

**CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)**  
**NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING**  
**FEBRUARY 29, 2016**  
**(March 1, 2015 to November 30, 2015)**

January 6, 2016

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

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Dividend payment commencement date (planned): —

(Millions of yen rounded down)

**1. Consolidated Operating Results for Nine-Month Period of Fiscal 2015**  
**(March 1, 2015 to November 30, 2015)**

(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	%
FY2015 Nine-Month Period	36,299	1.1	3,376	2.2	3,812	0.1	2,271	(0.7)
FY2014 Nine-Month Period	35,910	4.2	3,304	10.6	3,810	8.1	2,288	14.2

Note: Comprehensive income 3Q FY2015: 2,578 million yen (-4.9%)      3Q FY2014: 2,712 million yen (8.7%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2015 Nine-Month Period	86.28	86.11
FY2014 Nine-Month Period	84.39	84.24

(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, 2015	61,739	44,867	72.6	1,735.59
February 28, 2015	60,990	45,830	75.1	1,722.67

(Reference)

Shareholders' equity: November 30, 2015: 44,810 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	—	20.00	—	—	—
Fiscal 2016 (Forecast)	—	—	—	20.00	40.00

Note: Revision to the most recently announced cash dividend forecast: No



**Contents**

- 1. Qualitative Information on Business and Financial Results 4
  - (1) Explanation of Business Results 4
  - (2) Explanation of Financial Condition 5
  - (3) Explanation of Consolidated Results Forecasts and Other Future Predictions 5
- 2. Summary Information (Notes) 5
  - (1) Changes in Important Subsidiaries During the Period 5
  - (2) Application of Special Accounting Practices in the Preparation of the Quarterly Consolidated Financial Statements 5
  - (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements 5
  - (4) Additional Information 6
- 3. Consolidated Quarterly Financial Statements 7
  - (1) Consolidated Quarterly Balance Sheets 7
  - (2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income 9
    - Consolidated Quarterly Statements of Income Third Quarter Cumulative 9
    - Consolidated Quarterly Statements of Comprehensive Income Third Quarter Cumulative 10
  - (3) Notes to Consolidated Quarterly Financial Statements
    - (Notes Regarding Going Concern Assumptions) 11
    - (Notes Regarding Substantial Changes in Shareholders' Equity) 11
    - (Segment Information) 11

## 1. Qualitative Information on Business and Financial Results

### (1) Explanation of Business Results

During the third quarter cumulative period of the fiscal year ending February 2016 (March 1, 2015 to November 30, 2015), the Japanese economy showed signs of recovery, due mainly to higher earnings at certain companies and an improvement in employment conditions. However, the outlook for future market conditions became increasingly uncertain, reflecting such factors as the decline in real wages, prolonged sluggishness in consumer spending, and downside risks associated with overseas economies including China.

In the retail industry, despite signs of inbound demand in metropolitan areas, unstable conditions continued with the persistent trend toward frugality.

Under these circumstances, during the fiscal year ending February 2016, the initial year of the fourth medium-term management plan, the YONDOSHI HOLDINGS Group continued to nurture human resources, bolster product capabilities, and assess market trends, with the aim of becoming a century-old company and brand. Further, we practiced CSR-based management to establish a highly trusted corporate group, and endeavored 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, net sales amounted to ¥36,299 million (up 1.1% YoY) for the subject third quarter cumulative period, with operating income of ¥3,376 million (up 2.2% YoY), ordinary income of ¥3,812 million (up 0.1% YoY), and net income of ¥2,271 million (down 0.7% YoY).

Of note, for a third quarter cumulative period, net sales rose for fourth consecutive year, while operating income and ordinary income reached record highs for a fifth consecutive year.

Operating results by business segment were as follows.

YONDOSHI HOLDINGS revised its business segment classifications from the first quarter of the subject fiscal year (ending February 2016). Year-on-year comparative data is after restating figures for the corresponding period of the previous fiscal year in accordance with revised business segment classifications.

#### *Jewelry Business*

At the F.D.C. Products Group, sales at mainstay 4°C brand jewelry stores rose steadily, mainly as a result of expansion in the range of items and zones following renovation of existing locations, and the opening of composite shops. Sales exceeded plan at 4°C BRIDAL stores on expanded sales promotions, at canal 4°C stores from continued proactive opening of new store locations, and at Luria 4°C, handling purses and other small leather goods.

As a result, net sales in the Jewelry Business segment amounted to ¥20,505 million (up 7.5% YoY), with operating income of ¥3,325 million (up 10.7% YoY). Segment sales reached record highs for a fourth consecutive year, and operating income for a sixth consecutive year.

