Summary of Consolidated Financial Results for the Fiscal Year Ended February 28, 2014
[Japanese GAAP]

April 4, 2014

Company name: Adastria Holdings Co., Ltd. Listing: TSE 1st section
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Scheduled date of Annual General Meeting of Shareholders: May 22, 2014
Scheduled date of payment of dividend: May 8, 2014
Scheduled date of filing of Annual Securities Report: May 23, 2014
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for investors)

Note: The original disclosure in Japanese was released on April 4, 2014 at 16:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2014 (March 1, 2013 – February 28, 2014)

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2014	153,273	26.0	5,762	(40.7)	6,027	(39.4)	(4,731)	-
Fiscal year ended Feb. 28, 2013	121,670	5.7	9,717	(21.4)	9,951	(20.5)	5,508	(18.9)

Note: Comprehensive income Fiscal year ended Feb. 28, 2014: (3,455) million yen (-%)
Fiscal year ended Feb. 28, 2013: 6,416 million yen (down 5.1%)

	Net income per share	Diluted net income per share	ROE	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2014	(206.42)	-	(11.3)	8.5	3.8
Fiscal year ended Feb. 28, 2013	241.45	-	13.8	15.8	8.0

Reference: Equity in earnings of affiliates Fiscal year ended Feb. 28, 2014: - Fiscal year ended Feb. 28, 2013: -
EBITDA Fiscal year ended Feb. 28, 2014: 13,861 million yen (down 4.3%)
Fiscal year ended Feb. 28, 2013: 14,477 million yen
EPS before goodwill amortization Fiscal year ended Feb. 28, 2014: 156.84 yen (down 35.8%)
Fiscal year ended Feb. 28, 2013: 244.27 yen

(*) For more details regarding definition, computational method and other matters of these indices, please refer to the section "Analysis of Results of Operations" on page 3.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2014	78,841	44,786	56.8	1,844.17
As of Feb. 28, 2013	63,410	38,598	60.9	1,775.28

Reference: Shareholders' equity As of Feb. 28, 2014: 44,780 million yen As of Feb. 28, 2013: 38,598 million yen

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2014	4,606	(6,831)	(9,503)	8,529
Fiscal year ended Feb. 28, 2013	11,565	(10,184)	(8,430)	18,338

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 28, 2013	-	50.00	-	70.00	120.00	2,679	49.7	6.9
Fiscal year ended Feb. 28, 2014	-	50.00	-	25.00	75.00	1,697	-	4.1
Fiscal year ending Feb. 28, 2015 (forecast)	-	30.00	-	45.00	75.00		113.8	

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2015 (March 1, 2014 – February 28, 2015)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	86,900	36.3	2,300	(39.0)	2,300	(42.2)	500	(76.1)	20.59
Full year	185,900	21.3	6,000	4.1	6,000	(0.5)	1,600	-	65.89

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 4 (POINT INC., TRINITY ARTS inc., NATURAL NINE CO., LTD., and N9&PG Co., Ltd.)
Excluded: 1 (NATURAL NINE CO., LTD.)

Note: Please refer to the section "Corporate Group" on page 8 for further information.

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: Yes

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at end of period (including treasury shares)

As of Feb. 28, 2014:	24,400,000 shares	As of Feb. 28, 2013:	24,400,000 shares

2) Number of treasury shares at end of period

As of Feb. 28, 2014:	117,588 shares	As of Feb. 28, 2013:	2,657,885 shares

3) Average number of shares outstanding during the period

Fiscal year ended Feb. 28, 2014:	22,922,788 shares	Fiscal year ended Feb. 28, 2013:	22,812,391 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2014 (March 1, 2013 – February 28, 2014)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2014	57,727	(49.8)	5,246	(43.3)	5,473	(43.2)	(3,410)	-
Fiscal year ended Feb. 28, 2013	115,089	3.2	9,252	(21.0)	9,634	(19.8)	5,439	(17.0)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 28, 2014	(148.77)	-
Fiscal year ended Feb. 28, 2013	238.43	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2014	48,596	44,511	91.6	1,832.86
As of Feb. 28, 2013	59,318	37,370	63.0	1,718.79

Reference: Shareholders' equity As of Feb. 28, 2014: 44,506 million yen As of Feb. 28, 2013: 37,370 million yen

Note: The Company shifted to a holding company structure through a company split on September 1, 2013.
Please refer to the section "Corporate Group" on page 8 for further information.

2. Non-consolidated Forecast for the Fiscal Year Ending February 28, 2015 (March 1, 2014 – February 28, 2015)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	1,900	(96.6)	100	(97.9)	300	(94.0)	100	(96.7)	4.12
Full year	3,900	(93.2)	200	(96.2)	500	(90.9)	200	-	8.24

Note 1: Indication of audit procedure implementation status

The current financial report is exempted from audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures for the financial statements have not been completed.

Note 2: Cautionary statement with respect to forward-looking statements

Forward-looking statements in this report are based on currently available information and certain assumptions judged to be reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to the section "Analysis of Results of Operations" on page 2 regarding preconditions or other related matters for the forecast shown above.

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1. Analysis of Results of Operations and Financial Condition

(1) Analysis of Results of Operations

1) Results of operations for the current fiscal year

In the current fiscal year (March 1, 2013 to February 28, 2014), the Japanese economy continued to recover at a moderate pace. Corporate earnings are improving and the number of jobs is growing due to the benefits of the Japanese government's economic measures and monetary easing as well as for other reasons.

In the casual wear market where core brands of Adastria Holdings Co., Ltd. (hereafter "the Company") and the Company's Group (hereafter "the Group") belong to, the operating environment is favorable overall due to the moderate economic recovery. However, this market was unstable in the fiscal year's second half because of unfavorable weather that included record-setting autumn heat and heavy winter snowfall.

In this circumstances, the Company made NATURAL NINE HOLDINGS CO., LTD. and its subsidiary NATURAL NINE CO., LTD. a consolidated subsidiary in June 2013. And in August 2013, NATURAL NINE CO., LTD., which is the surviving company, absorbed NATURAL NINE HOLDINGS CO., LTD, which was dissolved.

