Consolidated Financial Summary for
Baroque Japan Limited
Quarterly Financial Information for the period ended April 30, 2017

Tokyo Stock Exchange First Section, 3548

English Translation of the original Japanese-Language Report

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Note:
If there is any inconsistency or conflict between English and Japanese versions of this information, the Japanese version shall prevail.

1. Management discussion and analysis

(1) Summary of the business

During the 3 months period ended April 30, 2017, although we saw a recovery of enterprise production activities and domestic employment market as a result of government fiscal policy, personal spending was still weak as the future economy was full of uncertainties.

The general decrease in customer spending and the unstable weather also added to the uncertainties for the casualwear apparel industry.

Under the current business situation, even though the domestic business of Baroque Japan Limited experienced a tough environment for same store sales growth and average customer number and spending, we have been consistently improving our supply chain to continue to grow our store number, strengthen our product development, reduce product and logistic cost, and upgrade our ecommerce platform.

Regarding our overseas business, we have been able to continue to expand our joint venture business mainly for MOUSSY and SLY in China with Belle International Holdings Limited.

As a result, as at April 30, 2017, we have 364 stores in Japan (direct-operated 271, franchise 93), and 10 stores overseas (direct-operated 2, franchise 8), totaling 374 stores. In addition, we have another 190 stores in China with our joint venture partner Belle International Holdings Limited.

Consolidated turnover is 14,800 million yen, operating profit is 380 million yen, recurring profit is 149 million yen, and net loss is 93 million yen.

(2) Financial review

During the 3 months period ended April 30, 2017, assets decreased by 645 million yen to 37,813 million yen, mainly due to the decrease in cash and cash equivalents by 2,971 million yen and the increase in inventories by 2,040 million yen.

Liabilities decreased by 326 million yen to 21,130 million yen, mainly due to the decrease in interest-bearing borrowings by 470 million yen.

Equity decreased by 319 million yen to 16,683 million yen, mainly due to the payment of dividends.

2. Other summary information

(1) Significant change in subsidiary during the period

No significant change.

(2) Newly adopted specific accounting treatment during the period

Not applicable.

(3) Change or amendment in accounting policy or estimate

No such change.

(4) Additional information

For the 3 months period ended April 30, 2017
"Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 March 28, 2016) has been applied from the beginning of the financial year.

1. Consolidated financial statements

(1) Consolidated balance sheet

(Unit: million yen)

	As at January 31, 2017	As at April 30, 2017
Assets		
Current assets		
Cash and cash equivalents	17,309	14,338
Trade and other receivables	6,172	6,252
Inventories	5,110	7,150
Consumables	111	111
Deferred tax assets	547	540
Others	783	981
Provision for doubtful accounts	△1	△1
Total current assets	30,034	29,374
Non-current assets		
Property, plant and equipment		
Building and leasehold improvements (net)	1,425	1,565
Land	350	350
Construction in progress	30	6
Others (net)	232	231
Total property, plant and equipment	2,038	2,153
Intangible assets		
Software	293	296
Others	12	37
Total intangible assets	305	333
Investments and other assets		
Investments in and advances to associates	1,820	1,664
Rental deposits	3,471	3,463
Deferred tax assets	528	526
Others	193	236
Total investments and other assets	6,013	5,891
Total non-current assets	8,358	8,379
Deferred assets		
Stock delivery expenses	66	60
Total deferred assets	66	60
Total assets	38,459	37,813

(Unit: million yen)

	As at January 31, 2017	As at April 30, 2017
Liabilities		
Current liabilities		
Trade and other payables	5,247	5,829
Interest-bearing borrowings	4,373	2,123
Other payables	1,439	1,435
Current tax payable	845	263
Accrued expenses	490	544
Provision for bonus	—	138
Provision for reinstatement costs	32	24
Deposits received	297	213
Others	139	204
Total current liabilities	12,867	10,778
Non-current liabilities		
Interest-bearing borrowings	6,184	7,963
Other payables	102	99
Provision for reinstatement costs	972	996
Provision for retirement benefits	723	737
Deposits received	567	515
Others	39	38
Total non-current liabilities	8,589	10,352
Total liabilities	21,456	21,130
Equity		
Shareholders' equity		
Share capital	7,904	7,977
Share premium	7,901	7,903
Retained earnings	746	368
Total shareholders' equity	16,551	16,249
Other reserves		
Deferred gains or losses on hedges	△8	△6
Foreign currency translation reserve	76	△35
Remeasurements of defined benefit plans	△87	△81
Total other reserves	△18	△124
Non-controlling interests	469	558
Total equity	17,002	16,683
Total liabilities and equities	38,459	37,813

(2) Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

(Unit: million yen)

	For the 3 months period ended April 30, 2017
Turnover	14,800
Cost of goods sold	6,227
Gross profit	8,572
Selling, general and administrative expenses	8,192
Operating profit	380
Non-operating income	
Interest income	0
Other income	5
Total non-operating income	5
Non-operating expenses	
Finance charges	5
Interest on bank and other loans	22
Loss on foreign exchange	72
Share of loss of associates	129
Other expenses	6
Total non-operating expenses	235
Recurring profit	149
Profit before taxation	149
Corporation tax, inhabitants tax and business tax	131
Deferred income tax	5
Total income tax	136
Profit for the period	13
Profit attributable to non-controlling interests	107
Net loss	△93

Consolidated statement of comprehensive income

(Unit: million yen)

	For the 3 months period ended April 30, 2017
Profit for the period	13
Other comprehensive income	
Deferred gains or losses on hedges	1
Foreign currency translation	△66
Remeasurements of defined benefit plans	5
Share of other comprehensive income of associates	△59
Other comprehensive income	△119
Comprehensive income	△106
Attributable to:	
Equity shareholders	△199
Non-controlling interests	93

(3) Notes to the consolidated financial statements

(Note on going concern)

No significant doubt on the ability to continue as a going concern.

(Note on significant movement in shareholders' equity)

Not applicable.

(Change in accounting policy)

No such change.

(Segment accounting)

The Group is operating as one segment with respect to apparel design and selling business.