

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

October 6, 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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 Holding of quarterly financial results meeting: Yes
 Dividend payment commencement date (planned): November 7, 2014

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Half of Fiscal 2014
(March 1, 2014 to August 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	%
FY2014 First Half	23,815	5.1	2,260	19.2	2,558	13.1	1,542	18.8
FY2013 First Half	22,655	0.1	1,896	(3.3)	2,263	(1.5)	1,297	23.9

Note: Comprehensive income 2Q FY2014: 1,761 million yen (12.8%) 2Q FY2013: 1,561 million yen (84.6%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2014 First Half	56.44	56.32
FY2013 First Half	47.52	47.44

(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, 2014	59,563	45,408	76.2	1,644.78
February 28, 2014	58,478	44,136	75.4	1,609.45

(Reference)

Shareholders' equity: August 31, 2014: 45,383 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 2014	—	12.50	—	17.50	30.00
Fiscal 2015	—	16.00	—	—	—
Fiscal 2016 (Forecast)	—	—	—	16.00	32.00

Note: Revision to dividend forecast for the second 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
Fiscal year ending February 28, 2015	51,500	5.1	5,400	10.1	6,300	11.6	3,750	17.8	137.21

Note: Revisions to consolidated operating forecasts for the second 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
- (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:
August 31, 2014: 29,331,356 shares Feb. 28, 2014: 29,331,356 shares
 2. Total number of treasury stock as of the period-end:
August 31, 2014: 1,738,971 shares Feb. 28, 2014: 1,920,288 shares
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
FY2014 First Half: 27,330,036 shares FY2013 First Half: 27,312,913 shares

Note: The number of recorded treasury stock is inclusive of 130,500 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 half 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 half (March 1, 2014 to August 31, 2014) of fiscal 2014, the fiscal year ending February 28, 2015, the Japanese economy continued its modest recovery trend, with improvements in corporate earnings and the employment environment. This was despite concerns concerning such factors as the slowdown in growth in emerging economies, the effects of an increase in the consumption tax rate, and geopolitical risks.

In the retail industry, a sense of uncertainty about the future lingered. Despite the rush in demand in the lead up to the consumption tax rate hike, this uncertainty was largely attributable to subsequent corrections by the market most notably through a downturn in personal consumption and inclement weather conditions.

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 medium- to long-term investments linked to earnings growth.

As a result, operating revenues for the first half of the fiscal year under review amounted to ¥23,815 million (up 5.1% from the same period of the previous fiscal year). Operating income totaled ¥2,260 million (up 19.2%), with ordinary income of ¥2,558 million (up 13.1%) and net income of ¥1,542 million (up 18.8%).

Operating income, ordinary income, and net income all reached record highs for the first half 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 robust results at existing mainstay 4°C brand stores as well as aggressive efforts to open 4°C BRIDAL and canal 4°C stores.

Accounting for these factors, segment operating revenues came to ¥12,704 million (up 14.0% from the same period of the previous fiscal year). Operating income totaled ¥2,167 million (up 26.1%).

The AS'TY Group

The AS'TY Group experienced strong results in its apparel manufacturing business owing largely to successful efforts to strengthen its project planning capabilities. Due mainly to the difficult conditions confronted by certain subsidiaries, however, sales and operating were both below levels recorded in the same period of the previous fiscal year.

As a result, operating revenues in this business segment amounted to ¥4,610 million (down 5.1% from the same period of the previous fiscal year). Segment operating income was ¥266 million (down 17.9%).

MISUZU

MIZUZU Co., Ltd. took steps to scale back unprofitable locations while working to revitalize sales at existing stores. Despite these endeavors, both sales and operating income were down year on year owing mainly to the consumption tax rate hike and the impact of inclement weather.