In September 2013, the Company made TRINITY ARTS inc. a consolidated subsidiary and an absorption-type company split was conducted with the Company as the splitting company and its wholly owned subsidiary POINT INC. (the new POINT) as the successor company. In addition, the POINT INC. (the new POINT) received rights and obligations for all business activities other than management administration. By taking these actions, the Group shifted to a holding company structure. Furthermore, the company name was changed to Adastria Holdings Co., Ltd. from POINT INC.

In February 2014, there was a merger of wholly owned subsidiaries Posic Co., Ltd., which handles the Group's logistics operations, and NATURAL NINE CO., LTD., which is involved in product planning and the supervision of production. The newly formed company is called N9&PG Co., Ltd.

Due to these actions, we have two major retail companies and N9&PG Co., Ltd. One is POINT INC. (the new POINT), which is involved mainly in sales of natural fashion style brands. The other is TRINITY ARTS inc., a retailer of lifestyle-proposing brands for apparel, accessories and other consumer products. N9&PG Co., Ltd. has outstanding capabilities in textile and product designs along with operations in many Asian countries. The result is a corporate group with a broad customer base and the ability to develop highly distinctive merchandise.

Due to the consolidation of TRINITY ARTS inc., the number of stores now includes the 245 stores (including 3 overseas stores) of this company and its subsidiaries. We opened 144 new stores (including 25 overseas), and closed 75 (including 23 overseas), resulting in a total network of 1,213 stores (including 81 overseas) at the end of the current fiscal year.

Consolidated sales increased sharply by 26.0% year-on-year, benefiting from the consolidation of TRINITY ARTS inc. Sales of the *GLOBAL WORK*, *LEPSIM LOWRYS FARM*, and *niko and*... brands all posted solid sales.

There was a large decline of 4.2 percentage points in the operating margin from the previous fiscal year to 3.8%. One reason was a decline in the gross profit margin that was partly the result of a higher cost of sales ratio caused by the weaker yen and of higher sales of reduced-price merchandise. Amortization of goodwill resulting from TRINITY ARTS inc. and NATURAL NINE CO., LTD. (currently N9&PG Co., Ltd.) becoming consolidated subsidiaries is another reason for the lower operating margin.

There is an extraordinary loss of 6,196 million yen for the one-time amortization of goodwill in association with asset impairment charges at N9&PG Co., Ltd. and other group companies because of weak performance and other reasons.

As a result, consolidated net sales in the current fiscal year increased 26.0% year-on-year to 153,273 million yen, operating income decreased 40.7% to 5,762 million yen, ordinary income decreased 39.4% to 6,027 million yen, and net loss was 4,731 million yen.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 4.3% to 13,861 million yen and earnings per share, before goodwill amortization, fell 35.8% to 156.84 yen. (*)

(*) Amortization of goodwill that resulted from making TRINITY ARTS inc. and NATURAL NINE CO., LTD. (currently N9&PG Co., Ltd.) consolidated subsidiaries causes large declines in operating income and all subsequent categories of profits from the current fiscal year. Since goodwill amortization is not a cash expense, this amortization created a large gap between changes in cash flows and changes at all levels of profits starting with operating income. Furthermore, comparisons with foreign companies are difficult because of differences in accounting standards of individual countries for recording goodwill amortization. As a result, we are newly announcing EBITDA and EPS before goodwill amortization as reference financial indicators.

EBITDA

Operating income + Depreciation + Amortization of goodwill (selling, general and administrative expenses)

EPS before goodwill amortization

(Net income + Amortization of goodwill (selling, general and administrative expenses, and extraordinary loss))/ Average number of shares outstanding during the period

(Number of stores opened/closed, etc.)

Number of stores for formats and regions in the current fiscal year are as follows.

Store format / region	Number of stores						
	As of Feb. 28, 2013	FY2/14					As of Feb. 28, 2014
		Increased (Note 5)	Opened, etc.	Rebranded	Closed	Increase /decrease	
GLOBAL WORK	172	-	9	-	(8)	1	173
LOWRYS FARM	149	-	18	-	(8)	10	159
LEPSIM LOWRYS FARM	111	-	3	-	(4)	(1)	110
JEANASIS	81	-	4	-	(3)	1	82
RAGEBLUE	62	-	4	-	(4)	-	62
HEATHER	75	-	6	-	(5)	1	76
Others	135	-	27	-	(17)	10	145
Total (POINT INC.)	785	-	71	-	(49)	22	807
niko and...	-	94	7	-	(1)	100	100
STUDIO CLIP	-	104	25	-	-	129	129
Others	-	44	10	-	-	54	54
Total (TRINITY ARTS inc.)	-	242	42	-	(1)	283	283
BABYLONE INC.	38	-	6	-	(2)	4	42
Total (Japan)	823	242	119	-	(52)	309	1,132
Hong Kong	24	3	7	-	(4)	6	30
China	17	-	9	-	(5)	4	21
Taiwan	31	-	4	-	(14)	(10)	21
Singapore	4	-	5	-	-	5	9
Total (Overseas)	76	3	25	-	(23)	5	81
Total (Group)	899	245	144	-	(75)	314	1,213

Notes: 1. The number of stores includes e-commerce websites of other companies and e-commerce websites of the Company.
2. Stores that sell merchandise of two or more brands are categorized as the brand that operates each store.
3. POINT INC. includes figures for Adastria Holdings Co., Ltd. before shifting to a holding company structure.
4. TRINITY ARTS inc. includes figures for its subsidiaries.
5. This table shows the increase in the number of stores resulting from the consolidation of TRINITY ARTS inc.

(Sales for brands and regions)

Sales and composition for brands and regions in the current fiscal year are as follows.

Brand / region		FY2/14		YoY change (%)
		Sales (million yen)	Composition (%)	
	GLOBAL WORK	27,655	18.0	7.4
	LOWRYS FARM	24,604	16.0	0.2
	LEPSIM LOWRYS FARM	13,396	8.7	10.6
	JEANASIS	10,380	6.8	(9.5)
	RAGEBLUE	10,050	6.6	0.6
	HEATHER	8,314	5.4	(9.3)
	Others	23,616	15.4	7.2
Total (POINT INC.)		118,019	76.9	2.5
	niko and...	9,573	6.2	-
	STUDIO CLIP	7,757	5.1	-
	Others	3,146	2.1	-
Total (TRINITY ARTS inc.)		20,476	13.4	-
BABYLONE INC.		5,090	3.3	220.6
Others		1,445	1.0	-
Total (Japan)		145,032	94.6	24.3
	Hong Kong	5,000	3.2	75.7
	China	1,004	0.7	70.7
	Taiwan	1,465	1.0	7.8
	Singapore	770	0.5	288.1
Total (Overseas)		8,241	5.4	65.0
Total (Group)		153,273	100.0	26.0

Notes: 1. POINT INC. includes figures for Adastria Holdings Co., Ltd. before shifting to a holding company structure.
2. TRINITY ARTS inc. includes figures for its subsidiaries.
3. BABYLONE INC. became a consolidated subsidiary in the fourth quarter of the previous fiscal year.

