buyer achieve the “Nozomi Sasaki looks,” the products are perfectly finished, with Sasaki’s taste and exacting standards reflected even in the detailed specifications and unseen parts.

The brand includes variations on five product types: the set-up suit, coats, blouses, pumps, and bags. Two lines are available, “the sweet type,” which shows off a glamorous femininity, and “the cool type,” which sets off an intellectual stylishness.

In the future, we will bolster our product line-up with an eye to various target markets, while working to further expand womenswear sales by developing products that will generate a buzz.



Nozomi Sasaki wearing a suit from “n♥line by nozomi”

TOPICS

TOPICS 01

Launch of New Openings of “AMERICAN EAGLE OUTFITTERS” Stores

In April of this year, the Company’s subsidiary Eagle Retailing Corporation opened its first and second stores successively for popular American casual brand “AMERICAN EAGLE OUTFITTERS” in Omotesando and Odaiba in Tokyo.

The stores are located in “Tokyu Plaza Omotesando Harajuku,” in Omotesando, and “DiverCity Tokyo Plaza” in Odaiba; both of which are the latest commercial facilities with news value since opening this spring. Womenswear brand “Aerie” was also launched at the same time in both Omotesando and Odaiba.

“AMERICAN EAGLE OUTFITTERS” is an international brand that originated in 1977 in Pittsburgh, Pennsylvania, U.S.A., and currently operates stores all over the world, including the U.S., Canada, and China. The brand offers the hottest trends in casual wear and accessories targeting men and women in the 15 to 25 age range. In 2010, Eagle Retailing Corporation obtained the right to conduct a franchise operation from American Eagle Outfitters Inc., and began preparing to open stores. Stores are scheduled to open in LaLaPort TOKYO-BAY this summer, and also in Ikebukuro this winter.



AMERICAN EAGLE OUTFITTERS Omotesando Store



AMERICAN EAGLE OUTFITTERS DiverCity Tokyo Plaza Store

TOPICS 02

Bolstering the Line-up of Cool Biz Products

This year, the Company aims to further augment sales of the Cool Biz products that were well received last year. To this end, we have increased volume and developed functional products to create a product line-up surpassing that of last year.

For mainstay product dress shirts, the Company is doubling last year’s production to a record high 1.8 million units of items such as “Mega Cool,” which boasts outstanding breathability, and the “Non-iron Max Cool,” which has a superlative shape stability. We offer a wide array of other products, such as neckties, belts, shoes and underwear with cooling specifications to make them pleasantly cool, and “Non-iron Max” 100% cotton slacks that are world leaders in shape stability, a product developed through a joint plan with Nisshinbo Textiles, Inc. All of these products are available at Yofuku-no-Aoyama stores nationwide, and also on the Yofuku-no-Aoyama Online Store.



Cool Biz sales corner with a product line-up surpassing that of last year (Yofuku-no-Aoyama Fukuyama Honten)

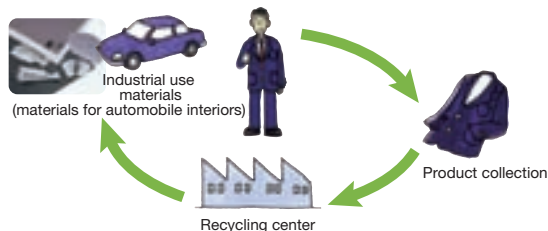


“Team AOYAMA Eco Project” All Together to Protect the Environment

All members of the Company have come together to promote the “Team AOYAMA Eco Project,” an environmental protection effort uniting local manufacturing regions and manufacturers, staff, stores, and customers. The team’s activities are described below.

Promoting Wool Recycling Activities

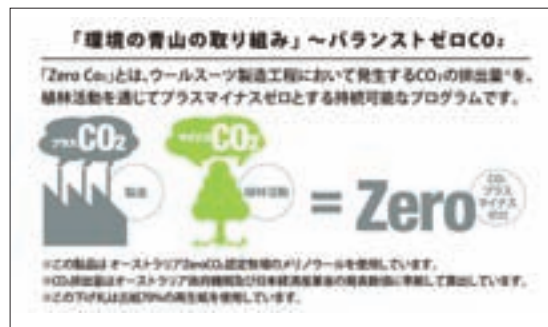
Having acquired a partner license for the Woolmark Collaborative, the Company is working to create a system to recycle Woolmark products throughout the industry in various forms for effective reuse. Used woolen products are collected and sent to a recycling center, where they are recycled (material recycling) into materials for industrial use such as automobile interiors, and put to use again.



