L O O K

ANNUAL REPORT 2016

Year Ended December 31, 2016

LOOK INCORPORATED

LOOK Group Corporate Profile

Adhering to its basic philosophy that the "Customer Comes First," the LOOK Group is committed to increasing customer satisfaction through fashion. Reflecting this commitment, since the establishment of LOOK INCORPORATED in 1962, we have been engaged in the planning, manufacturing, and sales of mainly women's apparel. Through these integrated business activities, we have sought to create new lifestyles and values and enhance people's everyday lives.

The LOOK Group now encompasses LOOK (the parent company) and eleven consolidated subsidiaries in Japan and overseas. In addition to building a robust business foundation domestically, we are expanding our operations in other parts of Asia, including South Korea, China, and Hong Kong.

Seeking to achieve sustained growth into the future, we will continue implementing the three priority strategies of our medium-term business plan: increase the profitability of existing businesses, expand the e-commerce business, and actively develop new businesses. In this way, we will strive to increase competitiveness and earning power and further improve corporate value.

Contents

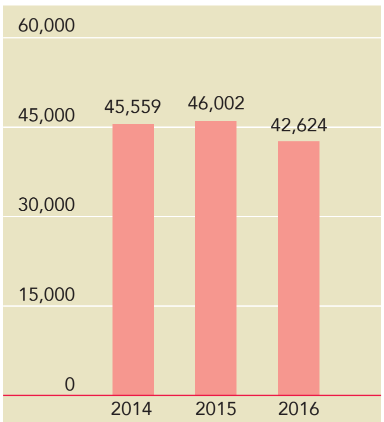
Financial Highlights

LOOK INCORPORATED and Subsidiaries
For the years ended December 31, 2016 and 2015

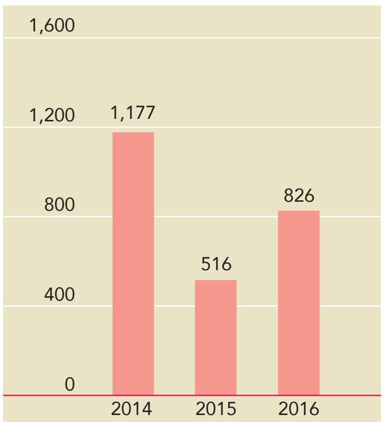
	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
At year-end:			
Total current assets	¥20,088	¥20,378	$172,447
Total current liabilities	6,774	7,340	58,159
Short-term loans	597	500	5,125
Total shareholders' equity	18,368	18,258	157,684
For the year:			
Net sales	42,624	46,002	365,910
Operating income	826	516	7,098
Ordinary income	964	660	8,281
Net income attributable to owners of parent	256	441	2,206
	Yen		U.S. dollars
Per share:			
Net income	¥6.73	¥11.56	$0.06
Cash dividends	5.00	3.00	0.04
	%		
Ratios:			
ROE	1.3	2.2	
Operating income margin	1.9	1.1	

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥116.49 to US$1, the approximate rate of exchange at December 30, 2016.

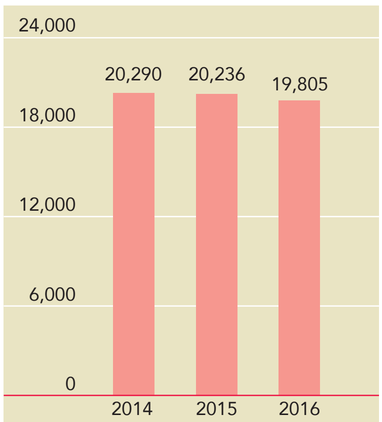
Net Sales
(Millions of yen)



Operating Income
(Millions of yen)



Total Net Assets
(Millions of yen)



To Our Shareholders

In fiscal 2016, ended December 31, 2016, the LOOK Group contributed to improved lifestyles and values guided by a corporate philosophy that ensures the "Customer Comes First." At the same time, we addressed the expectations of customers and all other stakeholders who support the Group by pursuing our basic policy of enriching people's lives.

Going forward, we will continue generating value that resonates in people's hearts while responding appropriately to the changing times and business environment, to help create a diverse, affluent society.

Kazuhiro Tada
President and Representative Director

Performance Overview

Consolidated Results

Net sales	¥42,624 million (down 7.3% year on year)
Operating income	¥826 million (up 60.1%)
Ordinary income	¥964 million (up 46.1%)
Net income attributable to owners of parent	¥256 million (down 41.8%)

Fiscal 2016, ended December 31, 2016, was the first year of the LOOK Group's three-year medium-term business plan. During the year, we implemented the three priority strategies of the plan: increase the profitability of existing businesses; expand the e-commerce business; and actively develop new businesses.

With respect to existing businesses, we implemented a policy of business selection and concentration aimed at enhancing earnings. With our original brands, for example, we renewed and eliminated brands while improving the efficiency of merchandising, and with our mainstay import brands we concentrated our investments on opening new stores. Regarding our e-commerce business, we renovated our customer data system and took other measures toward swiftly achieving an e-commerce sales ratio of 10%. As for new businesses, we established DENHAM JAPAN INC. as a joint venture with Netherlands-based DENHAM GROUP B.V., which develops the DENHAM brand of denim wear. On April 1, 2016, this new company commenced exclusive imports and distribution of DENHAM as well as licensed production and distribution covering the Japanese market.

As a result, consolidated net sales for the year totaled ¥42,624 million, down 7.3% from fiscal 2015. Operating income jumped 60.1%, to ¥826 million, and ordinary income climbed 46.1%, to ¥964 million. However, net income attributable to owners of parent fell 41.8%, to ¥256 million. This was largely due to the relocation of our Osaka branch—which incurred costs to restore it to its original state—with the aim of improving management efficiency.

Performance by Business Segment

Apparel Business

In Japan, we enjoyed healthy sales of KEITH, a British style brand, owing to improved efficiency in planning for mainstay items and reassessment of our product management. Regarding Il Bisonte, an Italian leather goods brand, we strengthened our lineup of leather accessories such as wallets and card cases, while expanding the number of new customers, leading to considerable sales increases at existing stores. We also achieved higher sales of Repetto, a French brand of ballet shoes, thanks to healthy sales of flat shoes, a permanent item of its lineup. In the e-commerce business, we worked to enhance its connection with our physical stores through the launch of LOOK MEMBERSHIP—a shopping point-sharing service between physical and online stores—in October 2016. We also strove to expand our business by opening the official Japanese online store for Marimekko, a Finnish lifestyle brand. Thanks to these efforts, sales of our e-commerce business increased year on year. In addition, we worked actively to boost sales in new businesses. For example, our newly established joint venture, DENHAM JAPAN INC., opened new stores for its DENHAM brand of jeans, in addition to opening its official online store in Japan.

However, sales in Japan declined 11.5% year on year, to ¥27,654 million. This is due to the termination, on July 31, 2015, of our exclusive sales agreement covering the Tory Burch brand. Nevertheless, operating income soared 126.1%, to ¥213 million, owing to reduced expenses and a decrease in retirement benefit expenses.

In South Korea, we faced a difficult economic environment characterized by growing anxiety stemming from heightened political uncertainty, as well as prolonged weakness in personal consumption. Nevertheless, we posted healthy sales of brands handled by I.D. LOOK LTD., including two French import brands, Sandro and Berenice. We also took steps to expand sales with the launch, in September 2016, of A.P.C., a French import brand. As in the previous year, I.D. JOY LTD. continued opening new stores, which resulted in a significant sales increase year on year. During the year, however, the South Korean won depreciated against the Japanese yen. Accordingly, sales in South Korea rose 1.0%, to ¥13,864 million, and operating income climbed 3.3%, to ¥472 million.

In “Other abroad” (Hong Kong and China), LOOK (H.K.) LTD. (based in Hong Kong) posted year-on-year growth in revenue and earnings, having increased the number of stores. Meanwhile, LOOK CHINA CO., LTD. (based in Shanghai) closed all of its physical stores and concentrated instead on the e-commerce business. Although sales declined as a result, the company reduced its operating loss. Accordingly, sales in “Other abroad” fell 35.5%, to ¥235 million, and the operating loss was ¥32 million, compared with an operating loss of ¥113 million in fiscal 2015.

As a result, the Group’s Apparel Business segment posted a 7.9% decline in sales, to ¥41,754 million, and a 49.1% jump in operating income, to ¥653 million.

Production and OEM Business

LOOK MODE INC., which handles the Group’s Production and OEM Business segment, posted a decline in production volume for the parent company’s apparel offerings, leading to a year-on-year decrease in overall sales. However, the company sought to enhance its management efficiency through measures such as reductions to manufacturing costs. As a consequence, sales in this segment fell 8.1%, to ¥3,583 million, and operating income rose 37.7%, to ¥70 million.

Logistics Business

L. LOGISTICS INC., which is responsible for the Group’s Logistics Business segment, achieved sales of ¥1,216 million, a 5.3% decline year on year, due to a decrease in transactions of LOOK Group companies. By contrast, operating income jumped to ¥59 million (from ¥8 million in the previous year), benefiting from the integration of distribution bases associated with the relocation of the Osaka branch.

Food & Beverage Business

FFI INC. (FASHIONABLE FOODS International), which represents the Group’s Food & Beverage Business segment, handles sales of Italian gelato under the Gelateria Marghera brand. In addition to increased year-on-year sales at existing stores, FFI benefited from the full-year sales contribution of its Namba Parks shop, opened in July 2015, which helped reduce its operating loss. For the year, this segment posted a 17.4% rise in sales, to ¥145 million, and an operating loss of ¥31 million, down from ¥56 million in fiscal 2015.

Outlook for Fiscal 2017 and Consolidated Forecasts

Consolidated Forecasts

Net sales	¥43,500 million (up 2.1% year on year)
Operating income	¥900 million (up 8.8%)
Ordinary income	¥1,000 million (up 3.7%)
Net income attributable to owners of parent	¥700 million (up 172.4%)

Going forward, the LOOK Group will continue emphasizing the priority strategies stated in its medium-term business plan. With respect to existing businesses in Japan, we will focus on improving their brand value and continue working to establish a stable profit base. This includes promoting our strategy of opening new stores for Marimekko, Repetto, and other brands that we handle. In our e-commerce business, we will further enhance our LOOK MEMBERSHIP service, introduced in fiscal 2016, toward swiftly achieving the e-commerce sales ratio of 10%. As for new businesses, we just commenced sales of filage—a new original brand targeting adult women, to be sold mainly through department stores—in the spring of 2017. We will also undertake proactive efforts to expand sales and increase profitability by continuing to open new stores for the DENHAM brand, which is handled by DENHAM JAPAN INC., a company established in 2016.

Overseas, in South Korea, I.D. LOOK LTD. will strive to boost sales by opening new stores for its continuously popular import brands. Meanwhile, Shanghai-based LOOK CHINA CO., LTD. will focus on expanding its e-commerce business in an effort to improve earnings.

For fiscal 2017, the LOOK Group forecasts consolidated net sales of ¥43,500 million, up 2.1% year on year. We also anticipate operating income of ¥900 million (up 8.8%), ordinary income of ¥1,000 million (up 3.7%), and net income attributable to owners of parent of ¥700 million (up 172.4%).

Transition to Holding Company Structure

To achieve further growth, the LOOK Group is seeking to further expedite its management-related decision-making and build a Group operational structure that facilitates aglie and flexible management decisions. To this end, we will transition to a holding company structure on January 1, 2018 (scheduled). In the future, we are determined to take action aimed at further improving the Group’s business efficiency. We will also appoint talented individuals to managerial positions in each Group company in order to foster the next generation of management personnel. At the same time, we will actively allocate management resources to new growth fields in our quest to further enhance the Group’s corporate value.

- The Company will be renamed LOOK HOLDINGS INCORPORATED as of January 1, 2018, and is scheduled to maintain its public listing.
- The transition to a holding company structure will have minimal effect on the Group’s consolidated business results.

Active Development of New Businesses

In March 2016, LOOK INC. established a joint venture with Netherlands-based DENHAM GROUP B.V., which develops the DENHAM brand of denim wear. On April 1, 2016, we commenced exclusive imports and distribution of DENHAM, as well as production and distribution under license, covering Japan.