(Sales for merchandise categories)

Sales and composition for merchandise categories in the current fiscal year are as follows.

Merchandise category	FY2/14		YoY change (%)
	Sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	25,593	16.7	7.3
Lady's apparel (bottoms, tops)	95,705	62.4	26.6
Others	31,974	20.9	43.9
Total	153,273	100.0	26.0

Note: The others category includes the provision for point card certificates and other items.

2) Outlook for the fiscal year ending on February 28, 2015

Although corporate earnings in Japan are recovering, there are still numerous factors that pose challenges. Examples include Japan's declining population as the birthrate falls and the number of older people climbs, the diversification of consumer lifestyles, and the rapid advance of globalization. In addition, Japan raised the consumption tax in April 2014. As a result, we expect the operating environment to remain difficult.

To deal with these issues, we have conducted a management integration with TRINITY ARTS inc. and NATURAL NINE CO., LTD. (currently N9&PG Co., Ltd.) and shifted to a holding company structure in September 2013. One aim of these actions is to build a sound foundation to support the growth of all Adastria Group companies. These actions are also expected to enable maximizing synergies involving supply chains, IT systems, administrative operations and other aspects of operations while respecting and preserving the corporate culture of each company. We further believe that these actions will make it possible to use measures that include M&A to strengthen the brand portfolio and grow outside Japan.

In the fiscal year ending on February 28, 2015, by combining the functions of companies that were recently integrated, we will continue to strengthen internal planning and production operations in order to create more distinctive merchandise. We will also redefine brand positioning and pursue strategies that match the characteristics of each brand. Overseas, we are positioning Adastria Asia Co., Ltd., which is located in Hong Kong, as a company that oversees all operations outside Japan. Activities in other countries will be focused primarily on the *LOWRYS FARM*, *GLOBAL WORK* and *niko and…* brands.

For the fiscal year ending on February 28, 2015, we forecast a 21.3% increase in consolidated net sales to 185.9 billion yen, a 23.5% increase in gross profit to 104.8 billion yen, a 4.1% increase in operating income to 6.0 billion yen, a 0.5% decrease in ordinary income to 6.0 billion yen and net income of 1.6 billion yen.

This forecast assumes: existing-store sales of POINT INC. will decrease 1.4% and 83 stores will be opened and 27 stores will be closed; and existing-store sales of TRINITY ARTS inc. will decrease 0.8%. and 85 stores will be opened and one store will be closed.

The planned number of stores for major brands and regions are as follows.

Brand / region		Number of stores	
		FY2/14	FY2/15 (Plan)
	GLOBAL WORK	173	181
	LOWRYS FARM	159	158
	LEPSIM LOWRYS FARM	110	121
	JEANASIS	82	84
	RAGEBLUE	62	66
	HEATHER	76	77
	Others	145	176
Total (POINT INC.)		807	863
	niko and...	100	115
	STUDIO CLIP	129	159
	Others	54	135
Total (TRINITY ARTS inc.) (Note 3)		283	409
BABYLONE INC. (Note 3)		42	-
Total (Japan)		1,132	1,272
	Hong Kong	30	33
	China	21	39
	Taiwan	21	27
	Singapore	9	9
	South Korea (Note 4)	-	6
Total (Overseas)		81	114
Total (Group)		1,213	1,386

Notes: 1. The number of stores includes e-commerce websites of other companies and e-commerce websites of the Company.

2. Stores that sell merchandise of two or more brands are categorized as the brand that operates each store.

3. TRINITY ARTS inc., which is the surviving company, absorbed BABYLONE INC. in April 2014. Please refer to the section "4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements, Subsequent Event" for further information.

4. Adastria Korea Co., Ltd. was established in January 2014. Since its fiscal year ends on December 31, this company will be included in the scope of consolidation starting from the fiscal year ending on February 28, 2015.

(2) Analysis of Financial Condition

1) Balance sheet position

Assets

Current assets decreased 1,665 million yen from as of February 28, 2013 to 31,525 million yen as of February 28, 2014. This was mainly due to a decrease in cash and deposits of 3,309 million yen for a reduction on loans of the group companies after the management integration, a decrease in securities (commercial papers and Treasury Discount Bills) of 6,499 million yen, in spite of an increase in inventories of 6,164 million yen resulting from the management integration.

Non-current assets increased 17,095 million yen to 47,315 million yen. This was mainly due to increases in goodwill of 8,809 million yen and lease and guarantee deposits of 3,425 million yen following the management integration.

Liabilities

Current liabilities increased 8,242 million yen to 32,474 million yen. This was mainly due to increases in short-term loans payable of 4,225 million yen and accounts payable-other of 2,475 million yen following the management integration.

Non-current liabilities increased 999 million yen to 1,580 million yen. This was mainly due to an increase in deferred tax liabilities of 925 million yen.

Net assets

Net assets increased 6,187 million yen to 44,786 million yen. This was mainly due to an increase in capital surplus of 4,468 million yen from the share exchange, and a decrease in treasury shares of 7,781 million yen.

2) Cash flow position

Cash and cash equivalents (hereinafter “net cash”) as of February 28, 2014 amounted to 8,529 million yen, or 9,809 million yen less than as of February 28, 2013.

A summary of cash flows from each activity during the current fiscal year is as follows:

Cash flows from operating activities

Net cash provided by operating activities totaled 4,606 million yen (a decrease of 6,958 million yen, compared with the previous fiscal year). The main factors include amortization of goodwill of 8,326 million yen, depreciation and amortization of 6,212 million yen and income taxes paid of 4,974 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 6,831 million yen (a decrease of 3,352 million yen). This was mainly due to the payments of 5,360 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities totaled 9,503 million yen (an increase of 1,073 million yen). This was mainly due to a decrease in short-term loans payable of 2,091 million yen, cash dividends paid of 2,612 million yen and the purchase of treasury shares of 4,014 million yen.

