CONSOLIDATED FINANCIAL REPORT
FIRST HALF OF THE FISCAL YEAR ENDING FEBRUARY 28, 2009
(March 1, 2009 to August 31, 2009)

October 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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Second Quarter Securities Report filing date (planned): October 15, 2009
Dividend payment commencement date (planned): November 13, 2009

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Half of Fiscal 2009 (March 1, 2009 to August 31, 2009)

(1) Consolidated Operating Results (Cumulative)

(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	%
FY2009 First Half	23,082	—	708	—	665	—	128	—
FY2008 First Half	23,206	(5.6)	747	4.2	626	(31.3)	190	—

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2009 First Half	4.56	—
FY2008 First Half	6.56	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
August 31, 2009	54,205	36,816	67.9	1,316.62
February 28, 2009	55,231	37,101	67.2	1,307.79

(Reference)
Shareholders' equity: August 31, 2009: 36,814 million yen
February 28, 2009: 37,098 million yen

2. Dividends

	Dividends per Share				
(Record Date)	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2008	—	10.00	—	10.00	20.00
Fiscal 2009	—	10.00			20.00
Fiscal 2009 (Forecast)			—	10.00	

Note: Revision to dividend forecast for the second quarter of the fiscal year ending February 28, 2010: No

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 28, 2010 (March 1, 2009 to February 28, 2010)

(% figures for the full fiscal year represent year-on-year increase or decrease,)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2010	49,000	(5.0)	2,500	8.9	2,550	8.9	850	20.1	30.27

Note: Revisions to consolidated operating forecasts for the second quarter of the fiscal year ending February 28, 2010: Yes

4. Other

(1) Changes in Important Subsidiaries during the Period (Changes in Special Subsidiaries Involving Changes in the Scope of Consolidation: No

(2) Application of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: Yes
Note: Please refer to "Qualitative Information / Financial Statements and Other" 4. Other on page 5 for details.

(3) Changes in Accounting Principles, Procedures and Presentation Methods in connection with the Preparation of Quarterly Consolidated Financial Statements (Recorded under "Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements")
1. Changes in accordance with revisions to accounting standards and related practices: Yes
2. Changes in items other than 1. above: No

Note: Please refer to "Qualitative Information / Financial Statements and Other" 4. Other on page 5 for details.

(4) Number of Shares Issued and Outstanding (Common Stock)
1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:
August 31, 2009 30,631,356 shares Feb. 28, 2009 30,631,356 shares
2. Total number of treasury stock as of the period-end:
August 31, 2009 2,670,185 shares Feb. 28, 2009 2,263,617 shares
3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
FY2009 First Half 28,084,314shares FY2008 First Half 28,990,064 shares

Cautionary Statement Concerning Operating Results Forecasts and Other Special Items
The aforementioned forecasts were made based on information available to management as of the date of this report. Actual results could differ significantly from forecasts due to a variety of factors.

Effective from the fiscal year ending February 28, 2010, F&A Aqua Holdings Inc. has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.

[Qualitative Information and Financial Statements]

1. Qualitative Information Regarding Consolidated Business Results

In the interim period (March 1, 2009 to August 31, 2009) of fiscal 2009, the fiscal year ending February 28, 2010, the Japanese economy continued to confront a harsh operating environment. While an end to the recent spate of corporate-sector inventory adjustments and various economic policies helped to trigger signs of a modest economic recovery, these positive factors were more than offset by the rapid and dramatic deterioration in employment conditions, the persistent and substantial decline in corporate-sector earnings due largely to the drop in retail prices and growing concern that the economy would fall into a deflationary spiral. Buffeted by the aforementioned deterioration in employment conditions as well as the downturn in disposable income levels, consumer sentiment together with actual consumption also continued to stall.

Turning to the retail sector, business conditions were similarly characterized by prolonged downturn and weakness. With little or no respite from the drop in sales, average customer spending amounts also declined reflecting the ongoing review of retail prices and the growing impact of bargain sales.

