FINANCIAL REPORT FOR FISCAL 2008
(March 1, 2008 to February 28, 2009)

April 13, 2009

F&A Aqua Holdings, Inc. is listed on the First Section of the Tokyo Stock Exchange under the securities code number 8008.

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Annual General Meeting of Shareholders date (planned): May 21, 2009
Fiscal 2008 Securities Report filing date (planned): May 22, 2009
Dividend payment commencement date (planned): May 22, 2009

(Millions of yen rounded down)

1. Consolidated Performance for FY 2008 (March 1, 2008 to February 28, 2009)

(1) Consolidated Business Results

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2008	51,557	1.1	2,294	12.9	2,341	(7.7)	707	165.5
FY 2007	50,991	(5.8)	2,031	(10.6)	2,536	(11.3)	266	(32.4)

	Net Income Per Share	Net Income Per Share (Diluted)	ROE	Ordinary Income to Total Assets	Operating Income to Operating Revenues
	Yen	Yen	%	%	%
FY 2008	24.54	—	1.9	4.3	4.5
FY 2007	9.13	—	0.7	4.6	4.0

(Reference) Equity in earnings of affiliated companies accounted for by the equity method:
FY 2008: ¥(69) million
FY 2007: ¥406 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share of Common Stock
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2009	55,231	37,101	67.2	1,307.79
As of February 29, 2008	53,722	38,056	70.8	1,309.14

(Reference) Balance of total net assets less minority interests:
As of February 28, 2009: ¥37,098 million
As of February 29, 2008: ¥38,053 million

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2008	1,033	(105)	(409)	1,159
FY 2007	2,455	(974)	(1,513)	649

2. Dividends

Record Date	Cash Dividends per Share of Common Stock			Cash Dividends Paid (Annual)	Dividend Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	Interim	Fiscal Year-End	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
FY 2007	10.00	10.00	20.00	605	219.1	1.5
FY 2008	10.00	10.00	20.00	595	81.5	1.5
FY 2009 (planned)	10.00	10.00	20.00	—	67.9	—

3. Forecast of Consolidated Results for FY 2009 (March 1, 2009 to February 28, 2010)

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	24,000	3.4	750	0.3	700	11.7	100	(47.4)	3.47
Full Fiscal Year	52,000	0.9	2,500	8.9	2,550	8.9	850	20.1	29.47

4. Other

(1) Changes in important subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation)

Yes

[One new subsidiary (Company name: MISUZU Co., Ltd.)]

For additional information, please refer to "GROUP COMPANY INFORMATION" on page 10.

(2) Changes in accounting policies, principles, procedures and disclosure methods (fundamental changes in important items relating to the preparation of consolidated financial statements)

1. Changes due to accounting standard revision: No
2. Changes due to items other than those identified in 1 above: No

(3) Number of shares issued and outstanding (ordinary shares)

1. Number of shares issued and outstanding as of the end of the period (including treasury stock)
   As of February 28, 2009: 30,631,356 shares
   As of February 29, 2008: 30,631,356 shares
2. Number of treasury stock
   As of February 28, 2009: 2,263,617 shares
   As of February 29, 2008: 1,563,870 shares

For additional information on the basic number of shares used to calculate consolidated net income per share, please refer to "Per Share Information" on page 30.

(Reference) Non-Consolidated Performance

1. Non-Consolidated Performance for FY 2008 (March 1, 2008 to February 28, 2009)

(1) Non-Consolidated Business Results

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2008	1,280	30.7	854	47.8	816	48.1	703	50.2
FY 2007	979	(91.6)	577	(12.0)	551	(41.8)	468	—

	Net Income per Share	Net Income Per Share (Diluted)
	Yen	Yen
FY 2008	23.47	—
FY 2007	15.41	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share of Common Stock
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2009	31,593	24,406	77.3	827.70
As of February 29, 2008	29,877	24,850	83.2	823.08

(Reference) Balance of total net assets less minority interests:

As of February 28, 2009: ¥24,406 million

As of February 29, 2008: ¥24,850 million

Cautionary Statement

The forecasts presented in this document are based on management's assumptions and beliefs in light of currently available information. F&A Aqua Holdings, Inc. cautions readers that a variety of factors could cause actual results to differ materially from forecasts. Please refer to cautionary items concerning assumptions and preconditions relating to the forecast of consolidated results as well as the use thereof from page 7

1. OPERATING RESULTS AND FINANCIAL CONDITION

(1) Operating Results

Operating Results (Fiscal 2008, the Fiscal Year Ended February 28, 2009)

Throughout fiscal 2008, the fiscal year ended February 28, 2009, conditions in the Japanese economy were extremely harsh. This was attributable to a variety of factors including sharp fluctuations in such raw material prices as crude oil, dramatic appreciation in the value of the yen, a slump in stock prices and an escalating global financial crisis touched off by the collapse of financial giant Lehman Brothers, which contributed to substantial market confusion. Entering a period of economic decline, corporate-sector earnings as well as capital investment and employment activities contracted. Confronted by fears of a drop in disposable incomes, consumers adopted an increasingly conservative approach toward spending. This in turn exacerbated an already difficult situation.

Turning to the retail sector, a large number of business categories reported year-on-year declines in net sales. Entrenched in a persistent downward spiral, moves to reinforce competitiveness through capital alliances and corporate reorganization continue to gather steam.

Under these circumstances, the F&A Aqua Holdings Group positioned "business expansion commensurate with profit growth" as its fundamental policy in fiscal 2008, the final year of its Medium-Term Management Plan, working diligently to build a high-profit corporate group and to address key issues on an individual business basis.

With regard to the Group's sales performance, overall results were firm. Guided by the underlying theme "to cultivate new customers," F.D.C. Products Inc. placed considerable weight on efforts to build a robust jewelry portfolio with the 4ºC brand at its nucleus. Buoyed by these endeavors, the company recorded a year-on-year increase in sales. While AS'TY Inc. experienced a decline compared with the previous fiscal year, this was mainly attributable to the company's focus on maintaining its gross profit margin. Reflecting the company's efforts to pursue a policy of "market reinforcement and expansion," âge Co., Ltd. enjoyed an upswing in sales. Moreover, the Group acquired all shares of MISUZU Co., Ltd. in October 2008, including it in its scope of consolidation as a wholly owned subsidiary company.

Accounting for all of the aforementioned factors, consolidated operating revenues for the fiscal year ended February 28, 2009 amounted to ¥51,557 million, up 1.1% compared with the previous fiscal year.

On the earnings front, operating income climbed 12.9% year on year to ¥2,294 million. This was mainly attributable to the strong showing by F.D.C. Products, which reported record earnings amid harsh operating conditions, the steady improvement in AS'TY's profit and contributions from MISUZU, a company newly included in the scope of consolidation. While ordinary income contracted 7.7% compared with the previous fiscal year to ¥2,341 million owing primarily to the lackluster performance of equity-method affiliates, net income for the fiscal year under review surged 165.5% year on year to ¥707 million a decrease in taxation expenses resulting from corporate reorganization and other factors.

Results by Business Segment for the Fiscal Year Ended February 28, 2009

Brand Business

Sales	¥	21,556 million	(Down 0.5% year on year)
Operating income	¥	2,198 million	(Up 10.4% year on year)

In the jewelry business undertaken by F.D.C. Products, sales increased year on year. This was essentially attributable to successful efforts to upgrade and expand basic stock items while augmenting bridal zone products in its mainstay 4ºC brand business. Despite robust results during the first half of the fiscal year under review, sales of RUGIADA brand jewelry declined. This reflected the harsh operating environment for the six-month period from September 1, 2008

to February 28, 2009 particularly for big-ticket items. Buoyed by the opening of three new stores, sales of CELINE brand jewelry improved compared with the previous fiscal year.

F.D.C. Products' bag business fared poorly throughout the period under review with overall sales declining year on year. In addition to the extremely difficult market for high-priced leather bags, this downturn was caused by delays in promoting sales growth in bags made from miscellaneous materials.

While brand business sales also declined due to withdrawal from the wear business and the closure of unprofitable JOAQUIN BERAO JAPAN stores, earnings improved substantially year on year.

Apparel Manufacturing Business

Sales	¥	9,924 million	(Down 19.7% year on year)
Operating loss	¥	276 million	(—)

In the OEM business undertaken by AS'TY, the company was guided by efforts to bolster its competency in design-oriented manufacturing. In addition to reinforcing manufacturing processes and placing considerable weight on manufacturing management and control, AS'TY worked diligently to strengthen its design and material proposal capabilities. During the fiscal year under review, AS'TY placed the highest priority on securing a healthy gross profit margin in its OEM bag business. In this manner, the company successfully achieved a substantial improvement in profit. Having developed the ability to manufacture a stable supply of high-value-added products at its Hai Phong Plant, the company strengthened existing relationships with key business partners. This in turn contributed to the establishment of new relationships with other business partners, generating increased margins and an upswing in gross profit. In the men's apparel OEM function, AS'TY took steps to improve quality by consolidating OEM plants. Buoyed by these endeavors, the company attained increased market share. Leveraging its design and QR strengths, the company ramped up its marketing efforts, resulting in increased business partner sales. In its women's apparel wholesale business, however, AS'TY was negatively impacted by changes to the policies and activities of those major chains operating in the Kanto region. As a result, both sales and gross profit contracted compared with the previous fiscal year.

