

**CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)**  
**FIRST HALF OF THE FISCAL YEAR ENDING**  
**FEBRUARY 28, 2017**  
**(March 1, 2016 to August 31, 2017)**

October 11, 2016

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

Representative: Hidenori Suzuki, President and Representative Director  
 Inquiries: Masahiko Nishimura, Director and Executive Officer responsible for Finance  
 Tel: +81-3-5719-3429  
 URL: <http://www.yondoshi.co.jp/>

Quarterly Securities Report filing date (planned): October 14, 2016  
 Supplemental materials prepared for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes  
 Dividend payment commencement date (planned): November 11, 2016

(Millions of yen rounded down)

**1. Consolidated Operating Results for the First Half of Fiscal 2016**  
**(March 1, 2016 to August 31, 2016)**

(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		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2016 First Half	22,935	(4.6)	2,704	22.7	3,273	37.4	2,081	50.6
FY2015 First Half	24,048	1.0	2,203	(2.5)	2,382	(6.8)	1,381	(10.1)

Note: Comprehensive income FY2016 First Half: 2,052 million yen (29.1%)  
 FY2015 First Half: 1,589 million yen (-9.6%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2016 First Half	80.55	80.47
FY2015 First Half	51.98	51.86

(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, 2016	59,628	45,978	77.0	1,801.49
February 29, 2016	60,576	45,237	74.6	1,747.62

(Reference)  
 Shareholders' equity: August 31, 2016: 45,884 million yen  
 February 29, 2016: 45,168 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 2015	—	20.00	—	20.00	40.00
Fiscal 2016	—	25.00	—	—	—
Fiscal 2017 (Forecast)	—	—	—	25.00	50.00

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

### 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending February 28, 2017 (March 1, 2016 to February 28, 2017)

(% figures for the full fiscal year represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2017	51,500	(2.6)	6,550	7.1	7,700	12.3	4,950	15.7	191.56

Note: Revision to the most recently announced operating results forecast: No

#### Notes

- (1) Changes in Important Subsidiaries during the Period:  
(Changes in specified subsidiaries that caused changes in the scope of consolidation): Yes  
New: — Excluded: 1 (Company name: MISUZU Co., Ltd.)  
  
Note: For more detailed information, please see the section “2. Matters Concerning Summary Information (Notes) (1) Changes in Significant Subsidiaries during the Subject Period” on page 5.
- (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
- (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, 2016: 29,331,356 shares                      Feb. 29, 2016: 29,331,356 shares
  2. Total number of treasury stock as of the period-end:  
August 31, 2016: 3,861,014 shares                      Feb. 29, 2016: 3,485,424 shares
  3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)  
FY2016 First Half: 25,840,666 shares                      FY2015 First Half: 26,583,683 shares

The number of recorded treasury stock is inclusive of 153,100 of the Company’s shares held by the YONDOSHI HOLDINGS Group Employees’ Shareholding Association Trust Account as of the end of the quarterly fiscal period.

#### *Regarding the Status of Quarterly Review Procedure Implementation*

This financial report for the first half of fiscal 2016 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 “(3) Explanation of Consolidated Results Forecasts and Other Future Predictions” on page 5.

**Contents**

- 1. Qualitative Information on Business and Financial Results 4
  - (1) Explanation of Business Results 4
  - (2) Explanation of Financial Condition 4
  - (3) Explanation of Consolidated Results Forecasts and Other Future Predictions 4
- 2. Matters Concerning Summary Information (Notes) 5
  - (1) Changes in Important Subsidiaries during the Subject 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 Second Quarter Cumulative 9
    - Consolidated Quarterly Statements of Comprehensive Income Second Quarter Cumulative 10
  - (3) Consolidated Quarterly Statements of Cash Flows 11
  - (4) Notes to Consolidated Quarterly Financial Statements 13
    - (Notes Regarding Going Concern Assumptions) 13
    - (Notes Regarding Substantial Changes in Shareholders' Equity) 13
    - (Segment Information) 13

## 1. Qualitative Information on Business and Financial Results

### (1) Explanation of Business Results

During the first half (March 1, 2016 to August 31, 2016) of fiscal 2016, the fiscal year ending February 28, 2017 (March 1, 2016 to February 28, 2017), the outlook for economic conditions going forward remained unclear. In addition to the continued rapid appreciation of the yen and prolonged sluggishness in personal spending, this uncertainty also reflected a variety of concerns regarding the impact of the U.K.'s withdrawal from the European Union, the slowdown in the rates of economic growth in such emerging markets as China, and other factors amid signs of a downturn in corporate sector earnings.

