

**Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending February 28, 2015
(Six Months Ended August 31, 2014)**

[Japanese GAAP]

September 30, 2014

Company name: Adastria Holdings Co., Ltd. Listing: TSE 1st section
 Stock code: 2685 URL: <http://www.adastria.co.jp>
 Representative: Yoichi Endo, Representative Director, President
 Contact: Ryo Araya, General Manager, Corporate Strategy Department Tel: +81-3-6895-6000
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 Scheduled date of payment of dividend: October 23, 2014
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for investors)

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

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

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending February 28, 2015
(March 1, 2014 – August 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	%
Six months ended Aug. 31, 2014	88,051	38.1	2,038	(45.9)	2,174	(45.4)	109	(94.8)
Six months ended Aug. 31, 2013	63,749	15.6	3,767	0.2	3,980	3.5	2,090	(3.6)

Note: Comprehensive income
 Six months ended Aug. 31, 2014: 726 million yen (down 75.8%)
 Six months ended Aug. 31, 2013: 3,005 million yen (up 21.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Aug. 31, 2014	4.51	4.51
Six months ended Aug. 31, 2013	96.04	96.03

Reference: EBITDA
 Six months ended Aug. 31, 2014: 6,517 million yen (up 0.4%)
 Six months ended Aug. 31, 2013: 6,490 million yen

EPS before goodwill amortization
 Six months ended Aug. 31, 2014: 54.25 yen (down 52.7%)
 Six months ended Aug. 31, 2013: 114.63 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 Aug. 31, 2014	83,111	44,903	54.0
As of Feb. 28, 2014	78,841	44,786	56.8

Reference: Shareholders' equity As of Aug. 31, 2014: 44,898 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	-	30.00	-	-	-
Fiscal year ending Feb. 28, 2015 (forecast)	-	-	-	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
Full year	185,900	21.3	5,100	(11.5)	5,100	(15.4)	700	-	28.83

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

Reference: EBITDA Fiscal year ending Feb. 28, 2015 (forecast): 14,600 million yen (up 5.3%)

EPS before goodwill amortization Fiscal year ending Feb. 28, 2015 (forecast): 127.67 yen (down 18.6%)

*** 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 Aug. 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 Aug. 31, 2014: 118,328 shares As of Feb. 28, 2014: 117,588 shares

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

Six months ended Aug. 31, 2014: 24,282,022 shares Six months ended Aug. 31, 2013: 21,768,938 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 4 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
Full year	3,900	(93.2)	400	(92.4)	700	(87.2)	300	-	12.35

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 half (March 1, 2014 to August 31, 2014) of the current fiscal year, the Japanese economy continued to recover at a moderate pace as corporate earnings and the number of jobs improved 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.

Core brands of Adastria Holdings Co., Ltd. (hereafter "the Company") and the Company's Group (hereafter "the Group") are in the casual wear category. In this market sector, consumers in Japan have been seeking lower priced items following the consumption tax hike. In addition, consumers are looking at merchandise much more carefully before making purchases. This shift in consumer behavior has caused sales to decline across the entire casual wear category.

Consolidated sales increased sharply by 38.1% year-on-year, benefiting from the consolidation of TRINITY ARTS INC. in September 2013. Sales of the *GLOBAL WORK*, *LEPSIM LOWRYS FARM* and *STUDIO CLIP* brands all posted solid sales.

Regarding store network, we opened 136 new stores (including 11 overseas), and closed 33 (including 11 overseas), resulting in a total network of 1,316 stores (including 81 overseas) at the end of the second quarter of the current fiscal year.

Operating margin declined 3.6 percentage points from the same period of the previous fiscal year to 2.3%. 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 and a slump in overseas business. 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 263 million yen for impairment losses at stores.