Turning to the activities of subsidiary companies, a full-time chief executive was appointed to each individual group company. In this manner, efforts are being made to strengthen the group's overall management capabilities. In the fiscal year under review, Yoshitake Corp., a wholesale manufacturer of women's cut and sew apparel, experienced robust results in its OEM business. Buoyed by the decision to withdraw from the general merchandise market, the company recorded steady improvements in earnings. Reflecting the mixed nature of subsidiary company operations, LA CHERE Co., Ltd., which manufactures and wholesales toys, games and miscellaneous products, confronted difficult conditions owing mainly to the substantial year-on-year decline in key business partner sales. Results at sock wholesale manufacturer Ueda Legknit Co., Ltd. also slumped as the company redoubled its efforts toward stock disposal. Buffeted by a harsh business environment, Alocs Inc., a company engaged in distribution agency services, worked diligently to contain overhead expenses. Through these endeavors, Alocs secured stable earnings.

Retail Business

Sales	¥	14,715 million	(Up 34.2% year on year)
Operating income	¥	151 million	(—)

In the fiscal year ended February 28, 2009, âge Co., Ltd. placed the greatest emphasis on strengthening its corporate, business and management structure. With the established goals of cultivating and expanding markets while increasing sales at existing stores, the company

concentrated management resources into the core daily fashion items business.

On an individual category and brand basis, agency sales of 4°C products increased year on year due mainly to robust results in the bridal zone. In the LOU brand of ladies apparel and miscellaneous garment specialty chain stores, however, sales declined owing to the difficult conditions that confronted new stores and weak consumption from the second half of the fiscal year. While sales at the PALLET brand of comprehensive garment chain stores climbed, fueled by the opening of new stores and franchise store growth, results of the RAPPORT membership retail business deteriorated compared with the previous fiscal year owing mainly to weak performances by such mainstay items as jewelry and women's apparel.

In the specialty restaurant chain store business FLAGS Inc., results were also mixed. Despite a lackluster performance due to a drop in the number of customers at existing stores, overall sales increased compared with the previous fiscal year. This was attributable to the opening of new cafes and restaurants that focus on a therapeutic "beauty and health" theme as well as BakeDonut stores.

In the fiscal year under review, plans were established to enhance the quality and precision of product design, promote human resource education and training, increase sales and curtail costs at MISUZU Co., Ltd. Despite the negative impacts of a drop in personal consumption and unseasonable weather, the F&A Aqua Holdings Group recorded sales and operating income contributions of ¥3,810 million and ¥174 million, respectively, from MISUZU operations, representing six-month's activity following the company's inclusion in the scope of consolidation.

Wholesale Business

Sales	¥	3,571 million	(Down 12.7% year on year)
Operating loss	¥	19 million	(—)

Turning to AS'TY's children's apparel activities, both sales and gross profit surpassed plans. This was mainly attributable to steady progress in the implementation of school product-related initiatives together with key business partners. In children's tops, gross profit margins improved reflecting efforts to better adhere to merchandising schedules while strengthening manufacturing and marketing capabilities. Despite a decline in garment and nightwear sales, earnings in each product category increased. This reflected successful efforts to lift gross profit margins and reduce overhead expenses. In the fiscal year under review, steps were also taken to secure a robust position in the general merchandising store market and to cultivate new businesses outside the industry with the aim of fortifying the Group's regional wholesale business. Despite these endeavors sales declined compared with the previous fiscal year owing to contractions in the markets of traditional business partners encompassing general retail and existing medium-sized stores.

Developer Business

Sales	¥	1,788 million	(Down 6.2% year on year)
Operating income	¥	592 million	(Down 23.7% year on year)

In the twelve-month period ended February 28, 2009, the F&A Aqua Holdings Group took steps to implement effective and relevant maintenance and tenant property leasing management. Despite these endeavors, the Group encountered considerable difficulties in securing tenants due to the aging of properties earmarked for lease, the construction of large-scale retail facilities in neighboring areas and other factors. With certain leasing rates coming under review, real estate rental revenues for the fiscal year ended February28, 2009 declined compared with the previous fiscal year.

Outlook

Looking ahead, the Japanese economy is expected to confront continued difficult operating conditions. This is attributable to a variety of factors including concerns that the global financial crisis will deepen and that the worldwide economy will spiral further downward. Abrupt and drastic cutbacks in production are anticipated to initiate substantial employment correction which in turn is expected to impact disposable incomes. As consumers adopt an increasingly conservative approach adding impetus to a lackluster mindset, the trend toward selective, single-item purchases is forecast to grow in prominence. Taking the aforementioned into consideration, there would appear little prospect of recovery in the short term.

In the retail sector, the ability to attract and secure customers is expected to become increasingly difficult as competition continues to intensify. Under these circumstances, the ongoing trend toward corporate reorganization is anticipated to remain unchanged.

Against this backdrop, F&A Aqua Holdings will launch its second medium-term management plan. In an effort to become a highly reliable and trustworthy corporate group, F&A Aqua Holdings will promote CSR management, strengthen the Group's internal control function and undertake the medium- to long-term investments considered necessary to build a platform that is capable of driving profit growth. Through these means, the Group is committed to enhancing its corporate value. In clearly identifying the management strategies and objectives to (1) establish a robust business portfolio, (2) explore new opportunities, markets and businesses, and (3) become a highly reliable and trustworthy corporate group, F&A Aqua Holdings is providing a roadmap for operating companies to secure steadfast profit growth. In sharing objectives and issues throughout the Group, F&A Aqua Holdings is nurturing an overarching corporate culture that emphasizes "Challenge and Innovation." In this manner, the Company is implementing initiatives that are designed to create a robust and dynamic corporate group.

Turning to the Group's principal operating companies, F.D.C. Products will focus on strengthening existing brands while securing profit recovery at subsidiary companies. In its efforts to crystallize a growth-based strategy against the backdrop of a harsh operating environment, F.D.C. Products will launch and foster such new brands as canal 4°C with the aim of cultivating and expanding additional markets and build unique business models by establishing new companies including the marketing subsidiary F.D.C. Friends Co., Ltd.

AS'TY management will continue to direct all its energy toward securing stable and sustainable profit. In its OEM business, the company will reinforce and consolidate its production processes and capabilities, further strengthen initiatives with key business partners and work toward cultivating new relationships. In an effort to improve productivity in its apparel wholesale activities, AS'TY will rationalize its scale of operations. Turning to its regional distributor business, the company will pursue stable measures with its core business partners in an effort to secure sustained earnings. Considerable emphasis will be placed on promoting increased management efficiency at subsidiary companies with the aim of strengthening profit structure and systems.

Targeting an increase in sales, MISUZU is committed to reorganizing existing brands while cultivating new brands. In this manner, the company will work toward bolstering its SPA-type retail business. On the earnings front, MISUZU will strengthen its product design capabilities expand its garment and miscellaneous products activities and lift the ratio of in-house production.

Through âge, the Group will cultivate and expand markets, reinforce its earnings platform and ensure profitability in its RAPPORT business. In an effort to realize this profit recovery, âge will implement a host of initiatives including the opening of new PALLET stores. At the same time, the company will pursue greater management efficiency at existing stores.

As a part of the Group's endeavors to establish a management structure that serves to

significantly enhance its market credibility, F&A Aqua Holdings is building an internal control system that fully addresses the concerns of Japan's equivalent to the U.S. Sarbanes-Oxley Act. To this end, the Group is placing considerable emphasis on strengthening the holding company and management functions.

Guided by its overarching strategies and action plans of individual operating companies, F&A Aqua Holdings is targeting operating revenues of ¥52,000 million, ordinary income of ¥2,550 million and net income of ¥850 million for the fiscal year ending February 28, 2010.

(2) Financial Condition

a. Status of Assets, Liabilities and Net Assets

Total assets as of February 28, 2009 stood at ¥55,231 million, an increase of ¥1,508 million compared with the end of the previous fiscal year. Principal components included lease deposits and deferred tax assets, which increased ¥1,060 million and ¥1,000 million, respectively. The upswing in total assets was partly offset by a decrease of ¥1,324 million in investment securities.

Total liabilities as of the end of the fiscal year under review stood at ¥18,129 million, up ¥2,463 million compared with February 29, 2008. While certain liability line items declined including notes and accounts payable, which contracted ¥962 million, this upswing was mainly attributable to increases in short-term debt and long-term debt of ¥2,198 million and ¥626 million, respectively.

