

**Summary of Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending March 31, 2016**  
**(Nine Months Ended December 31, 2015)**

[Japanese GAAP]

Company name: AOKI Holdings Inc. Listings: TSE First Section  
 Stock code: 8214 URL: <http://www.aoki-hd.co.jp/>  
 Representative: Akihiro Aoki, President  
 Contact: Haruo Tamura, Executive Vice President Tel: +81-45-941-1388  
 Scheduled date of filing of Quarterly Report: February 8, 2016  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None  
 Note: The original disclosure in Japanese was released on February 5, 2016 at 15 : 30 (GMT +9).

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

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2015**  
**(April 1, 2015 – December 31, 2015)**

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

	Sales		Operating profit		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2015	131,030	2.8	8,311	(3.2)	8,164	(4.2)	4,720	(5.7)
Nine months ended Dec. 31, 2014	127,405	3.5	8,584	(6.9)	8,520	(11.5)	5,006	(8.8)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2015: 4,744 (down 16.7%)  
 Nine months ended Dec. 31, 2014: 5,697 (up 3.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2015	52.19	-
Nine months ended Dec. 31, 2014	54.90	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2015	221,809	139,159	62.7
As of Mar. 31, 2015	230,166	139,675	60.7

Reference: Shareholders' equity (million yen) As of Dec. 31, 2015: 139,072 As of Mar. 31, 2015: 139,675

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/15	-	18.00	-	18.00	36.00
FY3/16	-	20.00	-	-	-
FY3/16 (forecasts)	-	-	-	20.00	40.00

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

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)**

(Percentages represent year-on-year changes)

	Sales		Operating profit		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	191,050	3.9	20,000	5.1	19,900	5.2	11,300	10.9	125.09

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

**\* Notes**

- (1) Changes in consolidated subsidiaries during the period (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: | Yes  |
| 2) Changes in accounting policies other than 1) above:                              | None |
| 3) Changes in accounting-based estimates:   | None |
| 4) Restatements:  | None |

Note: Please refer to "2. Matters Related to Summary Information (Notes)" on page 4 for further information.

(4) Number of shares outstanding (common shares)

- |   |                   |                                  |                   |
|---|-------------------|----------------------------------|-------------------|
| 1) Number of shares outstanding (including treasury stock) at the end of the period |                   |                                  |                   |
| As of Dec. 31, 2015:  | 90,649,504 shares | As of Mar. 31, 2015:             | 91,249,504 shares |
| 2) Number of shares of treasury stock at the end of the period                      |                   |                                  |                   |
| As of Dec. 31, 2015:  | 667,358 shares    | As of Mar. 31, 2015:             | 66,492 shares     |
| 3) Average number of shares outstanding during the period                           |                   |                                  |                   |
| Nine months ended Dec. 31, 2015:  | 90,439,736 shares | Nine months ended Dec. 31, 2014: | 91,183,784 shares |

Note 1: Information regarding the implementation of quarterly review procedures

The current quarterly summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have not been completed.

Note 2: Cautionary statement with respect to forecasts and other matters

Cautionary statement with respect to forecasts

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. These materials are not promises by the Company regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "(3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments regarding preconditions or other related matters for the forecast shown above.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first nine months of the current fiscal year, the Japanese economy on the whole continued to recover slowly. However, the outlook remains unclear because of worries of an overseas economic downturn and other factors. Although consumer spending is benefitting from improvement in income and employment, effects of higher food and other prices and an abnormally warm winter are surfacing. As a result, the economy is at a standstill.

In this environment, the AOKI Group implemented various measures in each business segment as discussed below. Sales increased 2.8% year-on-year to 131,030 million yen, but operating profit decreased 3.2% to 8,311 million yen. Ordinary income decreased 4.2% to 8,164 million yen and profit attributable to owners of parent decreased 5.7% to 4,720 million yen.

Operating results by segment are as follows.

