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About the Mid-term Management Plan (April 2016 to March 2018)

Daito Woolen Spinning & Weaving Company, Limited (the “Company”) hereby announces that it has formulated and announced today the “Bridge to the Future” Mid-term Management Plan.

(1) About the previous Mid-term Management Plan

In the “Beyond 120th” Mid-term Management Plan that ended in March 2016, as the effects of a progressively weaker yen and the increase in consumption taxes during the period of the plan were greater than expected, decisive action was taken during the final fiscal year regarding structural reforms in the textile and apparel business. As a result, the Company was forced to revise its profit and loss plans for the final fiscal year. However, with factors that led to the downward swing in performance greatly improving by the structural reforms, and support from robust performance of the commercial facility SUN TO MOON Kakitagawa in Shizuoka Prefecture, each quarterly cumulative period from the first quarter onwards have recorded a profit, resulting in mostly achieving the results forecasts that were revised upward in the middle of the term, securing final surplus.

(2) About the new Mid-term Management Plan: “Bridge to the Future”

Moving forward, as the outlook for overseas economies is becoming increasingly unclear, and in addition to the effects of exchange rate trends and resource prices, the rise in consumption taxes from April 2017 is causing uncertainty in the domestic economy, the newly formulated Mid-term Management Plan has been made a short-term, concentrated plan of two years. During this time, the Company will strive to “Strengthen the financial structure,” “Create a strong foundation for existing businesses,” and “Raise basic profit levels,” positioning the plan as a “Bridge to the Future” that will lead to the next stage of growth.

(3) Key strategic themes are as follows.

- 1) Commercial Property Business: Maintain a position to outperform rivals and strengthen competitive advantage
- 2) Health Care Business: With contribution to a society with long healthy lifespans, promote business cooperation

- 3) Textile and Apparel Business: Promote preparations to enter a growth track through reconstructing the business after the structural reforms
 - 4) Strengthening the financial structure: Commit to procuring stable long-term funds and achieving various financial targets
 - 5) Promoting management in line with the Corporate Governance Code: Conduct swift and bold decision-making in a transparent and fair manner, taking into account the standpoint of stakeholders such as shareholders
 - 6) Personnel strategy: Promote measures toward the Human Resources Mission, fostering personnel that can contribute to society
- (4) Profit and loss plan for the final fiscal year of the plan

The Company has set goals of net sales of 5,210 million yen, operating income of 480 million yen, ordinary income of 360 million yen, and profit attributable to owners of parent of 290 million yen. Additionally, as financial targets, the Company has set 1) an ordinary income margin of 5% or more and 2) ROE of 5% or more, etc.

For other details, please see the attached document.

Furthermore, please refer to explanatory documents with additional details that are posted on the Company's website.

(Attached document) Details of the “Bridge to the Future” Mid-term Management Plan

Mid-term Management Plan
Bridge to the Future
(April 2016 to March 2018)

May 2016
Daito Woolen Spinning & Weaving Company, Limited

Summary of the previous Mid-term Management Plan

In the previous Mid-term Management Plan, as the effects of a progressively weaker yen and the increase in consumption taxes during the period of the plan were greater than expected, the business environment was severe, particularly in the textile and apparel business. As a result, the Company was forced to implement structural reforms in the textile and apparel business during the final fiscal year, centered on exiting the men’s suits sales business. Additionally, in the health care business, due to factors such as pressure stemming from a rise in raw materials prices, and growth was limited. However, with factors that led to the downward swing in performance greatly improving by the structural reforms, and support from robust performance of the commercial facility SUN TO MOON Kakitagawa in Shizuoka Prefecture, we mostly achieved the revised results forecasts, securing final surplus.

Furthermore, as a result, the Company was also able to meet its two management target indicators of “Operating income margin of 6% or more” and “Equity ratio of 20% or more.”

*Operating income margin of 7.0% and equity ratio of 22.6%

[Plans and results for the final fiscal year]			(Millions of yen)
	Plans (After November 2015 revision)	Results	Versus plans
Net sales	5,390	5,407	+17
Operating income	310	378	+68
Ordinary income	70	74	+4
Profit attributable to owners of parent	125	124	-1

Basic views on the plan

During the previous fiscal year, the Company took decisive action regarding structural reforms in the textile and apparel business, and secured an outlook of breaking free from loss generation in the business, which had been an issue for many years. As the next step, the Company will begin work on “Strengthening the financial structure,” with the intent of reducing the burden of borrowings repayment, which had been the other issue.

