

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST QUARTER OF THE FISCAL YEAR ENDING
FEBRUARY 28, 2015
(March 1, 2014 to May 31, 2014)

July 7, 2014

YONDOSHI HOLDINGS INC. is listed on the First Section of the Tokyo Stock Exchange under the securities code number 8008.

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Quarterly Securities Report filing date (planned): July 15, 2014
 Supplemental materials prepared for quarterly financial results: No
 Holding of quarterly financial results meeting: No
 Dividend payment commencement date (planned): —

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of Fiscal 2014
(March 1, 2014 to May 31, 2014)

(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	%
1Q FY2014	12,672	9.1	1,560	42.9	1,856	44.1	1,184	43.2
1Q FY2013	11,618	2.0	1,091	(2.3)	1,288	(5.5)	827	24.0

Note: Comprehensive income 1Q FY2014: 1,211 million yen (9.1%) 1Q FY2013: 1,110 million yen (148.3%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
1Q FY2014	43.39	43.30
1Q FY2013	30.34	30.28

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
May 31, 2014	58,712	44,756	76.2	1,639.35
February 28, 2014	58,478	44,136	75.4	1,609.45

(Reference)

Shareholders' equity: May 31, 2014: 44,730 million yen
 February 28, 2014: 44,116 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 2013	—	12.50	—	17.50	30.00
Fiscal 2014	—	—	—	—	—
Fiscal 2015 (Forecast)	—	16.00	—	16.00	32.00

Note: Revision to dividend forecast for the first quarter of the fiscal year ending February 28, 2015: No

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 28, 2015 (March 1, 2014 to February 28, 2015)

(% 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
Interim period	23,500	3.7	2,000	5.4	2,400	6.1	1,400	7.9	51.26
Fiscal year ending February 28, 2015	51,500	5.1	5,400	10.1	6,300	11.6	3,750	17.8	137.31

Note: Revisions to consolidated operating forecasts for the first quarter of the fiscal year ending February 28, 2015: No

Notes

- (1) Changes in Important Subsidiaries during the Period:
(Changes in specified subsidiaries that caused changes in the scope of consolidation): No
New: — Excluded: —
- (2) Application of Special Accounting Practices in the Preparation of the Quarterly Consolidated Financial Statements: No
- (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements
 - 1) Changes of accounting principles in line with revisions to accounting and other standards: No
 - 2) Changes of accounting principles other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (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:
May 31, 2014: 29,331,356 shares Feb. 28, 2014: 29,331,356 shares
 2. Total number of treasury stock as of the period-end:
May 31, 2014: 2,045,559 shares Feb. 28, 2014: 1,920,288 shares
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
First quarter fiscal 2014: 27,309,949 shares First quarter fiscal 2013: 27,274,160 shares

Note: The number of recorded treasury stock is inclusive of 145,100 of the Company's shares held by the YONDOSHI HOLDINGS Employees' Shareholding Association Trust Account as of the end of the quarterly period.

Regarding the Status of Quarterly Review Procedure Implementation

This financial report for the first quarter of fiscal 2014 is not subject to the quarterly review procedures stipulated in the Financial Instruments and Exchange Act of Japan. As of the date of disclosure of this report, the review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act had not been completed.

Explanation concerning the Proper Use of Operating Results Forecasts and Other Relevant Specific Items

The forecasts of operating results and other items concerning the future contained in this document are based on management's assumptions and beliefs that are determined to be reasonable in light of currently available information, YONDOSHI HOLDINGS INC. cautions readers that due to a variety of factors actual results may differ materially from forecasts. For the assumptions that underpin operating results forecasts as well as cautionary notes on the use of operating results forecasts, please refer to "Explanation of Consolidated Results Forecasts and Other Future Predictions" on page 5.

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1. Qualitative Information on Business and Financial Results

(1) Explanation of Business Results

During the first quarter period of the fiscal year ending February 2015 (March 1, 2014 to May 31, 2014), the Japanese economy continued its moderate recovery trend, with improvement in corporate earnings and the employment environment, despite concerns about a slowdown in growth in emerging economies, and the effects of the consumption tax increase.

In the retail industry, a sense of uncertainty about the future outlook lingered, as the rush in demand ahead of the consumption tax rate hike was followed by a rebound decline.

Under such conditions, in fiscal 2014, the final year of the third medium-term management plan, the YONDOSHI HOLDINGS Group took steps to enhance its corporate value by practicing CSR-based management to establish a highly trusted corporate group, strengthening internal controls, providing returns to shareholders, and making longer term investments linked to earnings growth.

As a result, operating revenues for the first quarter period of the subject fiscal year amounted to ¥12,672 million (up 9.1% from the same period of the previous fiscal year). Operating income totaled ¥1,560 million (up 42.9%), with ordinary income of ¥1,856 million (up 44.1%) and net income of ¥1,184 million (up 43.2%).

Operating income, ordinary income, and net income all reached new record highs for the first quarter period.

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

Operating results by business segment were as follows.

