AOKI Holdings

November 10, 2010

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2011 (Six Months Ended September 30, 2010)

[Japanese GAAP]

Company name: AOKI Holdings Inc. Listing: TSE/OSE, First Section
Stock code: 8214 URL: http://www.aoki-hd.co.jp/
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Scheduled date of filing of Quarterly Report: November 12, 2010
Scheduled date of payment of dividend: December 6, 2010
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2010 (Apr. 1, 2010 – Sep. 30, 2010)

(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	%
Six months ended Sep. 30, 2010	58,603	1.2	2,132	70.6	2,730	59.8	446	(51.4)
Six months ended Sep. 30, 2009	57,908	(1.5)	1,250	9.1	1,708	5.7	918	657.0

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2010	10.46	-
Six months ended Sep. 30, 2009	21.52	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2010	160,472	97,015	60.0	2,258.06
As of Mar. 31, 2010	159,189	97,416	60.8	2,268.07

Reference: Shareholders' equity (million yen) Sep. 30, 2010: 96,356 Mar. 31, 2010: 96,785

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Yearend	Total
	Yen	Yen	Yen	Yen	Yen
FY3/10	-	15.00	-	15.00	30.00
FY3/11	-	15.00			
FY3/11 (forecasts)			-	15.00	30.00

Note: Revision of dividend forecast in the current quarter: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)

(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	130,300	(0.6)	10,300	3.5	11,200	4.2	4,000	10.5	93.74

Note: Revision of consolidated forecast in the current quarter: Yes

4. Others (Please refer to "Other Information" on page 5 of the attached documents for further information)

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

Note: Changes in specified subsidiaries affecting the scope of consolidation during the period

(2) Application of simplified accounting methods and special accounting methods: Yes

Note: Application of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentation methods, etc.

1) Changes caused by revision of accounting standards: Yes

2) Other changes: Yes

Note: Changes in accounting principles, procedures, presentation methods, etc. for presenting quarterly consolidated financial statements described in "Change in Basis of Preparation of the Quarterly Consolidated Financial Statements"

(4) Number of shares outstanding (common shares)

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

Sep. 30, 2010:	49,124,752 shares	Mar. 31, 2010:	49,124,752 shares

2) Number of treasury stock at end of period

Sep. 30, 2010:	6,452,500 shares	Mar. 31, 2010:	6,451,716 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2010:	42,672,572 shares	Six months ended Sep. 30, 2009:	42,674,440 shares

*Information regarding the implementation of quarterly review procedures

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Law. At the time of disclosure, we have not completed the review process for these consolidated statements.

* Cautionary statement with respect to forward-looking statements

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. 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 attached documents regarding preconditions or other related matters for the forecast shown above.

Contents of Attachments

* AOKI Holdings plans to hold the following information meeting for quarterly results of operations. Materials distributed at this event are to be posted promptly on the company's website following the meeting.

- Thursday, November 18, 2010: Presentation for institutional investors and analysts

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Results of Operations

In the first half of the current fiscal year, the Japanese economy saw corporate earnings improve thanks to the government's economic stimulus measures, but the pace of improvement slowed from the summer due to the yen's sharp appreciation. The outlook for the economy has become increasingly uncertain due to slowing overseas economies and concerns about yen appreciation, and personal consumption remains weak due to stagnation in the jobs market and incomes.

In this difficult environment, the AOKI Group implemented various measures in each business segment as discussed below. Sales increased 1.2% year-on-year to 58,603 million yen, operating profit increased 70.6% to 2,132 million yen, ordinary income increased 59.8% to 2,730 million yen, and net income declined 51.4% to 446 million yen due to the booking of an extraordinary losses of 1,466 million yen from the application of accounting standards for asset retirement obligations in the first quarter of the current fiscal year.

Operating results by reportable segment:

Fashion Business

AOKI focused on revitalizing existing-store sales by strengthening sales promotions, visual merchandising, marketing, the sales floor environment, and the product lineup centered on functional products that meet the needs of the age and Cool Biz products.