Selling Suits with Carbon-Offset

Suits with a tag reading “Balanced ZERO CO₂ WOOL” are sold at the Company’s Yofuku-no-Aoyama stores throughout Japan, in support of the “ZERO CO₂ PROGRAM” advocated by Australian Wool Innovation (AWI, headquartered in Sydney).

The “ZERO CO₂ PROGRAM” is a project that uses tree planting to offset the CO₂ emitted at the time of production of suits. The Company contributes to the prevention of global warming by selling suits made from raw wool purchased from designated farms that engage in tree planting activities.

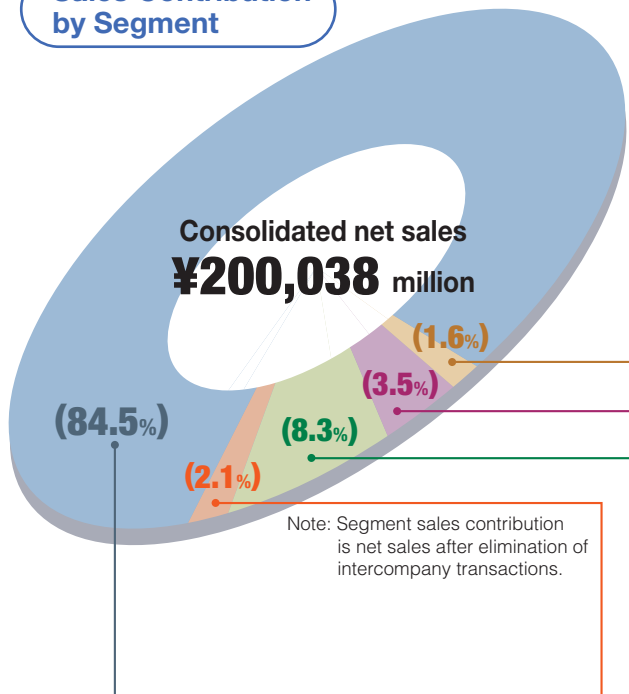


Proactive Response to Resolve Power Shortages

Beginning with Yofuku-no-Aoyama stores serviced by the Tokyo Electric Power Company and Tohoku Electric Power Company, we are currently installing air conditioning equipment with excellent energy-saving performance in Yofuku-no-Aoyama stores nationwide. This is expected to significantly reduce yearly power consumption and carbon emissions volume compared to our existing equipment. Furthermore, as a company that operates throughout the country, with stores in all 47 prefectures, we consider “electricity saving” to be an issue to be tackled on a national scale. Going forward, we intend to be proactive about putting in place measures to conserve electricity such as reducing the number of lights in stores, and adjusting the temperature of air conditioning.



Sales Contribution by Segment



Menswear Retail Business

The suit business of Aoyama Trading Co., Ltd., Blue Reverse Co., Ltd., MDS Co., Ltd., Eisho Co., Ltd., FUKURYO, Co., Ltd.

- This business comprises the suit business of Aoyama Trading Co., Ltd., Blue Reverse Co., Ltd., MDS Co., Ltd., and Eisho Co., Ltd., in addition to FUKURYO, Co., Ltd. which has been added from the year under review.
- In the suit business of Aoyama Trading Co., Ltd., we expanded our market share by steadily opening and relocating stores mainly in Tokyo and the three neighboring prefectures, while at the same time bolstering the line-up of Cool Biz and Warm Biz products.
- The Company concentrated efforts on winning a new customer base through measures such as the launch of the new functional suits "Next Generation® Stretch Suits" and "Next Generation® Active Suits" targeting the younger market.
- In womenswear, we featured actress Emi Takei as a new spokesperson. The Company launched the collaborative brand "n♥line by nozomi" produced by Nozomi Sasaki, which has been well received.
- As a result of the above, sales from the menswear retail business were ¥169,105 million, 103.8% of the previous year's level, and segment profit (operating income) was ¥16,791 million, 130.3% of the previous year's level.



Credit Card Business

Aoyama Capital Co., Ltd.