Brand Overview

Founded in Amsterdam in 2008, DENHAM was established by Englishman and internationally respected jeanmaker Jason Denham.

The premium denim is the center of the brand under the concepts of "THE TRUTH IS IN THE DETAILS" and "WORSHIP TRADITION, DESTROY CONVENTION." Collections include a full range of styles for men and women across both tops and bottoms categories.


DENHAM's new flagship shop opened at Ginza Six in April 2017.

Daikanyama, Tokyo

Yokohama

Newly opened in 2017

Ginza, Tokyo


In March 2017, we launched a national brand "filage" which targets women who become more attractive through various experiences in their career, personal life and personal style.

filage

Brand Overview

Japan has many fashion brands from around the world. However, brands offering garments that perfectly fit a woman's shape are not abundant. New aesthetics created by a team conversant with various trends of the world; the ideal silhouette calculated to make a woman look beautiful in a natural way. A new creation combining these elements. This perhaps is what the modern woman is looking for in a fashion brand. "filage" was developed from such a concept.

Increase Profitability of Existing Businesses and Expand

Establish a stable profit base by promoting our strategy of opening new stores

(As of May 31, 2017)

IL BISONTE

In March 2016, we opened a store in Takamatsu and a store at the Dai Nagoya Building in Nagoya.

Takamatsu


Nagoya

Newly opened in 2017


Miyazaki


Oita

MARIMEKKO

In 2016, we opened a store in Kashiwa in February, and at the Dai Nagoya Building in March and Matsuya Ginza department store in April.

Kashiwa, Chiba


Nagoya


Ginza, Tokyo

Newly opened in 2017

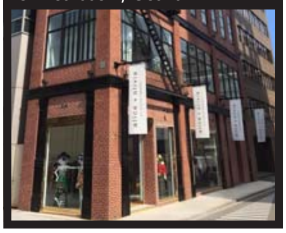

Tachikawa, Tokyo

ALICE + OLIVIA

In February 2016, we opened a store at Takashimaya Nihombashi Store.


Nihombashi, Tokyo

Newly opened in 2017


Shinsaibashi, Osaka

A.P.C.

In July 2016, we opened a store at JR Nagoya Takashimaya.


Nagoya

Newly opened in 2017

Oita

Overseas Business

Promotion of Measures to Expand Sales in South Korea

I.D. LOOK enjoyed healthy sales of Sandro, Berenice, and other brands, and also sought to boost sales with the launch of the A.P.C. brand.

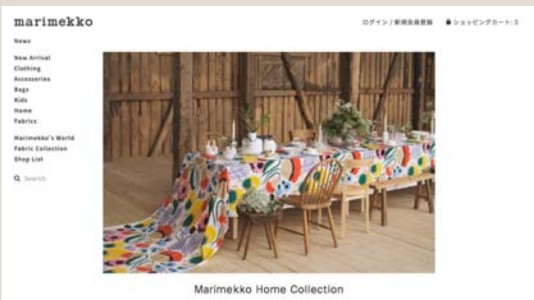
E-Commerce Business

Measures toward Swiftly Achieving E-Commerce Sales Ratio of 10%

Launch of LOOK MEMBERSHIP

In October 2016, we launched a point-sharing service through which customers making purchases via the LOOK Group's designated stores or online stores earn points based on purchase price (excluding consumption tax) and membership status.

MARIMEKKO's official Japanese online store
(opened in 2016)



http://www.marimekko.jp

DENHAM's official Japanese online store
(opened in 2016)

http://www.denhamjapan.jp

Brand Profile

Alice and Olivia BY stacey bendet

A comprehensive lifestyle brand incorporating the personality and style of fashion designer Stacey Bendet.

Vera Bradley

A lifestyle brand from America for all of women's lifestyle scenarios.

ALICE+OLIVIA
SPRING 2017

A.P.C.

A modern French-style brand pursuing essential elegance with minimal yet radical elements.

Repetto
PARIS

A brand tracing back to 1947 when Rose Repetto started designing ballet shoes. Its shoes, which are hand-made using traditional techniques, promise reliable quality and beauty.

DENHAM

Founded in Amsterdam in 2008, DENHAM was established by Englishman and internationally respected jeanmaker Jason Denham. The premium denim is the center of the brand under the concepts of "THE TRUTH IS IN THE DETAILS" and "WORSHIP TRADITION, DESTROY CONVENTION."

IL BISONTE

IL BISONTE UOMO

A handbag and leather goods brand designed by Wanny Di Filippo, from Florence, Italy.

marimekko®

A lifestyle brand from Finland, offering a variety of items, from interior goods to apparel and bags.

SCAPA

A brand from the fashion capital of Antwerp offering quality, elegant, and timeless fashion, with a focus on silhouettes and coordinates.

SCAPA
SPRING/SUMMER 2017

MARIMEKKO
SPRING/SUMMER 2017

filage

Clothes that fit seamlessly "into the life of a woman." "filage" offers clothing for women who become more attractive through various experiences in their career, personal life and personal style.

KEITH

A brand that is continuously evolving while maintaining its British tradition, KEITH is a favorite among women who are especially aware of their individual qualities.

KORET

A coordinated fashion brand allowing mature women to enjoy their time in their own special way.

HARYU
since 1986

Based on the concept of mode elegance, the brand's keyword is "ladylike."
Casual but coordinated to suggest a subtle underlying femininity.

Début de Fiore

The "older sister" of LAISSÉ PASSÉ, Début de Fiore combines delicacy and charm.

LAISSÉ PASSÉ

A brand for young career women that accentuates women's distinctive charm.

FILAGE
SPRING/SUMMER 2017

Management's Discussion and Analysis

Future-related statements contained in the following section are based on the LOOK Group's judgments at the time of submission of the annual securities report.

Major Accounting Policies and Estimates

The LOOK Group's consolidated financial statements are based on accounting standards generally accepted in Japan as fair and appropriate.

Business Performance

In fiscal 2016, ended December 31, 2016, the LOOK Group reported consolidated net sales of ¥42,624 million, down ¥3,377 million from the previous fiscal year. Main factors for the decline included a business transfer conducted in the previous fiscal year, as well as the impact from discontinuation of brands. This contrasted with the launch of business stemming from a newly established consolidated subsidiary, which had an upward effect on net sales.

Gross profit declined ¥424 million year on year, to ¥20,883 million, due to the decrease in net sales. This was despite an improvement in the gross margin owing mainly to lower purchasing costs resulting from the yen's appreciation.

Selling, general and administrative (SG&A) expenses decreased ¥734 million from a year ago, to ¥20,056 million. Main factors for the decline were a business transfer and the discontinuation of brands completed in the previous fiscal year.

Financial Position

At December 31, 2016, total assets amounted to ¥28,935 million, down ¥733 million from a year earlier. Main factors included a decrease in investments in securities stemming from falling market prices of listed shareholdings, as well as a decline in inventories due to brand discontinuation.

Total liabilities decreased ¥302 million, from the previous year, to ¥9,130 million, due mainly to a decrease in notes and accounts payable–trade.

Total net assets were down ¥431 million, from the previous year, to ¥19,805 million. This was due primarily to a decline in foreign currency translation adjustment, which contrasted with growth in retained earnings stemming from the recording of net income attributable to owners of parent.

Cash Flows

Cash and cash equivalents at end of year stood at ¥4,279 million, down ¥192 million from a year earlier.

Net cash provided by operating activities amounted to ¥1,315 million. In addition to ¥526 million in income before income taxes and non-controlling interests factors boosting cash flows were ¥888 million in depreciation and amortization, and a ¥358 million decrease in inventories. Contrasting factors included a ¥386 million decrease in notes and accounts payable–trade.

Net cash used in investing activities totaled ¥1,579 million. Main factors for the decrease in cash flow included ¥843 million in payments for purchase of property, plant and equipment and ¥575 million in payments for business acquisition.

Net cash provided by financing activities was ¥73 million. This was mainly due to ¥150 million in proceeds from long-term loans.

Business Risks

The LOOK Group's business performance and financial position described in its financial reports are subject to a number of factors, discussed below, that could have a major influence on the decisions of investors.

Future-related statements contained in the following section are based on the LOOK Group's judgments at the time of submission of the annual securities report.

(1) Economic and consumer trends

Domestic sales account for approximately 65% of the LOOK Group's consolidated net sales. As a result, the overall level of personal consumption in the Japanese market—the Group's main market—has a material impact on the Group's revenue and earnings. The Group endeavors to accurately grasp customer needs and takes care to offer products that reflect the demands of the times. It also focuses on developing and fostering new brands for the market based on innovative proposals. However, changes in external circumstances that the Group cannot foresee, such as sharp changes in fashion trends, could have an impact on the Group's business performance. In addition, department stores generate approximately 35% of domestic sales posted by the Group's apparel business. Consequently, changes in the business results of department stores could also have an impact on the Group's business performance.

(2) Unseasonal weather and natural disasters

The Group's business performance is impacted by unseasonal weather. Abnormal weather, such as a cold summer or warm winter, discourages consumers from purchasing seasonal products, which could have an impact on the Group's business performance. Natural disasters, including typhoons, earthquakes, and floods, can impact the sales activities of business partners and the production activities of affiliated factories, as well as reduce consumption in affected regions, which could have an impact on the Group's business performance.

(3) Overseas business and production

Overseas subsidiaries generate approximately 35% of the Group's consolidated net sales. Around 70% of products sold in the domestic market are either manufactured overseas or procured from overseas sources. Accordingly, significant exchange rate fluctuations affecting the Group's main overseas markets and procurement and manufacturing bases, political or economic turmoil, unforeseen changes in laws and regulations, and the unforeseen outbreak of an epidemic, terrorism, war, or other acts of social upheaval could have an impact on the Group's business performance.

(4) Product quality

The LOOK Group manages quality control in accordance with its "Quality Manual," "Inspection Procedure Manual," "Written Inspection Standards" and others established as part of its quality control system. If an unforeseen quality-related problem or product liability incident were to occur, it could tarnish the reputation of the Group or its brands, which could have an impact on the Group's business performance.

(5) Exclusive distribution and license agreements

In addition to its original brands, the LOOK Group develops brands under exclusive distribution and license agreements. If such an agreement cannot be continued due to an unforeseen factor, there could be an impact on the Group's business performance.

(6) Information management

The LOOK Group possesses a large amount of personal information on the customers of its shop-in-shops in department stores, directly managed stores and online. The Group appoints information management officers to oversee the handling of this type of information, and rigorously implements rules based on internal regulations and management manuals. However, the leaking of information due to an unforeseen incident could result in a loss of customer trust or damage to the Group's image. This could lead to a decline in sales or claims for compensation, which in turn could have an impact on the Group's business performance.

LOOK INCORPORATED

Consolidated Balance Sheets (Unaudited)
December 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	2016	2015	2016
Current assets:			
Cash and time deposits (Note 4)	¥ 4,703	¥ 4,912	$ 40,374
Notes and accounts receivable-trade	5,272	5,344	45,265
Less: allowance for bad debts	(53)	(37)	(462)
Inventories (Note 5)	8,547	8,741	73,379
Deferred tax assets (Note 9)	937	926	8,048
Other current assets	680	491	5,843
Total current assets	20,088	20,378	172,447
Investments and other assets:			
Investments in securities (Note 6,7)	2,773	3,093	23,812
Lease deposit (Note 17)	1,641	1,774	14,090
Other assets (Note 9,17)	907	1,014	7,792
Less: allowance for bad debts	(134)	(135)	(1,157)
Total investments and other assets	5,188	5,746	44,537
Property, plant and equipment :			
Buildings and structures (Note 8, 17)	4,667	4,887	40,072
Machinery and equipment (Note 17)	183	184	1,577
Tools, furniture and fixtures (Note 17)	3,413	3,278	29,299
Other	249	178	2,138
Land (Note 8)	1,626	1,651	13,961
	10,140	10,181	87,047
Less: Accumulated depreciation	(6,480)	(6,636)	(55,635)
Total property, plant and equipment	3,659	3,544	31,412
Total assets	¥ 28,935	¥ 29,669	$ 248,396

The accompanying notes are an integral part of these statements.

