

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2015
(Three Months Ended May 31, 2014)

[Japanese GAAP]

June 30, 2014

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 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on June 30, 2014 at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2015
(March 1, 2014 – May 31, 2014)

(1) Consolidated results of operations (cumulative) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 31, 2014	43,591	41.5	1,435	(52.5)	1,478	(53.4)	256	(86.0)
Three months ended May 31, 2013	30,806	14.3	3,022	27.7	3,169	31.1	1,827	35.2

Note: Comprehensive income Three months ended May 31, 2014: 593 million yen (down 75.2%)
 Three months ended May 31, 2013: 2,392 million yen (up 65.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2014	10.56	10.56
Three months ended May 31, 2013	84.07	84.07

Reference: EBITDA Three months ended May 31, 2014: 3,585 million yen (down 15.5%)
 Three months ended May 31, 2013: 4,242 million yen

EPS before goodwill amortization Three months ended May 31, 2014: 35.26 yen (down 60.1%)
 Three months ended May 31, 2013: 88.36 yen

(*) For more details regarding definition, computational method and other matters of these indices, please refer to the section "Explanation of Results of Operations" on page 2.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2014	89,313	44,771	50.1
As of Feb. 28, 2014	78,841	44,786	56.8

Reference: Shareholders' equity As of May 31, 2014: 44,766 million yen As of Feb. 28, 2014: 44,780 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2014	-	50.00	-	25.00	75.00
Fiscal year ending Feb. 28, 2015	-	-	-	-	-
Fiscal year ending Feb. 28, 2015 (forecast)	-	30.00	-	45.00	75.00

Note: Revision to the most recently announced dividend forecast: None

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

Note: Revision to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Special accounting methods in the preparation of quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of May 31, 2014: 24,400,000 shares As of Feb. 28, 2014: 24,400,000 shares

2) Number of treasury shares at end of period

As of May 31, 2014: 117,938 shares As of Feb. 28, 2014: 117,588 shares

3) Average number of shares outstanding during the period (cumulative)

Three months ended May 31, 2014: 24,282,187 shares Three months ended May 31, 2013: 21,742,115 shares

Note 1: Indication of quarterly review procedure implementation status

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for these quarterly 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. Actual results may differ significantly from these forecasts for a number of factors. Please refer to the section "Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 regarding preconditions or other related matters for the forecast shown above.

Reference: Summary of Non-consolidated Forecast

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: Revision to the most recently announced non-consolidated forecast: None

The Company shifted to a holding company structure through a company split on September 1, 2013.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year (March 1, 2014 to May 31, 2014), the Japanese economy continued to recover at a moderate pace due to the benefits of the Japanese government's economic measures and monetary policy as well as for other reasons. However, consumer spending was weakening due in part to the consumption tax hike in April.

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 expectations for an economic recovery and the rush to make purchases before the consumption tax hike, despite some signs of shift in consumer behavior toward thrift and saving because of the consumption tax hike.

In this circumstances, the Group's two wholly owned subsidiaries merged on April 1, 2014. One is TRINITY ARTS INC., which is the surviving company, and the other is BABYLONE INC., which was dissolved.

TRINITY ARTS INC. is a retailer of lifestyle-proposing brands for apparel, accessories and other consumer products, and BABYLONE INC. uses higher price-range 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.

Regarding store network, we opened 106 new stores (including 6 overseas), and closed 15 (including 7 overseas), resulting in a total network of 1,304 stores (including 80 overseas) at the end of the first quarter of the current fiscal year.

Consolidated sales increased sharply by 41.5% year-on-year, benefiting from the consolidation of TRINITY ARTS INC. in September 2013. Sales of the *GLOBAL WORK*, *LEPSIM LOWRYS FARM*, *niko and...*, and *STUDIO CLIP* brands all posted solid sales.

There was a large decline of 6.5 percentage points in the operating margin from the previous fiscal year to 3.3%. 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. Amortization of goodwill resulting from the consolidation of TRINITY ARTS INC. in September 2013 is another reason for the lower operating margin. Furthermore, there was an increase in selling, general and administrative expenses due to extensive advertising activities using TV commercials and other advertisements.

There was an extraordinary loss of 180 million yen for impairment losses at stores.

