

Term ending Dec. 2016	—				
Term ending Dec. 2016 (forecast)		—	—	—	—

Note: Revision from most recently announced dividend forecast? : N

3. Consolidated results forecast for term ending Dec. 2016 (January 1 to December 31, 2016)

(% indicates previous term for consolidated terms and rate of increase/decrease compared with corresponding quarter in previous year for quarters)

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Q2 (total)	—	—	—	—	—	—
Consolidated term	100,000	7.8	7,000	Δ18.4	7,000	Δ18.9

Note: Revision from most recently announced dividend forecast? : N

Note: Consolidated total results for Q2 have not been forecast. Also, while we are proceeding with restructuring of unprofitable sectors, it is difficult to precisely forecast the amount of effect this will have on our overall results since we are expanding into new businesses such as cross-border EC, Taiwan-related business, real estate business and others that are related to our existing operations. In consequence, the result forecast has been carried out only for sales, operation income and ordinary income.

* Explanatory note items

(1) Important changes of subsidiary during total period of current consolidated quarter? : N

(2) Application of account processing for production of quarterly consolidated financial statement? : Y

(3) Changes to accounting policy/changes to estimations based on accounts/retrospective restatement

① Changes to accounting policy accompanying revision of accounting standards, etc. : Y

② Changes to accounting policy other than ① : N

③ Changes to estimations based on accounts : N

④ Retrospective restatement : N

(4) No. of issued stock (ordinary stock)

① No. of stock issued at end of term (including own stock)

Q1 of term ending Dec. 2016	663,881,033 shares	Term ending Dec. 2015	663,881,033 shares	
② No. of own stock at end of term	Q1 of term ending Dec. 2016	14,744,336 shares	Term ending Dec. 2015	4,016,336 shares
③ Average no. of stock during term (quarterly total)	Q1 of term ending Dec. 2016	655,579,104 shares	Q1 of term ending Dec. 2015	550,367,064 shares

* Indication concerning implementation status of quarterly review procedure

This quarterly balance sheet summary is exempt from quarterly review procedure based on the Financial Instruments and Exchange Law, and the review procedure for quarterly financial statements based on the Financial Instruments and Exchange Law has been concluded at the time of disclosure of this quarterly balance sheet summary.

* Explanation of appropriate use of results forecast, and other items deserving special mention

Descriptions of future items such as earnings forecasts as stated in this document are based on the information presently available and certain assumptions that are deemed to be logical, but actual results may be significantly different due to various factors.

○Contents of attached document

1. Qualitative information regarding the current quarterly balance sheet	2
(1) Explanation of operating results	2
(2) Explanation of financial conditions	3
(3) Explanation of future predictive information such as consolidated results forecasts, etc.....	3
2. Explanation of summary information (explanatory notes)	4
(1) Important changes of subsidiary during total period of current consolidated quarter	4
(2) Application of account processing specific to production of quarterly consolidated financial statement	4
(3) Changes to accounting policy/changes to estimations based on accounts/retrospective restatement	4
3. Quarterly consolidated financial statement	5
(1) Quarterly consolidated balance sheet	5
(2) Quarterly consolidated profit and loss statement and quarterly consolidated comprehensive income account statement	7
(3) Explanatory notes regarding quarterly consolidated financial statement	11
(Explanatory notes regarding assumption of continued business)	11
(Explanatory notes in case of remarkable change in monetary amount of shareholder capital)	11
(Segment information, etc.)	12

1. Qualitative information regarding the current quarterly balance sheet

(1) Explanation of operating results

Future-related items in this document have been determined by Laox Co., Ltd. at present as of the last day of Q1 of the current consolidated accounting period.

The economic environment in Q1 of the current consolidated accounting period is changing with gentle growth despite risk due to the effects of an additional interest rate hike in the United States and trends in the Chinese economy, etc. It can likewise be said that the Japanese economy is underpinned by gentle expansion, given the background in which emerging nations' economies are escaping from deceleration, etc.

With regards to the trend for foreign tourists to visit Japan, which is connected to our main business, the number of foreign tourists visiting Japan was 5.75 million persons in the 3-month period from January to March (a 39.3% increase compared with the corresponding period in the previous year) due to continuous promotion of tourist visits to Japan, expansion of air routes, increased visits from cruise ships, and reduction of fuel surcharges, etc. However, given the high-valued yen and increases in the number of repeat customers, JNTO (Japanese National Tourist Office) materials show that the travel expenditure per each individual foreign tourist visiting Japan decreased by 5.4% compared with the corresponding period in the previous year.