As a result, operating revenues in this business segment were ¥2,510 million (down 12.5% from the same period of the previous fiscal year). For the period under review, the company incurred an operating loss of ¥105 million (up from an operating loss of ¥89 million in the six-month period to August 31, 2013).

age

age Co., Ltd. achieved a year-on-year increase in sales as a result of a strong showing in the company's mainstay PALETTE brand everyday fashion item business and efforts to open new stores. Operating income, however, declined year on year as the RAPPORT brand retail membership sale business struggled under the effects of the consumption tax rate hike.

Taking into account these factors, segment operating revenues amounted to ¥3,989 million (up

5.6% from the same period of the previous fiscal year). The company reported an operating loss for the period of ¥14 million (compare to operating income of ¥58 million in the same period of the previous fiscal year).

(2) Explanation of Financial Condition

Assets, Liabilities, and Net Assets

Total assets as of August 31, 2014 stood at ¥59,563 million, an increase of ¥1,084 million from the end of the previous fiscal year. The major movements over this period were increases of ¥1,139 million in notes and accounts receivable—trade and ¥376 million in property, plant and equipment against a decrease of ¥570 million short-term investment securities. Total liabilities amounted to ¥14,154 million, a downturn of ¥187 million from the end of the previous fiscal year. This downturn was largely attributable to the drop of ¥540 million in income taxes payable. Total net assets as of the end of the period under review came to ¥45,408 million, up ¥1,272 million from the end of the previous fiscal year. This mainly reflected the increase of ¥1,043 million in retained earnings.

Cash Flows

Cash and cash equivalents as of the end of the period under review stood at ¥4,322 million, an increase of ¥228 million from the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥538 million compared with net cash provided by operating activities of ¥1,218 million in the previous fiscal year. The major cash inflow came from income before income taxes of ¥2,612 million. This was partially offset by the principal cash outflow arising from income taxes paid of ¥1,411 million.

(Cash Flows from Investing Activities)

Net cash provided by investing activities totaled ¥287 million, a turnaround from net cash used in investing activities of ¥354 million in the previous fiscal year. The primary cash inflow came from proceeds from redemption of securities against the major cash outflow of purchase of noncurrent assets totaling ¥624 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities came to ¥590 million up from net cash used in financing activities of ¥338 million in the previous fiscal year. This largely reflected cash dividends paid of ¥499 million.

(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 Second Quarter of the Fiscal Year Ending February 28, 2015 (As of August 31, 2014)
ASSETS		
Current assets:		
Cash and deposits	643,415	542,137
Notes and accounts receivable — trade	2,952,219	4,092,077
Short-term investment securities	4,850,000	4,280,000
Merchandise and finished goods	6,819,273	7,010,398
Work in process	728,965	668,517
Raw materials and supplies	678,745	673,340
Other current assets	950,047	866,519
Allowance for doubtful accounts	(4,233)	(3,236)
Total current assets	17,618,434	18,129,754
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,485,560	5,576,416
Land	5,549,208	5,541,605
Other, net	759,536	1,052,846
Total property, plant and equipment	11,794,305	12,170,869
Intangible assets:		
Goodwill	6,206,310	5,958,058
Other intangible assets	660,815	643,964
Total intangible assets	6,867,126	6,602,022
Investments and other assets:		
Investment securities	15,623,836	17,690,068
Prepaid pension cost	2,077,497	594,070
Other	5,078,118	4,493,840
Allowance for doubtful accounts	(580,756)	(117,547)
Total investments and other assets	22,198,696	22,660,431
Total noncurrent assets	40,860,128	41,433,324
Total assets	58,478,562	59,563,079

(Thousands of yen)