Reference: Cash flow indicators

	FY2/12	FY2/13	FY2/14
Shareholders' equity ratio (%)	65.3	60.9	56.8
Shareholders' equity ratio based on market prices (%)	115.6	117.2	72.4
Interest-bearing debt to cash flow ratio (%)	0.0	0.1	1.2
Interest coverage ratio (times)	41,048.9	1,663.2	50.1

Notes: 1. Shareholders' equity ratio: Shareholders' equity / Total assets
2. Shareholders' equity ratio based on market prices: Market capitalization / Total assets
3. Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows
4. Interest coverage ratio: Operating cash flows / Interest payments
* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.
* Operating cash flows are calculated using the figures for operating cash flows in the consolidated statement of cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest. Interest payments are calculated using the figures for interests paid in the consolidated statement of cash flows.

(3) Basic Policy on Profit Distribution, and Dividend Plans for the Current and Next Fiscal Years

With regard to the distribution of profits, we will make investments in the necessary businesses to develop highly appealing brands and supply merchandise that can further increase corporate value (shareholder value), which will lead to the satisfaction of both customers and shareholders. For profit distributions to shareholders, we use a consolidated payout ratio before goodwill amortization of 30% as the standard for dividends. In addition, we position the repurchase of treasury shares as one way to return earnings to shareholders. Repurchases will be determined in an appropriate and timely manner while taking into account changes in our stock price, our financial position and other factors.

The year-end dividend for the current fiscal year that ended on February 28, 2014 will be 25 yen per share. This is less than initially planned because second half performance was below the forecast that was announced with the first half earnings announcement. Combined with the 50 yen interim dividend, the annual dividend for the current fiscal year is 75 yen per share, which results in a consolidated payout ratio before goodwill amortization of 47.8%.

For the next fiscal year ending on February 28, 2015, we plan to pay 75 yen for an annual dividend, the same as the dividend for the current fiscal year.

2. Corporate Group

The Group (the Company and its subsidiary companies) consists of Adastria Holdings Co., Ltd. and 13 consolidated subsidiaries: POINT INC., TRINITY ARTS inc., BABYLONE INC., N9&PG Co., Ltd., Adastria Asia Co., Ltd. (Hong Kong), POINT (Shanghai) Co., Ltd. (China), POINT TW INC. (Taiwan), Singapore Point Pte. LTD. (Singapore), and five other companies. The sale of merchandise is the primary business activity of the Group.

In Japan, the sale of merchandise is conducted by POINT INC., TRINITY ARTS inc., and BABYLONE INC. POINT INC. operates casual clothing brands nationwide with using SPA format. These brands include *GLOBAL WORK*, *LOWRYS FARM*, *LEPSIM LOWRYS FARM*, *JEANASIS*, *RAGEBLUE*, *HEATHER*. TRINITY ARTS inc. sells products nationwide using lifestyle-proposing brands, primarily the *niko and…* and *STUDIO CLIP* brands. BABYLONE INC. sells products mainly by using the *BABYLONE* brand for high-end women’s products that target women in their 20’s and 30’s.

The overseas merchandise sales business is conducted by Adastria Asia Co., Ltd., POINT (Shanghai) Co., Ltd., POINT TW INC., and Singapore Point Pte. LTD. These companies use *GLOBAL WORK*, *LOWRYS FARM*, *JEANASIS*, *niko and…*, and other brands.

At the end of the current fiscal year, the Group had 1,132 stores in Japan and 81 stores in other countries, a total of 1,213 stores.

N9&PG Co., Ltd. performs a comprehensive range of operations starting with the development of original materials and including patterns, product plans, production supervision, distribution and quality assurance. This company has business partners that have manufacturing operations in many locations in Asia.

Changes in significant group companies during the current fiscal year are as follows.

In the first quarter, POINT INC. (the new POINT) was established to prepare for the company split that took place on April 4, 2013. TRINITY INC. changed its name to BABYLONE INC. on April 15, 2013.

In the second quarter, the Company acquired 100% of the voting rights of NATURAL NINE HOLDINGS CO., LTD. on June 4, 2013 to make it a wholly owned subsidiary through a share exchange, with the Company as the solo parent. This company and its four subsidiaries (NATURAL NINE CO., LTD., CROSS BORDER CO., LTD. and two other companies) were included in the scope of consolidation. On August 31, 2013, NATURAL NINE CO., LTD., which is the surviving company, absorbed NATURAL NINE HOLDINGS CO., LTD. and CROSS BORDER CO., LTD., which were dissolved.

In the third quarter, BABYLONE INC., which is the surviving company, absorbed its subsidiary universite CO., LTD., which was dissolved, on August 1, 2013.

In addition, the Company acquired 100% of the voting rights of TRINITY ARTS inc. on September 1, 2013 to make it a wholly owned subsidiary through a share exchange, with the Company as the solo parent. This company and its four subsidiaries were included in the scope of consolidation.

At the same time, an absorption-type company split was conducted with the Company as the splitting company and its wholly owned subsidiary POINT INC. (the new POINT) as the successor company. In addition, the POINT INC. (the new POINT) received rights and obligations for all business activities other than management administration. By taking these actions, the Group shifted to a holding company structure.