#### *Apparel Business*

The AS'TY Group continued to shift production from China to Bangladesh in line with its business plan, but faced difficulties due to the slump in market conditions. MISUZU Co., Ltd. made efforts to spur sales at existing stores by strengthening individual products and promotional activities, but struggled as a result of unseasonable weather and other factors. age Co., Ltd. achieved increases in both revenue and earnings from steady sales at existing locations of its mainstay everyday fashion brand PALETTE, and new store openings.

As a result, net sales in the Apparel Business segment amounted to ¥15,794 million (down 6.2% YoY), with operating income of ¥120 million (down 72.6% YoY).

## **(2) Explanation of Financial Condition**

### *Assets, Liabilities, and Net Assets*

Total assets at the end of the subject third quarter cumulative period (November 30, 2015) amounted to ¥61,739 million, an increase of ¥748 million from the end of the previous fiscal year (February 28, 2015). This was due mainly to increases of ¥1,958 million in merchandise and finished goods; and ¥823 million in notes and accounts receivable—trade; against a decrease of ¥2,000 million in short-term investment securities. Total liabilities amounted to ¥16,871 million, an increase of ¥1,712 million from the end of the previous fiscal year. This was due mainly to increases of ¥1,266 million in notes and accounts payable—trade; and ¥1,151 million in short-term loans payable; against a decrease of ¥1,023 million in income taxes payable. Total net assets at the end of the subject period stood at ¥44,867 million, a decrease of ¥963 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 third quarter cumulative period under review.

As a result, net defined benefit asset at the beginning of the subject third quarter cumulative 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 third quarter cumulative 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. With respect to the accounting treatment of trust contracts that were entered into before the beginning of the first year of the application of the above practical report, the method adopted in the past will continue to be applied. Accordingly, the application of the above practical report has no effect on the consolidated quarterly financial statements.

**(4) Additional Information**

(Change in Presentation Method)

Through the third quarter cumulative period of the previous fiscal year, “net sales” and “other operating revenue” was presented individually. 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 quarterly financial statements for the third quarter cumulative period of the previous fiscal year have been recombined to reflect this change in the presentation method. As a result, the ¥642,757 thousand presented as “other operating revenue” in the Consolidated Statements of Income for the third quarter cumulative period 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 Third Quarter of the Fiscal Year Ending February 29, 2016 (As of November 30, 2015)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	1,952,933	1,237,564
Notes and accounts receivable — trade	3,451,619	4,274,730
Short-term investment securities	2,000,000	—
Merchandise and finished goods	7,383,018	9,341,882
Work in process	871,733	724,128
Raw materials and supplies	723,203	804,981
Other current assets	928,872	895,817
Allowance for doubtful accounts	(7,625)	(10,246)
Total current assets	17,303,755	17,304,858
<b>Noncurrent assets:</b>		
Property, plant and equipment:		
Buildings and structures, net	5,546,145	6,042,386
Land	5,528,465	5,528,465
Other, net	1,428,388	1,124,180
Total property, plant and equipment	12,502,999	12,695,032
Intangible assets:		
Goodwill	5,709,806	5,337,427
Other intangible assets	565,366	424,021
Total intangible assets	6,275,172	5,761,448
Investments and other assets:		
Investment securities	20,025,792	20,774,357
Prepaid pension cost	614,916	657,747
Other	4,384,391	4,656,904
Allowance for doubtful accounts	(116,688)	(111,269)
Total investments and other assets	24,908,410	25,977,738
Total noncurrent assets	43,686,583	44,434,219
<b>Total assets</b>	60,990,338	61,739,078

	(Thousands of yen)	
	End of the Fiscal Year Ended February 28, 2015 (As of February 28, 2015)	End of the Third Quarter of the Fiscal Year Ending February 29, 2016 (As of November 30, 2015)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable — trade	4,170,142	5,436,370
Short-term loans payable	48,310	1,200,000
Income taxes payable	1,399,367	375,579
Provision for bonuses	355,684	480,785
Provision for directors' bonuses	41,946	48,755
Other	4,371,894	4,002,669
Total current liabilities	10,387,344	11,544,159
<b>Noncurrent liabilities:</b>		
Long-term loans payable	—	536,920
Provision for directors' retirement benefits	385,296	416,724
Net defined benefit liability	614,881	597,456
Asset retirement obligations	1,002,570	1,031,747
Other	2,769,597	2,744,686
Total noncurrent liabilities	4,772,345	5,327,534
<b>Total liabilities</b>	<b>15,159,689</b>	<b>16,871,694</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	2,486,520	2,486,520
Capital surplus	18,226,705	18,142,412
Retained earnings	27,049,761	28,369,724
Treasury stock	(3,284,842)	(5,804,404)
Total shareholders' equity	44,478,145	43,194,253
<b>Other accumulated comprehensive income:</b>		
Valuation difference on available-for-sale securities	1,481,751	1,704,834
Deferred gains or losses on hedges	13,339	7,532
Revaluation reserve for land	(233,476)	(158,063)
Foreign currency translation adjustments	85,054	85,365
Remeasurements of defined benefit plans	(37,476)	(23,497)
Total other accumulated comprehensive income	1,309,192	1,616,171
<b>Subscription rights to shares</b>	<b>43,311</b>	<b>56,957</b>
<b>Total net assets</b>	<b>45,830,648</b>	<b>44,867,383</b>
<b>Total liabilities and net assets</b>	<b>60,990,338</b>	<b>61,739,078</b>