In such circumstances, the Laox Group treats the whole of Asia as its market and is putting forth effort to be the embodiment of premium Japan by providing high-quality, reliable products together with world-renowned Japanese service.

Initiatives in the “domestic retail business” have consisted of the opening of 5 new stores (including the Nagoya MARUEI store, the first Laox store in the Chubu region) and expansion of 3 stores (including expansion of the Daimaru Shinsaibashi store in February) in order to better deal with the diversifying tourists routes of visitors to Japan and product needs.

Initiatives in the “overseas business” have consisted of the closure of 3 stores operated by our Chinese subsidiary and the closure of all stores within China in order to stop loss from increasing.

Initiatives in “other business” consisted of the establishment of a joint venture with major Chinese real estate agent Greenland Hong Kong Holdings Ltd. in order to acquire and operate Chiba Port Square to deal with the needs of inbound customers beyond shopping—extending to food and drink, accommodation and amusement.

From these results, performance in Q1 of the current consolidated accounting period shows sales of 18,676 million yen (18,213 million yen in the corresponding period in the previous year, showing 2.5% increase), operating income of 325 million yen (1,842 million yen in the corresponding period in the previous year, showing 82.3% decrease), ordinary income of 340 million yen (1,782 million yen in the corresponding period in the previous year, showing 80.9% decrease), and quarterly net loss belonging to parent company shareholders of 424 million yen (profit of 1,747 million yen in the corresponding period in the previous year). We will continue to further expand the Laox business model of embodying premium Japan in world markets including China and Asia as endeavor to become an era-leading global company.

Segment results for each business category are as follows.

① Domestic retail business

Although sales increased in this business division, factors such as the effects of the high-valued yen, depreciation of the average purchase unit price due to changes in the product needs of tourists visiting Japan, and a progressive shift from group travel towards free independent travel (FIT), etc. meant that the cost of increased expenses arising from store expansion could not be covered, and sales in Q1 of the current consolidated accounting period were 17,444 million yen (15,930 million yen in the corresponding period in the previous year, showing 9.5% increase) while operating income was 1,169 million yen (2,429 million yen in the corresponding period in the previous year, showing 51.9% decrease).

② Overseas business

In this business division, although stores have been closed in China and cross-border EC initiatives have been carried out, expenses are outweighing income, and sales in Q1 of the current consolidated accounting period were 1,093 million yen (214 million yen in the corresponding period in the previous year, showing decrease of 48.0%) while operating loss was 247 million yen (loss of 239 million yen in the corresponding period in the previous year).

③ Other business

In this business division, preparatory expenses for the Chiba Port Square business have taken priority even the business has not yet started, so sales in Q1 of the current consolidated accounting period were 141 million yen (178 million yen in the corresponding period in the previous year, showing decrease of 20.8%) while operating loss was 49 million yen (loss of 1 million yen in the corresponding period in the previous year).

(2) Explanation of financial conditions

① Assets

Total assets in Q1 as of the end of the consolidated accounting period were 58,105 million yen (58,108 million yen at end of previous consolidated accounting year).

The decrease in total assets is mainly attributable to due reduced current deposits of 3,782 million yen, despite increases of 571 million yen in buildings and structures, 432 million yen in tools, utensils and equipment, and 2,569 million yen in capital of affiliated companies.

② Liabilities

Total liabilities were 12,102 million yen (10,201 million yen at end of previous consolidated accounting year).

The increase in liabilities is mainly attributable to increases in short-term loans payable of 890 million yen and notes payable and accounts payable of 854 million yen.

③ Net assets

Total net assets were 46,003 million yen (47,907 million yen at end of previous consolidated accounting year).

The decrease in net assets is mainly attributable to an increase of own stock of 1,542 million yen and a decrease of accumulated earnings by 424 million yen.

(3) Explanation of future predictive information such as consolidated results forecasts, etc.

Regarding the consolidated results forecast, there is no change to the consolidated term results forecast announced in the "Summary of Financial Statements for term ending Dec. 2015 (Japanese standard) (consolidated)" of February 12, 2016.

2. Explanation of summary information (explanatory notes)

(1) Important changes of subsidiary during total period of current consolidated quarter

No corresponding items.

(2) Application of account processing specific to production of quarterly consolidated financial statement

Tax expenses for Laox Co., Ltd. and some of its consolidated subsidiaries are calculated by logically estimating the effective tax rate after application of tax effect accounting for income before taxes in the consolidated accounting year including the Q1 in the current consolidated accounting period, and multiplying the relevant estimated effective tax rate by the quarterly income before taxes.