The F.D.C. Products Group

The F.D.C. Products Group posted record high figures for both sales and operating income, due mainly to positive performance at mainstay 4°C brand jewelry and canal 4°C stores, along with pre-tax hike demand at 4°C BRIDAL throughout the first quarter period.

As a result, segment operating revenues amounted to ¥6,755 million (up 23.3% from the same period of the previous fiscal year), with operating income of ¥1,375 million (up 63.0%).

The AS'TY Group

The AS'TY Group took measures to strengthen its project planning capabilities in the apparel manufacturing business. Sales and operating income declined year on year, but performance exceeded forecasts.

As a result, segment operating revenues amounted to ¥2,534 million (down 6.7% from the same period of the previous fiscal year), with operating income of ¥165 million (down 29.8%).

MISUZU

MISUZU Co., Ltd. took steps to revitalize sales at existing stores by strengthening project planning capabilities, and to scale back unprofitable locations.

As a result, segment operating revenues amounted to ¥1,409 million (down 11.2% from the same period of the previous fiscal year), with operating income of ¥36 million (down 29.8%).

age

age Co., Ltd. achieved a year-on-year increase in sales as a result of strenuous efforts at existing locations and new store openings for the company's mainstay everyday fashion brand PALETTE. Operating income, however, declined as the RAPPORT brand struggled with the effects of the consumption tax rise.

As a result, segment operating revenues amounted to ¥1,974 million (up 7.7% from the same period of the previous fiscal year), with the company posting an operating loss for the subject period of ¥0 million (compared to operating income of ¥11 million in the same period of the previous fiscal year).

(2) Explanation of Financial Condition

Total assets at the end of the subject first quarter period (May 31, 2014) amounted to ¥58,712 million, an increase of ¥233 million from the end of the previous fiscal year (February 28, 2014). This was due mainly to increases of ¥1,652 million in notes and accounts receivable—trade; and ¥374 million in merchandise and finished goods; against a decrease of ¥1,650 million in short-term investment securities.

Total liabilities amounted to ¥13,955 million, a decrease of ¥386 million from the end of the

previous fiscal year. This was due mainly to a decrease of ¥897 million in income taxes payable; against an increase of ¥141 million in notes and accounts payable—trade.

Total net assets at the end of the subject period amounted to ¥44,756 million, an increase of ¥619 million from the end of the previous fiscal year.

(3) Explanation of Consolidated Results Forecasts and Other Future Predictions

Earnings forecasts are unchanged from those announced on April 14, 2014.

2. Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period

Not applicable

(2) Application of Special Accounting Practices in the Preparation of the Quarterly Consolidated Financial Statements

Not applicable

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

Not applicable

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(Thousands of yen)	
	End of the Fiscal Year Ended February 28, 2014 (As of February 28, 2014)	End of the First Quarter of the Fiscal Year Ending February 28, 2015 (As of May 31, 2014)
ASSETS		
Current assets:		
Cash and deposits	643,415	633,436
Notes and accounts receivable — trade	2,952,219	4,605,205
Short-term investment securities	4,850,000	3,200,000
Merchandise and finished goods	6,819,273	7,193,946
Work in process	728,965	496,890
Raw materials and supplies	678,745	686,019
Other current assets	950,047	891,745
Allowance for doubtful accounts	(4,233)	(4,073)
Total current assets	17,618,434	17,703,171
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,485,560	5,487,139
Land	5,549,208	5,541,605
Other, net	759,536	983,146
Total property, plant and equipment	11,794,305	12,011,891
Intangible assets:		
Goodwill	6,206,310	6,082,184
Other intangible assets	660,815	666,113
Total intangible assets	6,867,126	6,748,298
Investments and other assets:		
Investment securities	15,623,836	17,234,680
Prepaid pension cost	2,077,497	568,666
Other	5,078,118	4,569,111
Allowance for doubtful accounts	(580,756)	(123,800)
Total investments and other assets	22,198,696	22,248,658
Total noncurrent assets	40,860,128	41,008,848
Total assets	58,478,562	58,712,019

(Thousands of yen)

	End of the Fiscal Year Ended February 28, 2014 (As of February 28, 2014)	End of the First Quarter of the Fiscal Year Ending February 28, 2015 (As of May 31, 2014)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	4,515,638	4,656,966
Short-term loans payable	—	150,930
Income taxes payable	1,366,588	468,750
Provision for bonuses	425,726	324,762
Provision for directors' bonuses	44,250	15,844
Other	3,508,120	3,924,828
Total current liabilities	9,860,324	9,542,081
Noncurrent liabilities:		
Long-term loans payable	150,930	—
Provision for retirement benefits	537,167	541,723
Provision for directors' retirement benefits	339,728	347,537
Asset retirement obligations	942,180	944,126
Other	2,511,944	2,580,476
Total noncurrent liabilities	4,481,950	4,413,863
Total liabilities	14,342,274	13,955,945
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486,520	2,486,520
Capital surplus	18,322,104	18,322,104
Retained earnings	24,364,402	25,049,992
Treasury stock	(1,504,089)	(1,602,729)
Total shareholders' equity	43,668,937	44,255,887
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	648,981	676,327
Deferred gains or losses on hedges	(10,415)	(6,012)
Revaluation reserve for land	(233,476)	(233,476)
Foreign currency translation adjustments	42,838	38,161
Total other accumulated comprehensive income	447,928	475,000
Subscription rights to shares	19,421	25,186
Total net assets	44,136,288	44,756,074
Total liabilities and net assets	58,478,562	58,712,019