- The number of “Aoyama Card” members amounted to 3.66 million at the end of February 2012, and the balance of operating loans was ¥38,000 million.
- Due primarily to the impact from the revised Money Lending Business Act, sales were ¥3,362 million, or 82.9% of the previous year’s level. Meanwhile, segment profit (operating income) was ¥114 million, or 361.5% of the previous year’s level, thanks primarily to the efforts to streamline expenditures.



Commercial Printing Business

ASCON

- We placed priority on the cultivation of relationships with existing customers, reinforcement of efforts to win new customers, and development of new businesses.
- Thanks primarily to an increase in the orders from the existing customers, sales were ¥11,253 million, or 105.9% of the previous year’s level. Meanwhile, segment profit (operating income) was ¥256 million, compared with ¥9 million in the previous year.



Sundry Sales Business

Seigo Co., Ltd.

- 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 5 new shops and closing 2 inefficient shops during the year under review, the total number of Daiso & Aoyama 100 Yen Plaza shops was 132 at the end of February 2012.
- As consumers are getting more and more cost-conscious in a market environment in which industry competition is on the rise as businesses in different formats enter the scene, sales were ¥16,525 million, or 100.8% of the previous year’s level, while segment profit (operating income) was ¥565 million, or 146.9% of the previous year’s level.



Others

Casual Wear/Reuse Business of Aoyama Trading Co., Ltd., Eagle Retailing Corporation, glob Co., Ltd.

- The segment’s mainstay, casual wear/reuse business of Aoyama Trading Co., Ltd. recorded sales of the existing stores at 104.9% of the previous year’s level. As for stores, we opened 2 LEVI’S STORE stores, and closed 1 CALAJA store. As a result, the number of stores at the end of March 2012 was 34 stores (25 CALAJA stores, 4 2nd STREET stores, 1 JUMBLE STORE store, and 4 LEVI’S STORE stores).
- glob Co., Ltd. opened 7 Yakiniku King restaurants for the purpose of efficient use of unused land on the store premises of Yofuku-no-Aoyama.
- As a result, the “Others” segment as a whole recorded ¥4,247 million sales at 121.3% of the previous year’s level, along with ¥140 million segment loss (operating loss) comparable with ¥292 million segment loss (operating loss) in the previous year.



Current assets

Current assets amounted to ¥170,767 million, having decreased ¥2,816 million compared with the figure at the previous fiscal year-end, as a result of increases of ¥812 million in cash and deposits, ¥3,111 million in notes and accounts receivable-trade, and ¥4,469 million in merchandise and finished goods as well as decreases of ¥8,692 million in short-term investment securities and ¥2,947 million in operating loans.

Current liabilities

Current liabilities amounted to ¥60,370 million, having decreased ¥5,541 million compared with the figure at the previous year-end, as a result of increase of ¥2,763 million in income taxes payable as well as decreases of ¥3,740 million in short-term loans payable, ¥2,000 million in current portion of bonds, and ¥3,248 million in forward exchange contracts.

Consolidated Balance Sheets (Summary)

(Millions of yen)

	Fiscal 2012 (As of March 31, 2012)	Fiscal 2011 (As of March 31, 2011)
Assets		
Current assets	170,767	173,584
Cash and deposits	37,318	36,505
Notes and accounts receivable-trade	14,846	11,734
Short-term investment securities	33,158	41,851
Merchandise and finished goods	41,546	37,076
Work in process	988	47
Raw materials and supplies	799	497
Deferred tax assets	2,143	1,576
Operating loans	38,000	40,947
Other	2,262	3,707
Allowance for doubtful accounts	(297)	(360)
Noncurrent assets	166,481	162,398
Property, plant and equipment	90,676	91,332
Buildings and structures	53,156	55,430
Land	30,758	28,375
Other	6,761	7,526
Intangible assets	2,743	2,494
Investments and other assets	73,061	68,571
Investment securities	21,566	13,983
Lease and guarantee deposits	27,691	28,454
Other	23,960	26,155
Allowance for doubtful accounts	(157)	(21)
Deferred tax assets	34	54
Total assets	337,283	336,037
Liabilities		
Current liabilities	60,370	65,911
Notes and accounts payable-trade	19,171	16,542
Short-term loans payable	4,100	7,840
Current portion of bonds	—	2,000
Income taxes payable	7,161	4,397
Provision for bonuses	1,212	1,157
Other	28,725	33,973
Noncurrent liabilities	43,394	43,015
Bonds payable	22,000	22,000
Long-term loans payable	11,000	11,000
Provision for retirement benefits	3,631	3,514
Provision for point card certificates	2,786	2,708
Other	3,976	3,792
Total liabilities	103,764	108,926
Net assets		
Shareholders' equity	248,330	242,312
Capital stock	62,504	62,504
Capital surplus	62,942	62,975
Retained earnings	135,132	129,080
Treasury stock	(12,249)	(12,249)
Accumulated other comprehensive income	(17,023)	(17,440)
Valuation difference on available-for-sale securities	(79)	18
Deferred gains or losses on hedges	10	—
Revaluation reserve for land	(16,953)	(17,459)
Subscription rights to shares	421	412
Minority interests	1,789	1,826
Total net assets	233,518	227,110
Total liabilities and net assets	337,283	336,037

