

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
FIRST QUARTER OF THE FISCAL YEAR ENDING
FEBRUARY 29, 2016
(March 1, 2015 to May 31, 2015)



July 6, 2015

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

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 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 2015
(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.)

	Net sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q FY2015	12,306	(2.9)	1,348	(13.6)	1,685	(9.2)	1,213	2.5
1Q FY2014	12,672	9.1	1,560	42.9	1,856	44.1	1,184	43.2

Note: Comprehensive income 1Q FY2015: 1,626 million yen (34.2%) 1Q FY2014: 1,211 million yen (9.1%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
1Q FY2015	45.63	45.53
1Q FY2014	43.39	43.30

(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, 2015	61,881	47,226	76.2	1,767.63
February 28, 2015	60,990	45,830	75.1	1,722.67

(Reference)

Shareholders' equity: May 31, 2015: 47,174 million yen
 February 28, 2015: 45,787 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	—	16.00	—	16.00	32.00
Fiscal 2015	—	—	—	—	—
Fiscal 2016 (Forecast)	—	20.00	—	20.00	40.00

Note: Revision to dividend forecast for the first quarter of the fiscal year ending February 29, 2016: No

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 29, 2016 (March 1, 2015 to February 29, 2016)

(% 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	24,000	0.8	2,000	(11.5)	2,300	(10.1)	1,300	15.7	48.86
Fiscal year ending February 29, 2016	52,500	3.5	5,800	6.1	6,700	7.8	4,100	12.6	154.10

Note: Revisions to consolidated operating forecasts for the first quarter of the fiscal year ending February 29, 2016: 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: Yes
 - 2) Changes of accounting principles other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No

Note: For more detailed information, please see the section “2. Summary Information (Notes) (3) Changes in accounting policies, changes in accounting estimates, and restatements” on page 5.

- (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, 2015: 29,331,356 shares Feb. 28, 2015: 29,331,356 shares
 2. Total number of treasury stock as of the period-end:
May 31, 2015: 2,643,223 shares Feb. 28, 2015: 2,752,078 shares
 3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)
First quarter fiscal 2015: 26,605,585 shares First quarter fiscal 2014: 27,309,949 shares

Regarding the Status of Quarterly Review Procedure Implementation

This financial report for the first quarter of fiscal 2015 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 “1. Qualitative Information on Business and Financial Results (3) 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 2016 (March 1, 2015 to May 31, 2015), despite signs of recovery in the Japanese economy, including a steady rise in stock prices, higher earnings at certain companies, and improvement in employment conditions, the turbid conditions continued with decline in real wages, and prolonged sluggishness in consumer spending.

In the retail industry, business conditions remained harsh, with a continued slump in consumer spending amid a persistent trend toward frugality that followed the consumption tax rate hike in April 2014.

Under these circumstances, during the fiscal year ending February 2016, the initial year of fourth medium-term management plan, the YONDOSHI HOLDINGS Group will nurture human resources, bolster product capabilities, and assess market trends, with the aim of becoming a century-old company and brand. Further, we will practice CSR-based management to establish a highly trusted corporate group, and endeavor to enhance corporate value by strengthening internal controls, providing shareholder returns, and making medium to long-term investments linked to earnings growth.

As a result, although net sales and earnings were in line with plan, totals declined from the same period of the previous fiscal year, due to the demand rush that preceded the consumption tax hike in April 2014. For the first quarter of the subject fiscal year, net sales amounted to ¥12,306 million (down 2.9% YoY), with operating income of ¥1,348 million (down 13.6%), ordinary income of ¥1,685 million (down 9.2%), and net income of ¥1,213 million (up 2.5%).

Operating results by business segment were as follows.

YONDOSHI HOLDINGS has revised its business segment classifications from the first quarter of the subject fiscal year (ending February 2016). The former “F.D.C. Products Group” has been changed to “Jewelry Business,” and “The AS'TY Group,” “MISUZU,” and “age” consolidated as “Apparel Business.”

Jewelry Business

At the F.D.C. Products Group, sales at mainstay 4°C brand jewelry stores rose steadily as a result of successful measures including renovation of existing locations, and expansion in the range of items. Sales exceeded plan at 4°C BRIDAL stores on expanded sales promotions, and at canal 4°C stores from an ongoing effort for proactive opening of new store locations. Sales also exceeded plan at Luria 4°C, handling purses and other small leather goods.

As a result, net sales in the Jewelry Business segment reached a new record high, amounting to ¥6,827 million (up 1.1% YoY), with operating income of ¥1,282 million (down 6.7%).

Apparel Business

The AS'TY Group shifted production to Bangladesh in line with its business plan. MISUZU Co., Ltd. made efforts to spur sales at existing stores by strengthening individual products and promotional activities. age Co., Ltd. worked to expand new store openings for its mainstay everyday fashion brand PALETTE.

As a result, net sales in the Apparel Business segment amounted to ¥5,479 million (down 7.4% YoY), with operating income of ¥79 million (down 58.8%).