As a result, consolidated net sales in the first half of the current fiscal year increased 38.1% year-on-year to 88,051 million yen, operating income decreased 45.9% to 2,038 million yen, ordinary income decreased 45.4% to 2,174 million yen, and net income decreased 94.8% to 109 million yen.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 0.4% to 6,517 million yen and earnings per share (EPS), before goodwill amortization, fell 52.7% to 54.25 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

On September 17, 2014, the Company's Board of Directors approved a resolution for its wholly owned subsidiary POINT INC. to absorb another wholly owned subsidiary TRINITY ARTS INC. on March 1, 2015 and then, on the same day, for the Company to absorb the post-merger POINT INC.

In September 2013, the Group conducted a management integration along with a shift to a holding company structure for the purpose of maximizing corporate value while preserving the corporate culture of each group company. The management integration succeeded at attracting a broader range of customer segments to stores, mainly by enabling all group companies to offer larger selection of merchandise. However, the integration did not yield sufficient benefits in terms of earnings due to the time needed to build an optimized value chain, product planning that required greater accuracy and growth in operating expenses. Now that about one year has passed since the integration, there has been progress involving the integration of operating systems and the mutual understanding of group company corporate cultures. We need to improve merchandise planning, speed up decision making, conduct effective advertising campaigns, optimize store locations, cut back-office expenses, and further streamline procurement and distribution operations. Consequently, we reached the decision that a further reorganization is needed to take full advantage of the benefits of the management integration. To accomplish this, the Company will merge with the two primary business units of the Group, POINT INC. and TRINITY ARTS INC. We believe that this merger will create an operating framework that will increase corporate value by improving efficiency and speeding up decision making.

(2) Explanation of Financial Position

1) Balance sheet position

Total assets increased 4,270 million yen from as of February 28, 2014 to 83,111 million yen as of August 31, 2014. This was mainly due to increases in notes and accounts receivable-trade of 2,290 million yen, lease and guarantee deposits of 2,135 million yen, while there was a decrease of 1,439 million yen in cash and deposits.

Liabilities increased 4,153 million yen to 38,208 million yen. This was mainly due to an increase in short-term loans payable of 4,535 million yen.

Net assets increased 117 million yen to 44,903 million yen.

2) Cash flow position

Cash and cash equivalents (hereinafter “net cash”) as of August 31, 2014 amounted to 7,080 million yen, or 1,448 million yen less than as of February 28, 2014.

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

Cash flows from operating activities

Net cash provided by operating activities totaled 1,624 million yen (compared with 2,756 million yen provided in the same period of the previous fiscal year). The main factors include income before income taxes and minority interests of 1,920 million yen, depreciation of 3,377 million yen and income taxes paid of 1,965 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 7,047 million yen (compared with 2,574 million yen used in the same period of the previous fiscal year). This was mainly due to the payments of 4,375 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities totaled 4,007 million yen (compared with 4,985 million yen used in the same period of the previous fiscal year). This was mainly due to an increase of 4,617 million yen in short-term loans payable.

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

On August 20, 2014, we have revised the consolidated forecast for the fiscal year ending on February 28, 2015 based on the results of operations in the first half of the current fiscal year.

For details, please refer to the announcement regarding revision of forecast (Japanese version only) announced on the same day.

We expect EBITDA to increase 5.3% year-on-year to 14,600 million yen and EPS before goodwill amortization to fall 18.6% to 127.67 yen for the fiscal year ending on February 28, 2015.

Reference: Explanation of Non-consolidated Forecast and Other Forward-looking Statements

On August 20, 2014, we have revised the non-consolidated forecast for the fiscal year ending on February 28, 2015 based on the results of operations in the first half of the current fiscal year.

For details, please refer to the announcement regarding revision of forecast (Japanese version only) announced on the same day.