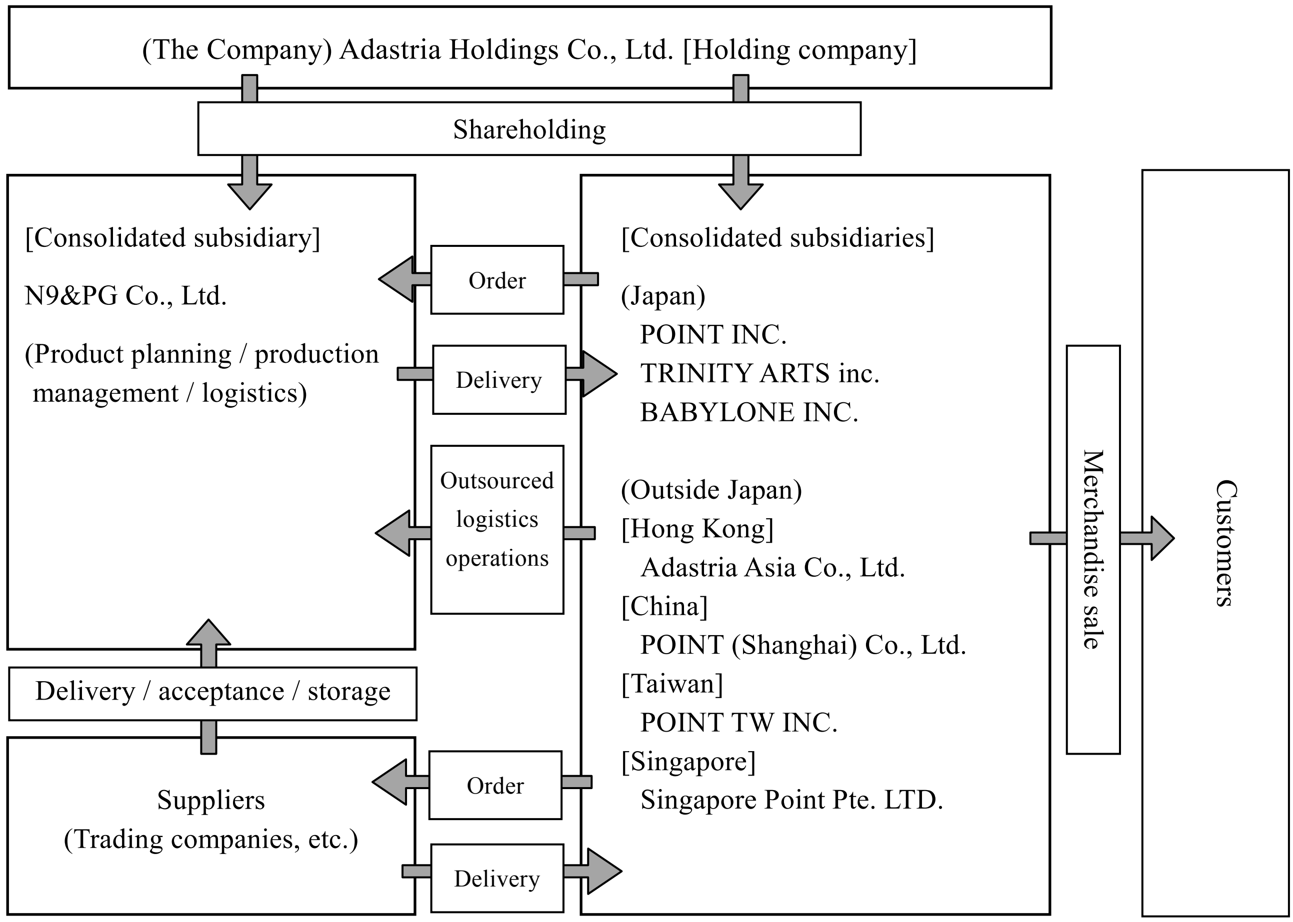
Furthermore, the company name was changed to Adastria Holdings Co., Ltd. from POINT INC. on the same day. Hong Kong subsidiary POINT HOLDING CO., LTD also changed its name to Adastria Asia Co., Ltd.

In the fourth quarter, the Company’s wholly owned subsidiary Posic Co., Ltd., which is the surviving company, absorbed NATURAL NINE CO., LTD., which was dissolved, on February 28, 2014. The surviving company Posic Co., Ltd. has changed its name to N9&PG Co., Ltd.

The following table lists the major brands of the Group.

Company	Brand		Concept
POINT INC.		GLOBAL WORK	*GLOBAL WORK* offers casual wear by presenting natural and easygoing merchandise which applies seasonal sense to fit every individual.
		LOWRYS FARM	Themeing on quality and relaxation, *LOWRYS FARM* proposes refreshing styling consisting of timeless basic items and seasonal trendy items for women in ordinary lifestyle.
		LEPSIM LOWRYS FARM	Styled on simplicity yet with a sense of freshness, *LEPSIM LOWRYS FARM* proposes a casual and unassuming style that blends naturally into daily life.
		JEANASIS	With commitments on materials and details, *JEANASIS* expresses current trends with unique perspectives and sense and that is how *JEANASIS* style is defined.
		RAGEBLUE	Blending American casual taste and European traditional taste, *RAGEBLUE* focuses on materials and details, and proposes a daily standard style incorporating elements of popular trends.
		HEATHER	Designed for positive girls who have an everlasting playful mind, *HEATHER* proposes perfect styling with girlish and edgy items in trend.
TRINITY ARTS inc.		niko and…	By nature, something is missing. The *niko and…* brand brightens people’s lives by creating originality through an infusion of its own style.
		STUDIO CLIP	Let’s make this day unforgettable. Even though it’s not a special day. I’d like to catch important things properly. I’d like to be able to come face with even small things. *STUDIO CLIP* proposes life styles that match individuals and is based on the concept of “my house.”

An organizational chart of the Group is as follows.



Note: The consolidated subsidiaries in Japan perform some procurement operations for the merchandise procurement activities of consolidated subsidiaries outside Japan.

3. Management Policies

(1) Basic Management Policy

The Group announced a new Belief and Vision in the current fiscal year.

■ Our Belief

Fashion Can Transform the World.

Fashion is not a word that describes only trend and clothing.

Fashion stands for living the way you want to.

We strongly believe that fashion has unlimited potential to transform the world.

■ Our Vision

Hello “ ” World

To fulfill the potential of transforming the world of fashion into an actual transformation

We will use a variety of activities to open the door to a new world that brings together people and life styles that match each individual.

Hello World:

Also known as the world’s most famous computer program, “Hello World” is simple source code that is used in the learning of computer programming languages. Here, the blank “ ” in the middle of the phrase expresses infinite possibility, suggesting “opening the door to a new world” and “discovering a whole new you.”

The business activities of the Group are distinguished by the following characteristics.

Our business model:

Our business model helps us to deliver, at just the right time, excellent, affordable fashion that matches the needs of every customer.

1) Multi Brands

From all the options available, customers choose those items that best reflect their unique individuality. The Group maintains a portfolio of diverse brands to suit each customer’s preferences and lifestyle.

2) Multi Categories

In addition to apparel, we offer a broad range of fashion categories and items – from bags, shoes and kitchen goods to furniture and much more.

3) Value Chain

The value chain is used to differentiate the Group from its competitors by quickly collecting information about market trends and store data and incorporating this information in new products.

