

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending February 28, 2015
(Nine Months Ended November 30, 2014)**

[Japanese GAAP]

December 29, 2014

Company name: Adastria Holdings Co., Ltd. Listing: TSE 1st section
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 Scheduled date of filing of Quarterly Report: January 14, 2015
 Scheduled date of payment of dividend: -
 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 December 29, 2014 at 15:00 (GMT +9).

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

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2015
(March 1, 2014 – November 30, 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	%
Nine months ended Nov. 30, 2014	133,707	27.2	5,618	4.6	5,949	8.3	1,210	(47.3)
Nine months ended Nov. 30, 2013	105,151	23.6	5,369	(26.0)	5,494	(25.9)	2,296	(45.6)

Note: Comprehensive income Nine months ended Nov. 30, 2014: 3,099 million yen (down 20.5%)

Nine months ended Nov. 30, 2013: 3,896 million yen (down 16.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Nov. 30, 2014	49.84	49.84
Nine months ended Nov. 30, 2013	102.21	102.19

Reference: EBITDA Nine months ended Nov. 30, 2014: 12,487 million yen (up 17.8%)

Nine months ended Nov. 30, 2013: 10,603 million yen

EPS before goodwill amortization Nine months ended Nov. 30, 2014: 139.99 yen (down 11.7%)

Nine months ended Nov. 30, 2013: 158.62 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 Nov. 30, 2014	95,235	46,546	48.9
As of Feb. 28, 2014	78,841	44,786	56.8

Reference: Shareholders' equity As of Nov. 30, 2014: 46,546 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) Application of special accounting methods for presenting 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 Nov. 30, 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 Nov. 30, 2014: 117,548 shares As of Feb. 28, 2014: 117,588 shares

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

Nine months ended Nov. 30, 2014: 24,282,035 shares Nine months ended Nov. 30, 2013: 22,469,575 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
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 nine months (March 1, 2014 to November 30, 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, recovery in consumer spending was delayed as the negative effects of the consumption tax hike turned out to be stronger than earlier estimates.

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. Furthermore, concerns are growing over the outlook for corporate profit due to rising procurement costs resulting from the weaker yen.

Consolidated sales increased sharply by 27.2% 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 204 new stores (including 29 overseas), and closed 39 (including 13 overseas), resulting in a total network of 1,378 stores (including 97 overseas) at the end of the third quarter of the current fiscal year.

Despite a higher cost of sales ratio caused by the weaker yen and a slump in overseas business, gross profit margin at 57.8% (a decline of 0.3 percentage point year on year) was largely unchanged. This was due mainly to renewed focus from autumn onward on maintaining sales prices at reasonable levels.

Selling, general and administrative (SG&A) expenses were largely in line with our original plan despite an estimated cost related to withdrawal from business in Singapore. SG&A-to-sales ratio rose 0.6 percentage point year on year to 53.6% and the operating margin declined 0.9 percentage point to 4.2%.

There was an extraordinary loss of 386 million yen for impairment losses at stores, a 373 million yen loss for impairment of goodwill due to downturn in business at Adastria Asia Co., Ltd. (Hong Kong), and an estimated 53 million yen loss for impairment losses related to withdrawal from business in Singapore.

As a result, consolidated net sales in the first nine months of the current fiscal year increased 27.2% year-on-year to 133,707 million yen, operating income increased 4.6% to 5,618 million yen, ordinary income increased 8.3% to 5,949 million yen, and net income decreased 47.3% to 1,210 million yen.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased 17.8% to 12,487 million yen and earnings per share (EPS), before goodwill amortization, fell 11.7% to 139.99 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 (SG&A expenses)

EPS before goodwill amortization

(Net income + Amortization of goodwill (SG&A expenses, and extraordinary loss)
+ Impairment losses (goodwill)) / Average number of shares outstanding during the period

(2) Explanation of Financial Position

Total assets increased 16,394 million yen from as of February 28, 2014 to 95,235 million yen as of November 30, 2014. This was mainly due to increases in notes and accounts receivable-trade of 7,321 million yen, inventories of 5,880 million yen, and lease and guarantee deposits of 2,429 million yen, while there was a decrease of 3,184 million yen in cash and deposits.

