

CONSOLIDATED FINANCIAL REPORT (Japanese GAAP)
NINE-MONTH PERIOD OF THE FISCAL YEAR ENDING
FEBRUARY 28, 2013
(March 1, 2012 to November 30, 2012)

January 8, 2013

F&A Aqua Holdings, Inc. is listed on the First Section of the Tokyo Stock Exchange under the securities code number 8008.

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 Supplemental materials prepared for quarterly financial results: No
 Holding of quarterly financial results meeting: No
 Dividend payment commencement date (planned): No

(Millions of yen rounded down)

1. Consolidated Operating Results for Nine-Month Period of Fiscal 2012
(March 1, 2012 to November 30, 2012)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures are the increase / (decrease) for the corresponding period of the previous fiscal year.)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2012 Nine-Month Period	34,360	4.3	2,837	34.2	3,225	39.5	1,464	33.0
FY2011 Nine-Month Period	32,954	(0.6)	2,114	55.8	2,312	35.9	1,100	209.3

(Note) Comprehensive income: FY2012 Nine-Month Period: 1,394 million yen (43.5%)
 FY2011 Nine-Month Period: 971 million yen (—%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
FY2012 Nine-Month Period	53.40	—
FY2011 Nine-Month Period	39.75	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
November 30, 2012	54,037	39,600	73.2	1,445.24
February 29, 2012	51,142	38,837	75.9	1,415.84

(Reference)

Shareholders' equity: November 30, 2012: 39,580 million yen February 29, 2012: 38,821 million yen

2. Dividends

	Annual Cash Dividends per Share				
(Record Date)	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	—	10.00	—	11.00	21.00
Fiscal 2012	—	10.50	—	—	—
Fiscal 2012 (Forecast)				11.50	22.00

(Note) Revisions to consolidated operating forecasts as of the end of the current quarter: No

Breakdown of period-end cash dividend for the fiscal year ending February 2013:

Ordinary cash dividend ¥10.50 Special cash dividend ¥1.00

(% figures for the full fiscal year represent year-on-year increase or decrease)

(Note) Revisions to consolidated operating forecasts as of the end of the current quarter: No

(1) Changes in Important Subsidiaries during the Period
(Changes in specified subsidiaries that caused changes in the scope of consolidation): No

(2) Application of Special Accounting Practices in the Preparation of the Quarterly Consolidated Financial Statements: No
Note: Application of the simplified accounting method and special accounting practices in the preparation of quarterly consolidated financial statements.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements
1) Changes of accounting principles in line with revisions to accounting and other standards: No
2) Changes of accounting principles other than 1) above: Yes
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Number of Shares Issued and Outstanding (Common Stock)

1. Total number of shares issued and outstanding (including treasury stock) as of the period-end:	
November 30, 2012: 29,331,356 shares	Feb. 29, 2012: 29,331,356 shares
2. Total number of treasury stock as of the period-end:	
November 30, 2012: 1,944,446 shares	Feb. 29, 2012: 1,911,731 shares
3. Average number of shares for the period (Cumulative total for the quarterly consolidated period)	
FY2012 Nine-Month Period: 27,426,420 shares	FY2011 Nine-Month Period: 27,689,031 shares

Note: The number of recorded treasury stock is inclusive of 247,400 of the Company's shares held by the F&A Aqua Holdings Employees' Shareholding Association Trust Account as of the end of the quarterly period.

This financial report for the nine-month period of fiscal 2012 is not subject to the quarterly review procedures stipulated in the Financial Instruments and Exchange Act of Japan. As of the date of disclosure of this report, the review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act had not been completed.

The aforementioned forecasts were made based on information available to management as of the date of this report. Actual results could differ significantly from forecasts due to a variety of factors. Please refer to “Qualitative Information Regarding Forecasts of Consolidated Business Results” on page 5 for assumptions of the revision of forecasts of business results.

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1. Qualitative Information Regarding Consolidated Quarterly Business Results

(1) Qualitative Information Regarding Consolidated Operating Results

During the third quarter cumulative period of fiscal 2012 (March 1, 2012 to November 30, 2012), the Japanese economy continued to gently recover from the stagnation following the Great East Japan Earthquake, on the back of recovery demand. However, the outlook for the economy remained clouded by such factors as a slowdown in exports and sluggish capital expenditures, stemming mainly from the European debt crisis and stagnant economic growth in developing countries.

In the retail industry, harsh business conditions remained as a result of increasing thriftiness and price consciousness on the part of consumers, as well as inclement weather.

Under such conditions, the F&A Aqua Holdings Group, with fiscal 2012 as the first year of its third medium-term management plan, worked to enhance its corporate value by practicing CSR-based management to establish a highly trusted corporate group, by strengthening internal controls, by providing returns to shareholders, and by making longer term investments linked to earnings growth.