Against the backdrop of this harsh operating environment, the F&A Aqua Holdings Group launched its second medium-term management plan in fiscal 2009 and is endeavoring to address key issues on an individual operating business basis with the aims of becoming a highly reliable and trustworthy corporate group while enhancing its overall Group value.

Taking into account the aforementioned factors, the F&A Aqua Holdings Group reported consolidated operating revenues of ¥23,082 million for the interim period of the fiscal year ending February 28, 2010. This was a slight decline of 0.5% compared with the corresponding period of the previous fiscal year. On the earnings front, operating income decreased 5.3% year on year to ¥708 million. While ordinary income increased 6.1% to ¥665 million, net income fell 32.7% compared with the corresponding period of the previous fiscal year to ¥128 million.

With respect to the interim period of the fiscal year ending February 28, 2010, comparative data with the corresponding period of the previous fiscal year utilizes different accounting standards and criteria. This information is therefore recorded as reference material only.

Note: Operating revenues is the total of net sales and other operating revenues.

Results by individual business segment are presented as follows.

The Brand Business

The F.D.C. Products group, which primarily engages in the brand business, experienced mixed results throughout the interim period of the fiscal year under review. On the one hand, existing brand revenues declined year on year due to the drop in customer numbers in the department store market. This downturn was exacerbated by the impact of the withdrawal from unprofitable stores in the bag business. As a result, sales contracted year on year. On the other hand, results from such new brands as canal 4°C and EAUDOUCE 4°C were robust, significantly surpassing plans. From a profit perspective, the F.D.C. Products group benefited from a lower cost of sales ratio and successful efforts to reduce losses. Accordingly, the group recorded a substantial year-on-year upswing in operating income.

Based on the aforementioned, brand business sales amounted to ¥8,666 million, an 11.2% decline compared with the corresponding period of the previous fiscal year. Operating income climbed 11.1% year on year to ¥727 million.

The Apparel Manufacturing Business

The AS'TY group, which is active in the apparel manufacturing business, continued to adopt a conservative

approach commensurate with persistently weak market conditions. While year-on-year sales declined, operating income increased compared with the corresponding period of the previous fiscal year. This reflected successful efforts to strengthen the group's earnings structure through such initiatives as the reduction of overhead expenses and inventory correction.

Accounting for these factors, apparel manufacturing business sales dropped 34.5% compared with the corresponding period of the previous fiscal year to ¥3,552 million. Against an operating loss of ¥57 million for the six-month period ended August 31, 2008, the AS'TY group reported operating income of ¥18 million for the interim period of the fiscal year under review.

The Retail Business

Driven by âge Co., Ltd., retail business sales for the six-month period ended August 31, 2009 were substantially higher than the corresponding period of the previous fiscal year. This was mainly attributable to strong sales of daily fashion items at new PALLET stores, which more than offset the decline in existing store sales. Results were also boosted by contributions from MISUZU Co., Ltd., which newly included in the F&A Aqua Holding Group's scope of consolidation from the fiscal year under review. Unable to overcome through reductions in overhead expenses the drop in retail prices and other factors that resulted in lower existing store sales, losses in the retail business continued to expand.

In the interim period of the fiscal year ending February 28, 2010, retail business sales jumped 52.9% compared with the corresponding period of the previous fiscal year to ¥8,341 million. The operating loss, however, climbed from ¥26 million for the six-month period ended August 31, 2008 to ¥153 million.

The Wholesaler Business

AS'TY Inc., which also engages in wholesale business activities, worked diligently to combat the large-scale decline in additional orders, attributable to the slump in economic conditions, by strengthening its new product proposals and presentations to key business partners. As a result of these endeavors, the company was able to hold its position recording sales essentially unchanged from the corresponding period of the previous fiscal year.

Based on the aforementioned factors, wholesale business sales edged down 1.2% year on year to ¥1,647 million. Compared with the operating income of ¥15 million recorded for the six-month period ended August 31, 2008, the wholesale business incurred an operating loss of ¥41 million for the interim period of the fiscal year under review.