LOOK INCORPORATED

Consolidated Balance Sheets (Unaudited)
December 31, 2016 and 2015

LIABILITIES AND NET ASSETS	Millions of yen 2016	Millions of yen 2015	Thousands of U.S. dollars (Note 3) 2016
Current liabilities:			
Short-term loans (Note 8)	¥ 597	¥ 500	$ 5,125
Current installments of long-term loans (Note 8)	200	500	1,717
Notes and accounts payable - trade	3,314	3,768	28,454
Accounts payable - other	138	29	1,191
Accrued expenses	1,678	1,650	14,413
Income taxes payable (Note 9)	235	100	2,023
Reserve for sales returns	47	39	406
Reserve for point service	3	14	33
Reserve for loss on business of subsidiaries and affiliates	1	—	10
Asset retirement obligations (Note 11)	60	39	521
Other current liabilities	496	697	4,266
Total current liabilities	6,774	7,340	58,159
Long-term liabilities:			
Long-term loans (Note 8)	1,000	550	8,584
Liabilities for retirement benefits (Note 10)	503	647	4,324
Deferred tax liabilities (Note 9)	234	268	2,011
Asset retirement obligations (Note 11)	203	182	1,744
Other liabilities	414	443	3,554
Total long-term liabilities	2,355	2,092	20,217
Total liabilities	9,130	9,432	78,376
Net assets (Note 12):			
Shareholders' equity :			
Common stock	6,340	6,340	54,433
-Authorized : 120,000,000 shares			
-Issued : 38,237,067 shares both at December 31, 2016 and 2015			
Capital surplus	1,631	1,631	14,006
Retained earnings	10,413	10,302	89,393
Treasury stock, at cost, 65,062 shares and 63,058 shares at December 31, 2016 and 2015, respectively	(17)	(17)	(148)
Total shareholders' equity	18,368	18,258	157,684
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities, net of tax (Note 6)	1,200	1,357	10,304
Foreign currency translation adjustments	(117)	261	(1,011)
Total accumulated other comprehensive income	1,082	1,619	9,293
Non-controlling interests in consolidated subsidiaries	354	359	3,043
Total net assets	19,805	20,236	170,020
Commitments and contingencies (Note 18)			
Total liabilities and net assets	¥ 28,935	¥ 29,669	$ 248,396

The accompanying notes are an integral part of these statements.

LOOK INCORPORATED

Consolidated Statements of Income (Unaudited)
For the years ended December 31, 2016 and 2015

	Millions of yen				Thousands of U.S. dollars (Note 3)	
	2016		2015		2016	
Net sales	¥	42,624	¥	46,002	$	365,910
Cost of sales (Note 5)		21,741		24,694		186,640
Gross profit		20,883		21,307		179,270
Selling, general and administrative expenses		20,056		20,790		172,172
Operating income		826		516		7,098
Other income (expenses)						
Interest and dividend income		54		68		472
Interest expenses		(22)		(16)		(195)
Rent income		8		13		70
Foreign currency exchange gain (loss), net		(52)		4		(453)
Loss on disposal of property, plant and equipment		(44)		(50)		(384)
Impairment loss on long-lived assets (Note 17)		(360)		(384)		(3,092)
Income from sale of prototypes		36		45		316
Cooperation money income for brand operation		66		24		573
Loss on withdrawal from the brand		(26)		(123)		(223)
Additional payment for retirement (Note 10)		(11)		—		(100)
Gain on sales of property, plant and equipment		2		—		17
Gain on business transfer		—		328		—
Reversal of allowance for employees' retirement benefits		—		4		—
Other, net		48		40		418
Income before income taxes and non-controlling interests		526		471		4,517
Income taxes (Note 9)						
Current		272		255		2,342
Deferred		5		(247)		49
		278		7		2,391
Net income		247		463		2,126
Net income attributable to non-controlling interests		(9)		22		(80)
Net income attributable to owners of parent	¥	256	¥	441	$	2,206

	Yen				U.S. dollars (Note 3)	
	2016		2015		2016	
Per share (Note 21):						
Basic net income	¥	6.73	¥	11.56	$	0.06
Diluted net income		-		-		
Cash dividends applicable to the year		5.00		3.00		0.04

The accompanying notes are an integral part of these statements.

LOOK INCORPORATED

Consolidated Statements of Comprehensive Income (Unaudited)
For the years ended December 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Net income	¥ 247	¥ 463	$ 2,127
Other comprehensive loss (Note 13):			
Net unrealized loss on available-for-sale securities	(158)	(9)	(1,357)
Foreign currency translation adjustments	(391)	(430)	(3,363)
Total other comprehensive loss	(549)	(440)	(4,720)
Comprehensive income (loss)	¥ (302)	¥ 23	$ (2,593)

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Comprehensive income (loss) attributable to:			
Owners of parent	¥ (279)	¥ 6	$ (2,400)
Non-controlling interests	(22)	16	(193)

The accompanying notes are an integral part of these statements.

LOOK INCORPORATED

Consolidated Statements of Changes in Net Assets (Unaudited)
For the years ended December 31, 2016 and 2015

Millions of yen

	Number of shares of Common stock	Shareholders' equity: Common stock	Shareholders' equity: Capital surplus	Shareholders' equity: Retained earnings	Shareholders' equity: Treasury stock	Shareholders' equity: Sub-total	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Accumulated other comprehensive income: Foreign currency translation adjustments	Accumulated other comprehensive income: Sub-total	Non-controlling interests in consolidated subsidiaries	Total net assets
Balance at December 31, 2014	38,237,067	¥ 6,340	¥ 1,631	¥ 9,931	¥ (15)	¥ 17,889	¥ 1,366	¥ 687	¥ 2,054	¥ 347	¥ 20,290
Dividends	–	–	–	(114)	–	(114)	–	–	–	–	(114)
Net income attributable owners of parent	–	–	–	441	–	441	–	–	–	–	441
Treasury stock acquired (7,444 shares)	–	–	–	–	(1)	(1)	–	–	–	–	(1)
Change in the scope of consolidation				44	–	44	–	–	–	–	44
Net changes other than shareholders' equity	–	–	–	–	–	–	(8)	(426)	(435)	11	(423)
Total changes during the year	–	–	–	371	(1)	369	(8)	(426)	(435)	11	(53)
Balance at December 31, 2015	38,237,067	6,340	1,631	10,302	(17)	18,258	1,357	261	1,619	359	20,236
Dividends	–	–	–	(114)	–	(114)	–	–	–	–	(114)
Net income attributable owners of parent	–	–	–	256	–	256	–	–	–	–	256
Treasury stock acquired (2,004 shares)	–	–	–	–	(0)	(0)	–	–	–	–	(0)
Change in the scope of consolidation	–	–	–	(31)	–	(31)	–	–	–	–	(31)
Net changes other than shareholders' equity	–	–	–	–	–	–	(157)	(379)	(536)	(4)	(541)
Total changes during the year	–	–	–	110	(0)	110	(157)	(379)	(536)	(4)	(431)
Balance at December 31, 2016	38,237,067	¥ 6,340	¥ 1,631	¥ 10,413	¥ (17)	¥ 18,368	¥ 1,200	¥ (117)	¥ 1,082	¥ 354	¥ 19,805

Thousands of U.S. dollars (Note 3)

	Number of shares of Common stock	Shareholders' equity: Common stock	Shareholders' equity: Capital surplus	Shareholders' equity: Retained earnings	Shareholders' equity: Treasury stock	Shareholders' equity: Sub-total	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Accumulated other comprehensive income: Foreign currency translation adjustments	Accumulated other comprehensive income: Sub-total	Non-controlling interests in consolidated subsidiaries	Total net assets
Balance at December 31, 2015	38,237,067	$ 54,433	$ 14,006	$ 88,445	$ (146)	$ 156,738	$ 11,657	$ 2,243	$ 13,900	$ 3,083	$ 173,721
Dividends	–	–	–	(983)	–	(983)	–	–	–	–	(983)
Net income attributable owners of parent	–	–	–	2,206	–	2,206	–	–	–	–	2,206
Treasury stock acquired (2,004 shares)	–	–	–	–	(2)	(2)	–	–	–	–	(2)
Change in the scope of consolidation	–	–	–	(275)	–	(275)	–	–	–	–	(275)
Net changes other than shareholders' equity	–	–	–	–	–	–	(1,353)	(3,254)	(4,607)	(40)	(4,647)
Total changes during the year	–	–	–	948	(2)	946	(1,353)	(3,254)	(4,607)	(40)	(3,701)
Balance at December 31, 2016	38,237,067	$ 54,433	$ 14,006	$ 89,393	$ (148)	$ 157,684	$ 10,304	$ (1,011)	$ 9,293	$ 3,043	$ 170,020

The accompanying notes are an integral part of these statements.

LOOK INCORPORATED

Consolidated Statements of Cash Flows (Unaudited)
For the years ended December 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Cash flows from operating activities:			
Income before income taxes and non-controlling interests	¥ 526	¥ 471	$ 4,517
Adjustments for:			
Depreciation and amortization	888	1,066	7,627
Impairment loss on long-lived assets	360	384	3,092
Loss on disposal of property, plant and equipment	44	50	384
Gain on sales of property, plant and equipment	(2)	(0)	(17)
Interest and dividend income	(54)	(68)	(472)
Interest expenses	22	16	194
Loss on withdrawal from the brand	26	123	223
Gain on business transfer	―	(328)	―
Change in assets and liabilities:			
Decrease (increase) in notes and accounts receivables	(32)	757	(277)
Decrease (increase) in inventories	358	(530)	3,074
Decrease in notes and account payables	(386)	(675)	(3,321)
Increase (decrease) in accrued expenses	44	(102)	379
Increase (decrease) in allowance for bad debts	(1)	4	(7)
Increase (decrease) in reserve for sales returns	7	(11)	67
Decrease in allowance for employees' retirement benefits	(144)	(134)	(1,237)
Others	(220)	106	(1,895)
Subtotal	1,436	1,130	12,331
Interest and dividend income received	54	68	468
Interest expenses paid	(22)	(17)	(191)
Income taxes paid	(153)	(339)	(1,319)
Net cash provided by operating activities	1,315	843	11,289
Cash flows from investing activities:			
Payments into time deposits	(400)	(442)	(3,440)
Proceeds from time deposits	402	343	3,456
Payments for purchase of property, plant and equipment	(843)	(906)	(7,239)
Proceeds from sales of property, plant and equipment	2	0	17
Payments for purchase of intangible assets	(124)	(164)	(1,067)
Payments for purchase of investments in securities	(2)	(2)	(24)
Payments for long-term loans receivable made	(35)	(35)	(306)
Proceeds from collection of long-term loans receivable	12	28	109
Payments for lease deposit	(137)	(160)	(1,180)
Proceeds from lease deposit	322	120	2,766
Payments for asset retirement obligations	(201)	(3)	(1,726)
Payments for business acquisition (note 22)	(575)	―	(4,938)
Payments for purchase of associated company stocks	―	(56)	―
Proceeds from business transfer (note 22)	―	2,207	―
Proceeds from redemption of bond	―	202	―
Payments for investment in capital	―	(54)	―
Other, net	1	(5)	17
Net cash provided by (used in) investing activities	(1,579)	1,070	(13,555)
Cash flows from financing activities:			
Proceeds from short-term loans	1,834	949	15,749
Repayment of short-term loans	(1,758)	(599)	(15,100)
Proceeds from long-term loans	650	―	5,579
Repayment of long-term loans	(500)	(350)	(4,292)
Cash dividends paid	(113)	(114)	(973)
Cash dividends paid to non-controlling interests	(2)	(4)	(23)
Purchase of treasury stock	(0)	(1)	(0)
Payment for acquisition of subsidiaries' interests that do not result in change in scope of consolidation	(1)	―	(6)
Capital contribution from non-controlling interests	19		170
Repayment of lease obligations	(55)	(46)	(474)
Net cash used in financing activities	73	(167)	630
Foreign currency translation adjustments on cash and cash equivalents	(16)	(55)	(144)
Net increase (decrease) in cash and cash equivalents	(207)	1,690	(1,780)
Cash and cash equivalents at beginning of year	4,471	2,778	38,387
Cash and cash equivalents of newly consolidated subsidiaries	15	2	131
Cash and cash equivalents at end of year (Note 4)	¥ 4,279	¥ 4,471	$ 36,738

The accompanying notes are an integral part of these statements.