Notes: 1. Figures amounting to less than one million yen are rounded down.

2. Changes in presentation method for fiscal 2012 (year ended March 31, 2012), have also been reflected on the results of fiscal 2011 (year ended March 31, 2011) on a retroactive basis.

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

	Fiscal 2012 (Year Ended March 31, 2012)	Fiscal 2011 (Year Ended March 31, 2011)
Net sales	200,038	193,246
Cost of sales	88,180	86,838
Gross profit	111,858	106,407
Selling, general and administrative expenses	93,584	92,856
Operating income	18,273	13,551
Non-operating income	5,487	2,176
Interest and dividends income	817	691
Gain on valuation of derivatives	3,233	—
Real estate rent	998	1,065
Other	437	419
Non-operating expenses	4,534	5,213
Interest expenses	192	210
Loss on valuation of derivatives	—	1,603
Cost of real estate rent	714	764
Foreign exchange losses	3,179	2,524
Other	448	109
Ordinary income	19,226	10,515
Extraordinary income	106	370
Gain on sales of noncurrent assets	106	12
Reversal of allowance for doubtful accounts	—	358
Extraordinary loss	2,858	4,343
Loss on disaster	—	213
Loss on sales and retirement of noncurrent assets	496	329
Impairment loss	2,362	2,437
Loss on valuation of investment securities	—	869
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	493
Income before income taxes	16,474	6,542
Income taxes-current	7,435	4,597
Income taxes-deferred	(194)	(928)
Income before minority interests	9,233	2,873
Minority interests in income	135	67
Net income	9,097	2,805

Notes: 1. Figures amounting to less than one million yen are rounded down.

2. Changes in presentation method for fiscal 2012 (year ended March 31, 2012), have also been reflected on the results of fiscal 2011 (year ended March 31, 2011) on a retroactive basis.

Ordinary income

Ordinary income was ¥19,226 million, or 182.8% of the previous year's level, reflecting the factors including ¥3,179 million foreign exchange losses recorded as part of non-operating expenses, and ¥3,233 million gain on valuation of derivatives in respect of "comprehensive long-term foreign exchange contracts (coupon swap contracts)" recorded as part of non-operating income.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥21,160 million (compared with ¥34,476 million in net cash provided by operating activities for the previous fiscal year). Major factors for this included ¥3,233 million gain on valuation of derivatives and a ¥4,304 million increase 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) against cash inflows resulting from ¥16,474 million income before income taxes, ¥7,899 million depreciation, and ¥2,362 million impairment loss.

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

	Fiscal 2012 (Year Ended March 31, 2012)	Fiscal 2011 (Year Ended March 31, 2011)
Cash flows from operating activities	21,160	34,476
Cash flows from investing activities	(5,885)	(22,927)
Cash flows from financing activities	(12,671)	(8,472)
Effect of exchange rate change on cash and cash equivalents	(188)	(884)
Net increase (decrease) in cash and cash equivalents	2,414	2,191
Cash and cash equivalents at beginning of year	27,327	25,135
Cash and cash equivalents at end of year	29,741	27,327

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



Consolidated Statement of Changes in Net Assets (from April 1, 2011, to March 31, 2012)

(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	Deferred gains or losses on hedges	Revaluation reserve for land	Total accumulated other comprehensive income			
Balance at beginning of the year	62,504	62,975	129,080	(12,249)	242,312	18	—	(17,459)	(17,440)	412	1,826	227,110
Changes of items during the year												
Dividends from surplus			(2,543)		(2,543)							(2,543)
Net income			9,097		9,097							9,097
Reversal of revaluation reserve for land			(502)		(502)							(502)
Purchase of treasury stock				(491)	(491)							(491)
Disposal of treasury stock		(33)		491	458							458
Net changes of items other than shareholders' equity						(98)	10	505	417	8	(36)	389
Total changes of items during the year	—	(33)	6,052	(0)	6,018	(98)	10	505	417	8	(36)	6,407
Balance at end of the year	62,504	62,942	135,132	(12,249)	248,330	(79)	10	(16,953)	(17,023)	421	1,789	233,518

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 48th 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.