In the retail industry, business conditions remained harsh, with consumption declining against the backdrop of persistent budget-consciousness and a drop in the pace of inbound demand.

Under these circumstances, during the fiscal year ending February 28, 2017, the second year of the fourth medium-term management plan, the YONDOSHI HOLDINGS Group continued to cultivate 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 in an effort to become a highly trusted corporate group, and worked to enhance enterprise value by strengthening internal controls, providing shareholder returns, and making medium to long-term investments linked to earnings growth.

As a result, net sales for the subject first half period amounted to ¥22,935 million (down 4.6% YoY), with operating income of ¥2,704 million (up 22.7% YoY), ordinary income of ¥3,273 million (up 37.4% YoY), and profit attributable to owners of parent of ¥2,081 million (up 50.6% YoY).

Of note, operating income, ordinary income, and profit attributable to owners of parent reached record highs for the first half period.

Operating results by business segment were as follows.

#### *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. We continued with measures for the proactive opening of new store locations, centered on canal 4°C and Luria 4°C stores, and opened integrated and adjacent shops to utilize brand mix synergies. Results were further boosted by the ecommerce business, which continues to record double-digit growth year on year.

As a result, net sales in the Jewelry Business segment amounted to ¥14,541 million (up 7.3% YoY), with operating income of ¥2,432 million (up 7.1% YoY). Segment sales and operating income both reached record highs for the fifth and seventh consecutive fiscal periods, respectively.

#### *Apparel Business*

The AS'TY Group posted positive results on successful efforts to strengthen measures with major clients utilizing its planning capabilities and production framework. age Co., Ltd. achieved positive returns by opening new locations in its mainstay everyday fashion brand PALETTE, and by strengthening its product lineup in a bid to improve earnings. MISUZU Co., Ltd. was removed from the scope of the Company's consolidation effective from the first quarter of the fiscal period under review, following the transfer of stock.

As a result, net sales in the Apparel Business segment amounted to ¥8,393 million (down 20.0% YoY), with operating income of ¥304 million (up from the operating loss of ¥32 million in the corresponding period of the previous year).

### (2) Explanation of Financial Condition

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

Total assets at the end of the second quarter (August 31, 2016) of the fiscal year ending February 28, 2017 stood at ¥59,628 million, a decrease of ¥947 million compared with the end of the previous fiscal year (February 28, 2016). This was due mainly to a decrease of ¥2,040 million in short-term investment securities; against an increase of ¥1,745 million in investment securities. Total liabilities amounted to ¥13,649 million, a decrease of ¥1,688 million compared with the end of the previous fiscal year. This was due mainly to a decrease of ¥623 million in income taxes payable. Total net assets as of the end of the period under review came to ¥45,978 million, an increase of ¥740 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 stood at ¥2,782 million, a decrease of ¥2,203 million compared with the end of the previous fiscal year.

#### (Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥738 million compared with ¥408 million for the corresponding period of the previous fiscal year. The major cash inflow came from income before income taxes of ¥2,667 million. This was partially offset by the principal cash outflow arising from income taxes paid of ¥1,528 million.

#### (Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥1,404 million compared with ¥739 million for the corresponding period of the previous fiscal year. The primary cash outflow was for the purchase of investment securities of ¥2,009 million.

#### (Cash Flows from Financing Activities)

Net cash used in financing activities came to ¥1,519 million down from ¥2,775 million for the corresponding period of the previous fiscal year. This largely reflected purchase of treasury stock of ¥866 million.

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

Earnings forecasts are unchanged from those announced on April 11, 2016.

## **2. Matters Concerning Summary Information (Notes)**

### **(1) Changes in Significant Subsidiaries during the Subject Period**

As announced in “Notice of Transfer of Subsidiary (Share Transfer)” dated April 11, 2016 and “Notice of Share Transfer Agreement” dated April 28, 2016, MISUZU Co., Ltd., which was a consolidated subsidiary at the end of the previous fiscal year, was removed from the scope of consolidation from the first quarter period of the subject fiscal year, following the sale of all shares held by the Company on April 28, 2016.