Regarding merchandise, sales promotions, and marketing, we expanded our lineup of functional products such as the "Premium Wash Series" of suits washable in a washing machine in line with our promotion of "AOKI: The Science of Suits." We also strengthened CAFÉ SOHO which offers total brand coordination with a particular emphasis on jackets and slacks, and women's wear. The heat wave from July ensured strong sales of summer wear including summer formal wear and Cool Biz shirts and slacks. Regarding AOKI stores, we opened one new store and close four. As a result, the AOKI store network consisted of 428 stores at the end of the current second quarter, down from 431 at the end of the previous fiscal year.

As for ORIHICA, we strove to strengthen the product mix to better meet the needs of a wider range of ages and our female customers. We opened eight new stores, including Yaesu Underground Mall Store, our first store in a train station's underground shopping mall, and closed three stores. As a result, the ORIHICA store network consisted of 57 stores at the end of the current second quarter, up from 52 at the end of the previous fiscal year.

Sales were firm at existing stores particularly in the second quarter. On the other hand, sales and operating losses from the closure of M/X stores last fiscal year dropped out. As a result, sales in the Fashion Business declined 1.0% year-on-year to 35,466 million yen, and operating profit moved from a loss of 671 million yen in the year-ago period to a gain of 597 million yen in the current first half.

Anniversaire and Bridal Business

RAVIS Inc., which runs guesthouse style wedding and reception facilities, continued to implement marketing measures tailored to each facility and strengthen human resources development, and it also renovated PARTIRE ESAKA WEDDING VILLAGE and PARTIRE SHIRAKABE GEIHINKAN. Also, it launched a reservation salon for ANNIVERSAIRE TOYOSU, scheduled to open in spring 2011, and orders are steady.

As a result of these efforts, but also due to the impact of the slumping economy since last year and preparation expenses for new facility openings in Toyosu, sales in the ANNIVERSAIRE and Bridal Business declined 2.4% year-on-year to 10,990 million yen, and operating profit declined 22.4% to 786 million yen.

ANNIVERSAIRE INC. changed its name from RAVIS Inc. on October 1, 2010.

ANNIVERSAIRE, French for “anniversary,” better expresses the intentions and wishes of our company to be of service to customers on the most important day of their lives – their wedding day. Also, we will change the names of existing facilities WEDDING VILLAGE and PARTIRE GEIHINKAN to ANNIVERSAIRE from January 2011, and will advance the business by working to improve the brand image and provide high-quality services.

Karaoke Facility Operations Business

In karaoke facility operations, under the management of VALIC Co., Ltd., we pursued customer satisfaction by improving customer service, thoroughly beautifying existing facilities, proposing seasonal food and drink menus and dinner sets, and sponsoring various events. Regarding facilities, we opened eight new facilities including six in train station retail buildings in Tokyo, and closed five. As a result, our network of karaoke facilities was 121 at the end of the current second quarter, up from 118 at the end of the previous fiscal year.

As a result of these efforts, although the number of adult customers, particularly at late-night, declined, we saw benefits from new store openings and an increase in housewives and families. Sales in the Karaoke Facility Operations Business increased 4.8% year-on-year to 6,110 million yen, but operating profit declined 25.0% to 404 million yen due to an increase in new store opening expenses.

Café Complex Operations Business

In café complex operations, under the management of VALIC Co., Ltd., we strengthened the renovation of facility equipment and environments, and we strove to encourage customers to visit more frequently through changing the point card service system and sponsoring online game events. Due to these efforts, and an increase in the number of customers seeking to escape the heat during the heat wave this summer, customer numbers increased. Average sales per customer also increased as we strengthened services through an expansion of amusement content including online darts, and introduced seasonal food and drink menus. We opened nine new facilities in existing markets particularly in the Kanto, Chukyo, and Kansai areas to establish a dominant position in these markets. As a result, our network of café complexes was 142 at the end of the current second quarter, up from 133 at the end of the previous fiscal year.

As a result of these efforts, we saw benefits from the opening of new stores, and sales were firm at existing facilities thanks to customers visiting to escape the heat and an increase in food sales. Sales in the Café Complex Operations Business increased 21.2% year-on-year to 6,052 million yen, and operating profit increased 35.3% to 489 million yen.

We have changed some segment classifications in line with the adoption of “Accounting Standards for the Disclosure of Segment Information” starting in the first quarter. The YoY changes of the aforementioned segments are based on comparisons with the recalculated YoY figures using the new segment classifications.

