

**CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING
FEBRUARY 29, 2012
(March 1, 2011 to November 30, 2011)**

January 6, 2012

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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(Millions of yen rounded down)

**1. Consolidated Operating Results for the Nine-Month Period of Fiscal 2011
(March 1, 2011 to November 30, 2011)**

(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	%
FY2011 Nine-Month Period	32,954	(0.6)	2,114	55.8	2,312	35.9	1,100	209.3
FY2010 Nine-Month Period	33,154	(5.0)	1,357	0.1	1,701	25.3	355	(21.2)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2011 Nine-Month Period	39.75	—
FY2010 Nine-Month Period	12.72	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
November 30, 2011	52,390	37,981	72.5	1,377.79
February 28, 2011	51,387	37,816	73.6	1,355.25

(Reference)

Shareholders' equity: November 30, 2011: 37,967 million yen
February 28, 2011: 37,808 million yen

2. Dividends

(Record Date)	Dividends per Share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2010	—	10.00	—	10.00	20.00
Fiscal 2011	—	10.00	—	—	—
Fiscal 2011 (Forecast)	—	—	—	11.00	21.00

Note: Revision to dividend forecast for the third quarter of the fiscal year ending February 29, 2012: Yes
Breakdown of year-end dividend per share for fiscal 2011:
Ordinary dividend: 10.00 yen; special dividend: 1.00 yen

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1. Qualitative Information Regarding Consolidated Quarterly Business Results

(1) Qualitative Information Regarding Consolidated Operating Results

During the third quarter cumulative (March 1, 2011 to November 30, 2011) of fiscal 2011, the fiscal year ending February 29, 2012, signs of a modest recovery began to emerge throughout the Japanese economy. Despite the impact of the Great East Japan Earthquake, this was largely attributable to reconstruction demand and the positive turnaround in manufacturing activity. While operating conditions were generally favorable, the period under review was also characterized by a persistent sense of uncertainty with respect to the future. In addition to the aftereffects of incidents at nuclear power plants, this was mainly due to concerns surrounding such factors as the debt crisis in Europe, continued appreciation in the value of the yen and the slump in stock prices.

Turning to the retail sector, consumer sentiment slumped in the immediate aftermath of the earthquake disaster. While there have been indications of a resurgence, the operating environment remains generally harsh owing to weak employment conditions and the downturn in disposable incomes.

Under these circumstances, the F&A Aqua Holdings Group continued to address key issues on an individual business basis, guided by its second medium-term management plan, which in fiscal 2011 is currently in its final year of implementation. Under this plan, the Group is endeavoring to become a highly reliable and trustworthy corporate group and to enhance its overall Group value.

Taking into account its various efforts, the F&A Aqua Holdings Group reported consolidated operating revenues of ¥32,954 million for the first nine months of the fiscal year under review. This represented a 0.6% decline compared with the corresponding period of the previous fiscal year. From a profit perspective, operating income increased 55.8% year on year to ¥2,114 million. Ordinary income also climbed 35.9% compared with the corresponding period of the previous fiscal year to ¥2,312 million, while net income jumped 209.3% year on year to ¥1,100 million.

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

Operating results on an individual operating group company basis are presented as follows.

The F.D.C. Products Group

For the period under review, the F.D.C. Products group recorded robust sales and earnings. This was largely attributable to strong contributions from its mainstay 4°C jewelry business, reflecting aggressive efforts to open new bridal shops and the surge in activity at existing stores, as well as continued canal 4°C growth.

Accounting for the aforementioned, F.D.C. products group operating revenues totaled ¥15,015 million while operating income amounted to ¥1,762 million.

The AS'TY Group

The AS'TY group took steps to bolster its apparel manufacturing business focusing mainly on its OEM activities in an effort to expand sales. Buoyed by the steady implementation of initiatives with key business partners together with efforts to cultivate new business partners and expand activities, the AS'TY group recorded firm sales and earnings.

As a result, group operating revenues amounted to ¥7,415 million and operating income came in at ¥365 million.