### **(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 Accounting Standard for Business Combinations, etc.)

The Company has applied “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), from the subject first quarter period, changing its presentation of net income, and changing the presentation of “minority interests” to “non-controlling interests.” The consolidated financial statements for the previous fiscal year have been recombined to reflect these changes in presentation.

(Change in Depreciation Method for Property, Plant, and Equipment)

The Company and its consolidated subsidiaries, in accordance with revisions to corporate tax law, for buildings and accompanying facilities and structures acquired from April 1, 2016, from the subject first quarter period have changed the depreciation method from the declining balance method to the straight line method.

The effect of these changes on the Company’s consolidated profit and loss in the subject first half of the fiscal year is negligible.

**(4) Additional Information**

(Transactions to Provide Company Stock to Employees through a Trust)

The Company has introduced an employee stock ownership plan trust (“ESOP trust”) as an incentive to employees to increase medium- to long-term corporate value, conducting transactions to provide Company stock to employees’ shareholding association through a trust.

i. Transaction summary

The Company established a trust with the beneficiaries as employees who participate in the YONDOSHI HOLDINGS Employees’ Shareholding Association (“the Shareholding Association”) and satisfy certain requirements. The trust acquires Company stock in an amount expected to be procured by the Shareholding Association over a five-year period, and sells the shares to the Shareholding Association on a fixed date each month. When the trust is concluded, if the trust has earned a profit from a rise in the share price, the funds are distributed to the employee beneficiaries in proportion to their contribution. If a loss is incurred due to a decline in the share price, and debt pertaining to the trust property remains, in accordance with the guarantee article in the loan agreement the Company will discharge the entire debt to the bank, with no additional burden placed on employees.

ii. Matters concerning the Company’s stock held in the trust

Company stock remaining in the trust is recorded as treasury shares under net assets at book value to the trust (excluding ancillary expenses). At the end of the subject first half of the fiscal year, the book value of the subject treasury shares was ¥422,289 thousand, for 153,000 shares.

iii. Book value of debt recorded through application of the gross method  
¥427,880 thousand at the end of the subject first half of the fiscal year

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

	(Thousands of yen)	
	End of the Fiscal Year Ended February 29, 2016 (As of February 29, 2016)	End of the Second Quarter of the Fiscal Year Ending February 28, 2017 (As of August 31, 2016)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	2,145,844	1,682,608
Notes and accounts receivable — trade	3,671,116	3,549,019
Short-term investment securities	3,140,000	1,100,000
Merchandise and finished goods	7,612,167	8,198,424
Work in process	746,972	806,621
Raw materials and supplies	702,663	802,032
Other current assets	895,776	1,214,928
Allowance for doubtful accounts	(11,940)	(1,498)
Total current assets	18,902,600	17,352,137
<b>Noncurrent assets:</b>		
Property, plant and equipment:		
Buildings and structures, net	6,028,177	5,839,264
Land	5,528,465	5,492,215
Other, net	1,102,278	1,041,654
Total property, plant and equipment	12,658,921	12,373,134
Intangible assets:		
Goodwill	5,213,301	4,965,048
Other intangible assets	374,273	271,398
Total intangible assets	5,587,575	5,236,447
Investments and other assets:		
Investment securities	18,490,635	20,236,322
Net defined benefit asset	391,765	410,768
Other	4,659,029	4,128,865
Allowance for doubtful accounts	(114,219)	(109,208)
Total investments and other assets	23,427,211	24,666,747
Total noncurrent assets	41,673,708	42,276,329
<b>Total assets</b>	60,576,308	59,628,467