(2) Qualitative Information Regarding Consolidated Financial Position

Balance sheet position

Current assets decreased 975 million yen over the end of the previous fiscal year. Cash in hand and in banks increased 1,148 million yen due to long-term borrowing, and inventories increased 726 million yen due to new store openings among other factors, but accounts receivable-trade decreased 2,969 million yen as payments were received. Fixed assets increased 2,258 million yen over the end of the previous fiscal year. Tangible fixed assets increased 2,280 million yen due to new store openings and the application of accounting standards for asset retirement obligations.

Current liabilities decreased 10,695 million yen over the end of the previous fiscal year. It was mainly due to repayment of short-term debt of 6,000 million yen, decreases in accrued income taxes of 1,769 million yen due to payment of income taxes, and notes and accounts payable-trade of 1,027 million yen. Long-term liabilities increased 12,379 million yen over the end of the previous fiscal year. Long-term debts increased 9,452 million yen, and asset retirement obligations increased 2,808 million yen from the application of accounting standards for asset retirement obligations.

Net assets decreased 400 million yen over the end of the previous fiscal year, mainly due to decrease in retained earnings of 193 million yen from dividends paid and other items.

Cash flow position

Cash and cash equivalents at the end of the second quarter of the current fiscal year under review increased 1,148 million yen over the end of the previous fiscal year to 18,146 million yen.

Net cash provided by operating activities was 3,242 million yen (compared with net cash used of 4,625 million yen one year earlier). The principal use of cash was net 1,917 million yen in income taxes paid and refund. The principal sources of cash were net income before income taxes of 1,047 million yen, depreciation and amortization of 2,643 million yen, and 1,466 million yen from the loss on adjustment for changes of accounting standard for asset retirement obligations.

Net cash used in investing activities increased 73.0% year-on-year to 3,201 million yen. This was mainly due to the payments of 2,720 million yen in acquisition of tangible fixed assets for new store openings and 607 million yen in leasehold and guarantee deposits.

Net cash provided by financing activities decreased 28.1% year-on-year to 1,108 million yen. The principal source of cash was 13,000 million yen in long-term debt for investment in equipment. The principal uses of cash were the repayment of 6,000 million yen of short-term debt, the scheduled repayment of 4,196 million yen of long-term debt, the redemption of 670 million yen in corporate bonds, and 640 million yen of dividends paid.

(3) Qualitative Information Regarding Consolidated Forecast

We revise the full-year consolidated sales forecast we released on August 6, 2010 following a careful review of current conditions. However, we maintain our operating profit, ordinary income, and net income forecasts as the third and fourth quarters account for a proportionally greater weighting of the Company’s earnings, and the outlook for the business has become increasingly uncertain as the economy slows.

Our segment revisions are as follows.

(Millions of yen)

	Fashion business	Anniversaire and Bridal business	Karaoke Facility Operations business	Café Complex Operations business	Adjustment	Total
Sales	82,500	22,820	13,040	11,960	(20)	130,300
YoY change (%)	96.0	100.1	104.8	119.6	-	99.4
Operating profit	6,700	2,000	1,336	564	(300)	10,300
YoY change (%)	115.6	88.5	87.6	135.2	-	103.5

Notes: 1. The (300) million yen adjustment to segment profit includes 1,034 million yen in elimination for inter-segment transactions, goodwill amortization of (533) million yen, and (800) million yen in company-wide costs that cannot be allocated to reportable segments.

2. The decline in sales in the Fashion business is mainly due to the downsizing of M/X.

3. We change our operating profit forecast for the ANNIVERSAIRE and Bridal business due to the booking of preparation expenses for the opening of a new facility, and expenses for changing the business name.

*Forecasts regarding future performance in these materials are based on information available to the Company at the time the materials were created. Actual performance may differ significantly from these forecasts for a number of reasons.

2. Other Information

(1) Overview of Changes in Consolidated Subsidiaries

No reportable information.

(2) Overview of Application of Simplified Accounting Methods and Special Accounting Methods

Simplified accounting methods

(Calculation of depreciation expense for fixed assets)

For assets subject to the declining balance method, depreciation was calculated pro rata based on the amount for the fiscal year.