The Developer Business

In AS'TY Inc.'s developer business activities, the company continued to engage in building maintenance management as well as tenant property leasing management. While steps were taken during the six-month period ended August 31, 2009 to review certain property leasing rates, both developer business revenues and earnings fell below levels reported in the corresponding period of the previous fiscal year.

On this basis, develop business ales decreased 2.8% year on year to ¥875 million. Operating income declined 7.7% to ¥335 million.

Note: Developer business sales are recorded as other operating revenues.

2. Qualitative Information Regarding Consolidated Financial Position

(1) Assets, Liabilities and Net Assets

With regard to the F&A Aqua Holding Group's financial position as of the end of the interim period of the fiscal year ending February 28, 2010, total assets stood at ¥54,205 million, down ¥1,025 million compared with the end of the previous fiscal year. This was mainly attributable to declines in tangible fixed assets and

intangible fixed assets of ¥675 million and ¥326 million, respectively, compared with February 28, 2009. Total liabilities stood at ¥17,388 as of August 31, 2009, a drop of ¥741 million compared with the previous fiscal year-end. Major movements were the decline in notes and accounts payable of ¥421 million and the decrease in accrued income taxes of ¥133 million. Taking into account the increase in treasury stock of ¥388 million, net assets stood at ¥36,816 million as of August 31, 2009, a slight decrease of ¥284 million compared with the end of the previous fiscal year.

(2) Cash Flows

Cash and cash equivalents as of the end of the interim period of the fiscal year ending February 28, 2010 were ¥700 million. This was a decrease of ¥458 million compared with the end of the pervious fiscal year.

Net cash provided by operating activities amounted to ¥702 million. The major component was the decrease in inventories of ¥624 million.

Net cash used in investing activities totaled ¥170 million. During the period under review the principal cash outflow was payments for the acquisition of property and equipment totaling ¥235 million.

Net cash used in financing activities amounted to ¥990 million. In addition to payments for the acquisition of treasury stock totaling ¥388 million, major cash outflow was payment of cash dividends of ¥294 million.

3. Qualitative Information Regarding Forecasts of Consolidated Business Results

Revised forecasts of consolidated business results for the full fiscal year ending February 28, 2010 (March 1, 2009 to February 28, 2010) are presented as follows.

(Millions of yen unless otherwise stated)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous Forecast (A)	52,000	2,500	2,550	850	30.17
Revised Forecast (B)	49,000	2,500	2,550	850	30.27
Change (B－A)	(3,000)	－	－	－	－
Change (%)	(5.8)	－	－	－	－
Reference: Fiscal 2008	51,557	2,294	2,341	707	24.54

Looking ahead to the third quarter of the fiscal year under review and beyond, the F&A Aqua Holdings Group does not anticipate an early recovery in economic conditions. Based on the assumption that the future operating climate will remain harsh and that personal consumption will continue to be weak, F&A Aqua Holdings has adopted a conservative approach toward a review of its projected operating results. On this basis, the Company has revised its forecast for operating revenues for the full fiscal year ending February 28, 2010 previously announced on April 13, 2009. From a profit perspective, F&A Aqua Holdings anticipates it will achieve the year-on-year increase in earnings identified under previously announced forecasts. This is attributable to the projected improvement in Group-wide gross profit, the benefits to accrue from a review of selling, general and administrative expenses and other factors.

4. Other

(1) Changes in important subsidiaries during the period (Changes in special subsidiaries involving changes in the scope of consolidation):
Not applicable

(2) Adoption of the simplified accounting method and special accounting practices for presenting quarterly consolidated financial statements:
1. Simplified accounting method

- Calculation method for loan loss reserves (allowance for doubtful accounts) for general receivables

  F&A Aqua Holdings has determined that the loan loss ratio as of the end of the second quarter of the fiscal year ending February 28, 2010 has not changed materially from the figure attributable to the end of the previous fiscal year. As a result, the Company has applied the loan loss ratio calculated as of the previous fiscal year-end to calculate the loan loss reserve (allowance for doubtful accounts) for general receivables.
- Calculation method for depreciation of fixed assets

  For assets that are depreciated utilizing the declining-balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.