	(Thousands of yen)	
	End of the Fiscal Year Ended February 29, 2016 (As of February 29, 2016)	End of the Second Quarter of the Fiscal Year Ending February 28, 2017 (As of August 31, 2016)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable — trade	4,289,341	4,766,794
Income taxes payable	1,545,501	922,368
Provision for bonuses	528,148	281,699
Provision for directors' bonuses	56,600	31,406
Asset retirement obligations	13,391	—
Other	3,897,039	3,188,732
Total current liabilities	10,330,022	9,191,001
<b>Noncurrent liabilities:</b>		
Long-term loans payable	478,810	427,880
Provision for directors' retirement benefits	433,131	356,353
Net defined benefit liability	669,081	531,483
Asset retirement obligations	1,040,972	960,926
Other	2,386,467	2,182,197
Total noncurrent liabilities	5,008,462	4,458,841
<b>Total liabilities</b>	15,338,485	13,649,842
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	2,486,520	2,486,520
Capital surplus	18,146,513	18,146,162
Retained earnings	29,958,714	31,504,940
Treasury stock	(5,768,298)	(6,569,285)
Total shareholders' equity	44,823,450	45,568,338
<b>Other accumulated comprehensive income:</b>		
Valuation difference on available-for-sale securities	810,524	785,633
Deferred gains or losses on hedges	(34,981)	(18,986)
Revaluation reserve for land	(158,063)	(168,478)
Foreign currency translation adjustments	81,167	36,984
Remeasurements of defined benefit plans	(353,371)	(318,840)
Total other accumulated comprehensive income	345,275	316,312
<b>Subscription rights to shares</b>	69,097	93,974
<b>Total net assets</b>	45,237,823	45,978,625
<b>Total liabilities and net assets</b>	60,576,308	59,628,467

**(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 29, 2016 (March 1, 2015 to August 31, 2015)	First Half of the Fiscal Year Ending February 28, 2017 (March 1, 2016 to August 31, 2016)
<b>Net sales</b>	24,048,617	22,935,702
<b>Cost of Sales</b>	10,414,905	9,613,164
<b>Gross profit</b>	13,633,711	13,322,537
<b>Selling, general and administrative expenses</b>	11,430,098	10,618,419
<b>Operating income</b>	2,203,613	2,704,118
<b>Non-operating income</b>		
Interest income	9,486	9,008
Dividends received	48,728	50,492
Equity in earnings of affiliates	45,406	483,960
Rent of real estate for investment	44,880	36,570
Foreign exchange gains	9,591	—
Other	53,937	22,436
Total non-operating income	212,030	602,467
<b>Non-operating expenses</b>		
Interest expenses	268	123
Depreciation of real estate for investment	2,940	2,348
Foreign exchange losses	—	22,544
Management cost for real estate for investment	1,023	1,023
Commission for purchase of treasury shares	25,006	833
Other	4,724	6,376
Total non-operating expenses	33,962	33,429
<b>Ordinary income</b>	2,381,680	3,273,336
<b>Extraordinary loss</b>		
Impairment loss	134,948	38,686
Loss on sales of shares of subsidiaries and associates	—	493,781
Loss on closing of stores	6,359	—
Building demolition costs	24,372	—
Loss on valuation of investment securities	—	73,467
Total extraordinary losses	165,680	605,935
<b>Net income before income taxes</b>	2,216,000	2,667,400
Income taxes — current	777,946	898,944
Income taxes — deferred	56,279	(312,871)
Total income taxes	834,225	586,072
Net income	1,381,774	2,081,327
<b>Profit attributable to owners of parent</b>	1,381,774	2,081,327

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

(Thousands of yen)

	First Quarter of the Fiscal Year Ended February 29, 2016 (March 1, 2015 to May 31, 2015)	First Quarter of the Fiscal Year Ending February 28, 2017 (March 1, 2016 to May 31, 2016)
Income before minority interests	1,381,774	2,081,327
Other comprehensive income		
Other valuation difference on available-for-sale securities	188,123	(46,378)
Deferred gains or losses on hedges	(19,446)	14,539
Foreign currency translation adjustments	6,645	(44,182)
Revaluation reserve for land	10,005	32,009
Remeasurements of defined benefit plans, net of tax	—	(10,415)
Share of other comprehensive income of entities accounted for using equity method	22,100	25,464
Total other comprehensive income	207,428	(28,963)
<b>Comprehensive income</b>	<b>1,589,203</b>	<b>2,052,364</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,589,203	2,052,364
Comprehensive income attributable to minority interests	—	—

### (3) Consolidated Quarterly Statements of Cash Flows

(Thousands of yen)