As a result, operating revenues for the third quarter cumulative period of the subject fiscal year amounted to ¥34,360 million (up 4.3% from the same period of the previous fiscal year). Operating income totaled ¥2,837 million (up 34.2%), with ordinary income of ¥3,225 million (up 39.5%) and net income of ¥1,464 million (up 33.0%).

Operating income, ordinary income and net income reached record high levels during the subject fiscal period.

Note: Operating revenues are the sum total of net sales and other operating revenues.

Operating results by business segment were as follows.

The F.D.C. Products Group

The F.D.C. Products group posted a considerable rise in sales and operating income from the same period of the previous fiscal year, due mainly to strong performance at existing locations of its mainstay 4°C brand jewelry stores following the opening of the new 4°C Pregence zone. Results were also buoyed by continued positive performance at the expanding network of 4°C BRIDAL and canal 4°C stores.

As a result, segment operating revenues amounted to ¥16,429 million (up 9.4% from the same period of the previous fiscal year), with operating income of ¥2,345 million (up 33.1%).

The AS'TY Group

The AS'TY group took steps to strengthen project planning capabilities in the apparel manufacturing business, centered on OEM, while also working to expand sales. Sales were up year on year, and operating income rose substantially as a result of positive trends in relationships with existing business partners, and steady efforts to cultivate new partners.

As a result, segment operating revenues amounted to ¥7,880 million (up 6.3% from the same period of the previous fiscal year), with operating income of ¥582 million (up 59.5%).

MISUZU

MISUZU Co., Ltd. took steps to enhance its brand value and strengthen SPA (Specialty store retailer of Private label Apparel) functions. However, sales and operating income declined from the same period of the previous fiscal year, due mainly to a falloff in customers and inclement weather.

As a result, segment operating revenues amounted to ¥4,484 million (down 8.5% from the same period of the previous fiscal year), with operating income of ¥64 million (down 62.9%).

âge

Although âge Co., Ltd.'s mainstay everyday fashion brand PALLET performed strongly, sales were down slightly from the same period of the previous fiscal year as a result of slow returns from LOU and RAPPORT. Operating income, however, rose substantially from a year earlier as a result of improvement in the gross margin percentage.

As a result, segment operating revenues amounted to ¥5,566 million (down 1.0% from the same period of the previous fiscal year), with operating income of ¥113 million (up 17.9%).

(2) Qualitative Information Regarding Consolidated Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the subject third quarter cumulative period (November 30, 2012) amounted to ¥54,037 million, an increase of ¥2,895 million from the end of the previous fiscal year (February 29, 2012). This was due mainly to an increase of ¥2,387 million in merchandise and finished goods. Total liabilities amounted to ¥14,437 million, an increase of ¥2,132 million from the end of the previous fiscal year. This was due mainly to increases of ¥1,247 million in notes and accounts payable—trade; and ¥459 million in short-term loans payable. Total net assets at the end of the subject period amounted to ¥39,600 million, an increase of ¥762 million from the end of the previous fiscal year.

(3) Qualitative Information Regarding Forecasts of Consolidated Business Results

Earnings forecasts are unchanged from those announced on October 9, 2012.

2. Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period:

Not applicable

(2) Application of Special Accounting Practices in the Preparation of the Quarterly Consolidated Financial Statements:

Not applicable

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements:

Change in Valuation Method for Inventories

The F&A Aqua Holdings Group had previously adopted the weighted-average cost method as its principal valuation method for inventories. From the subject first quarter period, however, the Company has changed to the moving-average cost method as its principal method.

This change was made following the full replacement of core business systems at the Company's principal subsidiary F.D.C. Products Inc. to allow for calculation of costs in a timely manner, and is intended to facilitate calculation of periodic profit or loss more quickly and accurately. This change in accounting method has been applied retroactively. Figures in the financial statements for the previous quarter and previous fiscal year are after retroactive application.

The impact on results from this change is minimal.

Application of the Accounting Standard for Earnings per Share

Effective from the first quarter of the fiscal year under review, the Company has adopted the Accounting Standard for Earnings per Share of the Accounting Standards Board of Japan (ASBJ), ASBJ Standard No. 2 issued on June 30, 2010 as well as the Guidance on Accounting Standard for Earnings per Share ASBJ Guidance No. 4 issued on June 30, 2010.

In calculating diluted net income per share, the Company has switched, for stock options whose rights go into effect after a fixed period, to the method of adding to expected income from the exercise of rights the portion of the fair value of stock options that relate to future services provided to the Company.

There was no impact from this change.