(Calculation of deferred tax assets and deferred tax liabilities)

Judgments about the recoverability of deferred tax assets are made based on earnings forecasts and tax planning, as in the previous fiscal year, as there have been no significant changes in the operating environment or in the occurrence of temporary differences since the end of the previous fiscal year.

(3) Overview of Changes in Accounting Principles, Procedures, Presentation Methods, etc.

1) Application of accounting standard for asset retirement obligations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) have been applied.

The effect of this change was to decrease operating profit, ordinary income and net income before income taxes by 80 million yen, 79 million yen and 1,552 million yen, respectively. The application of these standards increased the account balance of asset retirement obligations by 2,860 million yen.

2) Application of accounting standards concerning business combinations

Beginning with the first quarter of the current fiscal year, “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008), “Partial Amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008) have been applied.

3) Change in calculation of income taxes

Previously, for some consolidated subsidiaries, a quarterly-specific accounting method was adopted in which the tax expense was calculated by first estimating reasonably the effective tax rate after the application of tax effect accounting with respect to net income before income taxes for the fiscal year, and multiplying that rate by the quarterly income before income taxes. However, in order to more appropriately calculate the tax expense for the quarterly accounting period, the Company switched, starting from the first quarter of the current fiscal year, to apply the same standard accounting procedure as that used for the fiscal year. The effect of this change in profit/loss is insignificant in the first half of the current fiscal year.

4) Changes in presentation methods

(Consolidated Statements of Income)

a. "Gain on sale of investment securities" under "Extraordinary gains" presented as a separate line item in the first half of the previous fiscal year, is reclassified and included in "Other" under "Extraordinary gains" in the first half of current fiscal year, given the decrease in the materiality of impact in the context of the consolidated financial statements. "Gain on sale of investment securities" included in "Other" under "Extraordinary gains" in the first half of the current fiscal year totaled 1 million yen.

b. "Gain on reversal of stock acquisition rights," included in "Other" under "Extraordinary gains" in the first half of the previous fiscal year, is reclassified and presented as a separate line item in the first half of the current fiscal year since the amount exceeded 20/100 of total extraordinary gains. "Gain on reversal of stock acquisition rights" included in "Other" under "Extraordinary gains" in the first half of the previous fiscal year totaled 4 million yen.

c. In the first half of the previous fiscal year, both "Current income taxes" and "Deferred income taxes" were presented as "Income taxes," but starting from the first half of the current fiscal year, the Company switched to presenting "Current income taxes" and "Deferred income taxes" separately.

d. Following the application of "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Presentation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008,) an item "Income before minority interests" is presented in the first half of the current fiscal year.

(Consolidated Statements of Cash Flows)

a. "Loss (gain) on sale of investment securities" under "Cash flows from operating activities" presented as a separate line item in the first half of the previous fiscal year, is reclassified and included in "Other" in the first half of the current fiscal year, given the decrease in the materiality of impact in the context of the consolidated financial statements. "Loss (gain) on sale of investment securities" included in "Other" totaled (1) million yen in the first half of the current fiscal year.

b. "Proceeds from sale of investment securities" under "Cash flows from investing activities" presented as a separate line item in the first half of the previous fiscal year, is reclassified and included in "Other" in the first half of the current fiscal year, given the decrease in the materiality of impact in the context of the consolidated financial statements. "Proceeds from sale of investment securities" included in "Other" totaled 55 million yen in the first half of the current fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Second quarter of FY3/11 (As of Sep. 30, 2010)	FY3/10 Summary (As of Mar. 31, 2010)
Assets		
Current assets		
Cash in hand and in banks	18,146	16,997
Accounts receivable-trade	2,269	5,238
Inventories	16,411	15,684
Other current assets	5,629	5,511
Allowance for doubtful accounts	(7)	(7)
Total current assets	42,449	43,424
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	40,182	39,239
Land	30,199	30,042
Other tangible fixed assets, net	9,067	7,886
Total tangible fixed assets	79,449	77,168
Intangible fixed assets	4,016	3,890
Investments and other assets		
Guarantee deposits	9,441	9,762
Leasehold deposit	15,997	15,587
Other investments and other assets	9,185	9,423
Allowance for doubtful accounts	(66)	(67)
Total investments and other assets	34,557	34,706
Total fixed assets	118,023	115,764
Total assets	160,472	159,189
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,312	12,340
Short-term debt	-	6,000
Current portion of corporate bonds	-	670
Current portion of long-term debt	6,854	7,503
Accrued income taxes	786	2,555
Accrued bonuses for employees	1,291	1,321
Accrued bonuses for directors and statutory auditors	61	94
Other current liabilities	7,501	8,017
Total current liabilities	27,807	38,503
Long-term liabilities		
Long-term debt	24,949	15,497
Accrued retirement benefits for employees	604	600
Accrued retirement benefits for directors and statutory auditors	1,340	1,313
Accrued costs for customer point program	651	645
Asset retirement obligations	2,808	-
Negative goodwill	1,767	1,967
Other long-term liabilities	3,527	3,245
Total long-term liabilities	35,648	23,269
Total liabilities	63,456	61,772