As a result, consolidated net sales in the first quarter of the current fiscal year increased 41.5% year-on-year to 43,591 million yen, operating income decreased 52.5% to 1,435 million yen, ordinary income decreased 53.4% to 1,478 million yen, and net income decreased 86.0% to 256 million yen.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 15.5% to 3,585 million yen and earnings per share, before goodwill amortization, fell 60.1% to 35.26 yen. (*)

(*) Amortization of goodwill that mainly resulted from the consolidation of TRINITY ARTS INC. causes large declines in operating income and all subsequent categories of profits from the previous 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

(2) Explanation of Financial Position

Total assets increased 10,472 million yen from as of February 28, 2014 to 89,313 million yen as of May 31, 2014. This was mainly due to increases in notes and accounts receivable-trade of 4,451 million yen, inventories of 1,890 million yen and property, plant and equipment of 1,408 million yen.

Liabilities increased 10,487 million yen to 44,542 million yen. This was mainly due to an increase in short-term loans payable of 11,059 million yen.

Net assets decreased 14 million yen to 44,771 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated forecast for the first half and full year of the current fiscal year that was announced on April 4, 2014.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Million yen)

	FY2/14 (As of Feb. 28, 2014)	First quarter of FY2/15 (As of May 31, 2014)
Assets		
Current assets		
Cash and deposits	8,540	8,670
Notes and accounts receivable-trade	6,016	10,467
Inventories	13,914	15,804
Other	3,088	2,785
Allowance for doubtful accounts	(33)	(65)
Total current assets	31,525	37,662
Non-current assets		
Property, plant and equipment		
Store interior equipment, net	8,692	10,267
Other, net	5,402	5,236
Total property, plant and equipment	14,095	15,503
Intangible assets		
Goodwill	10,606	10,258
Other	1,182	1,196
Total intangible assets	11,789	11,454
Investments and other assets		
Lease and guarantee deposits	14,732	16,713
Other	6,909	8,193
Allowance for doubtful accounts	(210)	(214)
Total investments and other assets	21,430	24,692
Total non-current assets	47,315	51,651
Total assets	78,841	89,313
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,626	13,782
Short-term loans payable	4,734	15,793
Accounts payable-other	8,056	8,749
Income taxes payable	2,458	1,538
Provision for bonuses	1,594	1,502
Provision for directors' bonuses	-	79
Other provision	290	291
Other	713	952
Total current liabilities	32,474	42,690
Non-current liabilities		
Provision	101	95
Other	1,479	1,756
Total non-current liabilities	1,580	1,851
Total liabilities	34,054	44,542

(Million yen)

	FY2/14 (As of Feb. 28, 2014)	First quarter of FY2/15 (As of May 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	2,660	2,660
Capital surplus	6,986	6,986
Retained earnings	33,482	33,132
Treasury shares	(407)	(407)
Total shareholders' equity	42,722	42,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,720	2,217
Deferred gains or losses on hedges	28	(49)
Foreign currency translation adjustment	308	226
Total accumulated other comprehensive income	2,058	2,394
Subscription rights to shares	5	5
Total net assets	44,786	44,771
Total liabilities and net assets	78,841	89,313

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Three-month Period)

(Million yen)

	First three months of FY2/14 (Mar. 1, 2013 – May 31, 2013)	First three months of FY2/15 (Mar. 1, 2014 – May 31, 2014)
Net sales	30,806	43,591
Cost of sales	11,495	17,637
Gross profit	19,311	25,954
Selling, general and administrative expenses	16,289	24,519
Operating income	3,022	1,435
Non-operating income		
Dividend income	22	33
Insurance premiums refunded cancellation	62	-
Other	73	63
Total non-operating income	158	96
Non-operating expenses		
Interest expenses	2	13
Commitment fee	3	-
Loss on insurance cancellation	3	-
Loss on valuation of derivatives	-	32
Other	0	7
Total non-operating expenses	10	53
Ordinary income	3,169	1,478
Extraordinary income		
Gain on sales of investment securities	-	9
Total extraordinary income	-	9
Extraordinary losses		
Impairment loss	27	180
Total extraordinary losses	27	180
Income before income taxes and minority interests	3,141	1,306
Income taxes-current	1,570	1,572
Income taxes-deferred	(256)	(522)
Total income taxes	1,314	1,050
Income before minority interests	1,827	256
Net income	1,827	256