2. Special accounting practices for presenting quarterly consolidated financial statements

   Not applicable

(3) Changes in accounting principles, procedures and presentation methods for the preparation of quarterly consolidated financial statements:

1. Application of "Accounting Standard for Quarterly Financial Reporting" and Related Guidance

   Effective from the fiscal year ending February 28, 2010, F&A Aqua Holdings has applied "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). Furthermore, quarterly consolidated financial statements have been prepared in accordance with the "Rules for Quarterly Consolidated Financial Statements."

2. Application of "Accounting Standard for the Valuation of Inventory Assets"

   Previously, products held for sale in ordinary course of business were mainly stated at cost, with cost being determined by the last purchase method, while other inventories were primarily stated at cost, with cost determined by the gross average method. However, effective from the first quarter of the fiscal year ending February 28, 2010, F&A Aqua Holdings has applied the "Accounting Standard for the Measurement of Inventories" (ASBJ Statement No. 9 of July 5, 2006). As a result, products held for sale in ordinary course of business are now mainly stated at cost, with cost being determined by the last purchase method (in cases where the profitability of products held for sale in ordinary course of business has declined, the book value is reduced accordingly), while other inventories are now primarily stated at cost, with cost determined by the gross average method (in cases where the profitability of other inventories has declined, the book value is reduced accordingly). The impact of the application of the "Accounting Standard for the Valuation of Inventory Assets" on F&A Aqua Holdings' consolidated profit and loss for the first quarter of the fiscal year ending February 28, 2010 is immaterial.

3. Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

   Effective the first quarter of the fiscal year ending February 28, 2010, F&A Aqua Holdings has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006). There was no impact of the application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" on the Company's consolidated profit and loss for the first quarter of the fiscal year ending February 28, 2010.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Thousands of yen)

	First Half of the Fiscal Year Ending February 28, 2010 (As of August 31, 2009)	Fiscal Year Ended February 28, 2009 (As of February 28, 2009)
ASSETS		
Current assets:		
Cash and time deposits	700,270	895,894
Trade notes and accounts receivable	3,479,813	3,403,014
Merchandise and finished products	5,649,382	6,235,077
Raw materials and stored goods	437,911	474,180
Work in process	239,875	240,788
Other current assets	2,494,801	1,730,121
Allowance for doubtful accounts	(9,712)	(10,340)
Total current assets	12,992,343	12,968,737
Fixed assets:		
Tangible fixed assets:		
Buildings and structures (net)	5,560,719	6,228,442
Land	6,057,585	6,060,262
Other fixed assets (net)	338,152	343,019
Total tangible fixed assets	11,956,457	12,631,724
Intangible fixed assets:		
Goodwill	8,643,877	8,922,521
Other intangible fixed assets	492,941	541,099
Total intangible fixed assets	9,136,819	9,463,621
Investments and other assets:		
Investment securities	13,467,051	13,319,315
Prepaid pension expenses	2,021,729	2,043,372
Other	5,285,657	5,512,844
Allowance for doubtful accounts	(654,311)	(708,455)
Total investments and other assets	20,120,127	20,167,076
Total fixed assets	41,213,404	42,262,422
Total assets	54,205,748	55,231,159

(Thousands of yen)