Liabilities increased 14,633 million yen to 48,688 million yen. This was mainly due to increases in short-term loans payable of 8,957 million yen and accounts payable-other of 3,642 million yen.

Net assets increased 1,760 million yen to 46,546 million yen, mainly due to an increase in valuation difference on available-for-sale securities of 1,398 million yen.

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

There are no revisions to the consolidated forecast for the current fiscal year that was announced on August 20, 2014.

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

There are no revisions to the non-consolidated forecast for the current fiscal year that was announced on August 20, 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.

(4) Additional Information

Transaction under Common Control

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.

1) Summary of merger

(a) Name and business activities of companies involving merger

Name of companies involving merger:	Surviving company	Adastria Holdings Co., Ltd.
	Dissolving companies	POINT INC. and TRINITY ARTS INC.

Business activities:	Manufacture and retail sales of casual apparel, accessories and other consumer products
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(b) Date of merger

March 1, 2015

(c) Method of merger

An absorption-type merger between Adastria Holdings Co., Ltd., which will be the surviving company, and POINT INC. and TRINITY ARTS INC., which will be dissolved.

(d) Names of the company after merger

Adastria Inc. (tentative)

(e) Item concerning summary of other transactions

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) Summary of accounting methods to be applied

Accounting methods to be used for this merger as a transaction under common control are based on “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued on December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, issued on December 26, 2008).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	FY2/14 (As of Feb. 28, 2014)	Third quarter of FY2/15 (As of Nov. 30, 2014)
Assets		
Current assets		
Cash and deposits	8,540	5,355
Notes and accounts receivable-trade	6,016	13,337
Inventories	13,914	19,794
Other	3,088	4,653
Allowance for doubtful accounts	(33)	(92)
Total current assets	31,525	43,049
Non-current assets		
Property, plant and equipment		
Store interior equipment, net	8,692	10,051
Other, net	5,402	5,304
Total property, plant and equipment	14,095	15,355
Intangible assets		
Goodwill	10,606	8,669
Other	1,182	1,423
Total intangible assets	11,789	10,092
Investments and other assets		
Lease and guarantee deposits	14,732	17,161
Other	6,909	9,819
Allowance for doubtful accounts	(210)	(244)
Total investments and other assets	21,430	26,736
Total non-current assets	47,315	52,185
Total assets	78,841	95,235
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,626	15,510
Short-term loans payable	4,734	13,692
Accounts payable-other	8,056	11,699
Income taxes payable	2,458	3,015
Provision for bonuses	1,594	997
Provision for directors' bonuses	-	122
Other provision	290	330
Other	713	1,196
Total current liabilities	32,474	46,565
Non-current liabilities		
Provision	101	95
Other	1,479	2,027
Total non-current liabilities	1,580	2,123
Total liabilities	34,054	48,688

(Million yen)

	FY2/14 (As of Feb. 28, 2014)	Third quarter of FY2/15 (As of Nov. 30, 2014)
Net assets		
Shareholders' equity		
Capital stock	2,660	2,660
Capital surplus	6,986	6,987
Retained earnings	33,482	33,357
Treasury shares	(407)	(405)
Total shareholders' equity	42,722	42,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,720	3,119
Deferred gains or losses on hedges	28	639
Foreign currency translation adjustment	308	188
Total accumulated other comprehensive income	2,058	3,947
Subscription rights to shares	5	-
Total net assets	44,786	46,546
Total liabilities and net assets	78,841	95,235

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

(For the Nine-month Period)

(Million yen)