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
First Quarter Cumulative

(Thousands of yen)

	First Quarter of the Fiscal Year Ended February 28, 2014 (March 1, 2013 to May 31, 2013)	First Quarter of the Fiscal Year Ending February 28, 2015 (March 1, 2014 to May 31, 2014)
Net sales	11,403,997	12,462,745
Cost of Sales	5,234,507	5,509,648
Gross profit	6,169,489	6,953,097
Other operating revenue	214,594	209,809
Operating gross profit	6,384,083	7,162,907
Selling, general and administrative expenses	5,292,214	5,602,815
Operating income	1,091,869	1,560,091
Non-operating income		
Interest income	2,116	2,759
Dividends received	10,197	5,244
Equity in earnings of affiliates	148,791	224,122
Rent of real estate for investment	22,057	25,485
Foreign exchange gains	3,492	3,763
Other	14,624	38,357
Total non-operating income	201,279	299,731
Non-operating expenses		
Interest expenses	139	381
Loss on insurance cancellation	1,914	—
Depreciation of real estate for investment	1,542	1,492
Management cost for real estate for investment	520	511
Other	1,026	1,098
Total non-operating expenses	5,143	3,484
Ordinary income	1,288,006	1,856,339
Extraordinary income		
Gain on sales of noncurrent assets	—	47,797
Total extraordinary income	—	47,797
Extraordinary loss		
Impairment loss	10,174	19,331
Total extraordinary losses	10,174	19,331
Net income before income taxes	1,277,831	1,884,805
Income taxes — current	255,089	500,099
Income taxes — deferred	195,116	199,833
Total income taxes	450,206	699,932
Income before minority interests	827,624	1,184,872
Minority interests in income	3	—
Net income	827,620	1,184,872

Consolidated Quarterly Statements of Comprehensive Income
First Quarter Cumulative

(Thousands of yen)

	First Quarter of the Fiscal Year Ended February 28, 2014 (March 1, 2013 to May 31, 2013)	First Quarter of the Fiscal Year Ending February 28, 2015 (March 1, 2014 to May 31, 2014)
Income before minority interests	827,624	1,184,872
Other comprehensive income		
Other valuation difference on available-for-sale securities	237,923	(14,794)
Deferred gains or losses on hedges	(3,544)	4,331
Foreign currency translation adjustments	22,039	(4,676)
Share of other comprehensive income of associates accounted for using equity method	26,670	42,211
Total other comprehensive income	283,089	27,071
Comprehensive income	1,110,714	1,211,944
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,110,710	1,211,944
Comprehensive income attributable to minority interests	3	—

(3) Notes to Quarterly Consolidated Financial Statements
(Notes Regarding Going Concern Assumptions)

Not applicable

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable

(Segment Information)

I The first quarter of the fiscal year ended February 28, 2014 (March 1, 2013 to May 31, 2013)

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

(Thousands of yen)

	Reporting Segments					Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	F.D.C. Products group	AS'TY group	MISUZU	age	Total		
Operating revenues							
Operating revenues to outside customers	5,480,502	2,717,287	1,587,571	1,833,230	11,618,591	—	11,618,591
Intrasegment operating revenues and transfers	9,327	357,543	8,093	49,574	424,540	(424,540)	—
Total	5,489,830	3,074,831	1,595,665	1,882,805	12,043,132	(424,540)	11,618,591
Segment income or loss	844,093	236,121	51,944	11,543	1,143,703	(51,833)	1,091,869

Notes:

1. The adjustment amount of minus ¥51,833 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 figures have been adjusted to operating income on the consolidated quarterly income statements.

2. Information Regarding Impairment Loss of Fixed Assets, Goodwill and Related Items by Reporting Segment

There was no major impairment loss recorded during the period under review.

II The first quarter of the fiscal year ending February 28, 2015 (March 1, 2014 to May 31, 2014)

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

(Thousands of yen)

	Reporting Segments					Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	F.D.C. Products group	AS'TY group	MISUZU	age	Total		
Operating revenues							
Operating revenues to outside customers	6,755,033	2,534,460	1,409,019	1,974,042	12,672,555	—	12,672,555
Intrasegment operating revenues and transfers	11,016	365,192	4,619	61,433	442,262	(442,262)	—
Total	6,766,050	2,899,653	1,413,639	2,035,475	13,114,818	(442,262)	12,672,555
Segment income or loss	1,375,522	165,700	36,467	(866)	1,576,824	(16,732)	1,560,091

Notes:

1. The adjustment amount of minus ¥16,732 thousand for segment income or loss 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 or loss figures have been adjusted to operating income on the consolidated quarterly income statements.

2. Information Regarding Impairment Loss of Fixed Assets, Goodwill and Related Items by Reporting Segment

There was no major impairment loss recorded during the period under review.