Resolution on the Acquisition of Treasury Stock

The Company passed a resolution on the acquisition of treasury stock at a meeting of the Board of Directors held on May 11, 2012.

1. Reason for the acquisition of treasury stock

To enable flexible execution of the Company's capital policy in response to the changes in management environment

2. Schedule of the acquisition

- | | |
|-------------------------------------|--|
| (1) Type of shares to be acquired | Shares of the common stock in the Company |
| (2) Number of shares to be acquired | 2,000,000 shares (maximum)
(Ratio to the number of shares outstanding: 2.97%) |
| (3) Total amount of the acquisition | ¥5 billion (maximum) |
| (4) Period of acquisition | From May 15, 2012 to August 31, 2012 |
| (5) Method of acquisition | Market buying on the Osaka Securities Exchange |

Balance Sheets (Summary)		(Millions of yen)
	Fiscal 2012 (Year Ended March 31, 2012)	Fiscal 2011 (Year Ended March 31, 2011)
Assets		
Current assets	125,674	129,667
Noncurrent assets	166,840	162,608
Property, plant and equipment	84,357	85,224
Intangible assets	2,346	2,187
Investments and other assets	80,135	75,196
Total assets	292,514	292,276
Liabilities		
Current liabilities	50,010	56,688
Noncurrent liabilities	18,612	18,293
Total liabilities	68,622	74,982
Net assets		
Shareholders' equity	240,301	234,132
Capital stock	62,504	62,504
Capital surplus	62,975	62,975
Retained earnings	127,070	120,900
Treasury stock	(12,249)	(12,249)
Valuation and translation adjustments	(16,831)	(17,251)
Valuation difference on available-for-sale securities	(80)	18
Revaluation reserve for land	(16,751)	(17,269)
Subscription rights to shares	421	412
Total net assets	223,891	217,293
Total liabilities and net assets	292,514	292,276

Notes: 1. Figures amounting to less than one million yen are rounded down.
2. Changes in presentation method for fiscal 2012 (year ended March 31, 2012), have also been reflected on the results of fiscal 2011 (year ended March 31, 2011) on a retroactive basis.

Statements of Income (Summary)		(Millions of yen)
	Fiscal 2012 (Year Ended March 31, 2012)	Fiscal 2011 (Year Ended March 31, 2011)
Net sales	171,726	162,300
Cost of sales	69,935	67,247
Gross profit	101,790	95,053
Selling, general and administrative expenses	85,074	82,330
Operating income	16,715	12,722
Non-operating income	6,212	2,659
Non-operating expenses	4,524	5,206
Ordinary income	18,404	10,176
Extraordinary income	106	12
Extraordinary loss	2,794	4,380
Income before income taxes	15,717	5,807
Income taxes paid	6,502	3,062
Net income	9,214	2,745

Notes: 1. Figures amounting to less than one million yen are rounded down.
2. Changes in presentation method for fiscal 2012 (year ended March 31, 2012), have also been reflected on the results of fiscal 2011 (year ended March 31, 2011) on a retroactive basis.

Corporate Profile

(as of March 31, 2012)

Company Name : Aoyama Trading Co., Ltd.