By promoting various challenges, including these initiatives, the current Mid-term Management Plan will position “Creating a strong foundation for existing businesses” and “Raising basic profit levels” as top priority tasks, while promoting management that also enhances stock prices.

Under an uncertain management environment, the plan has been positioned as a “Bridge to the Future” that will lead to the next stage of growth, being a Mid-term Management Plan in a short-term, concentrated plan of two years.

財務体質の～

Strengthening the financial structure

プロパー事業の～

Creating a strong foundation for existing businesses

利益の底上げ

Raising basic profit levels

未来への

Bridge to the Future

主要戦略

Key strategies

主要戦略 Key Strategies

事業戦略 Business Strategy

01 Commercial Property Business: Maintain a position to outperform rivals and strengthen competitive advantage

02 Health Care Business: With contribution to a society with long healthy lifespans, promote business cooperation

03 Textile and Apparel Business: Promote preparations to enter a growth track through reconstructing the business after the structural reforms

経営管理 Business Management

04 Strengthening the financial structure: Commit to procuring stable long-term funds and achieving various financial targets

05 Promoting management in line with the Corporate Governance Code: Conduct swift and bold decision-making in a transparent and fair manner, taking into account the standpoint of stakeholders such as shareholders

06 Personnel strategy: Promote measures toward the Human Resources Mission, fostering personnel that can contribute to the Company’s business and society

Key numerical plans

売上高 Net sales
(百万円) (Millions of yen)
H27 (実績) 2015 (Results)
H28 (計画) 2016 (Plans)
H29 (計画) 2017 (Plans)
(年度) (Fiscal year)

営業利益 Operating income
(百万円) (Millions of yen)
H27 (実績) 2015 (Results)
H28 (計画) 2016 (Plans)
H29 (計画) 2017 (Plans)
(年度) (Fiscal year)

経常利益 Ordinary income
(百万円) (Millions of yen)
H27 (実績) 2015 (Results)
H28 (計画) 2016 (Plans)
H29 (計画) 2017 (Plans)
(年度) (Fiscal year)

親会社株主に帰属する当期純利益 Profit attributable to owners of parent
(百万円) (Millions of yen)
H27 (実績) 2015 (Results)
H28 (計画) 2016 (Plans)
H29 (計画) 2017 (Plans)
(年度) (Fiscal year)

有利子負債 Interest-bearing debt
(百万円) (Millions of yen)
H27 (実績) 2015 (Results)
H28 (計画) 2016 (Plans)
H29 (計画) 2017 (Plans)
(年度) (Fiscal year)

[Numerical plans]	(Millions of yen)		
	Fiscal year ended March 31, 2016 (Results)	Fiscal year ending March 31, 2017 (Plans)	Fiscal year ending March 31, 2018 (Plans)
Net sales	5,407	5,000	5,210
Operating income	378	350	480
Ordinary income	74	140	360
Profit attributable to owners of parent	124	90	290
Interest-bearing debt	9,135	9,450	9,050

Financial targets

經常利益率 Ordinary income margin

H27 (実績) 2015 (Results)

計画最終年度 Final fiscal year of plan
(年度) (Fiscal year)

ROE

H27 (実績) 2015 (Results)

計画最終年度 Final fiscal year of plan
(年度) (Fiscal year)

流動比率 Liquidity ratio

H27 (実績) 2015 (Results)

計画最終年度 Final fiscal year of plan
(年度) (Fiscal year)

自己資本比率 Equity ratio

H27 (実績) 2015 (Results)

計画最終年度 Final fiscal year of plan
(年度) (Fiscal year)

[Financial targets]		Results for the fiscal year ended March 31, 2016	Final fiscal year of plan
(*From the viewpoint of increasing stability of income margins and financial content, the four indices to the right have been set as targets.)	Ordinary income margin	1.4%	5% or more
	ROE	2.9%	5% or more
	Liquidity ratio	40.7%	120% or more
	Equity ratio	22.6%	25% or more

*Please be advised that the contents of these documents were created based on various assumptions and are not a guarantee of future business results, etc., that are presented, and actual results may differ due to changes in the management environment, etc.