	First Half of the Fiscal Year Ending February 28, 2010 (As of August 31, 2009)	Fiscal Year Ended February 28, 2009 (As of February 28, 2009)
LIABILITIES		
Current liabilities:		
Notes and accounts payable	3,458,500	3,880,093
Short-term debt	6,505,965	6,525,985
Current portion of long-term debt	195,000	295,000
Accrued income taxes	570,389	704,192
Reserve for employees' bonus	341,646	415,805
Reserve for directors' bonus	34,346	38,700
Other current liabilities	2,537,846	2,369,707
Total current liabilities	13,643,694	14,229,484
Fixed liabilities:		
Corporate bonds	22,500	45,000
Long-term debt	535,910	638,158
Reserve for retirement benefits	488,362	472,161
Reserve for directors' retirement benefits	374,057	339,538
Other fixed liabilities	2,324,316	2,405,569
Total fixed liabilities	3,745,146	3,900,427
Total liabilities	17,388,841	18,129,911
NET ASSETS		
Shareholders' equity:		
Common stock	2,486,520	2,486,520
Capital surplus	18,300,326	18,300,303
Retained earnings	18,155,936	18,322,785
Treasury stock	(2,099,216)	(1,710,590)
Total shareholders' equity	36,843,566	37,399,019
Valuation and conversions:		
Net unrealized gain on other marketable securities	246,361	(29,879)
Gain (loss) on deferred hedge transactions	(11,155)	10,845
Net unrealized losses on land	(264,512)	(264,512)
Foreign currency translation adjustments	79	(16,503)
Total valuation and conversions	(29,227)	(300,049)
Minority interests	2,566	2,278
Total net assets	36,816,906	37,101,248
Total liabilities and net assets	54,205,748	55,231,159

(2) Consolidated Quarterly Statement of Income (Cumulative)

(Thousands of yen)

	First Half of the Fiscal Year Ending February 28, 2010 (March 1, 2009 to August 31, 2009)
Net sales	22,197,026
Cost of Sales	10,774,356
Gross Profit	11,422,670
Other operating revenues	885,912
Gross operating profit	12,308,582
Selling, general and administrative expenses	11,600,440
Operating income	708,141
Non-operating income	
Interest income	1,981
Dividends received	28,542
Rent of real estate for investment	54,150
Foreign exchange gains	4,145
Other non-operating income	25,260
Total non-operating income	114,087
Non-operating expenses	
Interest expense	46,240
Equity in loss of associated companies	97,350
Other non-operating expenses	13,407
Total non-operating expenses	156,999
Ordinary income	665,230
Extraordinary income	
Gain on sales of fixed assets	327
Gain on reversal of allowance for doubtful accounts	3,923
Foregift income	880,000
Other extraordinary income	1,780
Total extraordinary income	886,031
Extraordinary losses	
Loss on sales of fixed assets	1,232
Loss on disposal of fixed assets	100,793
Loss on devaluation of investment securities	158,485
Fixed asset impairment loss	37,983
Loss on store closing	13,566
Non-recurring depreciation on noncurrent assets	459,986
Demolition expenses	380,000
Other extraordinary losses	8,419
Total extraordinary losses	1,160,467
Net income before income taxes	390,795
Income taxes- current	544,717
Income taxes- deferred	(282,231)
Total income taxes	262,486
Gain on minority interests	288
Net income	128,020

(3) Consolidated Quarterly Statement of Cash Flows

(Thousands of yen)

	First Half of the Fiscal Year Ending February 28, 2010 (March 1, 2009 to August 31, 2009)
Cash flows from operating activities:	
Net Income before income taxes	390,795
Loss on fixed asset impairment	37,983
Non-recurring depreciation on noncurrent assets	459,986
(Decrease) increase in allowance for doubtful accounts	(54,771)
Increase (decrease) in reserve for employees' bonus	37,238
(Decrease) increase in allowance for employee retirement benefits	(74,158)
(Decrease) increase in other allowances	30,164
Interest and dividend income	(30,524)
Interest paid	46,240
Demolition expenses	380,000
Equity in losses (gains) of associated companies	97,350
Loss (gain) on foreign exchange	13,844
Loss (gain) on devaluation of investment securities	158,485
Foregift income	(880,000)
Loss on disposal of fixed assets	100,793
Loss (gain) on sales of fixed assets	904
Decrease (increase) in trade receivable	(32,708)
(Increase) decrease in inventories	624,085
Increase (decrease) in trade payables	(422,048)
Increase (decrease) in other liabilities	455,806
Subtotal	1,3279,469
Interest and dividend income received	84,908
Cash paid for interest	(43,208)
Cash paid for income and enterprise taxes	(669,102)
Net cash provided by operating activities	702,068
Cash flows from investing activities:	
Payments for the acquisition of property and equipment	(235,668)
Proceeds from the sale of tangible fixed assets	5,096
Payments for the acquisition of investment securities	(9,255)
Other	69,458
Net cash used in investing activities	(170,369)
Cash flows from financing activities:	
Repayment of long-term debt	(122,267)
Payments for the redemption of corporate bonds	(122,500)
Payments for the acquisition of treasury stock	(388,748)
Payment of cash dividends	(294,869)
Other	(62,548)
Net cash used in financing activities	(990,934)
Effect of exchange rate changes on cash and cash equivalents	352
Net increase (decrease) in cash and cash equivalents	(458,882)
Cash and cash equivalents at the beginning of the period	1,159,152
Cash and cash equivalents at the end of the period	700,270