(4) Additional Information

Application of Accounting Standard for Accounting Changes and Error Corrections

For accounting changes and corrections of previous errors made after the subject first quarter period, the Company has applied "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

3. Summary of Significant Events Related to the Going Concern Assumption

Not applicable

4. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

	(Thousands of yen)	
	End of the Fiscal Year Ended February 29, 2012 (As of February 29, 2012)	End of the Third Quarter of the Fiscal Year Ending February 28, 2013 (As of November 30, 2012)
ASSETS		
Current assets:		
Cash and deposits	1,287,321	544,040
Notes and accounts receivable — trade	3,405,744	4,557,614
Merchandise and finished goods	5,205,017	7,592,565
Work in process	329,657	139,274
Raw materials and supplies	566,752	390,156
Other current assets	1,187,205	1,071,633
Allowance for doubtful accounts	(6,941)	(1,712)
Total current assets	11,974,758	14,293,573
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	5,531,699	5,690,498
Land	5,820,237	5,814,077
Other, net	489,110	669,288
Total property, plant and equipment	11,841,047	12,173,863
Intangible assets:		
Goodwill	7,271,736	6,863,149
Other intangible assets	192,342	646,019
Total intangible assets	7,464,079	7,509,169
Investments and other assets:		
Investment securities	13,444,132	13,350,002
Prepaid pension cost	1,990,625	1,996,816
Other	5,021,778	5,302,841
Allowance for doubtful accounts	(593,824)	(588,483)
Total investments and other assets	19,862,712	20,061,178
Total noncurrent assets	39,167,839	39,744,211
Total assets	51,142,598	54,037,784

	(Thousands of yen)	
	End of the Fiscal Year Ended February 29, 2012 (As of February 29, 2012)	End of the Third Quarter of the Fiscal Year Ending February 28, 2013 (As of November 30, 2012)
LIABILITIES		
Current liabilities:		
Notes and accounts payable — trade	4,000,388	5,247,934
Short-term loans payable	97,700	557,400
Income taxes payable	1,034,486	375,910
Provision for bonuses	503,261	510,640
Provision for directors' bonuses	57,450	43,913
Other	2,836,780	3,207,381
Total current liabilities	8,530,067	9,943,179
Noncurrent liabilities:		
Long-term loans payable	510,350	398,575
Provision for retirement benefits	554,593	537,671
Provision for directors' retirement benefits	397,046	456,781
Asset retirement obligations	806,554	873,822
Other	1,506,051	2,227,035
Total noncurrent liabilities	3,774,597	4,493,886
Total liabilities	12,304,664	14,437,066
NET ASSETS		
Shareholders' equity:		
Capital stock	2,486,520	2,486,520
Capital surplus	18,300,303	18,300,303
Retained earnings	19,720,307	20,570,596
Treasury stock	(1,476,415)	(1,497,994)
Total shareholders' equity	39,030,717	39,859,426
Other accumulated comprehensive income:		
Valuation difference on available-for-sale securities	91,193	33,049
Deferred gains or losses on hedges	14,624	9,060
Revaluation reserve for land	(264,512)	(264,512)
Foreign currency translation adjustments	(50,172)	(56,406)
Total other accumulated comprehensive income	(208,866)	(278,808)
Subscription rights to shares	14,286	18,566
Minority interests	1,796	1,533
Total net assets	38,837,933	39,600,718
Total liabilities and net assets	51,142,598	54,037,784

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Third Quarter Cumulative

(Thousands of yen)

	Nine-Month Period of the Fiscal Year Ended February 29, 2012 (March 1, 2011 to November 30, 2011)	Nine-Month Period of the Fiscal Year Ending February 28, 2013 (March 1, 2012 to November 30, 2012)
Net sales	32,198,292	33,629,791
Cost of Sales	14,997,184	15,397,806
Gross profit	17,201,108	18,231,985
Other operating revenue	756,459	730,730
Operating gross profit	17,957,568	18,962,715
Selling, general and administrative expenses	15,842,986	16,125,494
Operating income	2,114,581	2,837,221
Non-operating income		
Interest income	1,867	1,495
Dividends received	39,811	42,865
Equity in earnings of affiliates	22,514	236,221
Rent of real estate for investment	70,830	66,172
Foreign exchange gains	10,606	19,744
Subsidy income	61,432	18,902
Other	33,240	30,645
Total non-operating income	240,302	416,047
Non-operating expenses		
Interest expenses	24,246	11,152
Other	18,069	16,809
Total non-operating expenses	42,315	27,961
Ordinary income	2,312,568	3,225,306
Extraordinary income		
Gain on sales of noncurrent assets	585	77,915
Gain on sales of investment securities	0	244
Reversal of allowance for doubtful accounts	668	—
Foregift income	—	14,000
Refund of consumer taxes for prior periods	121,027	—
Total extraordinary income	122,281	92,159
Extraordinary loss		
Loss on sales of noncurrent assets	23,386	—
Loss on retirement of noncurrent assets	21,713	4,036
Loss on valuation of investment securities	163,299	155,425
Impairment loss	20,783	52,828
Loss on closing of stores	13,971	9,935
Demolition expenses	—	18,000
Loss on disaster	42,910	—
Loss on valuation of golf club membership	—	23,004
Loss on withdrawal from employees' pension fund	—	183,983
Other	1,061	—
Total extraordinary losses	287,125	543,611
Net income before income taxes	2,147,724	2,773,855
Income taxes — current	657,278	981,110
Income taxes for prior periods	61,183	—
Income taxes — deferred	328,845	328,550
Total income taxes	1,047,261	1,309,661
Income before minority interests	1,100,462	1,464,194
Minority interests in income (loss)	(254)	(263)
Net income	1,100,717	1,464,457