MISUZU

During the period under review, MISUZU Co., Ltd. worked diligently to enhance its brand value. At the same time, the company took steps to strengthen its product capabilities by reorganizing its brands while pushing forward coordinated proposals centered on mainstay products and reinforcing miscellaneous garments. On the earnings front, MISUZU reported a substantial increase in earnings. This was largely attributable to the higher rate of sales at suggested prices and successful efforts to curtail overhead expenses.

Based on the aforementioned, operating revenues were ¥4,901 million and operating income was ¥173 million.

âge

Throughout the period under review, âge Co., Ltd. channeled much of its energy toward expanding sales and strengthening its profit base. Existing PALLET and LOU store sales were firm exceeding

levels recorded during the previous fiscal year. The company was also successful in increasing gross profit margins while reporting further progress in improving RAPPORT earnings. Buoyed by these and other factors, the company enjoyed year-on-year increases in both sales and earnings.

As a result, operating revenues amounted to ¥5,622 million and operating income came to ¥96 million.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets, Liabilities and Net Assets

With regard to the F&A Aqua Holdings Group's consolidated financial position as of the end of November 30, 2011, total assets stood at ¥52,390 million, ¥1,003 million higher than the balance recorded as of the end of the previous fiscal year. The principal movements were merchandise and finished goods as well as notes and accounts receivable – trade, which rose ¥1,736 million and ¥1,094 million, respectively, and investment securities, which declined ¥431 million. Total liabilities as of the end of the period under review totaled ¥14,409 million, an increase of ¥838 million compared with February 28, 2011. While notes and accounts payable – trade and short-term loans payable increased ¥610 million and ¥1,001 million, respectively, income taxes payable declined ¥630 million. As of November 30, 2011, net assets stood at ¥37,981 million, up ¥165 million compared with the end of the previous fiscal year.

Cash Flows

Cash and cash equivalents as of the end of the period under review (November 30, 2011) stood at ¥574 million, an increase of ¥71 million compared with the previous fiscal year-end.

Net cash provided by operating activities was ¥501 million, down ¥519 million compared with the corresponding period of the previous fiscal year. This was mainly the result of the movement in increase in notes and accounts payable – trade, which contracted ¥825 million year on year.

Net cash used in investing activities amounted to ¥356 million, a decrease of ¥597 million compared with the corresponding period of the previous fiscal year. During the period under review, the major cash inflow was proceeds from sales of noncurrent assets, which increased ¥146 million, while the principal cash outflow was purchase of noncurrent assets, which decreased ¥133 million.

Net cash used in financing activities came to ¥69 million, a turnaround of ¥191 million from net cash provided by financing activities compared with the corresponding period of the previous fiscal year. During the period under review, the major cash inflow was the net increase of short-term loans payable, up ¥530 million year on year, while the principal cash outflow was purchase of treasury stock, which increased ¥286 million.

(3) Qualitative Information Regarding Forecasts of Consolidated Business Results

There is no change from the forecasts of consolidated business results previously announced on October 11, 2011.

2. Other

(1) Changes in Important Subsidiaries During the Period:

Not applicable

(2) Adoption of the Simplified Accounting Method and Special Accounting Practices:

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 third quarter of the fiscal year ending February 29, 2012 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
Not applicable

(3) Changes in Accounting Principles, Procedures and Presentation Methods:

1. Application of the Accounting Standard for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective from the first quarter of the fiscal year ending February 29, 2012, F&A Aqua Holdings adopted the Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan (ASBJ) Statement No. 16, announced on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force (PITF) No. 24, issued on March 10, 2008) and undertook the necessary consolidated account settlement adjustments.

This change has no impact on consolidated quarterly financial statements.

2. Changes in Presentation Methods

Following adoption of the Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, issued on March 24, 2009) in accordance with the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on December 26, 2008), net income before minority interest has been included in the consolidated statements of income for the first half of the fiscal year ending February 29, 2012.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