#### Fashion Business

AOKI offered customers ideas featuring the “trend colors” of Navy & Brown series and the popular “gilet (a sleeveless jacket) style.” As for new ideas, AOKI launched the Reversible Series of apparel that can be worn in two ways and, through collaboration with ORIHICA, a line of set-up suits that combine jackets and pants. For women, the lineup of the Raku-Raku Kirei Series was expanded. This series of apparel features a stylish look and attractive profile along with comfort, new functions and easy care. Ten new stores were opened since the start of the fiscal year and two stores were closed for relocation and other reasons. As a result, there were 565 AOKI stores at the end of the third quarter compared with 557 at the end of the previous fiscal year.

TV commercials were launched for the ORIHICA line of apparel for the first time and also the first Pop Up Shop in the men’s suits industry was opened in order to strengthen brand recognition. Eleven new stores were opened since the start of the fiscal year, and six stores were closed to improve operating efficiency. As a result, there were 146 ORIHICA stores at the end of the third quarter compared with 141 at the end of the previous fiscal year.

Overall sales benefited mainly from the contributions of new stores and increased 0.6% to 73,842 million yen. Operating profit decreased 14.6% to 1,852 million yen, as existing stores encountered challenges due mainly to unfavorable weather.

#### Anniversaire and Bridal Business

ANNIVERSAIRE INC. operates guesthouse-style wedding and reception facilities. Expertise on customer service was shared among these facilities to achieve higher ratio of successful contracts. There were also sales promotion and public relations activities that utilized the strength and concept of each location. We also focused on actively promoting marriage proposal plans following the launch of the Propose Planner service. Simultaneously we commenced sales of baby rings and promoted restaurants for anniversary dining.

Sales decreased 2.8% to 23,520 million yen and operating profit decreased 6.3% to 3,508 million yen.

#### Karaoke Facility Operations Business

At VALIC Co., Ltd., which operates karaoke facilities, there were many seasonal menu items, a large number of party packages for the year-end party season backed by marketing campaigns. In addition, to attract more customers, more locations added the new Private Cinema service that allows guests to watch newly released movies in private rooms. Seven new karaoke facilities were opened since the start of the fiscal year and one facility was closed. As a result, there were 175 karaoke facilities at the end of the third quarter compared with 169 at the end of the previous fiscal year.

Sales increased 4.7% to 13,730 million yen and operating profit decreased 1.2% to 1,175 million yen.

## **Café Complex Operations Business**

At the café complex operations of VALIC, there were many initiatives to increase the number of customers at existing locations. For example, items were added to the winter ramen fair menu and all facilities now offer a service that gives guests unlimited access to magazines by using a specialized electronic display device. Since the start of the fiscal year, VALIC actively opened 30 new facilities including the Akihabara-ekimae Store, the first facility exclusively for women, and closed one. As a result, there were 289 café complexes at the end of the third quarter compared with 260 at the end of the previous fiscal year.

Sales increased 19.7% to 19,968 million yen mainly due to the benefits from new facilities and ongoing strong sales at existing facilities. Operating profit also increased sharply by 31.2% to 1,663 million yen.

## **(2) Explanation of Financial Position**

### **Balance sheet position**

#### **Assets**

Total assets at the end of the third quarter under review decreased 8,356 million yen from the end of the previous fiscal year to 221,809 million yen.

Current assets decreased 9,833 million yen from the end of the previous fiscal year. Although inventories increased 3,999 million yen due to new store openings among other factors, cash in hand and in banks decreased 12,228 million yen due to capital investments and the payment of income taxes, and accounts receivable-trade decreased 3,489 million yen due to seasonal reasons and other factors. Fixed assets increased 1,476 million yen from the end of the previous fiscal year as tangible fixed assets increased 1,191 million yen due to new store openings and other factors.