Net assets decreased ¥955 million year on year to stand at ¥37,101 million as of February 28, 2009. The primary movements included net unrealized gains on marketable securities, which decreased ¥596 million and treasury stock, which increased ¥596 million.

b. Cash Flows

On a consolidated basis, cash and cash equivalents as of the end of the fiscal year under review stood at ¥1,159 million, an increase of ¥510 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities for the fiscal year ended February 28, 2009 was ¥1,033 million, a decrease of ¥1,422 million compared with the previous fiscal year. During the period under review, net income before income taxes totaled ¥1,549 million. F&A Aqua Holdings also recorded a decrease in trade receivables of ¥834 million. This was in turn partly offset by a principal cash outflow of ¥1,405 million representing a decrease in trade payables.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥105 million. This was ¥869 million lower than the previous fiscal year. During the fiscal year ended February 28, 2009, the Company reported proceeds from recovery of other investments totaling ¥419 million. This was more than offset by major cash outflows including payments for the acquisition of property and equipment amounting to ¥309 million and payments for the acquisition of shares in new subsidiary companies of ¥216 million.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥409 million, a decrease of ¥1,103 million compared with the previous fiscal year. The principal cash outflows for the period were payment of cash dividends totaling ¥602 million and payments for the acquisition of treasury stock of ¥544 million.

(Reference) Trends in the F&A Aqua Holdings Group's cash flow indicators are provided in the following table.

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Shareholders' equity ratio (%)	58.7	69.4	70.8	67.2
Shareholders' equity ratio based on market capitalization (%)	50.1	53.3	37.1	41.4
Cash flow to interest-bearing debt ratio (%)	2.1	—	1.9	7.3
Interest coverage ratio (Times)	30.6	—	27.1	8.6

Notes:
Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity ratio based on market capitalization: Market capitalization / Total assets
Cash flow to interest-bearing debt ratio: Interest-bearing debt / Cash flow from operating activities
Interest coverage ratio: Cash flow from operating activities / Interest payments

- Each indicator is calculated based on figures from consolidated financial statements.
- Market capitalization is calculated by multiplying the closing stock price at the end of the period with the number of shares issued and outstanding at the end of the period after deducting treasury stock.
- Interest-bearing debt includes all interest-bearing debt recorded under liabilities in the consolidated balance sheets.
- Cash flow from operating activities is taken from net cash provided by (used in) operating activities in the consolidated statements of cash flows. Interest payments are taken from cash paid for interest in the consolidated statements of cash flows.

(3) Policy on the Appropriation of Profits, Cash Dividends for Fiscal 2008 and Fiscal 2009

The F&A Aqua Holdings Group places the appropriation of profits to shareholders as a key management priority. As a result, the Group strives to deliver stable and sustainable cash dividends. Taking into consideration a variety of factors including consolidated operating income and the consolidated dividend payout ratio, the Group also works to increase the level of returns to shareholders.

Based on the aforementioned policy, F&A Aqua Holdings plans to pay a fiscal year-end cash dividend of ¥10 per common share. Together with the interim cash dividend paid of ¥10 per share, the Company intends to pay a full fiscal year cash dividend for fiscal 2008 of ¥20 per common share. Looking ahead, F&A Aqua Holdings plans to pay an interim and fiscal year-end cash dividend of ¥10 per common share for the fiscal year ending February 28, 2010 for an a full fiscal year cash dividend of ¥20 per common share.

In addition to the appropriation of profits through cash dividends, F&A Aqua Holdings has established a shareholder special benefit plan. Shareholders of record as of the end of the period can choose from three benefit options including shareholder gift certificates, limited edition products and meal vouchers.

Furthermore, in an effort to better prepare the Group for the road ahead and to pursue business development, F&A Aqua Holdings will continue to enhance profitability and reinforce the Group's management and business platforms while fulfilling the expectations of shareholders going forward. At the same time, the Group will take into consideration the internal working capital required to reinforce its management structure in response to an increasingly competitive environment, cultivate new markets, develop new brands and pursue business development through a variety of vehicles including M&A.

2. GROUP COMPANY INFORMATION

The F&A Aqua Holdings Group is comprised of F&A Aqua Holdings, Inc. ("F&A Aqua Holdings" or "the Company"), 17 subsidiary companies and three affiliated companies. Principal activities include: the design, manufacture and sale of brand products focusing mainly on jewelry; the planning, manufacture and wholesale of textile products such as women's apparel, bags, men's apparel, children's apparel, underwear, socks and related items; retail sales of textile and other products, and; real estate leasing.

In addition to the aforementioned, the Group is also engaged in product distribution and related services in each of its mainstay operations identified above.

Details of the Group's operating activities by subsidiary and affiliated company are summarized in the following table.

Consolidated Subsidiaries

F.D.C. Products Inc.	Planning, manufacture and sale of jewelry, bags and related products
AS'TY Inc.	Planning, manufacture and sale of apparel and garment-related products
MISUZU Co., Ltd.	Planning, manufacture and sale of women's apparel
âge Co., Ltd.	Sale of women's apparel, jewelry and related products
Alocs Inc.	Distribution agency services and other activities
FLAGS Inc.	Restaurant operation and management
AS'TY VIETNAM INC.	Manufacture, processing, export and sales of bags and related products
LA CHERE Co., Ltd.	Planning, manufacture and sale of toys, miscellaneous and other products
Ueda Legknit Co., Ltd.	Planning, manufacture and sale of socks
Yoshitake Corporation	Planning, manufacture and sale of women' and infant's apparel and related products
JOAQUIN BERAO JAPAN CO., LTD.	Sale of jewelry
May Co., Ltd.	Sale of women's apparel and related products
F.D.C. Friends, Co., Ltd.	Sale of jewelry and bags
AS'COT Inc.	(In the process of liquidation)
Former Yoshitake Corporation	(In the process of liquidation)
Frontier Co., Ltd.	(In the process of liquidation)
AS'TY Hong Kong Co., Ltd.	(In the process of liquidation)

Affiliated Companies

Fuji Co., Ltd. (First Section of the Tokyo Stock Exchange, First Section of the Osaka Securities Exchange)	Sale of foods, apparel and miscellaneous daily goods
Live Right Co., Ltd.	Insurance agency services
m2systems Co., Ltd.	Software development and information processing

Note: Fuji Co., Ltd. is an affiliated company accounted for under the equity method.

The following is a business flowchart of the F&A Aqua Holdings Group.

F&A Aqua Holdings, Inc. (The holding company)

The Brand Business
Consolidated subsidiaries:
F.D.C. Products Inc.
JOAQUIN BERAO JAPAN CO., LTD.
F.D.C. Friends, Co., Ltd.
Frontier Co., Ltd.
(In the process of liquidation)

The Retail Business
Consolidated subsidiaries:
MISUZU Co., Ltd.
âge Co., Ltd.
FLAGS Inc.
May Co., Ltd.

The Developer Business
Consolidated subsidiary:
AS'TY Inc. *

The Apparel Manufacturing Business
Consolidated subsidiaries:
AS'TY Inc.*
Alocs Inc.
LA CHERE Co., Ltd.
Ueda LegKnit Co., Ltd.
Yoshitake Corporation
AS'TY VIETNAM INC.
AS'COT Inc.
(In the process of liquidation)
Former Yoshitake Corporation
(In the process of liquidation)
AS'TY Hong Kong Co., Ltd.
(In the process of liquidation)

The Wholesale Business
Consolidated subsidiary:
AS'TY Inc. *

Other Businesses
Affiliated company accounted for by the equity method:
Fuji Co., Ltd.
Affiliated companies:
m2systems Co., Ltd.

Note: AS'TY Inc. engages in business activities across multiple business segments.

3. MANAGEMENT POLICIES

(1) Basic Management Policies (2) Management Targets and Indicators

There are no substantive changes to the management policies, targets and indicators outlined in the Company's Financial Report for the First Half of Fiscal 2008 (disclosed on October 14, 2008). As a result, the relevant information has been omitted.

To view this report (the Financial Report for the First Half of Fiscal 2008), please refer to the Company's Website as follows:
URL: http://www.fa-aqua.co.jp/

Additional information can also be found on the Tokyo Stock Exchange Website (Listed Company Information Search Function):
URL: http://tse.or.jp/listing/compsearch/index.html

(3) Medium-Term Management Strategies

The F&A Aqua Holdings Group has formulated three core management strategies to carry it through the medium-term. These are: (1) Establish a robust business portfolio; (2) Explore new opportunities, markets and businesses, and; (3) Become a highly reliable and trustworthy corporate group. At the same time, the Group is working to cultivate and promote a corporate culture that is committed to the principles of "Challenge and Innovation." Through these endeavors, the F&A Aqua Holdings Group is steadily implementing profit growth strategies at each of its operating companies.

(4) Pending Issues

Against the backdrop of a global financial crisis and a worldwide economy that remains entrenched in a downward spiral, the F&A Aqua Holdings Group's market environment is expected to be characterized by increasingly intense competition as retail categories fight to survive.