(3) Changes to accounting policy/changes to estimations based on accounts/retrospective restatement

“Accounting Standard for Business Combination” (Corporate Accounting Standard No. 21 – September 13, 2013; hereinafter referred to as “Business Combination Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (Corporate Accounting Standard No. 22 – September 13, 2013; hereinafter referred to as “Consolidated Accounting Standard”) and “Accounting Standard for Business Divestiture, etc.” (Corporate Accounting Standard No. 7 – September 13, 2013; hereinafter referred to as “Business Divestiture Accounting Standard”), etc. have been applied from the Q1 in the current consolidated accounting period, and together with appropriating as capital surplus the difference due to changes to Laox Co., Ltd.’s equity in relation to subsidiaries when continuing control, there has been a change to a method of appropriating acquisition-related expenses as expenses in the consolidated accounting year in which they occurred. Also, regarding business combination be implemented from the beginning of Q1 in the current consolidated accounting period, there has been a change to a method by which revision of the distributed amount of acquisition cost price due to provisional account processing is reflected in the quarterly consolidated financial statement of the quarterly consolidated accounting period in which the business combination falls. Additionally, changes have been made to the indication of quarterly net income, etc. and from minority interests to non-controlling interests. In order to show these changes in the relevant indication, the quarterly consolidated financial statement and consolidated financial statements have been rearranged in relation to Q1 of the previous consolidated accounting period and previous consolidated accounting year.

Application of the Business Combination Accounting Standard, etc. is in line with the progressive handling set forth in Business Combination Accounting Standard No. 58 Clause 2 (4), Consolidated Accounting Standard No. 44 Clause 5 (4) and Business Divestiture Accounting Standard No. 57 Clause 4 (4), and is applied from the beginning of the Q1 in the current consolidated accounting period through into the future.

This does not have any effect on profit and loss in the quarterly consolidated financial statement.

(Changes to purchase discount processing)

Up to now, Laox Co., Ltd. has processed non-operating income as purchase discounts in relation to the purchase price received at the time of purchase price cash settlement for goods, but in Q4 of the previous consolidated accounting year this was changed to a method of processing that includes non-operating income as purchase deduction items in the cost of sales. From this, discrepancies can be seen between the accounting policy applied to comparative information included in quarterly consolidated financial statement relating to the total quarterly consolidated period belonging to the current consolidated accounting year, and the accounting policy applied in the quarterly consolidated financial statement related to the total quarterly consolidated period corresponding to the previous consolidated accounting year.

3. Quarterly consolidated financial statement

(1) Quarterly consolidated balance sheet

(Units: 1,000 yen)

	Previous consolidated accounting year (December 31, 2015)	Q1 in the current consolidated accounting period (March 31, 2016)
Assets		
Liquid assets		
Cash and deposits	7,794,957	4,012,291
Notes and accounts receivable	3,363,547	4,037,602
Goods and products	14,758,092	14,567,555
Goods in process	45,566	58,917
Raw materials and supplies	61,913	58,470
Accounts receivable	1,896,218	1,962,738
Advance payments	1,215,542	1,089,967
Prepaid expenses	432,925	318,440
Current portion of guarantee deposits	69,351	69,351
Other	342,126	434,866
Allowance for doubtful accounts	△97,657	△78,659
Total liquid assets	29,882,584	26,531,543
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	2,115,688	2,687,685
Machinery, equipment and vehicles (net)	95,346	38,372
Tools, furniture and fixtures (net)	896,914	1,329,403
Land	111,778	111,778
Lease assets (net)	25,927	89,097
Construction in progress	299,815	171,602
Total tangible fixed assets	3,545,468	4,427,939
Intangible fixed assets		
Software	147,489	216,086
Lease assets	19,087	17,621
Software in progress	56,550	-
Other	4,759	4,177
Total intangible fixed assets	227,885	237,885
Investments and other assets		
Investment securities	81,272	81,568
Stocks of subsidiaries and affiliates	204,908	204,908
Investments in capital of subsidiaries and affiliates	-	2,569,944
Long-term fixed-period deposits	19,000,000	19,000,000
Deferred tax assets	284,692	543
Long-term loans receivable	121,154	132,568
Lease and guarantee deposits	4,804,370	4,978,169
Other	305,675	308,009
Allowance for doubtful accounts	△464,483	△469,075
Total investments and other assets	24,337,589	26,806,636
Total fixed assets	28,110,944	31,472,461
Deferred assets		
Stock issuance cost	115,176	101,887
Total deferred assets	115,176	101,887
Total assets	58,108,705	58,105,892

(Units: 1,000 yen)