	End of the Fiscal Year Ended February 28, 2014 (As of February 28, 2014)	End of the Second Quarter of the Fiscal Year Ending February 28, 2015 (As of August 31, 2014)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	4,515,638	4,406,507
Short-term loans payable	—	100,030
Income taxes payable	1,366,588	825,844
Provision for bonuses	425,726	263,912
Provision for directors' bonuses	44,250	31,688
Other	3,508,120	4,005,024
Total current liabilities	9,860,324	9,633,006
Noncurrent liabilities:		
Long-term loans payable	150,930	—
Provision for retirement benefits	537,167	550,330
Provision for directors' retirement benefits	339,728	359,954
Asset retirement obligations	942,180	970,762
Other	2,511,944	2,640,374
Total noncurrent liabilities	4,481,950	4,521,420
Total liabilities	14,342,274	14,154,427
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486,520	2,486,520
Capital surplus	18,322,104	18,335,251
Retained earnings	24,364,402	25,407,611
Treasury stock	(1,504,089)	(1,513,458)
Total shareholders' equity	43,668,937	44,715,924
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	648,981	868,391
Deferred gains or losses on hedges	(10,415)	6,088
Revaluation reserve for land	(233,476)	(233,476)
Foreign currency translation adjustments	42,838	26,401
Total other accumulated comprehensive income	447,928	667,405
Subscription rights to shares	19,421	25,322
Total net assets	44,136,288	45,408,651
Total liabilities and net assets	58,478,562	59,563,079

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

(Thousands of yen)

	First Half of the Fiscal Year Ended February 28, 2014 (March 1, 2013 to August 31, 2013)	First Half of the Fiscal Year Ending February 28, 2015 (March 1, 2014 to August 31, 2014)
Net sales	22,224,781	23,287,942
Cost of Sales	10,162,849	10,520,947
Gross profit	12,061,932	12,866,995
Other operating revenue	431,143	427,099
Operating gross profit	12,493,075	13,294,095
Selling, general and administrative expenses	10,596,199	11,033,300
Operating income	1,896,875	2,260,794
Non-operating income		
Interest income	4,244	6,989
Dividends received	40,520	41,731
Equity in earnings of affiliates	248,797	177,661
Rent of real estate for investment	48,267	50,970
Foreign exchange gains	8,648	9,201
Other	25,677	54,258
Total non-operating income	376,155	340,811
Non-operating expenses		
Interest expenses	2,015	1,201
Loss on insurance cancellation	1,914	—
Depreciation of real estate for investment	3,051	2,984
Management cost for real estate for investment	1,040	1,023
Commission for purchase of treasury stock	—	35,364
Other	1,975	2,079
Total non-operating expenses	9,997	42,653
Ordinary income	2,263,034	2,558,952
Extraordinary income		
Gain on sales of noncurrent assets	12,163	47,797
Gain on sales of investments in real estates	21,974	—
Gain on liquidation of stocks of subsidiaries and affiliates	—	104,118
Other	—	750
Total extraordinary income	34,138	152,665
Extraordinary loss		
Impairment loss	81,911	70,350
Loss on closing of stores	—	20,147
Other	—	8,880
Total extraordinary losses	81,911	99,378
Net income before income taxes	2,215,260	2,612,239
Income taxes — current	606,668	870,957
Income taxes — deferred	310,704	198,790
Total income taxes	917,373	1,069,747
Income before minority interests	1,297,887	1,542,492
Minority interests in income (loss)	(0)	—
Net income	1,297,888	1,542,492

Consolidated Quarterly Statements of Comprehensive Income
Second Quarter Cumulative

(Thousands of yen)

	First Half of the Fiscal Year Ended February 28, 2014 (March 1, 2013 to August 31, 2013)	First Half of the Fiscal Year Ending February 28, 2015 (March 1, 2014 to August 31, 2014)
Income before minority interests	1,297,887	1,542,492
Other comprehensive income		
Other valuation difference on available-for-sale securities	199,674	143,464
Deferred gains or losses on hedges	(17,634)	16,394
Foreign currency translation adjustments	41,550	(16,436)
Share of other comprehensive income of associates accounted for using equity method	40,495	76,053
Total other comprehensive income	264,085	219,476
Comprehensive income	1,561,972	1,761,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,561,973	1,761,968
Comprehensive income attributable to minority interests	(0)	—