We will be a source of new fashions to people all around the world by using an integrated infrastructure that extends from product planning to production, distribution and sales.

(2) Performance Targets

The Company places priority on performance indicators associated with earnings and efficiency. The goal is to increase operating income, EBITDA, which is an indicator of the ability to generate cash, and other indicators. To accomplish this, the Group will differentiate its products by strengthening internal planning and production operations and operate stores in a manner that reflects the characteristics of each brand. For ROE, the goal is to increase this return by increasing earnings.

(3) Medium- to Long-term Business Strategy

In recent years, the ASEAN region has becoming increasingly important as a location for manufacturing products, along with factories in China. Furthermore, the Asian market is growing as a region for selling products, too. As a result, the globalization of the Group's operating environment is advancing rapidly. In Japan, the population is falling as the number of older people climbs and the number of children falls. In addition, the consumption tax has been raised. These events are making the outlook for consumer spending increasingly uncertain. At the same time, consumers' life styles and needs are becoming even more diverse and advanced.

In response to these developments, we started the TOP15 medium-term management plan in the fiscal year that ended on February 28, 2013. The plan aims to utilize brands with the goal of achieving sustainable growth and to strengthen the business model in order to maximize added value provided to customers. Another goal is to build a more powerful organizational structure for the Group and place priority on enabling employees to upgrade their skills. We want to create a highly energetic organization even as the Group continues to grow.

Specific goals and actions are as follows.

■ Management policy

1. Establishing a foundation for sustainable growth after implementation of TOP 15 in order to realize our Vision, by fostering multiple numbers of world-class brands and promoting the expansion of our overseas operations and development of new brands
2. Presenting high value for customers and enhancing our brand value by bolstering our product planning and procurement capabilities and making our shops even more attractive
3. Respecting diversity, actively developing and optimizing human resources, and invigorating our organizations with the key words of "challenge," "communication," and "creativity"

■ Growth strategy

1. Expanding our business scale by actively investing our management resources into our core brands
2. Boosting our capability to develop business in overseas markets
3. Striving to evolve our multi-brand strategy by developing new markets
4. Increasing points of contact with our customers by augmenting the function of our Web stores and securing closer coordination among our stores, social networking system, and customer relationship management
5. Improving our overall capabilities as a team by promoting various efforts including mergers & acquisitions.

■ Strengthening our business model

1. Bolstering our product planning and procurement capabilities
2. Enhancing our advertising and publicity function
3. Augmenting our logistics function
4. Expanding our outlet and inventory clearance capability
5. Strengthening our IT infrastructure

To increase the speed of these initiatives, the Company shifted to a holding company structure in 2013. There are two major retail companies. One is POINT INC., which is involved mainly in sales of natural fashion style brands. The other is TRINITY ARTS inc., a retailer of lifestyle-proposing brands for apparel, accessories and other consumer products. The Group also includes N9&PG Co., Ltd., which has outstanding capabilities in textile and product designs along with operations in many Asian countries. Having assembled this corporate group, the next goal is to unify the activities of the companies that were combined in order to generate synergies quickly. As a corporate group with a broad customer base and the ability to develop highly distinctive merchandise, the Group aims to transform itself into a “multi-brand” and “multi-category” organization with a focus on fashion. The Group also plans to build a “value chain” infrastructure that brings together planning, production and sales. All of these actions will be used for business operations in Japan and other regions of Asia.

(4) Challenges

Significant changes are taking place in Japan’s apparel retailing industry. Major sources of change are the country’s aging population and falling number of children, the increasing diversity of lifestyles, and competition from foreign retailers that are entering Japan. Furthermore, strengthening value chains in order to support growth in Japan as well as in overseas markets has become an important management issue because of globalization.

To be a winner in this environment, we believe that actions are needed to deal with the following issues.

1) In 2013, the Group integrated the management of TRINITY ARTS inc. and NATURAL NINE CO., LTD. (currently N9&PG Co., Ltd.) and shifted to a holding company structure. We believe that the new Adastria Group that was created by these actions must quickly build a foundation for future growth. We need to establish an infrastructure that is capable of targeting an even broader spectrum of markets in Japan and other countries.

2) The workforce and organization of the Group have been growing along with the management integration and the increasing scale of operations at group companies. Moreover, we expect that our network of offices and subsidiaries will increase along with the expansion of our overseas operations. As we grow, we will need to ensure that the entire group aims for the same goals and adheres to the same code of conduct. At the same time, we must accumulate and share information, know-how and knowledge. All of these actions will be needed to conduct business activities that can satisfy our customers. In addition, aiming for growth as a company is equivalent to aiming for the growth of the employees who perform the company’s activities. This is why we must work on ways to continue providing employees an environment that enables them to upgrade their skills.

3) Japan is undergoing an unprecedented social change as its population ages and the number of children falls. We must respond appropriately to the resulting changes in markets and lifestyles. Redefining the positioning of existing brands and creating a growth strategy that reflects brand characteristics will be two important actions. Our success will also require becoming a source of new forms of added value for our customers, such as by developing new brands and utilizing the Internet and social networking services.

4) For operations in Japan and growth overseas, the Group will have to create and manufacture merchandise with substantial added value and then maintain a reliable supply of those products at all business locations. Maximizing the added value that we offer our customers by performing the centralized oversight of every step, from product planning to manufacturing, distribution and sales, and then using this infrastructure to build a unique “value chain” will be vital to achieving sustained growth.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	FY2/13 (As of Feb. 28, 2013)	FY2/14 (As of Feb. 28, 2014)
Assets		
Current assets		
Cash and deposits	11,849	8,540
Notes and accounts receivable-trade	4,829	6,016
Securities	6,499	-
Inventories	7,749	13,914
Deferred tax assets	959	1,392
Other	1,336	1,695
Allowance for doubtful accounts	(34)	(33)
Total current assets	33,190	31,525
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,911	3,438
Accumulated depreciation	(899)	(1,217)
Buildings and structures, net	2,011	2,221
Store interior equipment	13,540	21,774
Accumulated depreciation	(7,606)	(13,082)
Store interior equipment, net	5,933	8,692
Land	2,321	2,321
Construction in progress	342	168
Other	1,009	1,594
Accumulated depreciation	(623)	(902)
Other, net	386	691
Total property, plant and equipment	10,994	14,095
Intangible assets		
Goodwill	1,797	10,606
Other	812	1,182
Total intangible assets	2,609	11,789
Investments and other assets		
Investment securities	4,135	4,842
Lease and guarantee deposits	11,306	14,732
Deferred tax assets	1,013	1,840
Other	364	225
Allowance for doubtful accounts	(204)	(210)
Total investments and other assets	16,616	21,430
Total non-current assets	30,220	47,315
Total assets	63,410	78,841