LOOK INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2016 and 2015

1. Basis of Presenting the Financial Statements

The accompanying unaudited consolidated financial statements of LOOK INCORPORATED (the "Company") have been prepared based on the consolidated financial statements filed with the Financial Service Agency as required by the Financial Instruments and Exchange Act of Japan, and in accordance with accounting principles generally accepted in Japan ("Japan GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards ("IFRSs"). In the case of the foreign subsidiary, its financial statements are prepared in conformity with accounting principles prevailing in the countries of domicile.

The "Practical Solution on unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, May 17, 2006) requires that for the preparation of consolidated financial statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should be unified, in principle, and financial statements prepared by foreign subsidiaries in accordance with IFRSs or the generally accepted accounting principles in the United States ("U.S. GAAP") tentatively may be used for the consolidation process, however, the items listed in the PITF should be adjusted in the consolidation process so that net income is accounted for in accordance with Japan GAAP unless they are not material. According to the PITF, for the preparation of consolidated financial statements, the Company made necessary modification to the consolidated financial statements.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under Japan GAAP but is presented herein as additional information.

Certain reclassifications of previously reported amounts have been made to conform with classifications for the year ended December 31, 2016.

2. Summary of Significant Accounting Policies

(1) Consolidation and investments in affiliates

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

The consolidated financial statements at December 31, 2016 include the accounts of the Company and its twelve significant subsidiaries (collectively the "Group"), A.P.C. JAPAN LTD., LAISSE PASSE CO., LTD., VERA BRADLEY STYLE LTD., DENHAM JAPAN INC., LOOK MODE INC., L. LOGISTICS INC., FASHIONABLE FOODS INTERNATIONAL INC., I.D. LOOK LTD., I.D. JOY LTD., MAISON DE SARAH LTD., LOOK (H.K.) LTD. and LOOK CHINA CO., LTD. and the consolidated financial statements at December 31, 2015 include the accounts of the Company and its ten significant subsidiaries (collectively the "Group"), A.P.C. JAPAN LTD., LAISSE PASSE CO., LTD., VERA BRADLEY STYLE LTD., LOOK MODE INC., L. LOGISTICS INC., FASHIONABLE FOODS INTERNATIONAL INC., I.D. LOOK LTD., I.D. JOY LTD., LOOK (H.K.) LTD. and LOOK CHINA CO., LTD. For the year ended December 31, 2016, DENHAM JAPAN INC. is newly consolidated because it established during the year and MAISON DE SARAH LTD. is newly consolidated because it becomes more important for consolidation. Consolidation of the remaining unconsolidated subsidiaries would not have had a material effect on the accompanying consolidated financial statements. The fiscal year-end of the consolidated subsidiaries is in conformity with that of the Company, except for one subsidiary. One consolidated subsidiary with balance sheet date of August 31 is consolidated based on its tentative financial statement as of and for the period ended November 30. The necessary adjustments are made in consolidation to reflect any significant transactions from December 1 to December 31.

There are no investments in non-consolidated subsidiaries and affiliate companies at December 31, 2016 and 2015, which should be accounted for by the equity method since the effect on the accompanying consolidated financial statements would not have been material. Investment in non-consolidated subsidiaries is stated at cost (see Note 7).

All significant inter-company balances and transactions have been eliminated in consolidation. All material unrealized gains resulting from inter-company transactions have been eliminated.

(2) Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits which can be withdrawn on demand, and short-term investments which are readily convertible into cash and with an original maturity of three months or less, which represent insignificant risk of changes in value.

(3) Foreign currency transactions/ Foreign currency financial statements

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income.

All assets and liabilities of foreign consolidated subsidiary are translated into Japanese yen at the exchange rate at balance sheet date. All revenue and expense accounts are translated at average exchange rate for the year. The resulting translation adjustments are reported as a separate component of accumulated other comprehensive income and non-controlling interests.

(4) Inventories

Inventories are stated at the lower of cost or net selling value. Cost is determined mainly by the first-in first-out method.

(5) Securities

Securities are classified as held-to-maturity debt securities or available-for-sale securities, depending on management's holding intent. Held-to-maturity debt securities are reported at amortized cost. Available-for-sale securities, for which market quotations are available, are stated at fair value, with unrealized gains or losses, net of taxes, reported in a separate component of accumulated other comprehensive income. Available-for-sale securities, for which market quotations are unavailable, are stated at cost. The cost of available-for-sale security sold is determined based on the moving-average method. In cases where the fair value of held-to-maturity debt securities, available-for-sale securities and equity securities issued by subsidiaries and affiliates has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are charged to income for the period.

(6) Derivatives and hedging activities

The Company uses foreign exchange forward contracts to manage its exposures to fluctuations in foreign exchanges. The Company does not enter into derivatives for trading or speculative purposes.
Derivative instruments are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income and b) for derivatives used for hedging purposes, if the hedging derivative instruments qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the related losses and gains on the hedged items are recognized, reported in a separate component of accumulated other comprehensive income.

(7) Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is mainly computed on the declining-balance method, while the straight-line method is applied to leasehold improvements and structures purchased after April 1, 2016, at rates based on the estimated useful lives of assets, which are prescribed by the Japanese corporate tax laws.
When property, plant or equipment is retired or disposed of, the difference between the net book value and sales proceeds, if any, is charged or credited to income.
Normal repair and maintenance, including minor renewals and improvements, are charged to income as incurred.

(8) Amortization

Amortization of intangible assets is computed on the straight-line method over service lives of assets, which are prescribed by the Japanese corporate tax laws.
The difference between the acquisition cost and net assets acquired is shown as goodwill and amortized over its estimated effective period (within 20 years) on a straight-line basis.

(9) Income taxes

Income taxes consist of corporate income taxes, local inhabitant taxes and enterprise taxes.
The asset and liability approach is used to recognize deferred income tax assets and liabilities for the future tax consequence of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(10) Accounting for leases

Leased assets related to finance lease transactions are depreciated on a straight-line method, with the lease periods as their useful lives and no residual value.

(11) Reserve for sales returns

Reserve for sales returns has been provided by the Company and certain consolidated subsidiaries in an amount equivalent to the gross margin of merchandise sold, which is estimated to be returned subsequent to year-end dates in order to exclude profits on such possible sales returns. In estimating the sales returns, the formula prescribed by the Japanese tax laws is applied which is primarily based on past experience.

(12) Liabilities for retirement benefits

The Company and three domestic consolidated subsidiaries have a defined contribution pension plan and a prepaid termination allowance plan as defined contribution plans as well as a corporate pension plan and a termination allowance plan as defined benefit plans. One domestic and three foreign subsidiaries have a termination allowance plan as defined benefit plans. One foreign subsidiary has a defined contribution plan and a termination allowance plan as a defined benefit plan.
The Company and certain consolidated subsidiaries use a simplified method for the calculation of liabilities for retirement benefits and retirement benefit expenses. The simplified method assumes the retirement benefit obligation to be equal to the amount required for voluntary retirement at the balance sheet date for termination allowance plans and to be equal to the projected benefit obligations for corporate pension plans.

(13) Allowance for bad debts

Allowance for bad debts is provided for future losses on defaults and computed on the past experiences and other factors after considering estimated uncollectible amounts on an individual customer bases.

(14) Allowance for environmental measures

Allowance for environmental measures is provided for future handling cost of waste at an estimated amount of disposal costs of polychlorinated biphenyl waste.

(15) Reserve for point service

Reserve for point service is provided for future cost generating from the utilization of points based on its past experience.

(16) Reserve for loss on business of subsidiaries and affiliates

Reserve for loss on business of subsidiaries and affiliates is provided for the losses estimated based on consideration of the financial conditions of subsidiaries and affiliates.

(17) Appropriation of retained earnings

Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

(18) Per share information

Net income per share of common stock is computed based upon the weighted-average number of shares of common stock outstanding during each year. Cash dividends per share shown for each year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years rather than those paid during the years.

(19) Application of accounting standards for business

Effective from the year ended December 31, 2016, the Company adopted the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ Statement No.21, issued September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued September 13, 2013, hereinafter referred to as the "Accounting Standard for Consolidated Financial Statements"), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, issued September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Divestitures") and other related standards and implementation guidance.
In applying these revised accounting standards, the Company records any differences arising from changes in ownership interest in a subsidiary when it retains control as capital surplus and the acquisition-related costs are recognized as expenses when incurred. Also, regarding business combinations implemented on or after January 1, 2016, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the fiscal year in which the relevant business combinations became or will become effective. In addition, the presentation method of net income was amended and the reference to "minority interests" was changed to "non-controlling interests".
The Company has applied these standards in accordance with the transitional treatment prescribed in Section 58-2 (4) of the Accounting Standard for Business Combinations, Section 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Section 57-4 (4) of the Accounting Standard for Business Divestitures, and the Company applied these standards from the beginning of

the year.

For the year ended December 31, 2016, cash flows from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are recognized under “cash flows from financing activities” and cash flows from expenses related to acquisition of ownership interests in subsidiaries that result in change in scope of consolidation or cash flows from expenses related to changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are recognized under “cash flows from operating activities”.

The impact on the consolidated statements is immaterial.

(20) Application of Practical Solution concerning changes in depreciation method due to Tax Reform 2016

Due to revisions to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries applied “Practical Solution concerning changes in depreciation method due to Tax Reform 2016” (Practical Issues Task Force No. 32, June 17, 2016) from the year ended December 31, 2016. The method for calculating depreciation for leasehold improvements and structures acquired on and after April 1, 2016 is changed from declining-balance method to straight-line method.

The impact on the consolidated statements is immaterial.

(21) New accounting pronouncements not yet adopted

Regarding the treatment related to the recoverability of deferred tax assets, “Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016)” has been reviewed, basically following the framework of the Audit Committee Report No. 66 “Audit Treatment related to Judgment of the Recoverability of Deferred Tax Assets,” namely, a framework that classifies companies into five categories and estimates the recorded amount of deferred tax assets according to each category.

The following treatment has been reviewed.

1) Treatment of companies that do not satisfy any of the category requirements for Category 1 through Category 5

2) Category requirements for Category 2 and Category 3

3) Treatment related to a future deductible temporary difference for which scheduling is not possible, in a company that qualifies as Category 2

4) Treatment related to the reasonable estimable period for taxable income before future additions and deductions such as temporary difference, etc., in a company that qualifies as Category 3

5) Treatment in the case that a company that satisfies the category requirements for Category 4 qualifies as Category 2 or Category 3

The Company is scheduled to apply these accounting standards from the beginning of the year ending December 31, 2017.

The effect of adoption of these revised accounting standards is now under assessment at the time of preparation of the accompanying consolidated financial statements.

3. United States Dollar Amounts

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts for the year ended December 31, 2016 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥116.49=U.S.$1, the rate of exchange on December 30, 2016. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

4. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2016 and 2015 on the consolidated statements of cash flows consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Cash and time deposits	¥ 4,703	¥ 4,912	$ 40,374
Time deposits that have maturities of over three months when acquired	(423)	(440)	(3,636)
Cash and cash equivalents	¥ 4,279	¥ 4,471	$ 36,738

5. Inventories

Inventories at December 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Finished goods and merchandise	¥ 7,809	¥ 7,912	$ 67,036
Work-in-process	403	506	3,460
Raw materials	335	323	2,883
Total	¥ 8,547	¥ 8,741	$ 73,379

Write-down of finished goods and merchandise to net realizable value are charged to cost of sales. The amount of such write-down for the years ended December 31, 2016 and 2015 were ¥3,000 million ($25,758 thousand) and ¥2,856 million, respectively.

