AOKI Holdings

February 7, 2013

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2013 (Nine Months Ended December 31, 2012)

[Japanese GAAP]

Company name: AOKI Holdings Inc. Listings: TSE/OSE, First Sections
Stock code: 8214 URL: http://www.aoki-hd.co.jp/
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Scheduled date of filing of Quarterly Report: February 12, 2013
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 7, 2013 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, 2012 (Apr. 1, 2012 – Dec. 31, 2012)

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

	Sales		Operating profit		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2012	112,878	8.5	9,605	23.2	9,935	16.9	5,852	39.4
Nine months ended Dec. 31, 2011	104,082	7.3	7,799	9.5	8,500	6.4	4,199	23.8

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2012: 5,723 (up 41.9%)
Nine months ended Dec. 31, 2011: 4,033 (up 25.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2012	140.57	140.29
Nine months ended Dec. 31, 2011	98.58	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2012	181,814	107,346	58.9
As of Mar. 31, 2012	176,779	103,994	58.6

Reference: Shareholders' equity (million yen) As of Dec. 31, 2012: 107,149 As of Mar. 31, 2012: 103,589

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/12	-	15.00	-	20.00	35.00
FY3/13	-	20.00	-		
FY3/13 (forecasts)				25.00	45.00

Note: Revisions to the most recently announced dividend forecast: Yes
Please refer to "Revisions to Full-year Earnings Forecasts and Year-end Dividend Forecasts for the Fiscal Year Ending March 31, 2013" disclosed on February 7, 2013 regarding revisions to the year-end dividend forecasts.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2013 (Apr. 1, 2012 – Mar. 31, 2013)

(Percentages represent year-on-year changes)

	Sales		Operating profit		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	157,270	7.3	15,900	15.5	16,350	12.1	8,700	22.7	210.08

Note: Revisions to the most recently announced consolidated forecast: Yes
Please refer to "Revisions to Full-year Earnings Forecasts and Year-end Dividend Forecasts for the Fiscal Year Ending March 31, 2013" disclosed on February 7, 2013 regarding the revisions to full-year forecasts.

*** Notes**

(1) Changes in consolidated subsidiaries during the period: 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:	Yes
4) Restatements:	None

Note: Subject to "changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates" since the Company has revised its depreciation method from the first quarter. Please refer to "2. Matters Related to Summary Information (Notes)" on page 4 of the attachments for further information.

(4) Number of shares outstanding (common shares)

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

As of Dec. 31, 2012:	45,624,752 shares	As of Mar. 31, 2012:	46,624,752 shares

2) Number of shares of treasury stock at end of period

As of Dec. 31, 2012:	4,212,919 shares	As of Mar. 31, 2012:	4,954,568 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2012:	41,633,942 shares	Nine months ended Dec. 31, 2011:	42,598,110 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 Law. 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

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) Qualitative Information Regarding Consolidated Forecast" on page 4 of the attachments regarding preconditions or other related matters for the forecast shown above.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first nine months of the current fiscal year, the Japanese economy slowed further toward the latter half and the outlook remained uncertain due to the impact of Europe's debt problems, slowing overseas economies, and the yen's protracted appreciation, but consumer sentiment improved slightly toward the end of the year as expectations over the government's economic policies caused the yen to depreciate and share prices to rise. In the apparel retail industry, business was generally firm thanks to tailwind from unusually low temperatures in autumn and winter.

In this environment, the AOKI Group implemented various measures in each business segment as discussed below and recorded increases both in sales and earnings. Sales increased 8.5% year-on-year to 112,878 million yen, operating profit increased 23.2% to 9,605 million yen, ordinary income increased 16.9% to 9,935 million yen, and net income increased 39.4% to 5,852 million yen.

Operating results by segment are as follows.

Fashion Business

AOKI reformulated its "3D Slim" and "3D Smart" series to launch "Hybrid Suits," but besides strengthening suit offerings, it further expanded its lineup of the "CAFÉ SOHO" series which proposes total coordination of business-casual styles as well as styles for adults going out on the town, and its lineup of ladies' wear. It also strengthened marketing to each respective segment's target customer base. Regarding AOKI stores, it opened 27 new stores since the start of the fiscal year, more than initially planned, and the new stores included the simultaneous opening of two new stores in Aomori Prefecture, a prefecture where it previously had no stores. It closed eight stores including for relocation purposes. As a result, the AOKI store network consisted of 459 stores at the end of the third quarter up from 440 at the end of the previous fiscal year.