(Million yen)

	FY2/13 (As of Feb. 28, 2013)	FY2/14 (As of Feb. 28, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,909	14,626
Short-term loans payable	508	4,734
Current portion of long-term loans payable	235	-
Accounts payable-other	5,581	8,056
Income taxes payable	2,378	2,458
Deferred tax liabilities	-	28
Provision for bonuses	1,212	1,594
Provision for directors' bonuses	51	-
Other provision	163	290
Other	191	685
Total current liabilities	24,231	32,474
Non-current liabilities		
Bonds payable	31	-
Long-term loans payable	261	-
Deferred tax liabilities	-	925
Provision for directors' retirement benefits	101	101
Other	187	554
Total non-current liabilities	581	1,580
Total liabilities	24,812	34,054
Net assets		
Shareholders' equity		
Capital stock	2,660	2,660
Capital surplus	2,517	6,986
Retained earnings	40,826	33,482
Treasury shares	(8,188)	(407)
Total shareholders' equity	37,816	42,722
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	792	1,720
Deferred gains or losses on hedges	7	28
Foreign currency translation adjustment	(17)	308
Total accumulated other comprehensive income	781	2,058
Subscription rights to shares	-	5
Total net assets	38,598	44,786
Total liabilities and net assets	63,410	78,841

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Million yen)

	FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)	FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)
Net sales	121,670	153,273
Cost of sales	50,516	68,404
Gross profit	71,154	84,869
Selling, general and administrative expenses		
Advertising expenses	3,295	4,770
Provision of allowance for doubtful accounts	(73)	(15)
Directors' compensations	330	553
Salaries and bonuses	15,855	20,456
Provision for bonuses	1,201	1,521
Provision for directors' bonuses	51	-
Welfare expenses	2,702	3,525
Rents	21,846	26,341
Lease payments	1,032	656
Depreciation	4,695	5,968
Amortization of goodwill	64	2,130
Other	10,434	13,198
Total selling, general and administrative expenses	61,436	79,106
Operating income	9,717	5,762
Non-operating income		
Interest income	13	6
Dividend income	59	69
House rent income	5	85
Insurance premiums refunded cancellation	-	73
Revenue from electric power sales	-	37
System lease income	36	24
Temporary transfer charges income	28	-
Other	123	201
Total non-operating income	266	499
Non-operating expenses		
Interest expenses	6	91
Commitment fee	10	8
Foreign exchange losses	-	16
Commission for purchase of treasury shares	7	20
Payments for employment of disabilities	-	51
Other	7	46
Total non-operating expenses	31	234
Ordinary income	9,951	6,027

(Million yen)

	FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)	FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)
Extraordinary income		
Gain on sales of non-current assets	18	-
Gain on step acquisitions	-	202
Total extraordinary income	18	202
Extraordinary losses		
Impairment loss	217	452
Amortization of goodwill	-	6,196
Other	0	1
Total extraordinary losses	217	6,650
Income (loss) before income taxes and minority interests	9,752	(420)
Income taxes-current	4,630	4,523
Income taxes-deferred	(379)	(212)
Total income taxes	4,251	4,311
Income (loss) before minority interests	5,501	(4,731)
Minority interests in income (loss)	(6)	-
Net income (loss)	5,508	(4,731)

Consolidated Statement of Comprehensive Income

(Million yen)

	FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)	FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)
Income (loss) before minority interests	5,501	(4,731)
Other comprehensive income		
Valuation difference on available-for-sale securities	692	928
Deferred gains or losses on hedges	4	21
Foreign currency translation adjustment	218	326
Total other comprehensive income	915	1,276
Comprehensive income	6,416	(3,455)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,396	(3,455)
Comprehensive income attributable to minority interests	20	-

(3) Consolidated Statement of Changes in Equity

FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,660	2,517	38,139	(2,241)	41,076
Changes of items during period					
Dividends of surplus			(2,820)		(2,820)
Net income (loss)			5,508		5,508
Purchase of treasury shares				(5,947)	(5,947)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,687	(5,947)	(3,259)
Balance at end of current period	2,660	2,517	40,826	(8,188)	37,816

(Million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	99	2	(209)	(106)	-	221	41,191
Changes of items during period							
Dividends of surplus							(2,820)
Net income (loss)							5,508
Purchase of treasury shares							(5,947)
Net changes of items other than shareholders' equity	692	4	191	888	-	(221)	666
Total changes of items during period	692	4	191	888	-	(221)	(2,593)
Balance at end of current period	792	7	(17)	781	-	-	38,598

FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,660	2,517	40,826	(8,188)	37,816
Changes of items during period					
Dividends of surplus			(2,612)		(2,612)
Net income (loss)			(4,731)		(4,731)
Purchase of treasury shares				(4,014)	(4,014)
Disposal of treasury shares				11,759	11,759
Increase by share exchanges		4,460			4,460
Issuance of new shares-exercise of subscription rights to shares		8		36	45
Net changes of items other than shareholders' equity					
Total changes of items during period	-	4,468	(7,344)	7,781	4,906
Balance at end of current period	2,660	6,986	33,482	(407)	42,722

(Million yen)

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	792	7	(17)	781	-	-	38,598
Changes of items during period							
Dividends of surplus							(2,612)
Net income (loss)							(4,731)
Purchase of treasury shares							(4,014)
Disposal of treasury shares							11,759
Increase by share exchanges							4,460
Issuance of new shares-exercise of subscription rights to shares							45
Net changes of items other than shareholders' equity	928	21	326	1,276	5	-	1,281
Total changes of items during period	928	21	326	1,276	5	-	6,187
Balance at end of current period	1,720	28	308	2,058	5	-	44,786