6. Investments in Securities

At December 31, 2016 and 2015, book values (fair values), acquisition costs and difference of available-for-sale securities with available fair values are as follows:

	Millions of yen		
	2016		
	Book values	Acquisition costs	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 2,717	¥ 1,006	¥ 1,711
Total	¥ 2,717	¥ 1,006	¥ 1,711
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	¥ 53	¥ 55	¥ (2)
Total	¥ 53	¥ 55	¥ (2)

	Thousands of U.S. dollars (Note 3)		
	2016		
	Book values	Acquisition costs	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	$ 23,331	$ 8,636	$ 14,695
Total	$ 23,331	$ 8,636	$ 14,695
Securities with book values (fair values) not exceeding acquisition costs:			
Equity securities	$ 456	$ 480	$ (24)
Total	$ 456	$ 480	$ (24)

	Millions of yen		
	2015		
	Book values	Acquisition costs	Difference
Securities with book values (fair values) exceeding acquisition costs:			
Equity securities	¥ 3,022	¥ 1,060	¥ 1,961
Total	¥ 3,022	¥ 1,060	¥ 1,961

Securities classified as available-for-sale securities for which fair values are not available at December 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Non-listed equity securities	¥ 0	¥ 0	$ 0
Bonds	6	3	56

7. Investments in Non-consolidated Subsidiaries

Investments in non-consolidated subsidiaries at December 31, 2016 and 2015 are ¥0 million ($0 thousand) and ¥67 million, respectively.

8. Short-term and Long-term Loans

Short-term loans at December 31, 2016 and 2015 represented bank loan, bearing average interest of 1.66% and 1.41% per annum, respectively.

Long-term loans represented bank loan of ¥1,200 million ($10,301 thousand) and ¥1,050 million at December 31, 2016 and 2015, bearing average interest of 0.71 % and 0.80% per annum, respectively.

The annual maturities of the long-term loans (except for current installments) at December 31, 2016 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Year ending December 31,		
2018	¥ —	$ —
2019	1,000	8,584
2020	—	—
2021	—	—

The annual maturities of the lease obligations (except for current installments) at December 31, 2016 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Year ending December 31,		
2018	¥ 54	$ 471
2019	53	457
2020	16	138
2021	0	0

At December 31, 2016 and 2015, assets pledged as collateral for short-term loans and long-term loans are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Buildings and structures	¥ 104	¥ 113	$ 897
Land	1,132	1,132	9,719
Total	¥ 1,236	¥ 1,245	$ 10,616

Secured loans at December 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Short-term loans	¥ 500	¥ 500	$ 4,292
Long-term loans (includes current portion of long-term loans)	1,050	1,050	9,014
Total	¥ 1,550	¥ 1,550	$ 13,306

9. Income Taxes

Because "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 15 of 2016) and "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 13 of 2016) were enacted by the Diet on March 29, 2016, the effective statutory tax rate is to be lowered from the year beginning on or after April 1, 2016. The effective statutory tax rate used to measure deferred tax assets and liabilities was changed from 32.26% to 30.86% for temporary differences expected to be eliminated in the fiscal two years beginning on January 1, 2017, and to 30.62% for temporary differences expected to be eliminated in the fiscal years beginning on and after January 1, 2019.

As a result, deferred tax assets after offsetting deferred tax liabilities increased by ¥8 million ($74 thousand), income taxes-deferred for the year ended December 31, 2016 increased by ¥12 million ($105 thousand), net unrealized gain on available-for-sale securities increased by ¥20 million ($180 thousand).

Significant components of deferred tax assets and deferred tax liabilities at December 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Deferred tax assets:			
Tax losses carried-forward	¥ 1,298	¥ 1,258	$ 11,143
Retirement benefit expenses	177	214	1,521
Loss on write-down of inventories	801	778	6,882
Impairment loss on long-lived assets	1,058	1,143	9,086
Allowance for bad debts	75	48	644
Shipped sales	352	496	3,022
Asset retirement obligations	85	74	732
Inventories	50	49	430
Others	215	245	1,851
Gross deferred tax assets	4,113	4,307	35,311
Less: Valuation allowance	(2,700)	(2,830)	(23,184)
Offset with deferred tax liabilities	(470)	(545)	(4,035)
Total deferred tax assets	942	932	8,092
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(483)	(577)	(4,149)
Undistributed earnings of foreign subsidiaries	(79)	(57)	(682)
Inventories	(117)	(164)	(1,008)
Asset retirement obligations	(21)	(9)	(186)
Others	(5)	(6)	(44)
Gross deferred tax liabilities	(706)	(815)	(6,069)
Offset with deferred tax assets	470	545	4,035
Total deferred tax liabilities	(236)	(269)	(2,034)
Deferred tax assets, net	¥ 705	¥ 662	$ 6,058

The reconciliation of the statutory income tax rate and the tax rate reflected in the consolidated statements of income for the years ended December 31, 2016 and 2015 is follows:

	2016	2015
Statutory income tax rate	33.06%	35.64%
Expenses not deducted for tax purposes	1.55	1.73
Income not credited for tax purposes	(0.45)	(1.44)
Per capita tax	6.84	7.79
Difference in statutory tax rates of subsidiaries	(7.83)	(9.44)
Special exemption of consolidated subsidiaries	(2.41)	(7.12)
Undistributed earnings	4.26	5.27
Reduced tax rate	(2.43)	(5.42)
Goodwill amortization	3.75	1.52
Prior years incomes taxes	—	5.19
Effect of tax rate change	6.74	20.52
Increase / decrease in valuation allowance	10.25	(50.72)
Other	(0.41)	(1.87)
Tax rate reflected in the consolidated statements of income	52.92%	1.65%

10. Employees' Pension and Retirement Benefits

1. Followings are the information of defined benefit plans at December 31, 2016 and 2015 and for the years then ended.

   (1) Reconciliation of changes in liabilities for retirement benefits calculated by a simplified method

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Liabilities for retirement benefits at beginning of year	¥ 647	¥ 782	$ 5,563
Retirement benefit expenses	249	188	2,143
Benefits paid	(104)	(115)	(901)
Contribution	(294)	(211)	(2,527)
Other	5	4	46
Liabilities for retirement benefits at end of year	¥ 503	¥ 647	$ 4,324

(2) Reconciliation between net of retirement benefit obligation and plan assets, and liabilities or assets for retirement benefits recognized in consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Funded retirement benefit obligation	¥ 2,820	¥ 2,853	$ 24,211
Plan assets	(2,402)	(2,310)	(20,622)
	418	542	3,589
Unfunded retirement benefit obligation	85	105	735
Net of liabilities and assets for retirement benefits	¥ 503	¥ 647	$ 4,324
Liabilities for retirement benefits	¥ 503	¥ 647	$ 4,324
Net of liabilities and assets for retirement benefits	¥ 503	¥ 647	$ 4,324

(3) Retirement benefit expenses calculated by a simplified method is ¥249 million ($2,143 thousand) and ¥188 million for the years ended December 31, 2016 and 2015, respectively. Additional payment for retirement is ¥11 million ($100 thousand) for the year ended December 31, 2016.

2. The amount to be paid by the Company and consolidated subsidiaries to the defined contribution plans is ¥14 million ($126 thousand) and ¥13 million and the paid amounts by a prepaid termination allowance plan is ¥21 million ($184 thousand) and ¥22 million for the years ended December 31, 2016 and 2015, respectively.

11. Asset Retirement Obligations

(1) Asset retirement obligations recognized on the consolidated balance sheets

Asset retirement obligations are associated with restoration expenses for sales shops according to leasehold contracts, disposal cost of asbestos and PCB equipment according to law or regulation at the time of dismantlement and removal of the Company and consolidated subsidiaries' buildings or machinery.

The obligations are calculated by using the lease terms as estimated period of use for restoration expenses and by using the useful lives as estimated period of use for legal disposal cost, and the yield rate of Japanese government bonds corresponding to each life time as discounted rate.

The following table provides a total asset retirement obligation for the years ended December 31, 2016 and 2015:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Balance, beginning of year	¥ 221	¥ 235	$ 1,904
Increase by fixed assets acquisition	48	28	416
Accretion expenses	1	1	5
Liabilities settled	(201)	(3)	(1,726)
Increase by change in estimation	30	―	258
Other	164	(39)	1,408
Balance, end of year	¥ 263	¥ 221	$ 2,265

(Note) The asset retirement obligations for Osaka branch of ¥164 million ($1,408 thousand) is recognized because the Board of Directors resolved the movement of the branch and the reasonable estimation of the obligation becomes possible.

The Company and certain subsidiaries changed their obligation estimates for sales shops by using new information such as most recent recoverable cost information. Increase by change in estimation of ¥30 million ($258 thousand) is recognized for the year ended December 31, 2016.

(2) Asset retirement obligations not recognized on the consolidated balance sheets

The Group does not recognized the liabilities for asset retirement obligations for certain restoration expenses for its offices and sales shops because it is difficult to estimate the obligations reasonably since the period of use is not clear and there is no plan to movement.

12. Net Assets

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividend-in-kind) if the company has prescribed so in its articles of incorporation.

The Companies Act permits companies to distribute dividend-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. Under the Companies Act, certain limitations are imposed on the amount of capital surplus and retained earnings available for dividends.

The Companies Act provides certain limitations on the amounts available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥ 3 million.

The following dividends were paid during the year ended December 31, 2015 which was approved by the general meeting of shareholders held on March 27, 2015.

(a)	Total dividends	¥114 million
(b)	Cash dividends per common share	¥3
(c)	Record date	December 31, 2014
(d)	Effective date	March 30, 2015

The following dividends were paid during the year ended December 31, 2016 which was approved by the general meeting of shareholders held on March 30, 2016.

(a)	Total dividends	¥114 million ($983 thousand)
(b)	Cash dividends per common share	¥3 ($0.03)
(c)	Record date	December 31, 2015
(d)	Effective date	March 31, 2016

The following dividends were approved by the general meeting of shareholders held on March 30, 2017 and paid after the balance sheet date but the record date for the payment belongs to the year ended December 31, 2016.

(a)	Total dividends	¥190 million ($1,638 thousand)
(b)	Dividend source	Retained earnings
(c)	Cash dividends per common share	¥5 ($0.04)
(d)	Record date	December 31, 2016
(e)	Effective date	March 31, 2017

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the aggregate amount of additional paid-in capital and legal reserve that exceeds 25% of the common stock may be made available for dividends by resolution of the shareholders. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold.

The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of shareholders' equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of shareholders' equity or deducted directly from stock acquisition rights.

13. Other Comprehensive Income (Loss)

The reclassification adjustment and the related income tax effects allocated to each component of other comprehensive income (loss) for the years ended December 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Net unrealized gain on available-for-sale securities:			
Arising during the year	¥ (252)	¥ (48)	$ (2,165)
Reclassification adjustment	—	—	—
Before tax amount	(252)	(48)	(2,165)
Tax benefit (expense)	94	38	808
Net-of-tax amount	(158)	(9)	(1,357)
Foreign currency translation adjustments:			
Arising during the year	(391)	(430)	(3,363)
Reclassification adjustment	—	—	—
Before tax amount	(391)	(430)	(3,363)
Tax benefit (expense)	—	—	—
Net-of-tax amount	(391)	(430)	(3,363)
Total other comprehensive loss	¥ (549)	¥ (440)	$ (4,720)

14. Leases

The Company and consolidated subsidiaries lease mainly information equipment, vehicles and software under finance leases.

Future lease payments for non-cancelable operating leases at December 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Due within one year	¥ 30	¥ 34	$ 266
Due after one year	—	11	—
Total	¥ 30	¥ 45	$ 266

15. Financial Instruments

(1) Conditions of financial instruments

(a) Management policy

The Company raises some funds through bank borrowings, and surplus funds are invested in highly safe financial instruments. The Company uses derivatives to avoid risks mentioned below and does not enter into derivatives for speculative purposes.

(b) Financial instruments and risks

Trade notes and accounts receivable are exposed to customer's credit risk.

Investments in securities are mainly available-for-sale securities and equity securities held for business relations and are exposed to market fluctuation risk.

Lease deposits are deposits for leased properties and are exposed to counterparty's credit risk.

Maturities of trade notes and accounts payable are mostly within one year. Part of trade payables are denominated in foreign currency and are exposed to fluctuation risk of foreign exchange rates, and the Company uses foreign exchange contracts to hedge the risk.

Loans are mainly for financing of operating funds and loans with variable interest rate are exposed to fluctuation risk of interests.

Derivative transactions employed by the Company are foreign exchange contracts to hedge future fluctuation of foreign exchange rates of trade payables denominated in foreign currency mainly.