(2) Explanation of Financial Condition

Total assets at the end of the subject first quarter period (May 31, 2015) amounted to ¥61,881 million, an increase of ¥890 million from the end of the previous fiscal year (February 28, 2015). This was due mainly to increases of ¥958 million in notes and accounts receivable—trade; and ¥891 million in merchandise and finished goods; against a decrease of ¥1,000 million in short-term investment securities.

Total liabilities amounted to ¥14,654 million, a decrease of ¥55 million from the end of the previous fiscal year. This was due mainly to a decrease of ¥1,067 million in income taxes payable; against an increase of ¥658 million in notes and accounts payable—trade.

Total net assets at the end of the subject period amounted to ¥47,226 million, an increase of ¥1,396 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 13, 2015.

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

Changes in accounting policies

(Application of the accounting standard for retirement benefits)

We have adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No.26 issued on May 17, 2012; hereinafter, the "Accounting Standard for Retirement Benefits") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No.25 issued on May 17, 2012; hereinafter, the "Guidance on Accounting Standard for Retirement Benefits") in accordance with the provisions of Article 35 of the Accounting Standard for Retirement Benefits and those of Article 67 of the Guidance on Accounting Standard for Retirement Benefits starting from the first quarter under review. We reviewed the calculation methods of retirement benefit obligations and service costs, and changed the method of attributing all contributions over all periods to periods of service based on the benefit formula instead of on a straight-line basis, as well as the method of determining a discount rate from the use of a discount rate based on the number of years similar to that of the average remaining service period of employees to the use of a single weighted average discount rate that reflects the estimated payment period of retirement benefits and the amount per that period.

We adopt these accounting standard and guidance in accordance with the transitional treatment specified in Article 37 of the Accounting Standard for Retirement Benefits. Amounts occurred due to such changes in calculation methods are recognized by adding to or deducting from retained earnings at the beginning of the first quarter under review.

As a result, net defined benefit asset at the beginning of the subject first quarter period increased ¥8,991 thousand, net defined benefit liability decreased ¥28,409 thousand, and retained earnings increased ¥24,928 thousand. The effect of this change on the Company's consolidated profit and loss in the subject first quarter period is negligible.

(Application of Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

The "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, December 25, 2013) was applied effective the first quarter of fiscal 2015, however, trust agreements concluded prior to March 1, 2015 have been accounted for using the same method as before. There was no impact on the Company's consolidated profit and loss in the subject first quarter period.

(4) Additional Information

(Change in Presentation Method)

Through the previous fiscal year, the sum total of "net sales" and "other operating revenue" was presented as "operating revenues." However, because of a decline in the materiality of "other operating revenue" with regard to consolidated results, from the first quarter of the subject fiscal year, this item is presented included in "net sales."

Consolidated financial statements for the previous fiscal year have been recombined to reflect this change in the presentation method. As a result, the ¥209,809 million presented as "other operating revenue" in the Consolidated Statements of Income for the first quarter of the previous fiscal year has been recombined as "net sales."

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(Thousands of yen)	
	End of the Fiscal Year Ended February 28, 2015 (As of February 28, 2015)	End of the First Quarter of the Fiscal Year Ending February 29, 2016 (As of May 31, 2015)
ASSETS		
Current assets:		
Cash and deposits	1,952,933	1,591,207
Notes and accounts receivable — trade	3,451,619	4,410,058
Short-term investment securities	2,000,000	1,000,000
Merchandise and finished goods	7,383,018	8,274,999
Work in process	871,733	445,934
Raw materials and supplies	723,203	800,695
Other current assets	928,872	915,963
Allowance for doubtful accounts	(7,625)	(10,563)
Total current assets	17,303,755	17,428,296
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,546,145	5,535,169
Land	5,528,465	5,528,465
Other, net	1,428,388	1,456,264
Total property, plant and equipment	12,502,999	12,519,899
Intangible assets:		
Goodwill	5,709,806	5,585,679
Other intangible assets	565,366	517,113
Total intangible assets	6,275,172	6,102,793
Investments and other assets:		
Investment securities	20,025,792	20,805,540
Prepaid pension cost	614,916	630,864
Other	4,384,391	4,509,395
Allowance for doubtful accounts	(116,688)	(115,547)
Total investments and other assets	24,908,410	25,830,253
Total noncurrent assets	43,686,583	44,452,946
Total assets	60,990,338	61,881,242