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)	FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	9,752	(420)
Depreciation	4,843	6,212
Impairment loss	217	452
Amortization of goodwill	64	8,326
Interest and dividend income	(72)	(75)
Interest expenses	6	91
Loss (gain) on step acquisitions	-	(202)
Increase (decrease) in provision for bonuses	72	(138)
Increase (decrease) in provision for directors' bonuses	51	-
Increase (decrease) in provision for directors' retirement benefits	(0)	-
Increase (decrease) in allowance for doubtful accounts	(73)	(17)
Decrease (increase) in notes and accounts receivable - trade	212	2,648
Decrease (increase) in inventories	(167)	(2,595)
Increase (decrease) in notes and accounts payable - trade	(365)	(4,658)
Increase (decrease) in accounts payable - other	969	212
Increase (decrease) in accrued consumption taxes	(16)	424
Other, net	86	(662)
Subtotal	15,579	9,597
Interest and dividend income received	72	75
Interest expenses paid	(6)	(91)
Income taxes paid	(4,080)	(4,974)
Net cash provided by (used in) operating activities	11,565	4,606
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,337)	(5,360)
Purchase of intangible assets	(371)	(636)
Purchase of investment securities	(878)	(1)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,817)	-
Repayments to minority shareholders	(817)	-
Payments for lease and guarantee deposits	(1,510)	(1,950)
Proceeds from collection of lease and guarantee deposits	538	1,018
Other, net	10	98
Net cash provided by (used in) investing activities	(10,184)	(6,831)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	212	(2,091)
Proceeds from long-term loans payable	150	257
Repayments of long-term loans payable	(61)	(886)
Cash dividends paid	(2,821)	(2,612)
Purchase of treasury shares	(5,947)	(4,014)
Other, net	37	(155)
Net cash provided by (used in) financing activities	(8,430)	(9,503)
Effect of exchange rate change on cash and cash equivalents	80	161
Net increase (decrease) in cash and cash equivalents	(6,969)	(11,567)
Cash and cash equivalents at beginning of period	25,308	18,338
Increasing of cash and cash equivalents for stock exchange	-	1,758
Cash and cash equivalents at end of period	18,338	8,529

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Following tax law revisions, from the current fiscal year, the Company and its certain domestic consolidated subsidiaries have changed the method of depreciation of property, plant and equipment (excluding store interior equipment) acquired on or after March 1, 2013 in line with methods prescribed in the revised Corporation Tax Act.

The effect of this change on operating income, ordinary income, and loss before income taxes and minority interests in the current fiscal year is insignificant.

Segment and Other Information

Segment information

FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)

Omitted since the Group has only a single business segment, which is the planning and sales of clothing and related merchandise.

FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)

Omitted since the Group has only a single business segment, which is the planning and sales of clothing and related merchandise.

Related information

FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)

1. Information by product or service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

(3) Information by major client

Omitted since there is no sales to external customers whom accounted for 10% or more of net sales on the consolidated statement of income.

FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)

1. Information by product or service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of net sales on the consolidated statement of income.

2. Information by region

(1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of net sales on the consolidated statement of income.

(2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

(3) Information by major client

Omitted since there is no sales to external customers whom accounted for 10% or more of net sales on the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)

Omitted since the Group has only a single business segment, which is the planning and sales of clothing and related merchandise.

FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)

Omitted since the Group has only a single business segment, which is the planning and sales of clothing and related merchandise.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)

Omitted since the Group has only a single business segment, which is the planning and sales of clothing and related merchandise.

FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)

Omitted since the Group has only a single business segment, which is the planning and sales of clothing and related merchandise.

Information related to gain on bargain purchase for each reportable segment

FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)

Not applicable.

FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)

Not applicable.

Per Share Information

(Yen)

	FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)	FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)
Net assets per share	1,775.28	1,844.17
Net income (loss) per share	241.45	(206.42)

Notes: 1. Diluted net income per share in FY2/14 is not presented since the Company has outstanding dilutive securities, though posted a net loss. Diluted net income per share in FY2/13 is not presented since the Company has no outstanding dilutive securities.

2. The basis of calculating the net assets per share is as follows

(Million yen)

	FY2/13 (As of Feb. 28, 2013)	FY2/14 (As of Feb. 28, 2014)
Total net assets	38,598	44,786
Deduction on total net assets	-	5
(of which subscription rights to shares)	(-)	(5)
Net assets applicable to common stock	38,598	44,780
Number of shares of common stock used in calculation of net assets per share (Thousand shares)	21,742	24,282

3. The basis of calculating the net income (loss) per share is as follows

(Million yen)

	FY2/13 (Mar. 1, 2012 – Feb. 28, 2013)	FY2/14 (Mar. 1, 2013 – Feb. 28, 2014)
Net income (loss) per share	5,508	(4,731)
Amount not available to common stockholders	-	-
Net income (loss) applicable to common stock	5,508	(4,731)
Average number of shares of common stock outstanding during the period (Thousand shares)	22,812	22,922

Subsequent Events

Merger of consolidated subsidiaries

The Board of Directors of Adastria Holdings approved a resolution on February 18, 2014 to merge consolidated subsidiary TRINITY ARTS inc., which is the surviving company, with BABYLONE INC. and this absorption-type merger was conducted on April 1, 2014.

(1) Summary of merger

1) Name and business activities of companies involving merger

Name of company to merge:	TRINITY ARTS inc.
Business activities:	Planning, producing, and selling men and women clothes, and sundry goods
Name of company to be merged:	BABYLONE INC.
Business activities:	Planning, producing, and retailing women clothes

2) Date of the merger

April 1, 2014

3) Method of the merger

The merger was an absorption-type merger: TRINITY ARTS inc., the surviving company, took over all businesses of BABYLONE INC., which was dissolved.

4) Names of the company after merger

TRINITY ARTS inc.

5) Item concerning summary of other transactions

Significant changes are taking place in the Group's operating environment because of Japan's aging population and falling number of children, diversifying lifestyles, the entry of foreign companies in Japan, and other events. As a result, one important strategic goal is to strengthen the Group's brand portfolio by differentiating each brand and increasing the growth potential of these brands.

Two wholly owned subsidiaries of the Company merged on April 1, 2014. One is TRINITY ARTS inc., a retailer of lifestyle-proposing brands for apparel, accessories and other consumer products. The other is BABYLONE INC., which uses high-end brands to sell apparel mainly at station buildings and fashion-business malls. We believe that this merger was needed because of the importance of making brands more competitive by using advertising activities, opening stores, and effectively using employees and other corporate resources.

(2) Summary of accounting method

As a transaction of units under the same control, the transaction will be processed in accordance with the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.