(c) Financial instruments risk management

a) Credit risk

To mitigate and quickly capture the collectability issues due to bad financial condition and so on, in-charge of each operating division monitors major customers' credit status, and performs due date controls and balance controls by each customer in accordance with credit control rules for controlling customer credit risk. The counterparties to derivative transactions are limited to financial institutions with high credit ratings.

b) Market risk

The Company uses a foreign exchange contract for hedging the cash flow fluctuation risk associated with trade payables and firm commitments denominated in foreign currencies, depending on foreign exchange rates.

For investments in securities, the Company regularly monitors a price and an issuer's financial condition, and continuously considers whether the Company holds the securities other than held-to-maturity bonds.

Derivative transactions are executed and controlled by the accounting department in accordance with internal rules which includes authorization regulation and transaction records are reported to the Board of Directors regularly.

c) Liquidity risk

To mitigate the liquidity risk, responsible department prepares and updates a funds management plan based on the report from each department, and maintains an appropriate level of liquidity.

(d) Supplemental explanation regarding fair value of financial instruments

Fair value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments which quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used.

(2) Fair value of financial instruments

The carrying amounts on the consolidated balance sheets, fair value, and differences at December 31, 2016 and 2015 are as follows. Financial instruments, of which it is extremely difficult to measure the fair value, are not included. (Please see "(b) Financial instruments of which the fair value is extremely difficult to measure")

LOOK INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
December 31, 2016 and 2015

	Millions of yen			Thousands of U.S. dollars (Note 3)		
December 31, 2016	Carrying amount	Fair value	Differences	Carrying amount	Fair value	Differences
Assets:						
(1) Cash and time deposits	¥ 4,703	¥ 4,703	¥ —	$ 40,374	$ 40,374	$ —
(2) Notes and accounts receivable-trade	5,272			45,265		
Less: allowance for bad debts *1	(3)			(30)		
	5,269	5,269	—	45,235	45,235	—
(3) Short-term investments and investments in securities:						
Available-for-sale securities	2,771	2,771	—	23,788	23,788	—
(4) Lease deposit	1,018	1,021	3	8,741	8,770	29
Total	¥ 13,761	¥ 13,765	¥ 3	$ 118,138	$ 118,167	$ 29
Liabilities:						
(1) Notes and accounts payable -trade	¥ 3,314	¥ 3,314	¥ —	$ 28,454	$ 28,454	$ —
(2) Short-term loans	597	597	—	5,125	5,125	—
(3) Long-term loans *2	1,200	1,206	6	10,301	10,360	59
Total	¥ 5,111	¥ 5,118	¥ 6	$ 43,880	$ 43,939	$ 59
Derivative transactions *3	¥ 8	¥ 8	¥ —	$ 73	$ 73	$ —

	Millions of yen		
December 31, 2015	Carrying amount	Fair value	Differences
Assets:			
(1) Cash and time deposits	¥ 4,912	¥ 4,912	¥ —
(2) Notes and accounts receivable-trade	5,344		
Less: allowance for bad debts *1	(3)		
	5,340	5,340	—
(3) Short-term investments and investments in securities:			
Available-for-sale securities	3,022	3,022	—
(4) Lease deposit	1,039	1,039	0
Total	¥ 14,314	¥ 14,314	¥ 0
Liabilities:			
(1) Notes and accounts payable -trade	¥ 3,768	¥ 3,768	¥ —
(2) Short-term loans	500	500	—
(3) Long-term loans *2	1,050	1,063	13
Total	¥ 5,318	¥ 5,332	¥ 13
Derivative transactions *3	¥ (18)	¥ (18)	¥ —

*1 Allowance for bad debts provided individually for notes and accounts receivable-trade are deducted.

*2 Long-term loans includes current portion of long-term loans.

*3 Derivative receivables and payables are on net basis. Items that are net payables are shown in parenthesis.

(a) Fair value measurement of financial instruments

Assets:

(1) Cash and time deposits and (2) Notes and accounts receivable-trade

The fair value approximates the carrying amount because of the short maturity of these instruments.

(3) Investments in securities

The fair value of equity securities is calculated by quoted market prices and the fair value of debt securities is estimated based on quotes from counterparties. Please see note **6. Investments in Securities** for information by holding purpose.

(4) Lease deposit

The fair value is based on the present value calculated using a reasonably estimated time of refund of lease deposits and a reasonable discount rate.

Liabilities:

(1) Notes and accounts payable-trade and (2) Short-term loans

The fair value approximates the carrying amount because of the short maturity of these instruments.

(3) Long-term loans

The fair value is based on the present value of future cash flows of interests and principal payments discounted using the expected rate for similar loans.

Derivative transactions:

Please see note **16. Derivative Transactions** for details of derivative transactions.

(b) Financial instruments of which the fair value is extremely difficult to measure at December 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Unlisted equity securities *1	¥ 6	¥ 71	$ 56
Lease deposit *2	623	734	5,348

*1 Because no quoted market prices are available and the fair value is extremely difficult to measure, these are not included in above (3) Short-term investments and investments in securities.

*2 Because it is extremely difficult to estimate substantive deposit terms of these lease deposits and the fair value is extremely difficult to measure, these are not included in above (4) Lease deposit.

(c) Projected future redemption of monetary claim and securities with maturities at December 31, 2016 and 2015

	Millions of yen			
December 31, 2016	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	¥ 4,703	¥ —	¥ —	¥ —
Notes and accounts receivable -trade	5,272	—	—	—
Short-term investments and investments in securities:				
Available-for-sale securities with maturities:				
Debt securities	3	—	2	—
Lease deposit	249	723	45	—
	¥ 10,228	¥ 723	¥ 48	¥ —

	Thousands of U.S. dollars (Note 3)			
December 31, 2016	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	$ 40,374	$ —	$ —	$ —
Notes and accounts receivable -trade	45,265	—	—	—
Short-term investments and investments in securities:				
Available-for-sale securities with maturities:				
Debt securities	30	—	25	—
Lease deposit	2,140	6,213	389	—
	$ 87,809	$ 6,213	$ 414	$ —

	Millions of yen			
December 31, 2015	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and time deposits	¥ 4,912	¥ —	¥ —	¥ —
Notes and accounts receivable -trade	5,344	—	—	—
Short-term investments and investments in securities:				
Available-for-sale securities with maturities:				
Debt securities	—	3	—	—
Lease deposit	200	810	27	—
	¥ 10,457	¥ 814	¥ 27	¥ —

(d) The annual maturities of the long-term loans at December 31, 2016 and 2015

	Millions of yen					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
December 31, 2016						
Long-term loans	¥ 200	¥ —	¥ 1,000	¥ —	¥ —	¥ —

	Thousands of U.S. dollars (Note 3)					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
December 31, 2016						
Long-term loans	$ 1,717	$ —	$ 8,584	$ —	$ —	$ —

	Millions of yen					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
December 31, 2015						
Long-term loans	¥ 500	¥ 200	¥ —	¥ 350	¥ —	¥ —

16. Derivative Transactions

(1) Derivative financial instruments to which hedge accounting is not applied

Currency transaction

	Millions of yen 2016			
	Contract/ Notional amount			
	Total	Settled over one year	Fair value	Unrealized gain (loss)
Forward exchange contracts				
Buying:				
U.S. dollars	¥ 82	¥ —	¥ 81	¥ (1)
EUR	628	—	638	9
Total	¥ 711	¥ —	¥ 719	¥ 8

	Thousands of U.S. dollars (Note 3) 2016			
	Contract/ Notional amount			
	Total	Settled over one year	Fair value	Unrealized gain (loss)
Forward exchange contracts				
Buying:				
U.S. dollars	$ 706	$ —	$ 700	$ (6)
EUR	5,398	—	5,477	79
Total	$ 6,104	$ —	$ 6,177	$ 73

	Millions of yen 2015			
	Contract/ Notional amount			
	Total	Settled over one year	Fair value	Unrealized gain (loss)
Forward exchange contracts				
Buying:				
U.S. dollars	¥ 130	¥ —	¥ 129	¥ (1)
EUR	1,074	—	1,056	(18)
Total	¥ 1,204	¥ —	¥ 1,185	¥ (18)

Fair value is calculated based on the prices, which are provided by the financial institution.

(2) Derivative financial instruments to which hedge accounting is applied

The Company had no derivative financial instruments to which hedge accounting was applied at December 31, 2016 and 2015.

17. Impairment Loss on Long-lived Assets

Impairment loss on long-lived assets for the years ended December 31, 2016 and 2015 consisted as follows:

2016:

Location	Use	Balance sheet item
Setagaya-city, Tokyo and other locations	Assets for business use	Buildings and structures Machinery and equipment Tools, furniture and equipment Long-term prepaid expenses
Osaka-city, Osaka and other locations	Common use assets	Buildings and structures Tools, furniture and equipment Software, Trademark right
LAISSE PASSE CO., LTD. Shibuya-city, Tokyo	—	Goodwill

2015:

Location	Use	Balance sheet item
Minato-city, Tokyo and other locations	Assets for business use	Buildings and structures Machinery and equipment Tools, furniture and equipment Long-term prepaid expenses
Shanghai-city, China	Common use assets	Machinery and equipment Tools, furniture and equipment Software

The Group identifies groups of assets on a store basis as the minimum independent cash-flow-generating unit.

Due to continuous losses in its operation or estimated losses in the future, impairment loss of ¥147 million ($1,267 thousand) and ¥384 million are recognized for the above assets for business use from the book value to the recoverable value, with the difference reported as other expenses, for the years ended December 31, 2016 and 2015, respectively.

The impairment loss for common use assets for the year ended December 31, 2016 is mainly the impairment charge against Osaka branch's fixed assets and recoverable cost of ¥172 million ($1,484 thousand) which is recognized because the Board of Directors held on March 22, 2016 resolved the movement of the branch and reported as other expenses.

Recoverable values are calculated according to estimated net sales values, which are mainly based on real estate appraisal values.

As a result of revising the future profitability projections made at the time of the stock acquisition, the Company recorded an impairment charge against the goodwill of ¥39 million ($341 thousand) and are reported as other expenses for the year ended December 31, 2016.

18. Commitments and Contingencies

The Company guaranteed its subsidiary's borrowings from financial institutions. At December 31, 2016, the guarantees amounted to ¥1 million ($10 thousand).

19. Business Combination

On April 1, 2016, DENHAM JAPAN INC. acquired the DENHAM THE JEANMAKER JAPAN business in accordance with the "Asset Transfer Agreement" on February 24, 2016 concluded between the Company, DENHAM GROUP B.V. and DENHAM THE JEANMAKER JAPAN.

1. The overview is as follows:

(a) Acquiring business

Import, plan, produce and sales business of DENHAM brand clothes and accessories in Japan

(b) Purpose

To increase the DENHAM brand popularity and brand value in Japan and expand income by using the corporate power of the Company and DENHAM GROUP B.V.

(c) Acquisition date

April 1, 2016

2. Result of the acquired business is included in the consolidation from April 1, 2016 to December 31, 2016.

3. Acquisition cost is ¥575 million ($4,939 thousand) and paid by cash.

4. The advisory fee of ¥14 million ($128 thousand) is paid for the acquisition.

5. No goodwill is recognized for the acquisition.

6. Transferred assets and liabilities at the time of the acquisition are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Current assets	¥ 406	$ 3,487
Non-current assets	169	1,452
Total assets	575	4,939
Liabilities	—	—

7. The impact of estimated amounts on the consolidated statement of income for the year ended December 31, 2016 assuming that the business combination had been completed on January 1, 2016 and the method of calculation

	Millions of yen	Thousands of U.S. dollars (Note 3)
Net sales	¥ 437	$ 3,753
Income attributable owners of the parent	(7)	(61)

The estimated impact is calculated by the difference between the net sales and profit and loss information estimated based on the assumption that the business combination had been completed the day of the consolidated fiscal year started and the net sales and profit and loss information reported on the consolidated statement of income of the acquired company. The profit and loss is calculated based on the assumption that the newly adopted accounting standards related to business combinations had been adopted at the day of the consolidated fiscal year started.
This note has not been audited.