#### **Liabilities**

Current liabilities decreased 5,802 million yen from the end of the previous fiscal year. While there was a 5,000 million yen increase in short-term debt, accounts payable-trade decreased 3,448 million yen due to seasonal reasons and other factors. In addition, there were decreases of 3,157 million yen in accrued income taxes due to the payment of income taxes, and 2,966 million yen in other current liabilities. Long-term liabilities decreased 2,038 million yen due to a decrease of 2,725 million yen in scheduled repayment of long-term debt.

#### **Net assets**

Net assets decreased 515 million yen from the end of the previous fiscal year. Although retained earnings increased 1,279 million yen due to a profit attributable to owners of parent and dividend from surplus, there were a decrease of 923 million yen in capital surplus and an increase of 982 million yen in treasury stock due to the purchase and retirement of treasury stock.

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

Results of operations in the first nine months under review were slightly less than the forecast. However, we have maintained the forecast that was announced on November 6, 2015, because of the tendency for the Fashion Business to record the majority of its earnings in the fourth quarter.

## **2. Matters Related to Summary Information (Notes)**

### **Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

#### Changes in Accounting Policies

Effective from the first quarter of the current fiscal year, the Company has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other standards. In association with these changes, the presentation of net income and other items has been revised. For consistency with these changes, the quarterly consolidated financial statements for the first nine months of the previous fiscal year have been revised.

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

	(Millions of yen)	
	FY3/15 (As of Mar. 31, 2015)	Third quarter of FY3/16 (As of Dec. 31, 2015)
<b>Assets</b>		
Current assets		
Cash in hand and in banks	29,226	16,998
Accounts receivable-trade	8,991	5,501
Inventories	26,476	30,475
Other current assets	9,112	11,008
Allowance for doubtful accounts	(37)	(47)
Total current assets	73,769	63,936
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	58,959	60,077
Land	37,095	37,013
Other tangible fixed assets, net	12,253	12,409
Total tangible fixed assets	108,308	109,500
Intangible fixed assets	6,550	6,479
Investments and other assets		
Guarantee deposits	8,333	8,296
Leasehold deposit	20,176	20,376
Other investments and other assets	13,068	13,260
Allowance for doubtful accounts	(40)	(40)
Total investments and other assets	41,538	41,893
Total fixed assets	156,396	157,873
Total assets	230,166	221,809
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	19,867	16,418
Short-term debt	-	5,000
Current portion of long-term debt	4,450	4,050
Accrued income taxes	3,789	631
Accrued bonuses for employees	1,735	922
Accrued bonuses for directors and statutory auditors	105	88
Other current liabilities	13,450	10,484
Total current liabilities	43,397	37,594
Long-term liabilities		
Long-term debt	35,325	32,600
Accrued retirement benefits for directors and statutory auditors	1,838	1,817
Accrued costs for customer point program	958	923
Net defined benefit liability	382	437
Asset retirement obligations	4,773	5,037
Negative goodwill	54	33
Other long-term liabilities	3,761	4,205
Total long-term liabilities	47,093	45,055
Total liabilities	90,491	82,649

	(Millions of yen)	
	FY3/15 (As of Mar. 31, 2015)	Third quarter of FY3/16 (As of Dec. 31, 2015)
Net assets		
Shareholders' equity		
Common stock	23,282	23,282
Capital surplus	28,757	27,833
Retained earnings	86,658	87,938
Treasury stock	(45)	(1,027)
Total shareholders' equity	138,654	138,027
Accumulated other comprehensive income		
Unrealized gain on securities	1,229	1,185
Remeasurements of defined benefit plans	(208)	(141)
Total accumulated other comprehensive income	1,021	1,044
Stock acquisition rights	-	87
Total net assets	139,675	139,159
Total liabilities and net assets	230,166	221,809



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

(Millions of yen)