	(Thousands of yen)	
	End of the Third Quarter of the Fiscal Year Ending February 29, 2012 (As of November 30, 2011)	End of the Fiscal Year Ended February 28, 2011 (As of February 28, 2011)
ASSETS		
Current assets:		
Cash and deposits	574,130	452,901
Notes and accounts receivable — trade	4,404,163	3,310,090
Merchandise and finished goods	6,822,503	5,086,013
Work in process	163,020	522,351
Raw materials and supplies	430,858	421,913
Other current assets	1,026,239	1,084,451
Allowance for doubtful accounts	(7,385)	(4,683)
Total current assets	13,413,531	10,873,038
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,706,874	5,707,350
Land	5,891,952	5,994,953
Other, net	483,578	467,285
Total property, plant and equipment	12,082,405	12,169,588
Intangible assets:		
Goodwill	7,402,675	7,795,492
Other intangible assets	259,079	255,780
Total intangible assets	7,661,755	8,051,273
Investments and other assets:		
Investment securities	13,030,338	13,462,293
Prepaid pension cost	1,991,495	1,992,984
Other	4,806,799	5,437,089
Allowance for doubtful accounts	(595,464)	(599,044)
Total investments and other assets	19,233,168	20,293,323
Total noncurrent assets	38,977,329	40,514,185
Total assets	52,390,860	51,387,224

	(Thousands of yen)	
	End of the Third Quarter of the Fiscal Year Ending February 29, 2012 (As of November 30, 2011)	End of the Fiscal Year Ended February 28, 2011 (As of February 28, 2011)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	4,748,749	4,138,660
Short-term loans payable	2,677,700	1,676,604
Income taxes payable	311,391	941,945
Provision for bonuses	511,116	469,848
Provision for directors' bonuses	42,516	50,450
Other	2,500,351	2,487,201
Total current liabilities	10,791,825	9,764,710
Noncurrent liabilities:		
Long-term loans payable	576,345	733,130
Provision for retirement benefits	537,920	533,050
Provision for directors' retirement benefits	394,903	369,511
Asset retirement obligations	807,352	765,013
Other	1,301,041	1,405,530
Total noncurrent liabilities	3,617,562	3,806,236
Total liabilities	14,409,387	13,570,946
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486,520	2,486,520
Capital surplus	18,300,303	18,300,303
Retained earnings	18,850,908	19,130,875
Treasury stock	(1,376,567)	(1,943,930)
Total shareholders' equity	38,261,164	37,973,769
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	23,617	145,764
Deferred gains or losses on hedges	1,325	(2,555)
Revaluation reserve for land	(264,512)	(264,512)
Foreign currency translation adjustments	(53,960)	(43,665)
Total valuation and translation adjustments	(293,529)	(164,969)
Subscription rights to shares	12,097	5,483
Minority interests	1,739	1,994
Total net assets	37,981,472	37,816,277
Total liabilities and net assets	52,390,860	51,387,224

(2) Consolidated Quarterly Statement of Income (Cumulative)

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2011 (March 1, 2010 to November 30, 2010)	Nine-Month Period of the Fiscal Year Ending February 29, 2012 (March 1, 2011 to November 30, 2011)
Net sales	32,230,598	32,198,292
Cost of Sales	15,095,688	14,997,184
Gross profit	17,134,909	17,201,108
Other operating revenue	923,404	756,459
Operating gross profit	18,058,314	17,957,568
Selling, general and administrative expenses	16,700,901	15,842,986
Operating income	1,357,413	2,114,581
Non-operating income		
Interest income	2,485	1,867
Dividends received	38,804	39,811
Equity in earnings of affiliates	97,989	22,514
Rent of real estate for investment	80,125	70,830
Foreign exchange gains	15,298	10,606
Allocated income of investment securities	32,236	—
Subsidy income	63,558	61,432
Other	63,381	33,240
Total non-operating income	393,878	240,302
Non-operating expenses		
Interest expenses	33,135	24,246
Other	16,565	18,069
Total non-operating expenses	49,701	42,315
Ordinary income	1,701,591	2,312,568
Extraordinary income		
Gain on sales of noncurrent assets	560	585
Gain on sales of investment securities	11,726	0
Reversal of allowance for doubtful accounts	7,864	668
Refund of consumer taxes for prior periods	—	121,027
Total extraordinary income	20,151	122,281
Extraordinary loss		
Loss on sales of noncurrent assets	—	23,386
Loss on retirement of noncurrent assets	75,250	21,713
Loss on sales of investment securities	2,171	—
Loss on valuation of investment securities	184,506	163,299
Impairment loss	184,049	20,783
Loss on closing of stores	4,766	13,971
Loss on closing of offices	37,700	—
Loss on disaster	—	42,910
Loss on adjustment for changes of accounting standard for asset retirement obligations	490,550	—
Other	—	1,061
Total extraordinary losses	978,995	287,125
Net income before income taxes	742,747	2,147,724
Income taxes — current	820,639	657,278
Income taxes for prior periods	—	61,183
Income taxes — deferred	(433,605)	328,845
Total income taxes	387,033	1,047,261
Income before minority interests	355,713	1,100,462
Minority interests in income (loss)	(155)	(254)
Net income	355,869	1,100,717