20. Segment Information

The reported segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.
The Group engaged in planning, producing and selling apparel and its related accessories. The Company and four domestic consolidated subsidiaries manage the apparel related business in Japan and five foreign subsidiaries manage the apparel related business abroad. One domestic subsidiary manages the apparel producing and OEM business for the Group and other than for the Group. One domestic subsidiary manages the apparel distribution and storage business for the Group. One domestic subsidiary manages the food and drink business, which manufactures and sells gelatos. The Company established local business base in Japan, Korea, Hong Kong and China, and each base plans overall strategy for each brand and runs the business.
The Group's reported segments are six segments which are three geographical segments of "Japan," "Korea" and "Other abroad" (Hong Kong and China) which are based on its sales system for the apparel related business, and "Producing and OEM business," "Distribution business" and "Food and drink business."

Segment sales, income or loss, assets, liabilities and others are calculated by accounting methods similar to those employed to prepare the accompanying consolidated financial statements. Segment income is calculated based on operating income disclosed in the consolidated statements of income. Intersegment revenue and transfer are based on arms-length transactions or manufacturing costs.

The reported segment information for the years ended December 31, 2016 and 2015 is summarized as follows:

	Millions of yen									
	2016									
	Apparel									
	Japan	Korea	Other abroad	Total	Producing and OEM	Distribution	Food and drink	Total	Adjustments	Consolidated
Net sales:										
Outside customers	¥ 27,615	¥ 13,934	¥ 235	¥ 41,784	¥ 554	¥ 140	¥ 145	¥ 42,624	¥ —	¥ 42,624
Intersegment	39	(69)	—	(30)	3,029	1,076	0	4,076	(4,076)	—
Total	¥ 27,654	¥ 13,864	¥ 235	¥ 41,754	¥ 3,583	¥ 1,216	¥ 145	¥ 46,700	¥(4,076)	¥ 42,624
Segment income (loss)	¥ 213	¥ 472	¥ (32)	¥ 653	¥ 70	¥ 59	¥ (31)	¥ 751	¥ 75	¥ 826
Segment assets	¥ 17,928	¥ 9,877	¥ 547	¥ 28,353	¥ 913	¥ 293	¥ 40	¥ 29,600	¥ (664)	¥ 28,935
Others:										
Depreciation and amortization	¥ 449	¥ 406	¥ 1	¥ 857	¥ 2	¥ 28	¥ —	¥ 888	¥ —	¥ 888
Impairment loss	326	32	1	359	—	—	0	360	—	360
Amortization of goodwill	18	1	—	19	—	—	—	19	—	19
Capital expenditures	611	559	1	1,171	1	0	—	1,173	—	1,173

	Thousands of U.S. dollars (Note 3)									
	2016									
	Apparel									
	Japan	Korea	Other abroad	Total	Producing and OEM	Distribution	Food and drink	Total	Adjustments	Consolidated
Net sales:										
Outside customers	$ 237,061	$ 119,618	$ 2,019	$ 358,698	$ 4,758	$ 1,205	$ 1,249	$ 365,910	$ —	$ 365,910
Intersegment	338	(596)	—	(258)	26,009	9,240	0	34,991	(34,991)	—
Total	$ 237,399	$ 119,022	$ 2,019	$ 358,440	$ 30,767	$ 10,445	$ 1,249	$ 400,901	$(34,991)	$ 365,910
Segment income (loss)	$ 1,835	$ 4,056	$ (282)	$ 5,609	$ 606	$ 509	$ (272)	$ 6,452	$ 646	$ 7,098
Segment assets	$ 153,907	$ 84,793	$ 4,701	$ 243,401	$ 7,839	$ 2,515	$ 346	$ 254,101	$ (5,705)	$ 248,396
Others:										
Depreciation and amortization	$ 3,854	$ 3,494	$ 10	$ 7,358	$ 26	$ 243	$ —	$ 7,627	$ —	$ 7,627
Impairment loss	2,802	280	10	3,092	—	—	0	3,092	—	3,092
Amortization of goodwill	158	13	—	171	—	—	—	171	—	171
Capital expenditures	5,252	4,801	7	10,060	16	0	—	10,076	—	10,076

	Millions of yen 2015									
	Apparel									
	Japan	Korea	Other abroad	Total	Producing and OEM	Distribution	Food and drink	Total	Adjustments	Consolidated
Net sales:										
Outside customers	¥ 31,210	¥ 13,623	¥ 364	¥ 45,198	¥ 608	¥ 71	¥ 123	¥ 46,002	¥ —	¥ 46,002
Intersegment	34	97	—	132	3,291	1,213	0	4,636	(4,636)	—
Total	¥ 31,244	¥ 13,721	¥ 364	¥ 45,330	¥ 3,899	¥ 1,284	¥ 124	¥ 50,638	¥(4,636)	¥ 46,002
Segment income (loss)	¥ 94	¥ 457	¥ (113)	¥ 438	¥ 51	¥ 8	¥ (56)	¥ 441	¥ 74	¥ 516
Segment assets	¥ 18,847	¥ 9,814	¥ 755	¥ 29,417	¥ 770	¥ 243	¥ 33	¥ 30,464	¥ (795)	¥ 29,669
Others:										
Depreciation and amortization	¥ 530	¥ 479	¥ 12	¥ 1,022	¥ 2	¥ 28	¥ 12	¥ 1,066	¥ —	¥ 1,066
Impairment loss	254	14	22	291	—	—	93	384	—	384
Amortization of goodwill	18	1	—	20	—	4	—	24	—	24
Capital expenditures	789	440	3	1,232	8	1	29	1,271	—	1,271

1. Adjustments are intersegment eliminations.
2. Segment income (loss) agrees with operating income disclosed in the consolidated statements of income.

Related information

(1) Information by products and services

Disclosures are omitted because the classification of products and services are same as the classification of the reported segments.

(2) Geographical information

(a) Sales

Millions of yen 2016				
Japan	Korea	Hong Kong	China	Total
¥ 28,455	¥ 13,934	¥ 140	¥ 94	¥ 42,624

Thousands of U.S. dollars (Note 3) 2016				
Japan	Korea	Hong Kong	China	Total
$ 244,273	$ 119,618	$ 1,206	$ 813	$ 365,910

Millions of yen 2015				
Japan	Korea	Hong Kong	China	Total
¥ 32,013	¥ 13,623	¥ 120	¥ 244	¥ 46,002

Geographical sales are classified by customer’s location.

(b) Property, plant and equipment

Millions of yen 2016				
Japan	Korea	Hong Kong	China	Total
¥ 2,373	¥ 1,283	¥ 1	¥ —	¥ 3,659

Thousands of U.S. dollars (Note 3) 2016				
Japan	Korea	Hong Kong	China	Total
$ 20,374	$ 11,022	$ 16	$ —	$ 31,412

Millions of yen 2015				
Japan	Korea	Hong Kong	China	Total
¥ 2,264	¥ 1,277	¥ 3	¥ —	¥ 3,544

(c) Information by major customers

Disclosures are omitted because no particular customer whose sales are over 10% of sales in the consolidated statements of income exists.

Information of impairment loss on fixed assets by reported segments

Disclosures are omitted because the information is disclosed in the reported segment information.

Information of balance of goodwill and negative goodwill by reported segments

Balance of goodwill is as follows:

	Millions of yen 2016									
	Apparel									
	Japan	Korea	Other abroad	Total	Producing and OEM	Distribution	Food and drink	Total	Adjustments	Consolidated
Balance	¥ 3	¥ 3	¥ —	¥ 6	¥ —	¥ —	¥ —	¥ 6	¥ —	¥ 6

	Thousands of U.S. dollars (Note 3) 2016									
	Apparel									
	Japan	Korea	Other abroad	Total	Producing and OEM	Distribution	Food and drink	Total	Adjustments	Consolidated
Balance	$ 28	$ 27	$ —	$ 55	$ —	$ —	$ —	$ 55	$ —	$ 55

	Millions of yen 2015									
	Apparel									
	Japan	Korea	Other abroad	Total	Producing and OEM	Distribution	Food and drink	Total	Adjustments	Consolidated
Balance	¥ 61	¥ 4	¥ —	¥ 65	¥ —	¥ —	¥ —	¥ 65	¥ —	¥ 65

Disclosures of goodwill amortization are omitted because the information is disclosed in the reported segment information.

Negative goodwill incurred by reported segments

No negative goodwill was incurred for both the years ended December 31, 2016 and 2015.

21. Per Share Information

The basis for the calculation of net income per share for the years ended December 31, 2016 and 2015 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2016	2015	2016
Income attributable owners of the parent	¥ 256	¥ 441	$ 2,206
Less: Components not pertaining to common shareholders	—	—	—
Income attributable owners of the parent pertaining to common stock	¥ 256	¥ 441	$ 2,206
Average outstanding shares of common stock during the year (shares)	38,172,719	38,176,979	38,172,719

The basis for the calculation of diluted net income per share is not disclosed because there were no potentially dilutive common shares that were outstanding for the years ended December 31, 2016 and 2015.

The impact of application of accounting standards for business on net income per share is immaterial.

22. Supplemental Cash Flow Information

(1) Transferred assets and liabilities of Tory Burch business and La Perla business, transfer price and proceeds from the transfers are as follows:

	Millions of yen	
	Tory Burch business	La Perla business
Current assets	¥ 1,353	¥ 65
Non-current assets	472	40
Current liabilities	(39)	—
Gain on business transfer	321	7
Transfer price of the business	2,107	113
Receivables	(13)	—
Proceeds from the transfers	¥ 2,093	¥ 113

(2) Acquired assets when DENHAM JAPAN INC. acquired the DENHAM THE JEANMAKER JAPAN business in 2016 and net payment from the acquisition are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Current assets	¥ 406	$ 3,487
Non-current assets	169	1,451
Acquisition cost of the business	575	4,938
Cash and cash equivalents	—	—
Net payment for acquisition of the business	¥ 575	$ 4,938

23. Subsequent Event

Transition to a Holding Company Structure by Way of an Absorption-type Company Split

On February 17, 2017, the Board of Directors of the Company resolved the transition to a holding company structure by way of an absorption-type company split on January 1, 2018 as a tentative date and the establishment a company in preparation for the company split as a wholly-owned subsidiary of the Company (the company is hereinafter referred as the Split Preparation Company) and on the same date, the Split Preparation Company was established.

On February 20, 2017, the Board of Directors of the Company also resolved to execute an absorption-type split contract (the split is hereinafter refereed as the Split) with the Split Preparation Company and on the same date the contract has been executed.

For the transition to a holding company structure by way of an absorption-type company split, the Split and amendments to the articles of incorporation were approved by the 55th general meeting of shareholders held on March 30, 2017.

In conjunction with the Split, the Company’s trade name is to be changed to “LOOK HOLDINGS INCORPORATED” on January 1, 2018.

1. Objectives of the transition to a holding company structure by way of an absorption-type company split

The Japanese economy is slowly recovering with improvements of employment and income conditions due to various measures by the government and the Bank of Japan. However, in the fashion industry, weak environment has continued because depressed clothing sales at the department stores, prolonged budget minded consumer spending, changes in consumer sentiments with diversifying styles of consumption and decrease in foreign tourists’ demand for high-price items.

In this environment, the Company decided to transit to a holding company structure to speed up the decision making, to establish a group management structure for prompt and flexible management judgment and to grow further. The Company will continue to increase its efficiency of the Group operation much more.

2. Overview of the Split

(1) Schedule of the Split

Board of Directors meeting approving establishment of the Split Preparation Company	February 17, 2017
Establishment of the Split Preparation Company	February 17, 2017
Board of Directors meeting approving absorption-type company split contract	February 20, 2017
Execution of absorption-type company split contract	February 20, 2017
The general meeting of shareholders approving absorption-type company split contract	March 30, 2017
Effective date of absorption-type split	January 1, 2018 (planned)

(2) Method of the Split

The Split will be a spin-off absorption-type split in which the Company is the splitting company (the company is hereinafter referred as the Splitting Company), and the wholly-owned subsidiary, the Split Preparation Company is the succeeding company (the company is hereinafter referred as the Succeeding Company).

(3) Allotment in the Split

In the Split, the Succeeding Company, LOOK SPLIT PREPARATION COMPANY INCORPORATED will issue 800 shares and all of those shares will be allotted and delivered the Company.

(4) Handling New Share Subscription Rights and Bonds with New Share Subscription Rights

The Company has not issued new share subscription rights or bonds with new share subscription rights.