	Previous consolidated accounting year (December 31, 2015)	Q1 of current consolidated accounting period (March 31, 2016)
Liabilities		
Liquid liabilities		
Notes and accounts payable-trade	5,345,598	6,200,453
Short-term loans payable	-	890,000
Current portion of long-term loans payable	69,014	69,014
Accounts payable	1,078,837	1,573,146
Accrued expenses	608,990	844,453
Lease obligations	24,880	35,183
Income taxes payable	829,485	119,427
Provision for bonuses	195,005	68,345
Provision for directors' bonuses	18,565	9,732
Provision for point card certificates	9,593	8,260
Allowance for loss from product compensation	21,944	21,231
Allowance for loss from welfare pension fund retirement	100,000	100,000
Asset retirement obligations	8,975	3,542
Other	243,055	284,444
Total liquid liabilities	8,553,948	10,227,235
Fixed liabilities		
Long-term loans payable	370,378	370,378
Long-term guarantees deposited	369,368	362,250
Net defined benefit liabilities	391,405	387,711
Provision for directors' retirement benefits	23,633	27,281
Lease obligations	21,812	72,569
Provision for loss on litigation	2,218	2,218
Allowance for business structure improvement expenses	-	191,875
Asset retirement obligations	266,273	265,687
Deferred tax liabilities	45,914	41,610
Other	156,225	153,292
Total fixed liabilities	1,647,230	1,874,874
Total liabilities	10,201,178	12,102,110
Net assets		
Shareholders' equity		
Capital stock	22,633,662	22,633,662
Capital surplus	18,920,205	18,920,205
Accumulated earnings	6,298,772	5,874,543
Own stock	Δ421,107	Δ1,963,827
Total shareholders' equity	47,431,532	45,464,583
Total amount of other comprehensive income		
Valuation difference on available-for-sale securities	6,079	6,554
Foreign currency translation adjustment	365,573	428,302
Total amount of other comprehensive income	371,653	434,857
Subscription rights to shares	104,340	104,340
Non-controlling interest	-	-
Total net assets	47,907,526	46,003,781
Total net liabilities/assets	58,108,705	58,105,892

(2) Quarterly consolidated profit and loss statement and quarterly consolidated comprehensive income account statement

Quarterly consolidated profit and loss statement

Q1 of total consolidated period

(Units: 1,000 yen)

	Q1 of previous consolidated accounting period (From January 1 to March 31, 2015)	Q1 of current consolidated accounting period (From January 1 to March 31, 2016)
Sales	18,213,157	18,676,759
Cost of sales	12,259,643	12,161,855
Gross profit	5,953,514	6,514,903
Selling, general and administrative expenses		
Advertising expenses	24,847	48,640
Sales commission	2,352,761	2,563,532
Transportation costs	54,731	113,322
Depreciation expenses	103,984	191,798
Salaries and allowances	522,995	1,072,602
Legal welfare expenses	81,208	183,220
Bonuses	36,361	6,146
Reserve for bonuses	47,650	68,345
Directors' bonuses	-	4,597
Reserve for directors' bonuses	4,406	9,732
Retirement benefit expenses	25,902	26,573
Reserve for directors' retirement benefits	3,387	3,648
Rents	476,566	1,145,316
Rental expenses	8,543	33,745
Other	367,641	718,451
Total selling, general and administrative expenses	4,110,987	6,189,673
Operating income	1,842,527	325,229
Non-operating income		
Interest income	2,877	35,422
Foreign exchange gains	6,265	-
Allowance for doubtful receivables	-	12,088
Other	5,453	15,017
Total non-operating income	14,596	62,528
Non-operating expenses		
Interest payable	1,348	4,039
Sales discount	704	644
Amortization of stock issuance cost	4,733	13,289
Foreign exchange losses	-	25,117
Allowance for doubtful accounts	64,635	-
Other	3,581	3,949
Total non-operating expenses	75,003	47,040
Ordinary income	1,782,120	340,717
Extraordinary income		
Reversal of impairment loss	100,375	-
Total extraordinary income	100,375	-
Extraordinary loss		
Impairment loss	2,796	-
Loss on disposal of fixed assets	-	16,604
Loss on liquidation of stores	-	205,873
Allowance for business structure improvement expenses	-	191,875

(Units: 1,000 yen)

	Q1 of previous consolidated accounting period (From January 1 to March 31, 2015)	Q1 of current consolidated accounting period (From January 1 to March 31, 2016)
Total extraordinary loss	2,796	414,353
Quarterly net profit or loss before tax adjustment, etc. (Δ)	1,879,699	Δ 73,636

(Units: 1,000 yen)