Under these circumstances, the Group will work tirelessly to strengthen its ability to respond to changes in the market while at the same time endeavoring to address the following issues in an effort to ensure competitive advantage.

a. Brand Business

In the brand business, F.D.C. Products will strive to secure earnings from its 4°C jewelry business by enhancing the stability and efficiency of existing stores. Working to build a more robust brand portfolio, steps will be taken to expand CELINE brand earnings, foster increased independence in the RUGIADA and 4°C bag businesses and nurture the EAUDOUCE 4°C brand. Endeavoring to cultivate and expand new markets, weight will also be placed on opening canal 4°C stores. Focusing on building an innovative business model, efforts will be made to enhance management stability at marketing subsidiary F.D.C. Friends.

b. Apparel Manufacturing Business

AS'TY will work to strengthen its design proposal, material development and production control capabilities. In this manner, the company will endeavor to implement stable initiatives in conjunction with key business partners. Turning to the AS'TY group of subsidiary companies, every effort will be made to ensure across-the-board profitability by bolstering earnings structure and systems.

c. Retail Business

With the aim of establishing an SPA-type retail business, MISUZU will promote measures

designed to increase sales and reinforce earnings. To this end, the company will establish a robust brand portfolio.

âge Co., Ltd. will systematically open new stores and revitalize existing stores in an effort to secure earnings. FLAGS will reorganize and reinforce existing stores and by securing a return to profitability ensure a stable profit stream.

d. Wholesale Business

In the regional distributor business conducted by AS'TY, steps will be taken to strengthen both customer management and product development capabilities. Moreover, every effort will be made to secure robust earnings by continuously implementing stable initiatives in concert with key business partners.

e. Developer Business

In its developer business, the Group will strictly adhere to a scrap and build policy with regard to aging properties based on plans that fully consider investment efficiency and efficacy. At the same time, the Group will concentrate on enhancing its tenant property leasing management. Based on the aforementioned, the F&A Aqua Holdings Group will work toward securing stable, long-term earnings.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(Thousands of yen unless otherwise stated)

		February 29, 2008			February 28, 2009		
	Notes			%			%
ASSETS							
I. Current assets:							
1 Cash and time deposits			649,085			895,894	
2 Notes and accounts receivable			3,756,304			3,403,014	
3 Inventories			6,365,826			6,950,046	
4 Deferred tax assets			473,422			1,077,401	
5 Advanced money			5,378			23,254	
6 Other accounts receivable			86,247			93,644	
7 Other current assets			294,388			535,821	
Allowance for doubtful accounts			(10,448)			(10,340)	
Total current assets			11,620,205	21.6		12,968,737	23.5
II. Fixed assets:							
1 Tangible fixed assets:							
(1) Buildings and structures			6,202,332			6,228,442	
(2) Land			5,783,339			6,060,262	
(3) Construction work in progress			3,781			2,997	
(4) Other			328,500			340,022	
Total tangible fixed assets			12,317,953	22.9		12,631,724	22.9
2 Intangible assets:							
(1) Trademarks			2,867			3,538	
(2) Goodwill			9,281,949			8,922,521	
(3) Other			654,676			537,561	
Total intangible fixed assets			9,939,493	18.5		9,463,621	17.1
3 Investments and other assets:							
(1) Investment securities			14,644,002			13,319,315	
(2) Guarantee money paid			774,241			634,730	
(3) Long-term loans receivable			58,595			57,316	
(4) Deferred tax assets			146,913			543,394	
(5) Investment real estate			561,657			821,910	
(6) Prepaid pension expenses			1,977,572			2,043,372	
(7) Lease security deposits			1,264,959			2,325,796	
(8) Long-term accumulated receivables			659,736			657,203	
(9) Other			478,339			472,492	
Allowance for doubtful accounts			(720,963)			(708,455)	
Total investments and other assets			19,845,055	37.0		20,167,076	36.5
Total fixed assets			42,102,503	78.4		42,262,422	76.5
Total assets			53,722,708	100.0		55,231,159	100.0

(Thousands of yen unless otherwise stated)

		February 29, 2008		February 28, 2009	
	Notes		%		%
LIABILITIES					
I. Current liabilities:					
1 Notes and accounts payable		4,842,145		3,880,093	
2 Short-term debt		4,327,928		6,525,985	
3 Current portion of long-term debt		90,000		295,000	
4 Corporate and enterprise taxes payable		732,057		704,192	
5 Deferred tax liabilities		21		134	
6 Reserve for employees' bonus		427,164		415,805	
7 Reserve for directors' bonus		39,500		38,700	
8 Other current liabilities		2,170,882		2,369,573	
Total current liabilities		12,629,699	23.5	14,229,484	25.8
II. Fixed liabilities:					
1 Corporate bonds		230,000		45,000	
2 Long-term debt		12,023		638,158	
3 Guarantee deposits held		332,272		291,997	
4 Deferred tax liabilities		1,637,129		1,792,660	
5 Reserve for retirement benefits		328,426		472,161	
6 Reserve for directors' retirement benefits		395,142		339,538	
7 Other fixed liabilities		101,683		320,911	
Total fixed liabilities		3,036,678	5.7	3,900,427	7.0
Total liabilities		15,666,377	29.2	18,129,911	32.8
NET ASSETS					
I. Shareholders' equity:					
1 Common stock		2,486,520	4.6	2,486,520	4.5
2 Capital surplus		18,300,303	34.1	18,300,303	33.1
3 Retained earnings		18,517,443	34.5	18,322,785	33.2
4 Treasury stock		(1,174,018)	(2.2)	(1,710,590)	(3.1)
Total shareholders' equity		38,130,249	71.0	37,399,019	67.7
II. Valuation and conversions:					
1 Net unrealized gains on marketable securities		566,971	1.0	(29,879)	(0.0)
2 Losses on deferred hedge transactions		(38,400)	(0.1)	10,845	0.0
3 Net unrealized losses on land		(614,198)	(1.1)	(264,512)	(0.5)
4 Foreign currency translation adjustments		8,641	0.0	(16,503)	(0.0)
Total valuation and conversions		(76,985)	(0.2)	(300,049)	(0.5)
III. Minority interests		3,066	0.0	2,278	0.0
Total net assets		38,056,330	70.8	37,101,248	67.2
Total liabilities and net assets		53,722,708	100.0	55,231,159	100.0

(2) Consolidated Statements of Income

(Thousands of yen unless otherwise stated)

		Fiscal 2007 (March 1, 2007 to February 29, 2008)			Fiscal 2008 (March 1, 2008 to February 28, 2009)		
	Notes			%			%
Operating revenues			[50,991,447]			[51,557,193]	
I. Net sales			49,080,776	100.0		49,694,343	100.0
II. Cost of sales			26,405,608	53.8		25,444,069	51.2
Gross profit			22,675,168	46.2		24,250,273	48.8
III. Other operating revenues			1,910,670	3.9		1,862,849	3.7
Gross operating profit			24,585,838	50.1		26,113,123	52.5
IV. Selling, general and administrative expenses			22,553,967	46.0		23,818,237	47.9
Operating income			2,031,871	4.1		2,294,885	4.6
V. Non-operating income:							
1 Interest income		3,533			5,769		
2 Dividends received		61,835			65,955		
3 Equity in earnings of associated companies		406,602			—		
4 Rental revenue from fixed assets		76,766			91,134		
5 Foreign exchange gains		—			27,882		
6 Other non-operating income		99,513	648,251	1.3	84,932	275,674	0.6
VI. Non-operating expenses:							
1 Interest expense		89,145			115,082		
2 Equity in loss of associated companies		—			69,852		
3 Foreign exchange losses		16,472			—		
4 Other non-operating expenses		38,194	143,812	0.2	43,734	228,669	0.5
Ordinary income			2,536,310	5.2		2,341,891	4.7
VII Extraordinary income:							
1 Gain on sales of fixed assets		285			109,769		
2 Gain on sales of investment securities		130,725			—		
3 Condemnation proceeds		29,288			—		
4 Other extraordinary income		160	160,459	0.3	15,017	124,787	0.2
VIII. Extraordinary losses:							
1 Loss on sales of fixed assets		40,510			4,517		
2 Loss on disposal of fixed assets		155,188			64,427		
3 Fixed asset impairment loss		520,788			309,200		
4 Amortization of goodwill		—			116,799		
5 Loss on sales of investment securities		—			2,065		
6 Loss on devaluation of investment securities		3,104			291,376		
7 Loss on devaluation of inventories		214,853			—		
8 Loss on closure of stores		79,080			100,342		
9 Other extraordinary loss		70,946	1,084,471	2.2	28,134	916,863	1.8
Income before income taxes			1,612,298	3.3		1,549,815	3.1
Income taxes－current		1,162,928			934,573		
Income taxes－previous period		81,250			14,785		
Income taxes－deferred		99,736	1,343,915	2.8	(106,456)	842,902	1.7
Gain (loss) on minority interests			1,842	0.0		(787)	(0.0)
Net income			266,541	0.5		707,701	1.4

(3) Consolidated Statements of Changes in Shareholders' Equity, Valuation and Conversions

Fiscal 2007 (March 1, 2007 to February 29, 2008)