(3) Consolidated Quarterly Statement of Cash Flows

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2011 (March 1, 2010 to November 30, 2010)	Nine-Month Period of the Fiscal Year Ending February 29, 2012 (March 1, 2011 to November 30, 2011)
Cash flows from operating activities:		
Income (loss) before income taxes	742,747	2,147,724
Impairment loss	184,049	20,783
Loss on adjustment for changes of accounting standard for asset retirement obligations	490,550	—
Increase (decrease) in allowance for doubtful accounts	(47,436)	(878)
Increase (decrease) in provision for bonuses	108,423	41,268
Increase (decrease) in provision for retirement benefits	24,806	7,033
Increase (decrease) in other provision	16,809	17,457
Interest and dividends income	(41,289)	(41,678)
Interest expenses	33,135	24,246
Equity in (earnings) losses of affiliates	(97,989)	(22,514)
Foreign exchange losses (gains)	(29,009)	(9,869)
Loss (gain) on sales of investment securities	(9,554)	(0)
Loss (gain) on valuation of investment securities	184,506	163,299
Loss on retirement of noncurrent assets	75,250	21,713
Loss (gain) on sales of noncurrent assets	(560)	22,800
Decrease (increase) in notes and accounts receivable — trade	(980,255)	(1,090,836)
Decrease (increase) in inventories	(1,397,840)	(1,386,842)
Increase (decrease) in notes and accounts payable — trade	1,435,374	610,329
Decrease (increase) in other current assets	439,718	—
Other, net	1,280,056	1,152,973
Subtotal	2,411,492	1,677,008
Interest and dividends income received	150,053	150,443
Interest expenses paid	(31,862)	(23,892)
Income taxes paid	(1,508,133)	(1,301,618)
Net cash used in operating activities	1,021,550	501,940
Cash flows from investing activities:		
Purchase of noncurrent assets	(801,514)	(667,593)
Proceeds from sales of noncurrent assets	900	147,518
Purchase of investment securities	(18,475)	(12,140)
Proceeds from sales of investment securities	62,350	0
Other	(197,042)	175,938
Net cash used in investing activities	(953,781)	(356,276)
Cash flows from financing activities:		
Net increase (decrease) of short-term loans payable	510,000	1,040,000
Proceeds from long-term loans payable	487,000	—
Repayment of long-term loans payable	(167,918)	(195,689)
Redemption of bonds	(10,000)	—
Purchase of treasury stock	(20,210)	(306,379)
Cash dividends paid	(586,738)	(585,983)
Other, net	(89,957)	(21,719)
Net cash provided by financing activities	122,175	(69,772)
Effect of exchange rate changes on cash and cash equivalents	(1,835)	(4,663)
Net increase (decrease) in cash and cash equivalents	188,109	71,228
Cash and cash equivalents at beginning of period	518,261	502,901
Cash and cash equivalents at end of period	706,370	574,130

(4) Notes Regarding Going Concern Assumptions

Not applicable

(5) Segment Information

[Performance by Business Segment]

The nine-month period of the fiscal year ended February 28, 2011
(March 1, 2010 to November 30, 2010)

(Thousands of yen)

	Brand	Apparel Manufacturing	Retail	Wholesale	Development	Total
Net sales						
(1) Sales to outside customers						
(2) Intra-segment sales and transfers	13,471,760	4,278,596	12,117,469	2,374,732	911,444	33,154,003
	5,406	849,521	96,680	484,817	112,928	1,549,355
Total	13,477,167	5,128,118	12,214,149	2,859,550	1,024,372	34,703,359
Operating income (loss)	1,479,341	(24,714)	(14,603)	(14,118)	168,272	1,594,176
	Eliminations and Corporate	Consolidated				
Net sales						
(1) Sales to outside customers						
(2) Intra-segment sales and transfers	—	33,154,003				
	(1,549,355)	—				
Total	(1,549,355)	33,154,003				
Operating income (loss)	(236,763)	1,357,413				