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)	Second quarter of FY2/15 (As of Aug. 31, 2014)
Assets		
Current assets		
Cash and deposits	8,540	7,101
Notes and accounts receivable-trade	6,016	8,306
Inventories	13,914	14,101
Other	3,088	2,771
Allowance for doubtful accounts	(33)	(65)
Total current assets	31,525	32,215
Non-current assets		
Property, plant and equipment		
Store interior equipment, net	8,692	9,428
Other, net	5,402	5,308
Total property, plant and equipment	14,095	14,736
Intangible assets		
Goodwill	10,606	9,650
Other	1,182	1,254
Total intangible assets	11,789	10,904
Investments and other assets		
Lease and guarantee deposits	14,732	16,867
Other	6,909	8,630
Allowance for doubtful accounts	(210)	(243)
Total investments and other assets	21,430	25,254
Total non-current assets	47,315	50,896
Total assets	78,841	83,111
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,626	13,457
Short-term loans payable	4,734	9,269
Accounts payable-other	8,056	8,068
Income taxes payable	2,458	2,306
Provision for bonuses	1,594	2,001
Provision for directors' bonuses	-	178
Other provision	290	290
Other	713	781
Total current liabilities	32,474	36,355
Non-current liabilities		
Provision	101	95
Other	1,479	1,757
Total non-current liabilities	1,580	1,853
Total liabilities	34,054	38,208

(Million yen)

	FY2/14 (As of Feb. 28, 2014)	Second quarter of FY2/15 (As of Aug. 31, 2014)
Net assets		
Shareholders' equity		
Capital stock	2,660	2,660
Capital surplus	6,986	6,986
Retained earnings	33,482	32,985
Treasury shares	(407)	(408)
Total shareholders' equity	42,722	42,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,720	2,441
Deferred gains or losses on hedges	28	66
Foreign currency translation adjustment	308	167
Total accumulated other comprehensive income	2,058	2,675
Subscription rights to shares	5	5
Total net assets	44,786	44,903
Total liabilities and net assets	78,841	83,111

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Six-month Period)

(Million yen)

	First six months of FY2/14 (Mar. 1, 2013 – Aug. 31, 2013)	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)
Net sales	63,749	88,051
Cost of sales	27,070	38,515
Gross profit	36,678	49,536
Selling, general and administrative expenses	32,911	47,498
Operating income	3,767	2,038
Non-operating income		
Dividend income	29	40
Foreign exchange gains	3	47
Insurance premiums refunded cancellation	73	-
Other	172	147
Total non-operating income	278	235
Non-operating expenses		
Interest expenses	18	23
Commitment fee	6	-
Commission for purchase of treasury shares	20	-
Loss on insurance cancellation	6	-
Loss on valuation of derivatives	-	69
Other	15	6
Total non-operating expenses	65	99
Ordinary income	3,980	2,174
Extraordinary income		
Gain on step acquisitions	202	-
Gain on sales of investment securities	-	9
Total extraordinary income	202	9
Extraordinary losses		
Impairment loss	113	263
Total extraordinary losses	113	263
Income before income taxes and minority interests	4,069	1,920
Income taxes-current	2,216	2,344
Income taxes-deferred	(237)	(533)
Total income taxes	1,978	1,810
Income before minority interests	2,090	109
Net income	2,090	109

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

(Million yen)