(Thousands of yen unless otherwise stated)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
Balance as of February 28, 2007	2,486,520	18,349,719	19,013,290	(884,916)	38,964,613
Increase (decrease) during the period ended February 29, 2008					
Cash dividends (Note)			(762,387)		(762,387)
Net income			266,541		266,541
Retirement of treasury stock		(29)		236	207
Transfer of income and other taxes relating to the sale of parent company shares held by subsidiary companies		(49,386)			(49,386)
Acquisition of treasury stock				(289,338)	(289,338)
Net changes in items excluding shareholders' equity during the period					
Total	—	(49,415)	(495,846)	(289,101)	(834,363)
Balance as of February 29, 2008	2,486,520	18,300,303	18,517,443	(1,174,018)	38,130,249

(Thousands of yen unless otherwise stated)

	Valuation and Conversions					Minority Interests	Total
	Net Unrealized Gains on Marketable Securities	Gains (Losses) on Deferred Hedge Transactions	Net Unrealized Losses on Land	Foreign Currency Translation Adjustments	Total Valuation and Conversions		
Balance as of February 28, 2007	1,525,410	(308)	(611,816)	(15,740)	897,544	15,081	39,877,240
Increase (decrease) during the period ended February 29, 2008							
Cash dividends							(762,387)
Net income							266,541
Retirement of treasury stock							207
Transfer of income and other taxes relating to the sale of parent company shares held by subsidiary companies							(49,386)
Acquisition of treasury stock							(289,338)
Net changes in items excluding shareholders' equity during the period	(958,438)	(38,092)	(2,381)	24,382	(974,530)	(12,015)	(986,545)
Total	(958,438)	(38,092)	(2,381)	24,382	(974,530)	(12,015)	(1,820,909)
Balance as of February 29, 2008	566,971	(38,400)	(614,198)	8,641	(76,985)	3,066	38,056,330

Fiscal 2008 (March 1, 2008 to February 28, 2009)

(Thousands of yen unless otherwise stated)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total
Balance as of February 29, 2008	2,486,520	18,300,303	18,517,443	(1,174,018)	38,130,249
Increase (decrease) during the period ended February 28, 2009					
Cash dividends (Note)			(602,369)		(602,369)
Net income			707,701		707,701
Reversal of net unrealized gains and losses on land revaluation			(349,686)		(349,686)
Increase of retained earnings due to changes in the consolidated subsidiaries			49,706		49,706
Retirement of treasury stock			(10)	76	65
Acquisition of treasury stock				(536,649)	(536,649)
Net changes in items excluding shareholders' equity during the period					
Total	—	—	(194,657)	(536,572)	(731,230)
Balance as of February 28, 2009	2,486,520	18,300,303	18,322,785	(1,710,590)	37,399,019

(Thousands of yen unless otherwise stated)

	Valuation and Conversions					Minority Interests	Total
	Net Unrealized Gains on Marketable Securities	Gains (Losses) on Deferred Hedge Transactions	Net Unrealized Losses on Land	Foreign Currency Translation Adjustments	Total Valuation and Conversions		
Balance as of February 29, 2008	566,971	(38,400)	(614,198)	8,641	(76,985)	3,066	38,056,330
Increase (decrease) during the period ended February 28, 2009							
Cash dividends							(602,369)
Net income							707,701
Reversal of net unrealized gains and losses on land revaluation							(349,686)
Increase of retained earnings due to changes in the consolidated subsidiaries							49,706
Retirement of treasury stock							65
Acquisition of treasury stock							(536,649)
Net changes in items excluding shareholders' equity during the period	(596,850)	49,245	349,686	(25,145)	(223,064)	(787)	(223,852)
Total	(596,850)	49,245	349,686	(25,145)	(223,064)	(787)	(955,082)
Balance as of February 28, 2009	(29,879)	10,845	(264,512)	(16,503)	(300,049)	2,278	37,101,248

(4) Consolidated Statements of Cash Flows

(Thousands of yen unless otherwise stated)

		Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
	Notes		
I. Cash Flows from Operating Activities:			
Net Income before income taxes		1,612,298	1,549,815
Depreciation		683,684	775,851
Loss on fixed asset impairment		520,788	309,200
Amortization of goodwill		647,095	693,086
(Decrease) increase in allowance for doubtful accounts		26,534	(24,529)
(Decrease) increase in reserve for employee bonus		23,992	(51,349)
Decrease in allowance for employee retirement benefits		(101,215)	(36,513)
(Decrease) increase in other allowances		35,205	(352,400)
Interest and dividends received		(65,368)	(71,725)
Interest paid		89,145	115,082
Equity in losses (gains) of associated companies		(406,602)	69,852
(Gain) loss on foreign exchange		39,968	(33,896)
Loss on devaluation of investment securities		3,104	291,376
Loss (gain) on sales of investment securities		(130,725)	2,065
Loss on disposal of fixed assets		155,188	64,427
(Gain) loss on sales of fixed assets		40,224	(105,252)
Decrease in trade receivables		519,293	834,505
(Increase) decrease in inventories		594,783	(91,720)
Decrease in trade payables		(374,270)	(1,405,478)
(Decrease) increase in consumption tax payable		89,615	(66,749)
Decrease in other assets		281,474	93,834
Decrease in other liabilities		(572,301)	(660,237)
Subtotal		3,711,912	1,899,243
Interest and dividend income received		171,173	234,901
Cash paid for interest		(90,633)	(115,894)
Cash paid for income and enterprise taxes		(1,336,661)	(985,159)
Net cash provided by operating activities		2,455,791	1,033,090

(Thousands of yen unless otherwise stated)

		Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
	Notes		
II. Cash Flows from Investing Activities:			
Payments for the acquisition of property and equipment		(376,821)	(309,699)
Proceeds from the sale of tangible fixed assets		13,653	18,368
Payments for the acquisition of intangible fixed assets		(420,732)	(53,477)
Proceeds from the sale of intangible fixed assets		33	—
Proceeds from sales of investment assets		—	166,773
Payments for the acquisition of investment securities		(393,278)	(31,597)
Proceeds from the sale of investment securities		154,312	297
Payments for the acquisition of shares in consolidated subsidiary companies		(10,948)	—
Payments for the acquisition of consolidated subsidiary companies		—	(216,285)
Increase in long-term loans receivable		(18,459)	(9,798)
Proceeds from the collection of long-term loans receivable		23,616	21,807
Payments for long-term prepaid expenses		(33,962)	(38,480)
Payments for time deposits		(6,009)	(2,509)
Proceeds from withdrawal from time deposits			18,020
Payments for other investments		(205,928)	(88,190)
Proceeds from the recovery of other investments		300,095	419,468
Net cash used in investing activities		(974,429)	(105,304)
III. Cash Flows from Financing Activities:			
Increase (decrease) in short-term debt		(191,554)	1,456,752
Repayment of long-term debt		(203,125)	(218,963)
Payments for the redemption of corporate bonds		(40,000)	(462,500)
Proceeds from sales of treasury stock		207	65
Payments for the acquisition of treasury stock		(316,342)	(544,637)
Payment of cash dividends		(762,387)	(602,369)
Payment of cash dividends to minority interests		(230)	—
Payments for other financing activities		—	(38,253)
Net cash used in financing activities		(1,513,433)	(409,905)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents		(1,324)	(7,813)
V. Net Decrease in Cash and Cash Equivalents		(33,395)	510,067
VI. Cash and Cash Equivalents at the Beginning of the Fiscal Year		682,481	649,085
VII. Cash and Cash Equivalents at the End of the Fiscal Year	※1	649,085	1,159,152

(5) Events or Circumstances Which Raise Doubts as to the Validity of the Going-Concern Assumption

Not applicable.

(6) Important Items Basic to the Preparation of Consolidated Financial Statements

	Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
1. Scope of Consolidation	The F&A Aqua Holdings Group is comprised of the following 17 consolidated subsidiaries: F.D.C. Products Inc.; AS'TY Inc.; âge Co., Ltd.; Alocs Inc.; FLAGS INC.; AS'TY Hong Kong Co., Ltd.; AS'TY VIETNAM INC.; AS'COT Inc.; LA CHERE Co., Ltd.; Shanghai AS'TY Fashion Co., Ltd.; Ueda LegKnit Co., Ltd.; Sams Cross Co., Ltd.; Yoshitake Corporation; QUICKS Corporation; JOAQUIN BERAO JAPAN CO., LTD.; May Co., Ltd., and; Frontier Co., Ltd. Frontier Co., Ltd. was newly established by F.D.C. Products Inc.	The F&A Aqua Holdings Group is comprised of the following 17 consolidated subsidiaries: F.D.C. Products Inc.; AS'TY Inc.; MISUZU Co., Ltd., âge Co., Ltd.; Alocs Inc.; FLAGS INC.; AS'TY Hong Kong Co., Ltd.; AS'TY VIETNAM INC.; AS'COT Inc.; LA CHERE Co., Ltd.; Ueda LegKnit Co., Ltd.; Former Yoshitake Corporation; Yoshitake Corporation; JOAQUIN BERAO JAPAN CO., LTD.; May Co., Ltd., Frontier Co., Ltd. and; F.D.C. Friends Co., Ltd. MISUZU Co., Ltd. was newly included in the Group's scope of consolidation as a consolidated subsidiary from the fiscal year under review following the new acquisition of its shares by F&A Aqua Holdings, Inc. F.D.C. Friends Co., Ltd. was newly established by F.D.C. Products Inc. The name of QUICKS Corporation was changed to Yoshitake Corporation, and the name of Yoshitake Corporation was changed to former Yoshitake Corporation, respectively. In addition, Shanghai AS'TY Fashion Co., Ltd. and Sams Cross Co., Ltd. completed of liquidation.
2. Application of the Equity Method	(1) The F&A Aqua Holdings Group maintains one affiliated company accounted for by the equity method: Fuji Co., Ltd. (2) Reason the equity method is not applied to affiliated companies The net income and retained earnings of affiliated companies m2systems Co., Ltd. and Live Right Co., Ltd. are considered insignificant and deemed to have immaterial impact on consolidated financial statements. Accordingly, the equity method has not been applied to each of the aforementioned companies.	(1) As left (2) As left
3. Fiscal Year-End of Financial Statements of Consolidated Subsidiaries	The fiscal year-end of AS'TY Hong Kong Co., Ltd., AS'TY VIETNAM INC. and Shanghai AS'TY Fashion Co., Ltd. is December 31. These financial statements are used in the preparation of consolidated financial statements. Where significant transactions have occurred during the period between this fiscal year-end and the consolidated fiscal year-end, the consolidated financial statements are adjusted accordingly.	The fiscal year-end of AS'TY Hong Kong Co., Ltd., and AS'TY VIETNAM INC. is December 31. These financial statements are used in the preparation of consolidated financial statements. Where significant transactions have occurred during the period between this fiscal year-end and the consolidated fiscal year-end, the consolidated financial statements are adjusted accordingly.

	Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
4. Accounting Policies	F&A Aqua Holdings, Inc. and its consolidated subsidiaries essentially employ the same accounting policies and standards. (1) Valuation standard and valuation method of important assets Marketable securities: Other securities with quoted market values are stated at market as of the balance date. Net unrealized gains and losses on other securities are reported directly to net assets. The cost of these securities is calculated based on the moving-average cost method. Other securities without quoted market values are stated on a cost basis using the moving-average cost method. Inventories: Bare metal inventories are stated at the lower of cost or market using the gross average method. Product inventories are in principle stated at cost using the last purchase price method. Other inventories are in general stated at cost based on the gross average method. Derivatives: Derivatives are stated using the market method. (2) Depreciation of important depreciable assets Tangible fixed assets: Buildings (excluding structures and facilities): Straight-line method Other: Declining-balance method Estimated useful lives are as follows: Buildings: 4 to 50 years Other: 3 to 60 years (Change in Accounting Policy) In line with the amendment of the Corporation Tax Law [Law for Partial Amendment of the Income Tax Law etc. (March 30, 2007, Law No. 6) and the Cabinet Order for Partial Amendment of the Corporation Tax Law Enforcement Ordinance (March 30, 2007, Cabinet Order No. 83)], depreciation expenses for the fixed assets acquired on and after April 1, 2007 is computed by the method based on the amended Corporation Tax Law. The impact on income and losses for the period as a result of the aforementioned change is considered immaterial.	F&A Aqua Holdings, Inc. and its consolidated subsidiaries essentially employ the same accounting policies and standards. (1) Valuation standard and valuation method of important assets Marketable securities: As left Other securities without quoted market values As left Inventories: As left Derivatives: As left (2) Depreciation of important depreciable assets Tangible fixed assets: Buildings (excluding structures and facilities): As left Other: Estimated useful lives are as follows: As left (Additional Information) Tangible fixed assets acquired on or before March 31, 2007 are depreciated using the straight-line method over five years from the following year in which depreciation up to the depreciable amount is completed, in line with revisions to the Corporation Tax Law including Law No. 6 to Partially Revise the Income Tax and Other Laws (March 30, 2007) and Government Ordinance No. 83 to Partially Revise Corporation Tax Law Ordinances (March 30, 2007). As a result of this change in accounting policy, operating income, ordinary income and net income before income taxes each declined by ¥31,263 thousand comparing to the conventional method.

	Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2008)
	Intangible fixed assets: Straight-line method. In the case of software used for internal use, straight-line method over the useful life of the asset estimated by the Company (within five years). (3) Accounting policies for important provisions Allowance for doubtful accounts: Allowance for doubtful accounts is provided for based on historical deterioration rates as for normal loans and an amount deemed necessary to cover individual accounts estimated to be uncollectible. Reserve for employees' bonus: The Company and its consolidated subsidiaries provide for employee bonus payments at an estimated amount to be paid for the period. Reserve for directors' bonus: The Company and its consolidated subsidiaries provide for director bonus payments at an estimated amount to be paid for the period. Reserve for retirement benefits: The Company provides a reserve for retirement benefits for employees based on the calculated amount of accrued retirement funds and accrued pension assets as of the end of the period. Net actuarial gains (losses) are amortized using the straight-line method over a certain number of years within employees' average remaining service years (10 years) commencing from the next fiscal year of occurrence. Reserve for directors' retirement benefits: The Company provides a reserve for retirement benefits for directors for the full amount deemed to have accrued as of the end of the period and which is determined based on internal bylaws for the payment of directors' retirement benefits.	Intangible fixed assets: As left (3) Accounting policies for important provisions Allowance for doubtful accounts: As left Reserve for employees' bonus: As left Reserve for directors' bonus: As left Reserve for retirement benefits: As left Reserve for directors' retirement benefits: As left

	Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
	(4) Accounting for lease transactions: Finance leases in which ownership is not transferred to the lessee, are accounted for in the same manner as operating leases. (5) Accounting methods for major hedge transactions: Hedge accounting methods: The deferred hedge treatment is mainly adopted for forward exchange contacts. Hedge methods and hedge targets: (Hedge methods) Forward exchange contracts (Hedge targets) Foreign currency-denominated payables and forecasted transactions. Hedging policy: Derivative financial instruments are used mainly for the purpose of mitigating fluctuation risk of foreign currency exchange rates. The nominal amount of derivative transactions is limited to within the scope of actual demand. The Company does not engage in speculative derivative transactions. Method for evaluating hedge effectiveness: For forward exchange contracts an assessment of settlement date effectiveness has been omitted. This is attributable to allocation among contracts with the same settlement date denominated in the same currency with respect to hedge targets, correlation due to fluctuations in foreign currency exchange markets thereafter, and the use of that determination in place of an evaluation of effectiveness. (6) Accounting for consumption and other taxes Consumption taxes are recorded separately.	(4) Accounting for lease transactions: As left (5) Accounting methods for major hedge transactions: Hedge accounting methods: As left Hedge methods and hedge targets: (Hedge methods) As left (Hedge targets) As left Hedging policy: As left Method for evaluating hedge effectiveness: As left (6) Accounting for consumption and other taxes As left
5. Valuation of Assets and Liabilities of Consolidated Subsidiaries	Assets and liabilities of consolidated subsidiaries are stated at fair value.	As left
6. Depreciation of Goodwill	Goodwill is depreciated in equal installments over a period of five years. However, goodwill due to stock exchange is depreciated in equal installments over a period of 20 years.	As left
7. Scope of Cash and Cash Equivalents in Consolidated Statements of Cash Flows	Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, readily available deposits, and short-term investments with original maturities not exceeding three months, which are highly liquid and virtually risk-free with respect to change of value.	As left

(7) Important Items Basic to the Preparation of Consolidated Financial Statements (Changes in Disclosure Methods)

Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
(Consolidated Balance Sheet) From the fiscal year ended February 29, 2008, business rights and consolidated adjustment account have been recorded as goodwill. (Consolidated Statement of Cash Flows) From the fiscal year under review, amortization of consolidated adjustments account and amortization of business rights included in increase (decrease) in other assets were recorded as amortization of goodwill. Amortization of business rights included in increase (decrease) in other assets totaled ¥53,400 thousand for the fiscal year ended February 28, 2007.	———

(8) Notes to Consolidated Financial Statements

(Notes to Consolidated Statements of Cash Flows)

Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
1. Relationship between the balance of cash and cash equivalents at the end of the fiscal year and cash and cash equivalents reported in the fiscal year-end consolidated balance sheet: Cash and cash equivalents at the end of the fiscal year match cash and deposits reported in the consolidated balance sheet as of February 29, 2008.	Note 1. Relationship between the balance of cash and cash equivalents at the interim period-end and cash and cash equivalents reported in the interim consolidated balance sheet: (Thousands of yen) Cash and time deposits 895,894 Other current assets (Money held in trust) 263,258 Cash and Cash equivalents 1,159,152

Segment Information

1. Performance by Business Segment
Fiscal 2007, the Fiscal Year Ended February 29, 2008
(March 1, 2007 to February 29, 2008)

(Thousands of yen)