ORIHICA continued to strengthen mix-and-matching style proposals for business and casual scenes. Regarding ORIHICA stores, it opened 13 new stores since the start of the fiscal year, particularly in its core Tokyo metropolitan market inclusive of Tokyo's three border prefectures. It closed one store. As a result, the ORIHICA store network consisted of 103 stores at the end of the third quarter, up from 91 at the end of the previous fiscal year.

Sales and earnings increased due to expanding demand for suits and warm clothes in the wake of unusually cold weather, an increase in the number of recruiting customers, and continued strong sales of ladies' wear. In particular, the sharp rise in existing-store sales in November contributed, as did new store openings. Sales increased 8.7% year-on-year to 70,327 million yen, and operating profit increased 17.1% to 5,823 million yen.

Anniversaire and Bridal Business

ANNIVERSAIRE INC., which runs guesthouse-style wedding and reception facilities, continued efforts to improve operational efficiency, and focused on lifting average sales of food and beverages, as well as average sales per couple, by instituting policies suited to each facility and sharing the know-how of skilled staff. Also, it opened a reservation desk in preparation for the opening of ANNIVERSAIRE MINATO MIRAI YOKOHAMA in February 2014, and orders have been steadily coming in.

Thanks to an improvement in the gross profit margin on higher average sales per couple and other factors, sales increased 4.5% year-on-year to 18,777 million yen and operating profit increased sharply by 68.5% to 2,650 million yen.

Karaoke Facility Operations Business

VALIC Co., Ltd., which runs karaoke facilities, made proposals of year-end party and other banquet party courses to meet the needs of corporate and group customers, and conducted campaigns in collaboration with famous artists and popular characters, to increase customer traffic. Regarding the network of karaoke facilities, it opened 10 new facilities since the start of the fiscal year, mostly close to train stations, and closed two existing facilities. As a result, our network of karaoke facilities was 140 at the end of the third quarter, up from 132 at the end of the previous fiscal year.

Sales rose 5.5% year-on-year to 11,248 million yen thanks to benefits from the opening of new facilities, but operating profit declined 8.5% to 905 million yen due to increases in the opening of new facilities and spending on renovation.

Café Complex Operations Business

In café complexes operations, also under the management of VALIC Co., Ltd., it held events for popular online games to increase customer traffic, and strengthened the food menu. Regarding the network of café complexes, it opened 31 since the start of the fiscal year, more than initially planned, and closed one. As a result, its network of café complexes was 202 at the end of the third quarter, up from 172 at the end of the previous fiscal year.

Sales increased 16.2% year-on-year to 12,548 million yen thanks to benefits from the opening of new café complexes and ongoing strong sales at existing ones. Also, operating profit rose 1.2% to 698 million yen as higher sales offset the impact of expenses related to the opening of new café complexes.

(2) Qualitative Information Regarding Consolidated Financial Position

1) Balance sheet position

Assets

Total assets at the end of the third quarter under review increased 5,034 million yen over the end of the previous fiscal year to 181,814 million yen.

Current assets decreased 1,712 million yen over the end of the previous fiscal year. Inventories increased 4,596 million yen mainly due to new store openings among other factors, cash in hand and in banks declined 5,857 million yen mainly due to capital investments and the payment of income taxes. Fixed assets increased 6,747 million yen over the end of the previous fiscal year as tangible fixed assets increased 5,697 million yen due to new store openings and other items.

Liabilities

Current liabilities decreased 359 million yen over the end of the previous fiscal year. Accrued income taxes declined 1,168 million yen due to the payment of income taxes, and accrued bonuses for employees declined 917 million yen, while there was a 2,000 million yen increase in short-term debt. Long-term liabilities increased 2,042 million yen over the end of previous fiscal year. This was mainly due to an increase of long-term debt by 1,640 million yen because the scheduled repayment and other items were offset by fund procurement for capital investments.

Net assets

Net assets increased 3,351 million yen over the end of the previous fiscal year. There was an increase in retained earnings of 3,114 million yen from net income and other items, while there was a decline in treasury stock by 573 million yen since the purchase was offset by retirement.

(3) Qualitative Information Regarding Consolidated Forecast

Following a careful analysis of trends over the first nine months of the fiscal year, we decided to raise the full-year consolidated forecasts for the fiscal year ending March 31, 2013 announced on November 8, 2012 as follows: sales by 1,440 million yen, operating profit by 700 million yen, ordinary income by 650 million yen, and net income by 450 million yen. Please refer to "Revisions to Full-year Earnings Forecasts and Year-end Dividend Forecasts for the Fiscal Year Ending March 31, 2013" disclosed on February 7, 2013 for further information.