Consolidated Quarterly Statements of Comprehensive Income
Third Quarter Cumulative

	(Thousands of yen)	
	Nine-Month Period of the Fiscal Year Ended February 29, 2012 (March 1, 2011 to November 30, 2011)	Nine-Month Period of the Fiscal Year Ending February 28, 2013 (March 1, 2012 to November 30, 2012)
Income before minority interests	1,100,462	1,464,194
Other comprehensive income		
Other valuation difference on available-for-sale securities	(105,303)	(20,575)
Deferred gains or losses on hedges	3,880	(5,563)
Foreign currency translation adjustments	(10,294)	(6,233)
Share of other comprehensive income of associates accounted for using equity method	(16,842)	(37,568)
Total other comprehensive income	(128,559)	(69,941)
Comprehensive income	971,902	1,394,252
Comprehensive income attributable to	972,157	1,394,515
Comprehensive income attributable to owners of the parent	(254)	(263)

(3) Notes Regarding Going Concern Assumptions

Not applicable

(4) Segment Information**I The nine-month period of the fiscal year ended February 29, 2012**

(March 1, 2011 to November 30, 2011)

1. Information Regarding Sales and Income or Loss by Reporting Segment

(Thousands of yen)

	Reporting Segments					Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	F.D.C. Products group	AS'TY group	MISUZU	âge	Total		
Operating revenues							
Operating revenues to outside customers	15,015,133	7,415,631	4,901,669	5,622,317	32,954,752	—	32,954,752
Intrasegment operating revenues and transfers	17,327	1,094,220	45,054	138,229	1,294,831	(1,294,831)	—
Total	15,032,461	8,509,851	4,946,724	5,760,546	34,249,584	(1,294,831)	32,954,752
Segment income	1,762,010	365,087	173,203	96,057	2,396,359	(281,778)	2,114,581

Notes:

1. The adjustment amount of minus ¥281,778 thousand for segment income mainly includes corporate expenses that are not allocated to individual reporting segments. Corporate expenses are primarily general administrative expenses not attributable to reporting segments.
2. Segment income figures have been adjusted to operating income on the consolidated quarterly income statements.

2. Information Regarding Impairment Loss of Fixed Assets, Goodwill and Related Items by Reporting Segment

There was no major impairment loss recorded during the period under review.

II The nine-month period of the fiscal year ending February 28, 2013

(March 1, 2012 to November 30, 2012)

1. Information Regarding Sales and Income or Loss by Reporting Segment

(Thousands of yen)

	Reporting Segments					Adjustment amount (Note 1)	Amount recorded on consolidated quarterly statements of income (Note 2)
	F.D.C. Products group	AS'TY group	MISUZU	âge	Total		
Operating revenues							
Operating revenues to outside customers	16,429,578	7,880,200	4,484,101	5,566,641	34,360,522	—	34,360,522
Intrasegment operating revenues and transfers	30,478	1,097,032	38,782	134,176	1,300,469	(1,300,469)	—
Total	16,460,056	8,977,232	4,522,883	5,700,818	35,660,991	(1,300,469)	34,360,522
Segment income	2,345,822	582,160	64,231	113,252	3,105,467	(268,246)	2,837,221

Notes:

1. The adjustment amount of minus ¥268,246 thousand for segment income mainly includes corporate expenses that are not allocated to individual reporting segments. Corporate expenses are primarily general administrative expenses not attributable to reporting segments.
2. Segment income figures have been adjusted to operating income on the consolidated quarterly income statements.

2. Information Regarding Impairment Loss of Fixed Assets, Goodwill and Related Items by Reporting Segment

There was no major impairment loss recorded during the period under review.

(5) Notes Regarding Substantial Changes in Shareholders' Equity

Not applicable