	Brand	Apparel Manufacturing	Retail	Wholesale	Development	Total
I. Net sales and operating income						
Sales						
(1) Sales to outside customers	21,662,510	12,360,279	10,968,550	4,093,653	1,906,453	50,991,447
(2) Intrasegment sales and transfers	56,687	1,232,485	751,451	869,656	166,716	3,076,997
Total	21,719,197	13,592,765	11,720,002	4,963,310	2,073,170	54,068,445
Operating expenses	19,728,274	13,924,477	11,738,318	4,981,092	1,295,804	51,667,967
Operating income (loss)	1,990,923	(331,712)	(18,316)	(17,782)	777,365	2,400,477
II. Assets, depreciation and capital expenditure						
Assets	12,366,859	12,622,341	2,935,836	702,258	7,148,585	35,775,882
Depreciation	262,648	23,387	58,983	11,214	277,390	633,625
Impairment loss	88,430	166,497	100,500	—	165,360	520,788
Capital expenditure	613,245	11,250	68,101	10,907	10,788	714,293

	Eliminations and Corporate	Consolidated
I. Net sales and operating income		
Sales	—	50,991,447
(1) Sales to outside customers	(3,076,997)	—
(2) Intrasegment sales and transfers		
Total	(3,076,997)	50,991,447
Operating expenses	(2,708,392)	48,959,575
Operating income (loss)	(368,605)	2,031,871
II. Assets, depreciation and capital expenditure		
Assets	17,946,825	53,722,708
Depreciation	1,113	634,739
Impairment loss	—	520,788
Capital expenditure	—	714,293

Notes:
1. Other operating revenues are included in net sales.
2. Business segments have been classified according to their product type, characteristics and sales methods.
3. Principal products of each business segment are as follows:
   (1) Brand — Planning, manufacture and sale of jewelry, bags and related products
   (2) Apparel manufacturing — Planning, manufacture, sale and OEM production of bags, men's and women's apparel, infants apparel, underwear, socks, toys and related products
   (3) Retail — Sales of men's, women's and children's apparel, underwear and socks, garments, sleeping wear, Japanese garments and other products, restaurant management
   (4) Wholesale — Wholesale of men's, women's and children's apparel, underwear and socks, garments, sleeping wear, Japanese garments and other products
   (5) Development — Property leasing, other
4. Unallocable operating expenses included in "Eliminations and Corporate" totaled ¥363,248 thousand and principally related to head office expenses.
5. Long-term prepaid expenses are included in capital expenditure.

Fiscal 2008, the Fiscal Year Ended February 28, 2009
(March 1, 2008 to February 28, 2009)

(Thousands of yen)

	Brand	Apparel Manufacturing	Retail	Wholesale	Development	Total
I. Net sales and operating income						
Sales						
(1) Sales to outside customers	21,556,510	9,924,597	14,715,604	3,571,770	1,788,709	51,557,193
(2) Intrasegment sales and transfers	66,710	1,389,230	211,923	982,319	165,364	2,815,548
Total	21,623,221	11,313,828	14,927,527	4,554,090	1,954,074	54,372,741
Operating expenses	19,424,252	11,589,967	14,776,068	4,573,289	1,361,304	51,724,882
Operating income (loss)	2,198,969	(276,139)	151,459	(19,199)	592,769	2,647,859
II. Assets, depreciation and capital expenditure						
Assets	11,829,736	11,132,120	5,197,587	699,843	6,954,392	35,813,681
Depreciation	294,432	21,534	129,278	13,138	285,892	744,276
Impairment loss	117,135	22,907	167,499		1,658	309,200
Capital expenditure	91,133	58,691	228,748	7,868	56,530	442,971

	Eliminations and Corporate	Consolidated
I. Net sales and operating income		
Sales		
(1) Sales to outside customers	—	51,557,193
(2) Intrasegment sales and transfers	(2,815,548)	—
Total	(2,815,548)	51,557,193
Operating expenses	(2,462,574)	49,262,307
Operating income (loss)	(352,973)	2,294,885
II. Assets, depreciation and capital expenditure		
Assets	19,417,478	55,231,159
Depreciation	956	745,232
Impairment loss	—	309,200
Capital expenditure	758	443,730

Notes:
1. Other operating revenues are included in net sales.
2. Business segments have been classified according to their product type, characteristics and sales methods.
3. Principal products of each business segment are as follows:
   (1) Brand — Planning, manufacture and sale of jewelry, bags and related products
   (2) Apparel manufacturing — Planning, manufacture, sale and OEM production of bags, men's and women's apparel, infants apparel, underwear, socks, toys and related products
   (3) Retail — Sales of men's, women's and children's apparel, underwear and socks, garments, sleeping wear, Japanese garments and other products, restaurant management
   (4) Wholesale — Wholesale of men's, women's and children's apparel, underwear and socks, garments, sleeping wear, Japanese garments and other products
   (5) Development — Property leasing, other
4. Unallocable operating expenses included in "Eliminations and Corporate" totaled ¥396,730 thousand and principally related to head office expenses.
5. Long-term prepaid expenses are included in capital expenditure.

2. Geographical Segment Information

Fiscal 2007, the Fiscal Year Ended February 29, 2008
(March 1, 2007 to February 29, 2008)
As the total of net sales based in Japan of all business segments represented over 90% of the Company's total net sales, geographical information has been omitted.

Fiscal 2008, the Fiscal Year Ended February 28, 2009
(March 1, 2008 to February 28, 2009)
As the total of net sales based in Japan of all business segments represented over 90% of the Company's total net sales, geographical information has been omitted.

3. Overseas Sales

Fiscal 2007, the Fiscal Year Ended February 29, 2008
(March 1, 2007 to February 29, 2008)
As overseas sales represented less than 10% of the Company's total net sales, overseas sales information has been omitted.

Fiscal 2008, the Fiscal Year Ended February 28, 2009
(March 1, 2008 to February 28, 2009)
As overseas sales represented less than 10% of the Company's total net sales, overseas sales information has been omitted.

(Disclosure Items Omitted)
The following are considered by the Company as non-essential items for the purpose of Consolidated Financial Report disclosure: notes to consolidated balance sheets, consolidated statements of income¸ consolidated statements of changes in shareholders' equity; lease transactions; transactions with related parties; tax-effect accounting; securities; derivatives; retirement benefits, stock options, and; notes to business combination and other items. Accordingly, this information has been omitted from this report.

(Per Share Information)

(Yen)

Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2007 (March 1, 2007 to February 29, 2008)
1. Net assets per share 1,309.14 2. Earnings per share 9.13 Since there was no dilution of stocks in the fiscal year under review, earnings per diluted share data has been omitted.	1. Net assets per share 1,307.79 2. Earnings per share 24.54 Since there was no dilution of stocks in the fiscal year under review, earnings per diluted share data has been omitted.

Note: Calculations are based on the following:

1. Net assets per share

(Thousands of yen unless otherwise stated)

	As of February 29, 2008	As of February 28, 2009
Total net asset recorded on consolidated balance sheets	38,056,330	37,1016,2480
Net assets applicable to common stock	38,053,264	37,098,9694
Principal breakdown of difference minority interests	3,066	2,278
Number of common shares issued and outstanding (Shares)	30,631,356	30,631,356
Number of treasury stock (Shares)	1,536,870	2,263,617
Number of common stock utilized for the calculation of net assets per share (Shares)	29,067,486	28,3677,739

2. Net income (loss) per share

(Thousands of yen unless otherwise stated)

	Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
Net income recorded on consolidated statement of income	266,541	707,701
Net income applicable to common stock	266,541	707,701
Average number of common shares (Shares)	29,195,263	28,839,230

(Important Subsequent Events)
Not applicable.

6. NON-CONSOLIDATED FINANCIAL STATEMENTS

(1) Non-Consolidated Balance Sheets

(Thousands of yen unless otherwise stated)

		February 29, 2008			February 28, 2009		
				%			%
ASSETS							
I. Current assets:							
1 Cash and time deposits			110,170			77,343	
2 Prepaid expenses			3,495			3,799	
3 Deferred tax assets			9,321			9,906	
4 Short-term loans receivable to associated companies			2,193,000			1,917,000	
5 Other accounts receivable			133,715			96,197	
6 Other current assets			822			270,574	
Total current assets			2,450,525	8.2		2,374,820	7.5
II. Fixed assets:							
1 Tangible fixed assets:							
(1) Buildings			1,550			1,162	
(2) Tools, furniture and fixtures			1,425			1,307	
Total tangible fixed assets			2,975	0.0		2,469	0.0
2 Intangible fixed assets			—	—		308	0.0
3 Investments and other assets:							
(1) Investment in shares of affiliated companies			27,405,708			29,197,880	
(2) Deferred tax assets			6,617			13,551	
(3) Other			11,802			4,474	
Total investments and other assets			27,424,128	91.8		29,215,905	92.5
Total fixed assets			27,427,104	91.8		29,218,683	92.5
Total assets			29,877,629	100.0		31,593,503	100.0

(Thousands of yen unless otherwise stated)