Establishment : May 6, 1964

Paid-in-Capital : ¥62,504,710,000

Number of Employees : 3,602

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

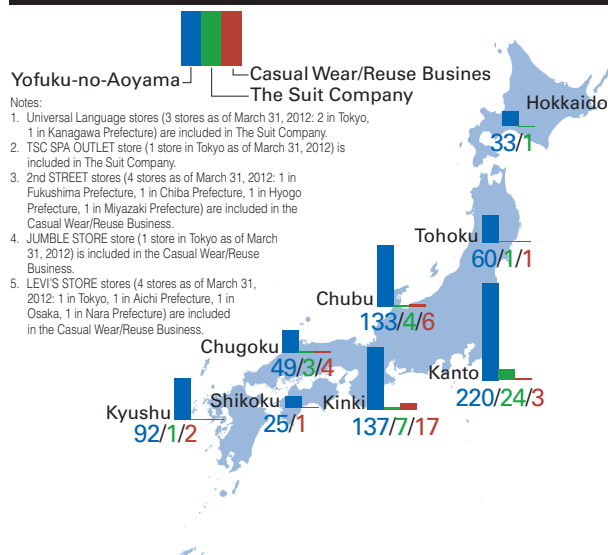
Tagawa Stock Center:

2423-4, Oaza Ida, Tagawa, Fukuoka

Chiba Center:

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

Number of Stores : 824



Directors and Officers

(as of June 28, 2012)

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 Operations Management Dept. and Information Controller)

Executive Officer : Michinori Fujii

(General Manager of Advertising Dept.)

Executive Officer : Osamu Mizutani

(General Manager of TSC Business Div. and 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, 2012)

Total number of shares authorized to be issued	174,641,100
Number of shareholders	8,030
Number of shares outstanding	67,394,016
Number of shares of treasury stock	3,813,804 (5.66%)

Major Shareholders

(as of March 31, 2012)

Shareholder	Number of Shares Held (thousand shares)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust account)	5,658	8.90
The Master Trust Bank of Japan, Ltd. (Trust account)	4,974	7.82
Aoyama Bussan, Ltd.	3,541	5.57
Japan Trustee Services Bank, Ltd. (Trust account 9)	2,569	4.04
Osamu Aoyama	2,012	3.16
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	1,445	2.27
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,367	2.15
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	1,338	2.10
Sumiko Aoyama	1,261	1.98
Hoshino Shoji Limited	1,001	1.57

Notes: 1. Number of shares held amounting to less than the minimum trading unit have been rounded down.
2. Percentage (%) represent the percentage of shareholdings to the number of shares outstanding (excluding treasury stock) as of March 31, 2012.
3. The Company holds 3,813 thousand shares of treasury stock, but the number of shares held is 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 March 31 and September 30 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 March 31 and September 30 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 March 31	Early July of the same year	June 30 of the following year
Shareholders as of September 30	Early December of the same year	December 31 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

Business year	: From April 1 to March 31
Ordinary general meeting of shareholders	: June of each year
Record date	: Ordinary general meeting of shareholders March 31 of each year Interim dividends March 31 of each year Year-end dividends September 30 of each year (Prior public notice will be given regarding other information on record dates as necessity arises.)
Share unit number	: 100 shares
Media for public notices	: Public notice will be announced on the Company's homepage. However, if such method is not feasible somehow, it will be announced in the Nihon Keizai Shimbun (newspaper). http://www.aoyama-syouji.co.jp
Transfer agent and special account management institution	: Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent's handling office	: Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 5-33 Kitahama 4-chome, Chuo-ku, Osaka
(Mailing address)	: Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 1-10 Nikko-cho, Fuchu, Tokyo 183-8701
(Telephone contact)	: 0120-176-417
(Website URL)	: http://www.smtb.jp/personal/agency/index.html

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 Mitsui Trust Bank, Limited (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.

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

Cool Biz campaign underway on online store

The “Yofuku-no-Aoyama online store” run by the Company is currently holding “2012 COOLBIZ COLLECTION” featuring Cool Biz. Inspired by the concepts of “light-weight,” “breathability,” and “washability,” we offer a wide array of new summer items ranging from menswear and men’s suits to polo shirts, dress shirts, jackets, slacks, formal wear, ceremonial clothing, and women’s suits.

<http://www.y-aoyama.jp/campaign/coolbiz2012/index.html>



Making COOLBIZ even cooler!

① Lightweight

**Perfectly cool!
A more formal
look**

Dressing in
navy is a sure-
fire way to look
sharp

② Breathability

**Refreshing!
A stylish
silhouette**

Cool and re-
laxed to wear,
lets you make a
smart impres-
sion

③ Washability

**Washable suits
Feels fresher**

Style that is
always clean
and fresh with a
washable suit

Bring your money-saving discount coupons to Aoyama!

Print out the various coupons found on our website, and bring them to the store to receive a discount price on your purchases.



<http://store.y-aoyama.jp/>