	First Quarter of the Fiscal Year Ended February 29, 2016 (March 1, 2015 to May 31, 2015)	First Quarter of the Fiscal Year Ending February 28, 2017 (March 1, 2016 to May 31, 2016)
<b>Cash flows from operating activities:</b>		
Income before income taxes	2,216,000	2,667,400
Depreciation	581,296	539,932
Impairment loss	134,948	38,686
Amortization of goodwill	248,252	248,252
Increase (decrease) in allowance for doubtful accounts	(1,294)	(15,240)
Increase (decrease) in provision for bonuses	(77,138)	(227,728)
Increase (decrease) in net defined benefit liability	(3,729)	48,586
Increase (decrease) in other provision	9,134	(66,462)
Interest and dividends income	(58,215)	(59,501)
Interest expenses	268	123
Equity in (earnings) losses of affiliates	(45,406)	(483,960)
Foreign exchange losses (gains)	(2,245)	(26,444)
Loss (gain) on sales of shares of subsidiaries and associates	—	493,781
Loss (gain) on valuation of investment securities	—	73,467
Decrease (increase) in notes and accounts receivable — trade	(201,126)	(99,603)
Decrease (increase) in inventories	(449,259)	(1,178,045)
Increase (decrease) in notes and accounts payable — trade	231,036	628,091
Increase (decrease) in accounts payable-other	(311,633)	(276,712)
Increase (decrease) in advances received	(3,072)	(139,522)
Increase (decrease) in accounts payable - other	(518,963)	16,403
Decrease (increase) in other assets	(72,630)	(108,911)
Increase (decrease) in other liabilities	11,333	75,713
Subtotal	1,687,553	2,148,305
Interest and dividends income received	119,157	119,331
Interest expenses paid	(268)	(123)
Income taxes paid	(1,398,324)	(1,528,803)
Net cash provided by (used in) operating activities	408,117	738,708

(Thousands of yen)

	First Quarter of the Fiscal Year Ended February 29, 2016 (March 1, 2015 to May 31, 2015)	First Quarter of the Fiscal Year Ending February 28, 2017 (March 1, 2016 to May 31, 2016)
<b>Cash flows from investing activities:</b>		
Purchase of noncurrent assets	(606,780)	(592,106)
Proceeds from sales of noncurrent assets	190	81,134
Purchase of intangible assets	(9,240)	(2,474)
Proceeds from redemption of securities	—	300,000
Purchase of investment securities	(9,667)	(2,009,746)
Proceeds from redemption of investment securities	—	500,000
Payments of long-term loans receivable	(2,296)	(5,200)
Collection of long-term loans receivable	5,245	31,989
Purchase of long-term prepaid expenses	(187,108)	(57,212)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	402,580
Other payments	(98,727)	(88,586)
Other proceeds	168,444	35,253
Net cash provided by (used in) investing activities	(739,940)	(1,404,367)
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loans payable	300,000	—
Proceeds from long-term loans payable	549,800	—
Repayment of long-term loans payable	(61,190)	(50,930)
Purchase of treasury stock	(3,151,408)	(866,205)
Proceeds from sales of treasury stock	55,623	62,778
Cash dividends paid	(441,676)	(535,101)
Other, net	(26,457)	(130,404)
Net cash provided by (used in) financing activities	(2,775,310)	(1,519,863)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,322</b>	<b>(17,713)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,105,810)</b>	<b>(2,203,235)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,952,933</b>	<b>4,985,844</b>
<b>Cash and cash equivalents at end of period</b>	<b>847,122</b>	<b>2,782,608</b>

**(4) Notes to Consolidated Quarterly 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 29, 2016 (March 1, 2015 to August 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	13,555,619	10,492,997	24,048,617	—	24,048,617
Intrasegment net sales and transfers	25,023	445,946	470,969	(470,969)	—
Total	13,580,643	10,938,943	24,519,586	(470,969)	24,048,617
Segment income or loss	2,270,500	(32,145)	2,238,354	(34,741)	2,203,613

Notes:

1. The adjustment amount of minus ¥34,741 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, 2017 (March 1, 2016 to August 31, 2016)****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	14,541,726	8,393,975	22,935,702	—	22,935,702
Intrasegment net sales and transfers	15,673	460,853	476,526	(476,526)	—
Total	14,557,400	8,854,828	23,412,229	(476,526)	22,935,702
Segment income	2,432,416	304,406	2,736,823	(32,705)	2,704,118

Notes:

1. The adjustment amount of minus ¥32,705 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.