		February 29, 2008			February 28, 2009		
				%			%
LIABILITIES							
I. Current liabilities:							
1 Short-term debt			4,900,000			7,070,000	
2 Current portion of long-term debt			24,000			10,000	
3 Other payables			30,822			21,319	
4 Accrued expenses			4,510			4,842	
5 Corporate and enterprise taxes payable			24,815			21,780	
6 Reserve for employee bonuses			7,200			10,460	
7 Reserve for directors' bonus			9,750			9,750	
8 Other current liabilities			—			5,428	
Total current liabilities			5,001,098	16.7		7,153,581	22.6
II. Fixed liabilities:							
1 Long-term debt			10,000			—	
2 Reserve for directors' retirement benefits			16,340			33,460	
Total fixed liabilities			26,340	0.1		33,460	0.1
Total liabilities			5,027,438	16.8		7,187,041	22.7
NET ASSETS							
I. Shareholders' equity							
1 Common stock			2,486,520	8.3		2,486,520	7.9
2 Capital surplus							
(1) Legal reserve		14,838,777			14,838,777		
(2) Other surplus		—			—		
Total capital surplus			14,838,753	49.7		14,838,777	47.0
3 Retained earnings							
(1) Profit reserve		417,300			417,300		
(2) Other retained earnings							
Other reserve		6,794,500			6,794,500		
Retained earnings brought forward		672,374			773,206		
Total retained earnings			7,884,174	26.4		7,985,006	25.3
4 Treasury stock			(359,281)	(1.2)		(903,841)	(2.9)
Total shareholders' equity			24,850,191	83.2		24,406,462	77.3
Total net assets			24,850,191	83.2		24,406,462	77.3
Total liabilities and net assets			29,877,629	100.0		31,593,503	100.0

(2) Non-Consolidated Statements of Income

(Thousands of yen unless otherwise stated)

		Fiscal 2007 (March 1, 2007 to February 29, 2008)			Fiscal 2008 (March 1, 2008 to February 28, 2009)		
				%			%
I. Operating revenues			979,761	100.0		1,280,884	100.0
Gross operating profit			979,761	100.0		1,280,884	100.0
II. Selling, general and administrative expenses							
1 Advertising and promotions		24,007			15254		
2 Directors' compensation		78,300			82571		
3 Salaries and wages		53,578			91205		
4 Transfer to reserve for employees' bonus		7,200			10460		
5 Transfer to reserve for directors' bonus		9,750			9,750		
6 Transfer to reserve for directors' retirement benefits		16,340			20600		
7 Welfare benefits		21,369			30410		
8 Outsourcing		64,318			56625		
9 Leasehold improvements		16,099			19587		
10 Depreciation		1,113			956		
11 Tax and dues		22,551			—		
12 Other		87,369	401,998	41.0	89,365	426,786	33.3
Operating income			577,763	59.0		854,098	66.7
III. Non-operating income:							
1 Interest income		57,748			53,766		
2 Other non-operating income		2,677	60,425	6.2	3,436	57,203	4.5
IV. Non-operating expenses:							
1 Interest expense		82,392			89,564		
2 Other non-operating expenses		4,398	86,791	8.9	4,937	94,502	7.4
Ordinary income			551,397	56.3		816,798	63.8
V. Extraordinary losses:							
1 Loss on disposal of fixed assets		75	75	0.0	—	—	—
Income before income taxes			551,322	56.3		816,798	63.8
Income taxes－current		90,784			107,884		
Income taxes－previous period		(13,535)			13,220		
Income taxes－deferred		5,874	83,123	8.5	(7,517)	113,587	8.9
Net income			468,198	47.8		703,211	54.9

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

Fiscal 2007 (March 1, 2007 to February 29, 2008)

(Thousands of yen unless otherwise stated)

	Shareholders' Equity			
	Common stock	Capital Surplus		
		Legal Reserve	Other Surplus	Total Capital Surplus
Balance as of February 28, 2007	2,486,520	14,838,777	5	14,838,782
Increase (decrease) during the period ended February 29, 2008				
Cash dividends				
Net income				
Reversal of other surplus				
Retirement of treasury stock			(5)	(5)
Acquisition of treasury stock				
Net changes in items excluding shareholders' equity during the period				
Total	—	—	(5)	(5)
Balance as of February 29, 2008	2,486,520	14,838,777	—	14,838,777

(Thousands of yen unless otherwise stated)

	Shareholders' Equity						Total Net Assets
	Retained Earnings				Treasury Stock	Total Shareholders' Equity	
	Profit Reserve	Other Retained Earnings		Total Retained Earnings			
		Other Reserve	Retained Earnings Brought Forward				
Balance as of February 28, 2007	417,300	7,594,500	166,586	8,178,386	(43,174)	25,460,515	25,460,515
Increase (decrease) during the period ended February 29, 2008							
Cash dividends			(762,387)	(762,387)		(762,387)	(762,387)
Net income			468,198	468,198		468,198	468,198
Reversal of other reserve		(800,000)	800,000	—		—	—
Retirement of treasury stock			(23)	(23)	236	207	207
Acquisition of treasury stock					(316,342)	(316,342)	(316,342)
Net changes in items excluding shareholders' equity during the period							—
Total	—	(800,000)	505,787	(294,212)	(316,106)	(610,324)	(610,324)
Balance as of February 29, 2008	417,300	6,794,500	672,374	7,884,174	(359,281)	24,850,191	24,850,191

Fiscal 2008 (March 1, 2008 to February 28, 2009)

(Thousands of yen unless otherwise stated)

	Shareholders' Equity			
	Common stock	Capital Surplus		
		Legal Reserve	Other Surplus	Total Capital Surplus
Balance as of February 29, 2008	2,486,520	14,838,777	—	14,838,777
Increase (decrease) during the period ended February 29, 2008				
Cash dividends				
Net income				
Retirement of treasury stock				
Acquisition of treasury stock				
Net changes in items excluding shareholders' equity during the period				
Total	—	—	—	—
Balance as of February 28, 2009	2,486,520	14,838,777	—	14,838,777

(Thousands of yen unless otherwise stated)

	Shareholders' Equity						Total Net Assets
	Retained Earnings				Treasury Stock	Total Shareholders' Equity	
	Profit Reserve	Other Retained Earnings		Total Retained Earnings			
		Other Reserve	Retained Earnings Brought Forward				
Balance as of February 29, 2008	417,300	6,794,500	672,374	7,884,174	(359,281)	24,850,191	24,850,191
Increase (decrease) during the period ended February 28, 2009							
Cash dividends			(602,369)	(602,369)		(602,369)	(602,369)
Net income			703,211	703,211		703,211	703,211
Retirement of treasury stock			(10)	(10)	76	65	65
Acquisition of treasury stock					(544,637)	(544,637)	(544,637)
Net changes in items excluding shareholders' equity during the period							—
Total	—	—	100,832	100,832	(544,560)	(443,728)	(443,728)
Balance as of February 28, 2009	417,300	6,794,500	773,206	7,985,006	(903,841)	24,406,462	24,406,462

(4) Events or Circumstances Which Raise Doubts as to the Validity of the Going-Concern Assumption

Not applicable.

(5) Changes in Important Accounting Policies

(Changes in Disclosure Methods)

Fiscal 2007 (March 1, 2007 to February 29, 2008)	Fiscal 2008 (March 1, 2008 to February 28, 2009)
(Statement of Income) 1. In the fiscal year ended February 28, 2007, taxes and public charges totaling ¥117, 265 thousand were included in Selling, General and Administrative Expenses, Other. In the fiscal year ended February 29, 2008, taxes and public charges are recorded as a separate item as the amount incurred exceeds 5% of the total Selling, General and Administrative expenses for the fiscal year. 2. In the fiscal year ended February 28, 2007, packing and freight, travel and maintenance and repairs were recorded as separate items in Selling, General and Administrative expenses due to their significance and size. In the fiscal year ended February 29, 2008, packing and freight, travel and maintenance and repairs, totaling ¥3,242 thousand, ¥9,328 thousand and ¥2,324 thousand, respectively, were collectively recorded in Selling, General and Administrative Expenses, Other due to their relative small size.	(Statement of Income) 1. In the fiscal year ended February 29, 2008, taxes and public charges were recorded as a separate item within Selling, General and Administrative expenses. In the fiscal year ended February 28, 2009, taxes and public charges totaling ¥6,860 thousand have been recorded in Selling, General and Administrative expenses, Other due to its relative small size.

6. OTHER

(1) Changes and movements of directors

a. Changes and movements of representative directors

Not applicable.

b. Changes and movements of other directors (Effective May 21, 2009)

1. Candidate for new appointment as a director

Director	Hidenori Suzuki (Currently General Manager, Marketing Dept., Executive Managing Director, F.D.C. Products, Inc.)
Director	Satoshi Miyamoto (Currently General Manager, Marketing Dept. Director, AS'TY, Inc.)
Director	Masahiko Iwamori (Currently General Manager, Corporate Planning Dept., Director, F.D.C. Products, Inc.)