	First nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)
Sales	127,405	131,030
Cost of sales	68,879	71,854
Gross profit	58,526	59,175
Selling, general and administrative expenses	49,941	50,864
Operating profit	8,584	8,311
Non-operating profit		
Interest income	78	80
Dividend income	127	122
Rental income on real estate	463	456
Amortization of negative goodwill	31	31
Other	199	202
Total non-operating profit	899	893
Non-operating expenses		
Interest expenses	233	248
Expenses on sub-leased real estate	397	409
Loss on disposal of fixed assets	67	219
Other	265	163
Total non-operating expenses	964	1,040
Ordinary income	8,520	8,164
Extraordinary gains		
Gain on sale of investment securities	-	41
Total extraordinary gains	-	41
Extraordinary losses		
Impairment loss	662	390
Litigation settlement	-	439
Total extraordinary losses	662	829
Net income before income taxes	7,857	7,376
Current income taxes	2,301	2,019
Deferred income taxes	549	636
Total income taxes	2,851	2,656
Net income	5,006	4,720
Profit attributable to owners of parent	5,006	4,720

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

	(Millions of yen)	
	First nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)	First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)
Net income	5,006	4,720
Other comprehensive income		
Unrealized gain on securities	610	(43)
Remeasurements of defined benefit plans, net of tax	80	66
Total other comprehensive income	691	23
Comprehensive income	5,697	4,744
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,697	4,744
Comprehensive income attributable to non-controlling interests	-	-

**(3) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

No reportable information.

**Significant Changes in Shareholders' Equity**

First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)

Purchase and retirement of treasury stock

The Company has purchased 1,200,000 shares of its treasury stock and retired 600,000 shares of its treasury stock pursuant to the resolution of the Board of Directors on May 8, 2015. As a result, capital surplus decreased 923 million yen to 27,833 million yen, and treasury stock increased 982 million yen to 1,027 million yen at the end of the third quarter of FY3/16.

**Segment and Other Information**

First nine months of FY3/15 (Apr. 1, 2014 – Dec. 31, 2014)

1. Information related to sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Total		
Sales							
External sales	73,432	24,179	13,105	16,688	127,405	-	127,405
Inter-segment sales and transfers	4	11	3	-	19	(19)	-
Total	73,437	24,191	13,108	16,688	127,425	(19)	127,405
Segment profit	2,168	3,742	1,190	1,268	8,370	214	8,584

Notes: 1. The 214 million yen adjustment to segment profit includes 3,241 million yen in elimination for inter-segment transactions and -3,027 million yen in company-wide costs that cannot be allocated to reportable segments.

Company-wide costs mainly include administration expenses of the Company that cannot be attributed to any specific reportable segments.

2. Segment profit is adjusted to be consistent with operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on fixed assets, or goodwill, etc. for each reportable segment

Material impairment losses related to fixed assets

In the Fashion Business, the Karaoke Facility Operations Business and the Café Complex Operations Business, impairment losses were recognized for operating stores set to be relocated for which there is little expectation of recovery and had remained in the red, and idle assets whose recoverable value had fallen below book value; impairment losses of 246 million yen, 269 million yen and 120 million yen were booked respectively in the first nine months of FY3/15.

First nine months of FY3/16 (Apr. 1, 2015 – Dec. 31, 2015)

1. Information related to sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Total		
Sales							
External sales	73,837	23,496	13,728	19,967	131,030	-	131,030
Inter-segment sales and transfers	4	24	2	0	31	(31)	-
Total	73,842	23,520	13,730	19,968	131,061	(31)	131,030
Segment profit	1,852	3,508	1,175	1,663	8,200	110	8,311

Notes: 1. The 110 million yen adjustment to segment profit includes 3,290 million yen in elimination for inter-segment transactions, and -3,179 million yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs mainly include administration expenses of the Company that cannot be attributed to reportable segments.

2. Segment profit is adjusted with operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on fixed assets, or goodwill, etc. for each reportable segment

Material impairment losses related to fixed assets

In the Fashion Business, the Karaoke Facility Operations Business and the Café Complex Operations Business, impairment losses were recognized for operating stores set to be closed for which there is little expectation of recovery and had remained in the red; impairment losses of 109 million yen, 133 million yen and 147 million yen were booked respectively in the first nine months of FY3/16.

*\* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), 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.*