Effective from the fiscal year ending February 28, 2010, F&A Aqua Holdings Inc. has applied the Accounting Standard for Quarterly Financial Reporting Statement No. 12 issued by the Accounting Standards Board of Japan (ASBJ) and the Guidance on Accounting Standard for Quarterly Financial Reporting Guidance No. 14 issued by the ASBJ. Furthermore, quarterly consolidated financial statements have been prepared in accordance with the Regulation for Quarterly Consolidated Financial Reporting.

(4) Notes Regarding Going Concern Assumptions

Not applicable

(5) Segment Information

Performance by Business Segment

The First Half of the Fiscal Year Ending February 28, 2010
(March 1, 2009 to August 31, 2009)

(Thousands of yen)

	Brand	Apparel Manufacturing	Retail	Wholesale	Development	Total
Net sales						
(1) Sales to outside customers	8,666,504	3,552,253	8,341,404	1,647,109	875,667	23,082,939
(2) Intrasegment sales and transfers	27,189	594,972	67,868	317,800	80,254	1,088,084
Total	8,693,693	4,147,995	8,409,272	1,964,910	955,922	24,171,024
Operating income (loss)	727,390	18,824	(153,539)	(41,557)	335,133	886,252

	Eliminations and Corporate	Consolidated
Net sales		
(1) Sales to outside customers	—	23,082,939
(2) Intrasegment sales and transfers	(1,088,084)	—
Total	(1,088,084)	23,082,939
Operating income (loss)	(178,110)	708,141

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, 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

(Application of "Accounting Standard for the Valuation of Inventory Assets")

Previously, products held for sale in ordinary course of business were mainly stated at cost, with cost being determined by the last purchase method, while other inventories were primarily stated at cost, with cost determined by the gross average method. However, effective from the first quarter of the fiscal year ending February 28, 2010, F&A Aqua Holdings has applied the "Accounting Standard for the Measurement of Inventories" (ASBJ Statement No. 9 of July 5, 2006). As a result, products held for sale in ordinary course of business are now mainly stated at cost, with cost being determined by the last purchase method (in cases where the profitability of products held for sale in ordinary course of business has declined, the book value is reduced accordingly), while other inventories are now primarily stated at cost, with cost determined by the gross average method (in cases where the profitability of other inventories has declined, the book value is reduced accordingly). The impact of the application of the "Accounting Standard for the Valuation of Inventory Assets" on F&A Aqua Holdings' consolidated profit and loss

for the first quarter of the fiscal year ending February 28, 2010 is immaterial.

(Application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements")

Effective the first quarter of the fiscal year ending February 28, 2010, F&A Aqua Holdings has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006). There was no impact of the application of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" on the Company's consolidated profit and loss for the first quarter of the fiscal year ending February 28, 2010.

Geographical Segment Information

The First Half of the Fiscal Year Ending February 28, 2010
(March 1, 2009 to August 31, 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.

Overseas Sales

The First Half of the Fiscal Year Ending February 28, 2010
(March 1, 2009 to August 31, 2009)
As overseas sales represented less than 10% of the Company's total net sales, overseas sales information has been omitted.