(3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	First Half of the Fiscal Year Ended February 28, 2014 (March 1, 2013 to August 31, 2013)	First Half of the Fiscal Year Ending February 28, 2015 (March 1, 2014 to August 31, 2014)
Cash flows from operating activities:		
Income before income taxes	2,215,260	2,612,239
Impairment loss	81,911	70,350
Increase (decrease) in allowance for doubtful accounts	4,114	(464,205)
Increase (decrease) in provision for bonuses	(260,140)	(161,814)
Increase (decrease) in provision for retirement benefits	(39,967)	1,496,590
Increase (decrease) in other provision	(94,291)	7,664
Interest and dividends income	(44,764)	(48,721)
Interest expenses	2,015	1,201
Equity in (earnings) losses of affiliates	(248,797)	(177,661)
Foreign exchange losses (gains)	(4,762)	(988)
Loss (gain) on sales of noncurrent assets	(12,163)	(47,797)
Loss (gain) on sales of investments in real estates	(21,974)	—
Loss (gain) on liquidation of stocks of subsidiaries and affiliates	—	(104,118)
Decrease (increase) in notes and accounts receivable — trade	(1,069,967)	(1,138,335)
Decrease (increase) in inventories	(585,301)	(129,355)
Increase (decrease) in notes and accounts payable — trade	450,789	(108,250)
Increase (decrease) in accounts payable-other	511,324	318,757
Increase (decrease) in advances received	287,655	(175,796)
Other, net	736,024	(101,883)
Subtotal	1,906,966	1,847,874
Interest and dividends income received	99,146	103,102
Interest expenses paid	(1,988)	(1,201)
Income taxes paid	(785,871)	(1,411,701)
Net cash provided by (used in) operating activities	1,218,253	538,075
Cash flows from investing activities:		
Purchase of noncurrent assets	(581,994)	(624,186)
Proceeds from sales of noncurrent assets	128,560	57,000
Purchase of securities	—	(500,000)
Proceeds from redemption of securities	—	1,400,000
Purchase of investment securities	(9,491)	(209,124)
Proceeds from sales of investments in real estates	63,361	—
Proceeds from liquidation of stocks of subsidiaries and affiliates	—	104,118
Other	44,889	60,025
Net cash provided by (used in) investing activities	(354,674)	287,831
Cash flows from financing activities:		
Repayment of long-term loans payable	(44,760)	(50,900)
Purchase of treasury stock	(377)	(741)
Proceeds from sales of treasury stock	106,513	52,829
Cash dividends paid	(328,440)	(499,282)
Other, net	(71,292)	(92,671)
Net cash provided by (used in) financing activities	(338,356)	(590,766)
Effect of exchange rate changes on cash and cash equivalents	6,097	(6,418)
Net increase (decrease) in cash and cash equivalents	531,319	228,721
Cash and cash equivalents at beginning of period	2,111,769	4,093,415
Cash and cash equivalents at end of period	2,643,088	4,322,137

(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 half of the fiscal year ended February 28, 2014 (March 1, 2013 to August 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	11,148,320	4,859,061	2,869,555	3,778,987	22,655,924	—	22,655,924
Intrasegment operating revenues and transfers	19,015	673,145	16,977	99,629	808,768	(808,768)	—
Total	11,167,335	5,532,207	2,886,532	3,878,617	23,464,692	(808,768)	22,655,924
Segment income or loss	1,718,586	325,077	(89,079)	58,584	2,013,168	(116,293)	1,896,875

Notes:

1. The adjustment amount of minus ¥116,293 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.

II The first half of the fiscal year ending February 28, 2015 (March 1, 2014 to August 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	12,704,682	4,610,652	2,510,072	3,989,635	23,815,042	—	23,815,042
Intrasegment operating revenues and transfers	22,290	676,249	12,414	116,751	827,706	(827,706)	—
Total	12,726,973	5,286,901	2,522,486	4,106,387	24,642,749	(827,706)	23,815,042
Segment income or loss	2,167,840	266,985	105,398	(14,472)	2,314,955	(54,160)	2,260,794

Notes:

1. The adjustment amount of minus ¥54,160 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.