	(Thousands of yen)	
	End of the Fiscal Year Ended February 28, 2015 (As of February 28, 2015)	End of the First Quarter of the Fiscal Year Ending February 29, 2016 (As of May 31, 2015)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	4,170,142	4,828,925
Short-term loans payable	48,310	—
Income taxes payable	1,399,367	331,515
Provision for bonuses	355,684	351,282
Provision for directors' bonuses	41,946	16,249
Other	4,371,894	4,283,546
Total current liabilities	10,387,344	9,811,519
Noncurrent liabilities:		
Provision for directors' retirement benefits	385,296	391,854
Net defined benefit liability	614,881	590,353
Asset retirement obligations	1,002,570	1,025,639
Other	2,769,597	2,835,115
Total noncurrent liabilities	4,772,345	4,842,962
Total liabilities	15,159,689	14,654,482
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486,520	2,486,520
Capital surplus	18,226,705	18,224,031
Retained earnings	27,049,761	27,846,932
Treasury stock	(3,284,842)	(3,179,601)
Total shareholders' equity	44,478,145	45,377,883
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	1,481,751	1,892,257
Deferred gains or losses on hedges	13,339	13,287
Revaluation reserve for land	(233,476)	(158,063)
Foreign currency translation adjustments	85,054	85,882
Remeasurements of defined benefit plans	(37,476)	(36,539)
Total other accumulated comprehensive income	1,309,192	1,796,824
Subscription rights to shares	43,311	52,052
Total net assets	45,830,648	47,226,760
Total liabilities and net assets	60,990,338	61,881,242

(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, 2015 (March 1, 2014 to May 31, 2014)	First Quarter of the Fiscal Year Ending February 29, 2016 (March 1, 2015 to May 31, 2015)
Net sales	12,672,555	12,306,453
Cost of Sales	5,509,648	5,222,598
Gross profit	7,162,907	7,083,855
Selling, general and administrative expenses	5,602,815	5,735,469
Operating income	1,560,091	1,348,385
Non-operating income		
Interest income	2,759	4,809
Dividends received	5,244	5,501
Equity in earnings of affiliates	224,122	283,161
Rent of real estate for investment	25,485	25,485
Foreign exchange gains	3,763	5,289
Other	38,357	18,189
Total non-operating income	299,731	342,436
Non-operating expenses		
Interest expenses	381	145
Depreciation of real estate for investment	1,492	1,470
Management cost for real estate for investment	511	511
Other	1,098	3,240
Total non-operating expenses	3,484	5,368
Ordinary income	1,856,339	1,685,454
Extraordinary income		
Gain on sales of noncurrent assets	47,797	—
Total extraordinary income	47,797	—
Extraordinary loss		
Impairment loss	19,331	13,219
Total extraordinary losses	19,331	13,219
Net income before income taxes	1,884,805	1,672,234
Income taxes — current	500,099	382,608
Income taxes — deferred	199,833	75,707
Total income taxes	699,932	458,315
Income before minority interests	1,184,872	1,213,919
Net income	1,184,872	1,213,919

Consolidated Quarterly Statements of Comprehensive Income
First Quarter Cumulative

	(Thousands of yen)	
	First Quarter of the Fiscal Year Ended February 28, 2015 (March 1, 2014 to May 31, 2014)	First Quarter of the Fiscal Year Ending February 29, 2016 (March 1, 2015 to May 31, 2015)
Income before minority interests	1,184,872	1,213,919
Other comprehensive income		
Other valuation difference on available-for-sale securities	(14,794)	375,521
Deferred gains or losses on hedges	4,331	(137)
Foreign currency translation adjustments	(4,676)	828
Remeasurements of defined benefit plans	—	936
Share of other comprehensive income of associates accounted for using equity method	42,211	35,070
Total other comprehensive income	27,071	412,219
Comprehensive income	1,211,944	1,626,138
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,211,944	1,626,138
Comprehensive income attributable to minority interests	—	—

**(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, 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)
	Jewelry Business	Apparel Business	Total		
Net sales					
Net sales to outside customers	6,755,033	5,917,521	12,672,555	—	12,672,555
Intrasegment net sales and transfers	11,016	179,305	190,322	(190,322)	—
Total	6,766,050	6,096,827	12,862,878	(190,322)	12,672,555
Segment income	1,375,522	193,866	1,569,389	(9,297)	1,560,091

Notes:

1. The adjustment amount of minus ¥9,297 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 29, 2016 (March 1, 2015 to May 31, 2015)

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)
	Jewelry Business	Apparel Business	Total		
Net sales					
Net sales to outside customers	6,827,320	5,479,133	12,306,453	—	12,306,453
Intrasegment net sales and transfers	11,978	222,322	234,300	(234,300)	—
Total	6,839,298	5,701,455	12,540,754	(234,300)	12,306,453
Segment income	1,282,901	79,953	1,362,835	(14,468)	1,348,385

Notes:

1. The adjustment amount of minus ¥14,468 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.

3. Information concerning changes to reporting segments, etc.

The YONDOSHI HOLDINGS Group had previously classified its reporting segments as “F.D.C. Products Group,” “AS’TY Group,” “MISUZU,” and “age,” based on the respective business companies. In recent years, the brand SPA (Specialty store retailer of Private label Apparel) business centered on 4°C brand jewelry has come to comprise a larger proportion of the corporate group, and with the idea of evolving into a company closer to customers, from the subject fiscal year we have changed the classifications to two segments, the “Jewelry Business” and “Apparel Business,” based on principle products handled.

Accordingly, the former “F.D.C. Products Group” has been changed to “Jewelry Business,” and “The AS’TY Group,” “MISUZU,” and “age” consolidated as “Apparel Business.”