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

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2015 (March 1, 2014 to November 30, 2014)	Nine-Month Period of the Fiscal Year Ending February 29, 2016 (March 1, 2015 to November 30, 2015)
<b>Net sales</b>	35,910,760	36,299,850
<b>Cost of Sales</b>	15,672,387	15,475,626
<b>Gross profit</b>	20,238,372	20,824,224
<b>Selling, general and administrative expenses</b>	16,934,108	17,448,212
<b>Operating income</b>	3,304,264	3,376,011
<b>Non-operating income</b>		
Interest income	9,956	12,055
Dividends received	47,511	55,576
Equity in earnings of affiliates	329,918	258,875
Rent of real estate for investment	76,455	70,365
Foreign exchange gains	17,751	12,441
Other	69,957	68,183
Total non-operating income	551,549	477,498
<b>Non-operating expenses</b>		
Interest expenses	674	157
Depreciation of real estate for investment	4,476	4,426
Management cost for real estate for investment	1,534	1,534
Commission for purchase of treasury stock	35,364	25,194
Other	3,654	9,424
Total non-operating expenses	45,705	40,738
<b>Ordinary income</b>	3,810,109	3,812,771
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	47,797	—
Gain on liquidation of stocks of subsidiaries and affiliates	104,118	—
Other	750	—
Total extraordinary income	152,665	—
<b>Extraordinary loss</b>		
Impairment loss	103,642	151,465
Loss on closing of stores	20,147	6,359
Building demolition costs	—	24,372
Other	8,880	—
Total extraordinary losses	132,671	182,197
<b>Net income before income taxes</b>	3,830,104	3,630,574
Income taxes — current	1,273,308	1,289,597
Income taxes — deferred	268,391	69,329
Total income taxes	1,541,700	1,358,926
Income before minority interests	2,288,403	2,271,647
<b>Net income</b>	2,288,403	2,271,647

**Consolidated Quarterly Statements of Comprehensive Income**  
**Third Quarter Cumulative**

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended February 28, 2015 (March 1, 2014 to November 30, 2014)	Nine-Month Period of the Fiscal Year Ending February 29, 2016 (March 1, 2015 to November 30, 2015)
Income before minority interests	2,288,403	2,271,647
Other comprehensive income		
Other valuation difference on available-for-sale securities	230,748	176,074
Deferred gains or losses on hedges	54,566	(6,082)
Revaluation reserve for land	—	75,412
Foreign currency translation adjustments	9,918	311
Remeasurements of defined benefit plans	—	13,979
Share of other comprehensive income of associates accounted for using equity method	128,414	47,283
Total other comprehensive income	423,647	306,979
<b>Comprehensive income</b>	<b>2,712,051</b>	<b>2,578,627</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,712,051	2,578,627
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 nine-month period of the fiscal year ended February 28, 2015

(March 1, 2014 to November 30, 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	19,080,406	16,830,353	35,910,760	—	35,910,760
Intrasegment net sales and transfers	34,217	606,138	640,356	(640,356)	—
Total	19,114,624	17,436,492	36,551,116	(640,356)	35,910,760
Segment income	3,005,069	439,577	3,444,646	(140,382)	3,304,264

Notes:

1. The adjustment amount of minus ¥140,382 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 nine-month period of the fiscal year ending February 29, 2016

(March 1, 2015 to November 30, 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	20,505,360	15,794,490	36,299,850	—	36,299,850
Intrasegment net sales and transfers	35,710	661,073	696,784	(696,784)	—
Total	20,541,070	16,455,563	36,996,634	(696,784)	36,299,850
Segment income or loss	3,325,272	120,274	3,445,546	(69,534)	3,376,011

Notes:

1. The adjustment amount of minus ¥69,534 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 first quarter of 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.”

Comparative segment information between the third quarter cumulative period of the fiscal year ending February 29, 2016 and the corresponding period of the previous fiscal year is provided on a revised reporting segment basis.