	Q1 of previous total consolidated period (From January 1 to March 31, 2015)	Q1 of current consolidated accounting period (From January 1 to March 31, 2016)
Income taxes-current	157,056	79,309
Income taxes-deferred	Δ24,398	271,283
Total income taxes	132,658	350,592
Quarterly net profit or loss (Δ)	1,747,041	Δ424,228
Net profit or loss in current term belonging to non-controlling shareholders (Δ)	-	-
Net profit or loss in current term belonging to parent company shareholders (Δ)	1,747,041	Δ424,228

Quarterly consolidated comprehensive income account statement

Q1 of total consolidated period

(Units: 1,000 yen)

	Q1 of previous total consolidated period (From January 1 to March 31, 2015)	Q1 of current total consolidated period (From January 1 to March 31, 2016)
Quarterly net profit or loss (Δ)	1,747,041	Δ 424,228
Other comprehensive income		
Valuation difference on available-for-sale securities	189	475
Foreign currency translation adjustment	Δ 2,348	62,728
Total of other comprehensive income	Δ 2,159	63,203
Quarterly comprehensive income	1,744,881	Δ 361,024
(Breakdown)		
Quarterly comprehensive income related to parent company shareholders	1,744,881	Δ 361,024
Quarterly comprehensive income related to non-controlling shareholders	-	-

(3) Explanatory notes regarding quarterly consolidated financial statement

(Explanatory notes regarding assumption of continued business)

No corresponding items.

(Explanatory notes in case of remarkable change in monetary amount of shareholder capital)

No corresponding items.

(Segment information, etc.)

I Q1 of previous total consolidated period (from January 1 to March 31, 2015)

1. Information concerning monetary amount of sales and profit or loss of each reporting segment

(Units: 1,000 yen)

	Reporting segment			Total	Amount of adjustment Note: 1	Amount appropriated in quarterly consolidated profit and loss statement Note: 2
	Domestic retail business	Overseas business	Other business			
Sales						
Sales to external clients	15,930,101	2,104,309	178,746	18,213,157	—	18,213,157
Internal sales or transfers between segment	—	—	—	—	—	—
Total	15,930,101	2,104,309	178,746	18,213,157	—	18,213,157
Segment profit or loss (Δ)	2,429,889	Δ239,011	Δ1,784	2,189,093	Δ346,565	1,842,527

- Note:
- 1 Segment profit amount of adjustment Δ346,565,000 yen indicates expenses for whole company without dividing for each reporting segment.
Whole company expenses mainly consist of personnel expenses and general management expenses not belonging to reporting segments.
 - 2 Segment profit or loss (Δ) is adjusted with operating income from the quarterly consolidated profit and loss statement.

2. Information concerning impairment loss or goodwill, etc. of fixed assets in each reporting segment

In the "overseas business" segment, an impairment loss (extraordinary loss) of 2,796,000 yen is appropriated.

II Q1 of current total consolidated period (from January 1 to March 31, 2016)

1. Information concerning monetary amount of sales and profit or loss of each reporting segment

(Units: 1,000 yen)

	Reporting segment			Total	Amount of adjustment Note: 1	Amount appropriated in quarterly consolidated profit and loss statement Note: 2
	Domestic retail business	Overseas business	Other business			
Sales						
Sales to external clients	17,441,247	1,093,985	141,526	18,676,759	—	18,676,759
Internal sales or transfers between segment	3,253	—	—	3,253	Δ3,253	—
Total	17,444,500	1,093,985	141,526	18,680,012	Δ3,253	18,676,759
Segment profit or loss (Δ)	1,169,714	Δ247,282	Δ49,367	873,064	Δ547,835	325,229

- Note:
- 1 Segment profit amount of adjustment Δ547,835,000 yen indicates expenses for whole company without dividing for each reporting segment.
Whole company expenses mainly consist of personnel expenses and general management expenses not belonging to reporting segments.
 - 2 Segment profit or loss (Δ) is adjusted with operating income from the quarterly consolidated profit and loss statement.

2. Information concerning impairment loss or goodwill, etc. of fixed assets in each reporting segment

No corresponding items.

3. Items regarding changes of reporting segment, etc.

Based on the closure of all stores in China, etc. during the Q1 in the current consolidated accounting period, the existing “China store opening business” and “foreign trade agency business” have been changed so as to be integrated as “overseas business”. Also, the name of the reporting segment has accordingly been changed from “domestic store business” to “domestic retail business”.

Moreover, segment information for Q1 of the previous consolidated accounting period is produced by rearrangement based on reporting segments used in Q1 of the current consolidated accounting period.