	First six months of FY2/14 (Mar. 1, 2013 – Aug. 31, 2013)	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)
Income before minority interests	2,090	109
Other comprehensive income		
Valuation difference on available-for-sale securities	723	720
Deferred gains or losses on hedges	12	37
Foreign currency translation adjustment	179	(140)
Total other comprehensive income	914	617
Comprehensive income	3,005	726
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,005	726
Comprehensive income attributable to minority interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	First six months of FY2/14 (Mar. 1, 2013 – Aug. 31, 2013)	First six months of FY2/15 (Mar. 1, 2014 – Aug. 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	4,069	1,920
Depreciation	2,392	3,377
Impairment loss	113	263
Amortization of goodwill	404	1,207
Increase (decrease) in allowance for doubtful accounts	(4)	65
Increase (decrease) in provision for bonuses	187	588
Loss (gain) on step acquisitions	(202)	-
Decrease (increase) in notes and accounts receivable - trade	(31)	(2,315)
Decrease (increase) in inventories	(236)	(235)
Increase (decrease) in notes and accounts payable - trade	(1,732)	(1,129)
Increase (decrease) in accounts payable - other	(172)	164
Increase (decrease) in accrued consumption taxes	(32)	334
Other, net	261	(670)
Subtotal	5,016	3,570
Interest and dividend income received	32	41
Interest expenses paid	(18)	(22)
Income taxes paid	(2,273)	(1,965)
Net cash provided by (used in) operating activities	2,756	1,624
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,478)	(4,375)
Proceeds from sales of investment securities	-	24
Purchase of intangible assets	(344)	(562)
Payments for lease and guarantee deposits	(655)	(2,443)
Proceeds from collection of lease and guarantee deposits	865	307
Other, net	38	1
Net cash provided by (used in) investing activities	(2,574)	(7,047)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	690	4,617
Proceeds from long-term loans payable	257	-
Repayments of long-term loans payable	(318)	-
Cash dividends paid	(1,520)	(608)
Purchase of treasury shares	(4,000)	(1)
Other, net	(93)	-
Net cash provided by (used in) financing activities	(4,985)	4,007
Effect of exchange rate change on cash and cash equivalents	83	(32)
Net increase (decrease) in cash and cash equivalents	(4,719)	(1,448)
Cash and cash equivalents at beginning of period	18,338	8,529
Increasing of cash and cash equivalents for stock exchange	637	-
Cash and cash equivalents at end of period	14,256	7,080

(4) 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 six months of FY2/15					As of Aug. 31, 2014
		Opened, etc.	Rebranded	Closed	Merged (Note 4)	Increase /decrease	
GLOBAL WORK	173	7	-	(3)	-	4	177
LOWRYS FARM	159	7	(1)	(6)	-	-	159
LEPSIM LOWRYS FARM	110	6	-	-	-	6	116
JEANASIS	82	1	-	(1)	-	-	82
RAGEBLUE	62	2	-	-	-	2	64
HEATHER	76	4	-	(3)	-	1	77
Others	145	24	1	(2)	-	23	168
Total (POINT INC.)	807	51	-	(15)	-	36	843
niko and...	100	8	-	(1)	-	7	107
STUDIO CLIP	129	27	-	-	-	27	156
Others	54	32	-	(6)	49	75	129
Total (TRINITY ARTS INC.)	283	67	-	(7)	49	109	392
BABYLONE INC.	42	7	-	-	(49)	(42)	-
Total (Japan)	1,132	125	-	(22)	-	103	1,235
Hong Kong	30	-	-	(5)	-	(5)	25
China	21	8	-	(4)	-	4	25
Taiwan	21	2	-	(2)	-	-	21
Singapore	9	1	-	-	-	1	10
Total (Overseas)	81	11	-	(11)	-	-	81
Total (Group)	1,213	136	-	(33)	-	103	1,316

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 six months of FY2/15		YoY change (%)
	Sales (million yen)	Composition (%)	
GLOBAL WORK	14,769	16.7	9.0
LOWRYS FARM	11,620	13.2	(4.0)
LEPSIM LOWRYS FARM	6,974	7.9	13.6
JEANASIS	4,648	5.3	(10.2)
RAGEBLUE	3,927	4.5	(14.1)
HEATHER	3,612	4.1	(11.5)
Others	11,517	13.1	5.3
Total (POINT INC.)	57,071	64.8	0.9
niko and...	9,699	11.0	-
STUDIO CLIP	9,829	11.2	-
Others	6,008	6.8	-
Total (TRINITY ARTS INC.) (Note 3)	25,538	29.0	-
BABYLONE INC. (Note 3)	764	0.9	(67.5)
Others	3	0.0	-
Total (Japan)	83,377	94.7	38.0
Hong Kong	3,003	3.4	54.0
China	554	0.6	34.8
Taiwan	656	0.8	(4.2)
Singapore	460	0.5	56.2
Total (Overseas)	4,674	5.3	39.9
Total (Group)	88,051	100.0	38.1

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 six months of FY2/15		YoY change (%)
	Sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	12,385	14.1	5.4
Lady's apparel (bottoms, tops)	59,166	67.2	50.6
Others	16,499	18.7	29.7
Total	88,051	100.0	38.1

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.