(Millions of yen)

	Second quarter of FY3/11 (As of Sep. 30, 2010)	FY3/10 Summary (As of Mar. 31, 2010)
Net assets		
Shareholders' equity		
Common stock	23,282	23,282
Capital surplus	24,788	24,788
Retained earnings	55,498	55,692
Treasury stock	(7,079)	(7,078)
Total shareholders' equity	96,490	96,685
Valuation and translation adjustments		
Unrealized gain on securities	(133)	100
Total valuation and translation adjustments	(133)	100
Stock acquisition rights	658	630
Total net assets	97,015	97,416
Total liabilities and net assets	160,472	159,189

(2) Consolidated Statements of Income
(For the Six-month Period)

(Millions of yen)

	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)
Sales	57,908	58,603
Cost of sales	32,269	32,371
Gross profit	25,639	26,231
Selling, general and administrative expenses	24,388	24,098
Operating profit	1,250	2,132
Non-operating profit		
Interest income	39	38
Dividend income	35	58
Rental income on real estate	414	519
Amortization of negative goodwill	486	486
Other	134	169
Total non-operating profit	1,109	1,272
Non-operating expenses		
Interest expenses	165	156
Expenses on sub-leased real estate	405	471
Other	80	46
Total non-operating expenses	651	674
Ordinary income	1,708	2,730
Extraordinary gains		
Reversal of allowance for doubtful accounts	1	0
Gain on sale of fixed assets	-	3
Gain on sale of investment securities	147	-
Gain on reversal of stock acquisition rights	-	6
Subsidy income	41	17
Other	9	1
Total extraordinary gains	200	28
Extraordinary losses		
Loss on cancellation of lease agreements	51	-
Loss on disposal of fixed assets	220	33
Impairment loss	371	163
Retirement benefit expenses for prior periods	48	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	1,466
Other	56	48
Total extraordinary losses	748	1,712
Net income before income taxes	1,160	1,047
Income taxes	242	-
Current income taxes	-	782
Deferred income taxes	-	(181)
Total income taxes	242	601
Income before minority interests	-	446
Net income	918	446

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)	First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)
Cash flows from operating activities		
Net income before income taxes	1,160	1,047
Depreciation and amortization	2,523	2,643
Impairment loss	371	163
Amortization of goodwill	292	275
Amortization of negative goodwill	(486)	(486)
Increase (decrease) in accrued retirement benefits for employees	83	4
Increase (decrease) in accrued retirement benefits for directors and statutory auditors	(12)	26
Increase (decrease) in accrued costs for customer point program	(2)	6
Interest and dividend income	(74)	(96)
Interest expenses	165	156
Loss on cancellation of lease agreements	51	-
Loss on disposal of fixed assets	158	23
Loss (gain) on sale of investment securities	(147)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	1,466
Decrease (increase) in accounts receivable-trade	2,717	2,969
Decrease (increase) in inventories	(1,380)	(726)
Increase (decrease) in accounts payable-trade	(3,070)	(896)
Other	(1,570)	(1,329)
Subtotal	779	5,250
Interest and dividend income received	47	70
Interests paid	(162)	(161)
Income taxes paid	(5,306)	(2,554)
Income taxes refund	15	637
Net cash provided by (used in) operating activities	(4,625)	3,242
Cash flows from investing activities		
Payments for acquisition of tangible fixed assets	(2,208)	(2,720)
Payments for acquisition of intangible fixed assets	(86)	(284)
Payments for leasehold and guarantee deposits	(782)	(607)
Proceeds from sale of investment securities	355	-
Net decrease (increase) in trust beneficiary right	281	93
Other	590	317
Net cash used in investing activities	(1,851)	(3,201)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	6,400	(6,000)
Proceeds from long-term debt	-	13,000
Repayments of long-term debt	(3,601)	(4,196)
Payments for redemption of corporate bonds	(410)	(670)
Payments for purchase of treasury stock	(0)	(1)
Dividends paid	(639)	(640)
Other	(206)	(383)
Net cash provided by financing activities	1,541	1,108
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Increase (decrease) in cash and cash equivalents	(4,934)	1,148
Cash and cash equivalents at beginning of period	14,310	16,997
Cash and cash equivalents at end of period	9,375	18,146