Quarterly Consolidated Statement of Comprehensive Income**(For the Three-month Period)**

(Million yen)

	First three months of FY2/14 (Mar. 1, 2013 – May 31, 2013)	First three months of FY2/15 (Mar. 1, 2014 – May 31, 2014)
Income before minority interests	1,827	256
Other comprehensive income		
Valuation difference on available-for-sale securities	440	496
Deferred gains or losses on hedges	(6)	(77)
Foreign currency translation adjustment	130	(82)
Total other comprehensive income	564	336
Comprehensive income	2,392	593
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,392	593
Comprehensive income attributable to minority interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

4. Supplementary Information

(1) Number of Stores

Store format / region	Number of stores						
	As of Feb. 28, 2014	First three months of FY2/15					As of May 31, 2014
		Opened, etc.	Rebranded	Closed	Merged (Note 4)	Increase /decrease	
GLOBAL WORK	173	4	-	(2)	-	2	175
LOWRYS FARM	159	4	(1)	(3)	-	-	159
LEPSIM LOWRYS FARM	110	3	-	-	-	3	113
JEANASIS	82	-	-	(1)	-	(1)	81
RAGEBLUE	62	1	-	-	-	1	63
HEATHER	76	3	-	-	-	3	79
Others	145	17	1	-	-	18	163
Total (POINT INC.)	807	32	-	(6)	-	26	833
niko and...	100	8	-	(1)	-	7	107
STUDIO CLIP	129	24	-	-	-	24	153
Others	54	29	-	(1)	49	77	131
Total (TRINITY ARTS INC.)	283	61	-	(2)	49	108	391
BABYLONE INC.	42	7	-	-	(49)	(42)	-
Total (Japan)	1,132	100	-	(8)	-	92	1,224
Hong Kong	30	-	-	(4)	-	(4)	26
China	21	5	-	(1)	-	4	25
Taiwan	21	1	-	(2)	-	(1)	20
Singapore	9	-	-	-	-	-	9
Total (Overseas)	81	6	-	(7)	-	(1)	80
Total (Group)	1,213	106	-	(15)	-	91	1,304

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. includes figures for its subsidiaries.

4. This table shows the change in the number of stores resulting from the absorption-type merger conducted on April 1, 2014 between TRINITY ARTS INC., which is the surviving company, and BABYLONE INC., which was dissolved.

(2) Sales for Brands and Regions

Brand / region	First three months of FY2/15		YoY change (%)
	Sales (million yen)	Composition (%)	
GLOBAL WORK	7,043	16.1	16.9
LOWRYS FARM	5,944	13.7	(8.5)
LEPSIM LOWRYS FARM	3,515	8.1	24.6
JEANASIS	2,257	5.2	(15.2)
RAGEBLUE	1,916	4.4	(10.1)
HEATHER	1,938	4.4	(11.8)
Others	6,022	13.8	6.8
Total (POINT INC.)	28,638	65.7	2.4
niko and...	4,673	10.7	-
STUDIO CLIP	4,225	9.7	-
Others	2,724	6.2	-
Total (TRINITY ARTS INC.) (Note 3)	11,624	26.6	-
BABYLONE INC. (Note 3)	764	1.8	(33.9)
Others	2	0.0	-
Total (Japan)	41,030	94.1	40.9
Hong Kong	1,633	3.7	68.9
China	299	0.7	40.5
Taiwan	371	0.9	2.2
Singapore	256	0.6	91.1
Total (Overseas)	2,561	5.9	52.6
Total (Group)	43,591	100.0	41.5

Notes: 1. TRINITY ARTS INC. includes figures for its subsidiaries.

2. No year-on-year change is shown for TRINITY ARTS INC. because this company became a consolidated subsidiary in the third quarter of the previous fiscal year.

3. An absorption-type merger was conducted on April 1, 2014 between TRINITY ARTS INC., which is the surviving company, and BABYLONE INC., which was dissolved.

(3) Sales for Merchandise Categories

Category	First three months of FY2/15		YoY change (%)
	Sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	6,028	13.8	9.9
Lady's apparel (bottoms, tops)	29,260	67.1	46.4
Others	8,301	19.1	55.7
Total	43,591	100.0	41.5

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

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.