(5) Changes in Stated Capital through the Split

There will be no change to the Company’s stated capital.

(6) Rights and Duties Assumed by the Succeeding Company

The Succeeding Company will assume rights and duties in relation to the planning and sales business of ladies’ clothes in accordance with an absorption-type company split contract.

With respect to the assumption of obligation by the Succeeding Company through the Split, the Succeeding Company will assume based on the concomitant assumption method.

(7) Prospects for Performance of Obligation

It is expected that the Company and the Succeeding Company will still have assets in excess of liabilities after the Split, and presently we do not envision the occurrence of any events that would cause an impediment to performance of obligations arising after the Splits.

For these reasons, we judge there to be no problem with respect to the prospects for the Company and the Succeeding Company to perform its obligations after the Splits.

3. Overview of Companies Involved in the Splits

	Splitting Company (as of December 31, 2016)	Succeeding Company (as of February 17, 2017 at the time established)
(1) Name	LOOK INCORPORATED	LOOK SPLIT PREPARATION COMPANY INCORPORATED
(2) Address	2-7-7 Nakameguro, Meguro-city, Tokyo	2-7-7 Nakameguro, Meguro-city, Tokyo
(3) Title and Name of Representative	President and Representative Director Kazuhiro Tada	President and Representative Director Kazuhiro Tada
(4) Business	Planning and sales of ladies' clothes	Planning and sales of ladies' clothes
(5) Stated Capital	¥6,340 million ($54,433 thousand)	¥10 million ($86 thousand)
(6) Date of Incorporation	October 29, 1962	February 17, 2017
(7) Number of Issued Shares	38,237,067 shares	200 shares
(8) Fiscal Year End	December 31	December 31
(9) Major Shareholders and Shareholding Ratios	YAGI TSUSHO LIMITED 9.37% Japan Trustee Services Bank, Ltd. (Trust account) 2.37% SUMITOMO LIFE INSURANCE COMPANY 2.02% The Master Trust Bank of Japan, Ltd. (Trust account) 1.82% Isetan Mitsukoshi Ltd. 1.76% Sumitomo Mitsui Banking Corporation 1.71% LOOK Board Members' Shareholding Association 1.59% LOOK Employees' Shareholding Association 1.36% Japan Trustee Services Bank, Ltd. (Trust account) 1.30% GOLDMAN SACHS INTERNATIONAL 1.29%	LOOK INCORPORATED 100%

<table>
<tr><td rowspan="3">(10) Relationship of Companies</td><td>Capital relationship</td><td>The Splitting Company holds 100% shares of The Succeeding Company.</td></tr>
<tr><td>Personal relationship</td><td>The Splitting Company sends executives to The Succeeding Company.</td></tr>
<tr><td>Business relationship</td><td>There is no business relationship because the Succeeding Company has not started its business.</td></tr>
</table>

(11) Financial Conditions and Operational Results for the Most Recent Three Years Ended December 31, 2016

<table>
<tr><td rowspan="3">Years Ended</td><td colspan="4">LOOK INCORPORATED (Consolidated)</td><td colspan="2">LOOK SPLIT PREPARATION COMPANY INCORPORATED (Non-consolidated)</td></tr>
<tr><td colspan="3">Millions of yen, except for where stated otherwise</td><td>Thousands of U.S. dollars (Note 3), except for where stated otherwise</td><td>Millions of yen, except for where stated otherwise</td><td>Thousands of U.S. dollars (Note 3), except for where stated otherwise</td></tr>
<tr><td>December 31, 2014</td><td>December 31, 2015</td><td>December 31, 2016</td><td>December 31, 2016</td><td colspan="2">As of February 17, 2017</td></tr>
<tr><td>Net Assets</td><td>¥ 20,290</td><td>¥ 20,236</td><td>¥ 19,805</td><td>$ 170,020</td><td>¥ 10</td><td>$ 86</td></tr>
<tr><td>Total Assets</td><td>31,007</td><td>29,669</td><td>28,935</td><td>248,396</td><td>10</td><td>86</td></tr>
<tr><td>Net Assets per Share (Yen/US$)</td><td>522.33</td><td>520.71</td><td>509.57</td><td>4.37</td><td>50,000.00</td><td>429.22</td></tr>
<tr><td>Sales</td><td>45,559</td><td>46,002</td><td>42,624</td><td>365,910</td><td>—</td><td>—</td></tr>
<tr><td>Operating income</td><td>1,177</td><td>516</td><td>826</td><td>7,098</td><td>—</td><td>—</td></tr>
<tr><td>Income Attributable Owners of the Parent</td><td>1,262</td><td>441</td><td>256</td><td>2,206</td><td>—</td><td>—</td></tr>
<tr><td>Net Income per Share (Yen/US$)</td><td>33.05</td><td>11.56</td><td>6.73</td><td>0.06</td><td>—</td><td>—</td></tr>
<tr><td>Cash Dividends Applicable to the Year per Share (Yen/US$)</td><td>3.00</td><td>3.00</td><td>5.00</td><td>0.04</td><td>—</td><td>—</td></tr>
</table>

(Note)
1. The Splitting Company plans to change its trade name to “LOOK HOLDINGS INCORPORATED” as of January 1, 2018.
2. The Succeeding Company plans to change its trade name to “LOOK INCORPORATED” as of January 1, 2018.
3. Because the Succeeding Company had no most recent fiscal year, only its balance sheet items are shown in the above table.

4. Overview of Business Division Subject to the Split

(1) Business Description of Division Subject to the Split

Planning and sales business of ladies' clothes operated by the Company

(2) Operational Result of Division Subject to the Split (for the year ended December 31, 2016)

	Sales of Business Subject to the Split (a)		Non-consolidated Sales of the Company (b)		Ratio (a/b)
	Millions of yen	Thousands of U.S. dollars (Note 3)	Millions of yen	Thousands of U.S. dollars (Note 3)	
Sales	¥ 20,843	$ 178,932	¥ 20,843	$ 178,932	100.00%

(3) Assets and Liabilities Subject to the Split (as of December 31, 2016)

Assets			Liabilities		
	Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Current Assets	¥ 6,056	$ 51,995	Current Liabilities	¥ 1,954	$ 16,779
Non-current Assets	1,235	10,610	Non-current Liabilities	37	321
Total	¥ 7,292	$ 62,605	Total	¥ 1,991	$ 17,100

5. Status of the Splitting Company and the Succeeding Company

	Splitting Company	Succeeding Company
(1) Name	LOOK HOLDINGS INCORPORATED (trade name scheduled to be changed from LOOK INCORPORATED as of January 1, 2018)	LOOK INCORPORATED (trade name scheduled to be changed from LOOK SPLIT PREPARATION COMPANY INCORPORATED as of January 1, 2018)
(2) Address	2-7-7 Nakameguro, Meguro-city, Tokyo	2-7-7 Nakameguro, Meguro-city, Tokyo
(3) Title and Name of Representative	President and Representative Director Kazuhiro Tada	President and Representative Director Kazuhiro Tada
(4) Business	Group business management	Planning and sales of ladies' clothes
(5) Stated Capital	¥6,340 million ($54,433 thousand)	¥50 million ($429 thousand)
(6) Fiscal Year End	December 31	December 31

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Corporate Data

(As of December 31, 2016)

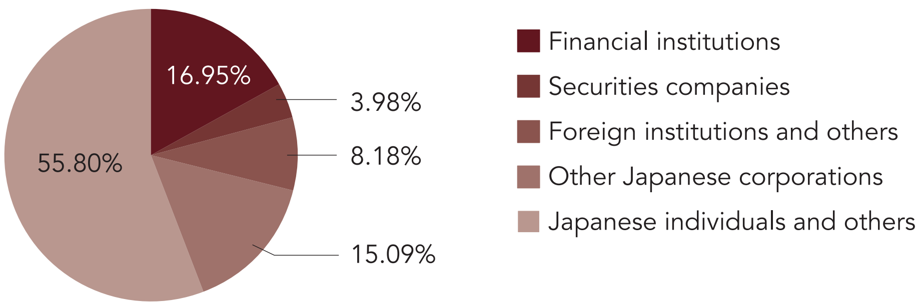
Company Name	LOOK INCORPORATED
Date of Establishment	October 29, 1962
Tokyo Head Office	2-7-7 Nakameguro, Meguro-ku, Tokyo, Japan 153-8638 Tel: +81-3-3794-9100
Paid-in Capital	6,340.93 million yen
Major Business Activities	Planning and sales of apparel merchandise
Number of Employees	1,726 employees (Consolidated)
Common Stock	Authorized 120,000,000 shares Issued 38,237,067 shares
Number of Shareholders	5,288
Stock Listing	Tokyo Stock Exchange, First Section
Fiscal Year-End	December
Main Financing Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, LTD.

Major Shareholders

(As of December 31, 2016)

Name	Number of shares held (Thousands)	Percentage of total outstanding shares
YAGI TSUSHO LIMITED	3,581	9.38
Japan Trustee Services Bank, Ltd. (Trust account)	907	2.38
SUMITOMO LIFE INSURANCE COMPANY	771	2.02
The Master Trust Bank of Japan, Ltd. (Trust account)	696	1.82
Isetan Mitsukoshi Ltd.	672	1.76
Sumitomo Mitsui Banking Corporation	654	1.71
LOOK Board Members' Shareholding Association	607	1.59
LOOK Employees' Shareholding Association	521	1.37
Japan Trustee Services Bank, Ltd. (Trust account 1)	497	1.30
GOLDMAN SACHS INTERNATIONAL	492	1.29

Distribution of Ownership among Shareholders



Directors, Operating Officers, and Auditors

(As of April 1, 2017)

Chairman and Representative Director		Takehiko Maki
President and Representative Director		Kazuhiro Tada
Senior Managing Director		Sachio Kidokoro
Managing Director		Eiji Takayama
Director and Operating Officer		
General Manager of Management Planning Department and Sales Personnel Division		Masaaki Saito
Director (External Director)		Kazuhiko Fukuchi
Director (External Director)		Yoichi Endo
Standing Statutory Auditor		Masatoshi Nagase
Auditor (External Statutory Auditor)		Toru Sugita
Auditor (External Statutory Auditor)		Shuichi Hattori
Senior Operating Officer		
	President of I.D. LOOK LTD.	Seung-Gon Cho
Operating Officer	General Manager of Operation Division 2	Fumio Kikuya
Operating Officer	General Manager of Operation Division 1	Haruo Shibuya
Operating Officer	General Manager to Management Planning Department	Masayuki Koyama
Operating Officer	Director of A.P.C. JAPAN LTD.	Hirofumi Unosawa

Consolidated Subsidiaries

(As of April 1, 2017)

A.P.C. JAPAN LTD.
2-7-7, Nakameguro, Meguro-ku,
Tokyo, Japan 153-8638
Tel: +81-3-6864-2603

LAISSE PASSE CO., LTD.
Créateur,
4-5, Motoyoyogi-cho, Shibuya-ku,
Tokyo, Japan 151-0062
Tel: +81-3-5790-7201

VERA BRADLEY STYLE LTD.
2-7-7, Nakameguro, Meguro-ku,
Tokyo, Japan 153-8638
Tel: +81-3-3794-9322

DENHAM JAPAN INC.
3rd Floor, AK-1 Bldg.,
1-15-1 Aobadai, Meguro-ku,
Tokyo, Japan 153-0042
Tel: +81-3-3496-1086

LOOK MODE INC.
2-7-7, Nakameguro, Meguro-ku,
Tokyo, Japan 153-8638
Tel: +81-3-3794-9300

L. LOGISTICS INC.
2-3-1, Akanehama, Narashino-shi,
Chiba, Japan 275-0024
Tel: +81-47-455-2111

FFI INC.
1F 2-5-1 Azabujuban, Minato-ku,
Tokyo, Japan 106-0045
Tel: +81-3-5772-3283

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580, Gangnam-Daero,
Gang Nam-gu, Seoul, Korea
Tel: +82-2-3438-9125

I.D. JOY LTD.
14, Hakdong-ro, 5-gil,
Gang Nam-gu, Seoul, Korea
Tel: +82-70-7729-6008

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Guyanglu, Changningqu,
Shanghai, China 200336
Tel: +86-21-5039-1533