(4) Going Concern Assumption

No reportable information.

(5) Segment Information

Operating segment information

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009) (Millions of yen)

	Fashion business	Anniversaire and Bridal business	Entertainment business	Total	Elimination or corporate	Consolidated
Sales						
(1) External sales	35,828	11,253	10,825	57,908	-	57,908
(2) Inter-segment sales and transfers	3	4	0	8	(8)	-
Total	35,832	11,257	10,825	57,916	(8)	57,908
Operating profit (loss)	(673)	1,069	758	1,154	96	1,250

Notes: 1. Operations are categorized by the similarity of products, their characteristics and other factors.
2. Principal operating segments
Fashion business: Suits, primarily sales of men's clothing
ANNIVERSAIRE & Bridal business: Bridal services
Entertainment business: Operating karaoke and other entertainment facilities

Geographical segment information

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)

No reportable information since the Company has no consolidated subsidiaries or branch offices in countries and regions other than Japan.

Overseas sales

First six months of FY3/10 (Apr. 1, 2009 – Sep. 30, 2009)

No reportable information since the Company had no overseas sales.

Segment information

(Supplementary information)

Beginning with the first quarter of the current fiscal year, the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

1) Overview of reportable segment

The Group defines reportable segments as businesses for which financial details can be compiled; the Board of Directors will review this information on a periodic basis in order to assist with decisions about allocating resources and evaluating the performance.

AOKI Holdings, as a pure holding company, supports the businesses of the various companies that comprise the Group, while each business company proposes and executes comprehensive strategies for the respective products and services they offer in the domestic market.

The products and services of each business company comprise different segments. The four reportable segments are the Fashion Business, the ANNIVERSAIRE and Bridal Business, the Karaoke Facility Operations Business, and the Café Complex Operations Business. AOKI and ORIHICA are both included in one business segment, the Fashion Business, because they fit all the conditions for grouping including similarities in economic characteristics and product content.

The Fashion Business is involved in planning and selling men's and women's wear, the ANNIVERSAIRE and Bridal Business in operating wedding halls, the Karaoke Facility Operations Business in operating karaoke facilities, and the Café Complex Operations Business in providing relaxation space with magazines, comics, massage chairs, the Internet, etc.

2) Information related to sales and profit or loss for each reportable segment

First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010) (Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statements of income (Note 2)
	Fashion business	Anniversaire and Bridal business	Karaoke Facility Operations business	Café Complex Operations business	Total		
Sales							
External sales	35,465	10,976	6,108	6,052	58,603	-	58,603
Inter-segment sales and transfers	0	14	2	-	17	(17)	-
Total	35,466	10,990	6,110	6,052	58,620	(17)	58,603
Segment profit	597	786	404	489	2,278	(145)	2,132

Note: 1. The (145) million yen adjustment to segment profit includes 520 million yen in elimination for inter-segment transactions, goodwill amortization of (266) million yen, and (398) 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 reportable segments.

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

3) Information related to impairment of fixed assets, goodwill, etc.

First six months of FY3/11 (Apr. 1, 2010 – Sep. 30, 2010)

(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 mainly recognized for fixed assets including stores set to be closed, or stores that have continued to produce losses and for which there is little expectation of recovery. Impairment losses of 53 million yen, 58 million yen and 51 million yen, respectively were booked in the first half of the current fiscal year.

(6) Significant Changes in Shareholders' Equity

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.*