By segment, the heavy March weighting of the Fashion Business in particular means results could differ substantially from our forecast, but we increased the forecasts as follows: sales by 1.3 billion yen and segment profit by 650 million yen in the Fashion Business, and 130 million yen and 50 million yen in the ANNIVERSAIRE and Bridal Business.

Forecast by business segment for the fiscal year ending March 31, 2013

	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Consolidated
Sales (Millions of yen)	100,700	24,250	15,400	16,950	157,270
YoY change (%)	106.8	103.5	107.6	116.0	107.3
Segment profit (Millions of yen)	11,150	2,800	1,440	910	15,900
YoY change (%)	111.7	134.2	107.6	102.5	115.5

Note: Segment profit is generally operating profit figures. Difference between total segment profits and consolidated operating profit implies adjustments for consolidation purposes.

2. Matters Related to Summary Information (Notes)

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

Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates

Following tax law revisions, from the first quarter of the current fiscal year, the Company and its consolidated subsidiaries have changed the method of depreciation of tangible fixed assets acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Tax Law.

The effect of this change was to increase operating profit, ordinary income, and net income before income taxes by 63 million yen each in the first nine months of the current fiscal year, compared with the previous method.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY3/12 (As of Mar. 31, 2012)	Third quarter of FY3/13 (As of Dec. 31, 2012)
Assets		
Current assets		
Cash in hand and in banks	23,108	17,251
Accounts receivable-trade	6,980	5,248
Inventories	16,058	20,654
Other current assets	6,788	8,065
Allowance for doubtful accounts	(11)	(8)
Total current assets	52,924	51,212
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	41,775	44,662
Land	31,477	31,507
Other, net	9,803	12,582
Total tangible fixed assets	83,055	88,752
Intangible fixed assets	4,897	5,810
Investments and other assets		
Guarantee deposits	8,857	8,362
Leasehold deposit	17,146	17,772
Other investments and other assets	9,942	9,947
Allowance for doubtful accounts	(44)	(44)
Total investments and other assets	35,902	36,038
Total fixed assets	123,854	130,602
Total assets	176,779	181,814
Liabilities		
Current liabilities		
Accounts payable-trade	15,053	16,687
Short-term debt	-	2,000
Current portion of long-term debt	6,518	5,696
Accrued income taxes	3,760	2,591
Accrued bonuses for employees	1,786	869
Accrued bonuses for directors and statutory auditors	177	105
Other current liabilities	10,128	9,114
Total current liabilities	37,425	37,065
Long-term liabilities		
Long-term debt	24,057	25,697
Accrued retirement benefits for employees	722	818
Accrued retirement benefits for directors and statutory auditors	1,511	1,606
Accrued costs for customer point program	717	768
Asset retirement obligations	3,344	3,638
Negative goodwill	1,135	814
Other long-term liabilities	3,871	4,058
Total long-term liabilities	35,359	37,402
Total liabilities	72,784	74,468

(Millions of yen)

	FY3/12 (As of Mar. 31, 2012)	Third quarter of FY3/13 (As of Dec. 31, 2012)
Net assets		
Shareholders' equity		
Common stock	23,282	23,282
Capital surplus	22,586	22,586
Retained earnings	63,252	66,366
Treasury stock	(5,532)	(4,958)
Total shareholders' equity	103,588	107,276
Accumulated other comprehensive income		
Unrealized gain on securities	1	(127)
Total accumulated other comprehensive income	1	(127)
Stock acquisition rights	405	196
Total net assets	103,994	107,346
Total liabilities and net assets	176,779	181,814

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(For the Nine-month Period)

(Millions of yen)

	First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)	First nine months of FY3/13 (Apr. 1, 2012 – Dec. 31, 2012)
Sales	104,082	112,878
Cost of sales	56,282	59,252
Gross profit	47,800	53,625
Selling, general and administrative expenses	40,000	44,019
Operating profit	7,799	9,605
Non-operating profit		
Interest income	54	65
Dividend income	74	43
Rental income on real estate	662	584
Amortization of negative goodwill	729	729
Other	335	234
Total non-operating profit	1,856	1,657
Non-operating expenses		
Interest expenses	240	225
Expenses on sub-leased real estate	624	535
Other	290	567
Total non-operating expenses	1,155	1,328
Ordinary income	8,500	9,935
Extraordinary gains		
Gain on sale of fixed assets	-	8
Gain on reversal of stock acquisition rights	241	185
Total extraordinary gains	241	194
Extraordinary losses		
Loss on cancellation of lease agreements	18	-
Loss on disposal of fixed assets	67	-
Impairment loss	362	159
Other	14	2
Total extraordinary losses	462	161
Net income before income taxes	8,278	9,967
Current income taxes	2,660	3,591
Deferred income taxes	1,419	523
Total income taxes	4,079	4,115
Income before minority interests	4,199	5,852
Net income	4,199	5,852