	First nine months of FY2/14 (Mar. 1, 2013 – Nov. 30, 2013)	First nine months of FY2/15 (Mar. 1, 2014 – Nov. 30, 2014)
Net sales	105,151	133,707
Cost of sales	44,056	56,398
Gross profit	61,094	77,308
Selling, general and administrative expenses	55,724	71,690
Operating income	5,369	5,618
Non-operating income		
Dividend income	60	75
Foreign exchange gains	-	200
Insurance premiums refunded cancellation	73	-
Other	276	245
Total non-operating income	410	520
Non-operating expenses		
Interest expenses	73	44
Commitment fee	8	-
Foreign exchange losses	101	-
Commission for purchase of treasury shares	20	-
Loss on valuation of derivatives	-	133
Other	82	10
Total non-operating expenses	285	189
Ordinary income	5,494	5,949
Extraordinary income		
Gain on step acquisitions	202	-
Gain on sales of investment securities	-	9
Total extraordinary income	202	9
Extraordinary losses		
Impairment loss	113	814
Total extraordinary losses	113	814
Income before income taxes and minority interests	5,583	5,144
Income taxes-current	4,031	5,021
Income taxes-deferred	(744)	(1,086)
Total income taxes	3,286	3,934
Income before minority interests	2,296	1,210
Net income	2,296	1,210

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

(Million yen)

	First nine months of FY2/14 (Mar. 1, 2013 – Nov. 30, 2013)	First nine months of FY2/15 (Mar. 1, 2014 – Nov. 30, 2014)
Income before minority interests	2,296	1,210
Other comprehensive income		
Valuation difference on available-for-sale securities	1,271	1,398
Deferred gains or losses on hedges	100	610
Foreign currency translation adjustment	228	(120)
Total other comprehensive income	1,600	1,889
Comprehensive income	3,896	3,099
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,896	3,099
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 nine months of FY2/15					As of Nov. 30, 2014
		Opened, etc.	Rebranded	Closed	Merged (Note 4)	Increase /decrease	
GLOBAL WORK	173	9	-	(3)	-	6	179
LOWRYS FARM	159	7	(1)	(7)	-	(1)	158
LEPSIM LOWRYS FARM	110	15	-	-	-	15	125
JEANASIS	82	3	-	(1)	-	2	84
RAGEBLUE	62	3	-	-	-	3	65
HEATHER	76	7	-	(3)	-	4	80
Others	145	31	1	(3)	-	29	174
Total (POINT INC.)	807	75	-	(17)	-	58	865
niko and...	100	18	-	(1)	-	17	117
STUDIO CLIP	129	33	-	-	-	33	162
Others	54	42	-	(8)	49	83	137
Total (TRINITY ARTS INC.)	283	93	-	(9)	49	133	416
BABYLONE INC.	42	7	-	-	(49)	(42)	-
Total (Japan)	1,132	175	-	(26)	-	149	1,281
Hong Kong	30	-	-	(6)	-	(6)	24
China	21	17	-	(5)	-	12	33
Taiwan	21	4	-	(2)	-	2	23
Singapore	9	1	-	-	-	1	10
South Korea	0	7	-	-	-	7	7
Total (Overseas)	81	29	-	(13)	-	16	97
Total (Group)	1,213	204	-	(39)	-	165	1,378

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 nine months of FY2/15		YoY change (%)
	Sales (million yen)	Composition (%)	
GLOBAL WORK	22,124	16.5	11.6
LOWRYS FARM	17,739	13.2	(2.8)
LEPSIM LOWRYS FARM	10,597	7.9	8.3
JEANASIS	7,316	5.5	(5.1)
RAGEBLUE	5,901	4.4	(14.2)
HEATHER	5,433	4.1	(9.5)
Others	17,727	13.3	4.3
Total (POINT INC.)	86,839	64.9	1.6
niko and...	14,658	11.0	235.3
STUDIO CLIP	14,442	10.8	317.5
Others	9,688	7.2	534.2
Total (TRINITY ARTS INC.)	38,789	29.0	314.5
BABYLONE INC.	764	0.6	(78.1)
Others	3	0.0	-
Total (Japan)	126,398	94.5	26.7
Hong Kong	4,644	3.5	47.2
China	882	0.7	31.9
Taiwan	985	0.7	(4.2)
Singapore	696	0.5	34.8
South Korea	99	0.1	-
Total (Overseas)	7,308	5.5	36.1
Total (Group)	133,707	100.0	27.2

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

2. TRINITY ARTS INC. 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 nine months of FY2/15		YoY change (%)
	Sales (million yen)	Composition (%)	
Men's apparel (bottoms, tops)	18,350	13.7	3.6
Lady's apparel (bottoms, tops)	89,569	67.0	35.9
Others	25,787	19.3	19.9
Total	133,707	100.0	27.2

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.