(6) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable

[Reference Material]
Financial Statements and Other Information for the First Half of the Fiscal Year Ended February 29, 2008
(1) Interim Consolidated Statement of Income

(Thousands of yen unless otherwise stated)

	First Half of the Fiscal Year Ended February 28, 2009 (March 1, 2008 to August 31, 2008)	
[Operating revenues]		[23,206,271]
I. Net sales		22,270,703
II. Cost of sales		11,902,369
Gross profit		10,368,333
III. Other operating revenues		935,567
Gross operating profit		11,303,901
IV. Selling, general and administrative expenses		10,556,033
Operating income		747,868
V. Non-operating income:		
1 Interest income	2,358	
2 Dividend income	37,009	
3 Fixed assets rental income	36,870	
4 Foreign exchange loss	25,923	
5 Other non-operating income	44,882	147,133
IV. Non-operating expenses:		
1 Interest expense	45,454	
2 Equity in losses of associated companies	204,402	
3 Other non-operating expenses	18,443	268,300
Ordinary income		626,700
V. Extraordinary gain		
1 Gain on sales of fixed assets	2,556	
2 Reversal of provision for directors' retirement benefits	7,445	
3 Other extraordinary gain	654	10,656
VI. Extraordinary losses:		
1 Loss on disposal of fixed assets	27,331	
2 Fixed asset impairment loss	120,359	
3 Amortization of goodwill	70,000	
4 Loss on sales of investment securities	2	
5 Loss on store closing	27,351	
6 Other non-operating income	3,317	248,363
Income before income taxes		388,993
Income taxes－current	329,998	
Income taxes－previous period	14,924	
Income taxes－deferred	(146,110)	198,812
Minority interests in loss		(71)
Net income		190,252

(2) (Summary) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	First Half of the Fiscal Year Ended February 28, 2009 (March 1, 2008 to August 31, 2008)
I. Cash flows from operating activities:	
Income before income taxes	388,993
Depreciation and amortization	359,350
Fixed asset impairment loss	120,359
Amortization of goodwill	344,346
(Decrease) increase in allowance for doubtful accounts	4,529
Increase (decrease) in reserve for employees' bonus	(95,656)
Increase (decrease) in allowance for employee retirement benefits	(22,628)
(Decrease) increase in other allowances	(102,178)
Interest and dividend income	(39,457)
Interest paid	45,454
Gain on foreign exchange	(15,009)
Equity in losses (gain) of associated companies	204,402
Loss on disposal of fixed assets	27,331
Loss (gain) on sales of fixed assets	(2,556)
Loss (gain) on sales of investment securities	2
Decrease (increase) in trade receivable	(303,215)
(Increase) decrease in inventories	(899,308)
Increase (decrease) in trade payables	(660,168)
Increase (decrease) in consumption tax payable	(87,335)
(Increase) decrease in other assets	(62,131)
Increase (decrease) in other liabilities	(161,939)
Subtotal	(956,813)
Interest and dividend income received	130,619
Cash paid for interest	(47,155)
Cash paid for income and enterprise taxes	(732,797)
Net cash provided by operating activities	(1,606,146)
II. Cash flows from investing activities:	
Payments for fixed deposits	(3,013)
Payments for the acquisition of property and equipment	(133,471)
Proceeds from the sale of tangible fixed assets	4,617
Payments for the acquisition of intangible fixed assets	(33,089)
Payments for the acquisition of investment securities	(22,202)
Proceeds from the sale of investment securities	17
Payments for long-term prepaid expenses	(4,122)
Payments of long-term loans receivable	(2,208)
Proceeds from the collection of long-term loans receivable	10,936
Payments for other investments	(107,282)
Proceeds from recovery of other investments	196,465
Net cash used in investing activities	(93,351)
III. Cash flows from financing activities:	
Increase (decrease) in short-term borrowings, net	2,451,562
Repayment of long-term debt	(62,391)
Payments for the redemption of corporate bonds	(90,000)
Proceeds from sale of treasury stock	26
Payments for the acquisition of treasury stock	(105,176)
Payment of cash dividends	(301,917)
Net cash used in financing activities	1,892,102
IV. Effect of exchange rate changes on cash and cash equivalents	(2,643)
V. Net increase (decrease) in cash and cash equivalents	189,961
VI. Cash and cash equivalents at the beginning of the period	649,085
VII. Cash and cash equivalents at the end of the period	839,047