Consolidated Statements of Comprehensive Income

(For the Nine-month Period)

(Millions of yen)

	First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)	First nine months of FY3/13 (Apr. 1, 2012 – Dec. 31, 2012)
Income before minority interests	4,199	5,852
Other comprehensive income		
Unrealized gain on securities	(166)	(128)
Total other comprehensive income	(166)	(128)
Comprehensive income	4,033	5,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,033	5,723
Comprehensive income attributable to minority interests	-	-

(3) Going Concern Assumption

First nine months of FY3/13 (Apr. 1, 2012 – Dec. 31, 2012)

No reportable information.

(4) Segment Information and Other Information

First nine months of FY3/12 (Apr. 1, 2011 – Dec. 31, 2011)

1) Information related to sales and profit/losses for each reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Total		
Sales							
External sales	64,673	17,952	10,661	10,795	104,082	-	104,082
Inter-segment sales and transfers	2	12	4	-	19	(19)	-
Total	64,676	17,965	10,665	10,795	104,102	(19)	104,082
Segment profit	4,972	1,573	989	689	8,225	(426)	7,799

Notes: 1. The -426 million yen adjustment to segment profit includes 2,387 million yen in elimination for inter-segment transactions, goodwill amortization of -400 million yen, and -2,413 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 consolidated statements 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, Karaoke Facility Operations, and Café Complex Operations Business segments, impairment losses were mainly recognized for stores set to be relocated and fixed assets that have continuously produced losses and for which there is little expectation of recovery; impairment losses of 239 million yen, 61 million yen, and 37 million yen were booked, respectively, in the first nine months of the current fiscal year.

First nine months of FY3/13 (Apr. 1, 2012 – Dec. 31, 2012)

1) Information related to sales and profit/losses for each reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on consolidated statements of income (Note 2)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Total		
Sales							
External sales	70,325	18,761	11,241	12,548	112,878	-	112,878
Inter-segment sales and transfers	2	15	6	-	24	(24)	-
Total	70,327	18,777	11,248	12,548	112,902	(24)	112,878
Segment profit	5,823	2,650	905	698	10,078	(472)	9,605

Notes: 1. The -472 million yen adjustment to segment profit includes 2,484 million yen in elimination for inter-segment transactions, goodwill amortization of -400 million yen, and -2,556 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 consolidated statements 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 and Karaoke Facility Operations Business segments, impairment losses were mainly recognized for stores set to be relocated and fixed assets that have continuously produced losses and for which there is little expectation of recovery; impairment losses of 148 million yen, and 7 million yen were booked, respectively, in the first nine months of the current fiscal year.

3) Revisions to reportable segments

As noted in the section on "2. Matters Related to Summary Information (Notes), Changes in accounting policies that are difficult to distinguish from changes in accounting-based estimates," following tax law revisions, from the first quarter of the current fiscal year, the Company has changed the method of depreciation of tangible fixed assets acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Tax Law.

The effect of this change was to increase segment profits for the Fashion Business, the ANNIVERSAIRE and Bridal Business, the Karaoke Facility Operations Business, and the Café Complex Operations Business by 22 million yen, 4 million yen, 8 million yen, and 17 million yen, respectively in the first nine months of the current fiscal year, compared with the previous method.

(5) Significant Changes in Shareholders' Equity

First nine months of FY3/13 (Apr. 1, 2012 – Dec. 31, 2012)

1) Purchase of treasury stock

The Company acquired its treasury stock pursuant to the resolution of the Board of Directors on November 8, 2012. As a result, treasury stock increased 625 million yen (329,000 shares) in the first nine months of the current fiscal year.

2) Retirement of treasury stock

The Company retired its treasury stock on November 20, 2012 pursuant to the resolution approved at the Board of Directors meeting held on November 8, 2012. As a result, treasury stock decreased 1,119 million yen (1,000,000 shares), capital surplus 48 million yen and retained earnings 1,071 million yen in the first nine months of the current fiscal year.

(6) Subsequent Events

No reportable information.

** 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.*