Notes:

- Other operating revenues are included in net sales.
- Business segments have been classified according to their product type, characteristics and sales methods.
- Principal products of each business segment are as follows:
 - Brand: Planning, manufacture and sale of jewelry, bags and related products
 - Apparel manufacturing: Planning, manufacture, sale and OEM production of bags, men's and women's apparel, infants apparel, socks, toys and related products
 - Retail: Planning, manufacture and sale of women's apparel, sales of men's and children's apparel, underwear and socks, garments, sleeping wear, Japanese garments and other products, restaurant management
 - Wholesale: Wholesale of men's, women's and children's apparel, underwear and socks, garments, sleeping wear, Japanese garments and other products
 - Development: Property leasing, other

(Application of "Accounting Standard for Asset Retirement Obligations")

Effective from the first quarter of the fiscal year ended February 28, 2011, F&A Aqua Holdings has applied the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008).

As a result of this initiative, and compared with the previously applied method, operating income for the nine-month period of the fiscal year ended February 28, 2011 in each of the Brand, Apparel Manufacturing, Retail, Wholesale and Developer businesses decrease ¥7,439 thousand, ¥2,249 thousand, ¥9,639 thousand, ¥640 thousand and ¥8,307 thousand, respectively.

[Geographical Segment Information]

The nine-month period of the fiscal year ended February 28, 2011
(March 1, 2010 to November 30, 2010)

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 nine-month period of the fiscal year ended February 28, 2011
(March 1, 2010 to November 30, 2010)

As overseas sales represented less than 10% of the Company's total net sales, overseas sales information has been omitted.

[Segment Information]

1. Overview of Reporting Segments

The Group's reporting segments are regularly reviewed by the Board of Directors using the segregated financial information available within each segment to determine the allocation of management resources and evaluate business results.

As a comprehensive fashion company, the F&A Aqua Holdings Group engages in business activities through four core operating companies. These are F.D.C. Products Inc., AS'TY Inc., MISUZU Co., Ltd. and âge Co., Ltd.

The individual business segments of the F&A Aqua Holdings Group are fundamentally comprised of its consolidated subsidiaries. On this basis, the Company's four reporting segments are the F.D.C. Products group, the AS'TY group, MISUZU and âge.

The F.D.C. Products group is mainly engaged in brand SPA activities dealing ostensibly with 4°C jewelry as well as restaurant business operations.

The AS'TY group undertakes apparel manufacturing business focusing primarily on its OEM activities while at the same time engaging in apparel wholesale and developer business activities.

MISUZU operates largely in the ladies' apparel SPA business.

âge is active in retail operations primarily in the fashion sector focusing mainly on Western Japan.

2. Information Regarding Sales and Income or Loss by Reporting Segment

The nine-month period of the fiscal year ending February 29, 2012 (March 1, 2011 to November 30, 2011)

(Thousands of yen)

	Reporting Segments					Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statement of income (Note 2)
	F.D.C. Products group	AS'TY group	MISUZU	âge	Total		
Operating revenues							
Operating revenues to outside customers	15,015,133	7,415,631	4,901,669	5,622,317	32,954,752	—	32,954,752
Intrasegment operating revenues and transfers	17,327	1,094,220	45,054	138,229	1,294,831	(1,294,831)	—
Total	15,032,461	8,509,851	4,946,724	5,760,546	34,249,584	(1,294,831)	32,954,752
Segment income	1,762,010	365,087	173,203	96,057	2,396,359	(281,778)	2,114,581

Notes:

1. The adjustment amount of minus ¥281,778 thousand for segment income mainly includes corporate expenses that are not allocated to individual reporting segments. Corporate expenses are primarily general administrative expenses not attributable to reporting segments.
2. Segment income matches operating income recorded on the consolidated quarterly income statement.

(6) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable