

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2014 (Based on Japanese GAAP)

May 13, 2014

Company name: GOLDWIN INC.
 Stock exchange listing: Tokyo
 Stock code: 8111 URL <http://www.goldwin.co.jp>
 Representative: President and Representative Director Akio Nishida
 Director, Senior Managing Officer, Executive
 Inquiries: General Manager, General Administration Kiyoto Futatsukawa TEL 03-3481-7203
 Headquarters
 Scheduled date of ordinary general meeting of shareholders: June 26, 2014
 Scheduled date to file Securities Report: June 26, 2014
 Scheduled date to commence dividend payments: June 12, 2014
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2014	54,869	4.5	2,218	16.6	3,901	23.1	3,021	14.5
Year ended March 31, 2013	52,510	8.0	1,902	68.2	3,168	(4.6)	2,639	1.0

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2014	51.30	–	13.2	8.3	4.0
Year ended March 31, 2013	44.99	44.75	13.6	7.1	3.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2014	49,342	24,376	49.3	412.13
As of March 31, 2013	45,176	21,433	47.2	362.81

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2014	2,409	(621)	(1,077)	4,576
Year ended March 31, 2013	1,337	(754)	(1,858)	3,761

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2013	–	0.00	–	6.00	6.00	354	13.4	1.7
Year ended March 31, 2014	–	0.00	–	8.00	8.00	471	15.6	1.9
Year ending March 31, 2015 (Forecast)	–	0.00	–	8.00	8.00		15.7	

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2014	24,000	(1.9)	100	(81.0)	300	(65.7)	100	(85.9)	1.70
Full year	55,000	0.2	2,000	(9.9)	3,600	(7.7)	3,000	(0.7)	50.86

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2014

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements after error corrections: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2014	59,560,218 shares	As of March 31, 2013	59,393,218 shares
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Number of treasury shares at the end of the period

As of March 31, 2014	574,523 shares	As of March 31, 2013	645,169 shares
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Average number of shares during the period

Year ended March 31, 2014	58,905,957 shares	Year ended March 31, 2013	58,654,585 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	4,606	5,533
Notes and accounts receivable - trade	11,090	11,306
Merchandise and finished goods	9,057	9,773
Work in process	78	82
Raw materials and supplies	637	608
Other	1,239	1,412
Allowance for doubtful accounts	(8)	(8)
Total current assets	26,701	28,708
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,682	1,440
Machinery, equipment and vehicles, net	49	52
Land	755	697
Leased assets, net	1,036	982
Other, net	217	170
Total property, plant and equipment	3,741	3,343
Intangible assets		
Trademark right	77	40
Goodwill	175	126
Other	607	520
Total intangible assets	860	686
Investments and other assets		
Investment securities	9,841	12,735
Long-term loans receivable	68	64
Guarantee deposits	2,114	2,126
Claims provable in bankruptcy, claims provable in rehabilitation and other	178	181
Other	1,997	1,812
Allowance for doubtful accounts	(326)	(316)
Total investments and other assets	13,873	16,603
Total non-current assets	18,475	20,634
Total assets	45,176	49,342

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,037	13,669
Short-term loans payable	1,028	738
Current portion of bonds	36	-
Current portion of long-term loans payable	1,398	1,218
Lease obligations	417	464
Accounts payable - other	1,178	1,323
Income taxes payable	268	185
Accrued consumption taxes	247	266
Accrued expenses	729	736
Provision for bonuses	660	683
Provision for sales returns	507	552
Other	343	115
Total current liabilities	17,853	19,953
Non-current liabilities		
Bonds payable	-	300
Long-term loans payable	1,982	1,731
Lease obligations	920	842
Deferred tax liabilities	179	196
Provision for retirement benefits	2,351	-
Net defined benefit liability	-	905
Asset retirement obligations	48	38
Other	407	997
Total non-current liabilities	5,889	5,012
Total liabilities	23,742	24,966
Net assets		
Shareholders' equity		
Capital stock	7,041	7,079
Capital surplus	3,719	3,753
Retained earnings	11,602	14,271
Treasury shares	(278)	(240)
Total shareholders' equity	22,085	24,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	300	335
Deferred gains or losses on hedges	(20)	2
Foreign currency translation adjustment	(1,051)	959
Remeasurements of defined benefit plans	-	(1,853)
Total accumulated other comprehensive income	(770)	(555)
Subscription rights to shares	60	-
Minority interests	59	67
Total net assets	21,433	24,376
Total liabilities and net assets	45,176	49,342

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	52,510	54,869
Cost of sales	30,822	32,355
Gross profit	21,688	22,514
Provision for sales returns	10	44
Gross profit - net	21,677	22,469
Selling, general and administrative expenses	19,775	20,251
Operating income	1,902	2,218
Non-operating income		
Interest income	25	30
Dividend income	42	43
Royalty income	15	10
Share of profit of entities accounted for using equity method	1,408	1,790
Other	138	80
Total non-operating income	1,629	1,955
Non-operating expenses		
Interest expenses	193	149
Loss on sales of notes payable	51	57
Other	118	65
Total non-operating expenses	364	272
Ordinary income	3,168	3,901
Extraordinary income		
Gain on sales of non-current assets	183	1
Gain on sales of investment securities	2	3
Gain on donation of non-current assets	26	-
Gain on reversal of subscription rights to shares	-	39
Other	0	-
Total extraordinary income	213	44
Extraordinary losses		
Loss on disposal of non-current assets	10	1
Impairment loss	7	257
Loss on closing of stores	12	41
Special retirement expenses	32	29
Career achievement bonus	140	-
Company funeral expense	25	-
termination fee	28	-
brand organize loss	-	70
Loss on valuation of investments in capital of subsidiaries and associates	-	97
Loss on revision of retirement benefit plan	-	70
Other	7	4
Total extraordinary losses	264	572
Income before income taxes and minority interests	3,116	3,373
Income taxes - current	472	351
Income taxes - deferred	(9)	(11)
Total income taxes	462	339
Income before minority interests	2,653	3,033
Minority interests in income	14	11
Net income	2,639	3,021

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	2,653	3,033
Other comprehensive income		
Valuation difference on available-for-sale securities	241	34
Deferred gains or losses on hedges	(23)	22
Foreign currency translation adjustment	102	265
Share of other comprehensive income of entities accounted for using equity method	1,178	1,745
Total other comprehensive income	1,498	2,068
Comprehensive income	4,151	5,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,136	5,090
Comprehensive income attributable to minority interests	14	11

Consolidated statements of changes in net assets

Fiscal year ended March 31, 2013

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,416	94	9,256	(51)	19,715
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	125	125			250
Capital reduction	(3,500)	3,500			-
Purchase of treasury shares				(231)	(231)
Disposal of treasury shares		0		5	5
Dividends of surplus			(293)		(293)
Net income			2,639		2,639
Net changes of items other than shareholders' equity					
Total changes of items during period	(3,374)	3,625	2,345	(226)	2,369
Balance at end of current period	7,041	3,719	11,602	(278)	22,085

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	59	3	(2,331)	-	(2,268)	128	45	17,620
Changes of items during period								
Issuance of new shares - exercise of subscription rights to shares								250
Capital reduction								-
Purchase of treasury shares								(231)
Disposal of treasury shares								5
Dividends of surplus								(293)
Net income								2,639
Net changes of items other than shareholders' equity	241	(23)	1,280	-	1,497	(67)	13	1,443
Total changes of items during period	241	(23)	1,280	-	1,497	(67)	13	3,812
Balance at end of current period	300	(20)	(1,051)	-	(770)	60	59	21,433

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,041	3,719	11,602	(278)	22,085
Changes of items during period					
Issuance of new shares - exercise of subscription rights to shares	38	38			77
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		(4)		43	38
Dividends of surplus			(352)		(352)
Net income			3,021		3,021
Net changes of items other than shareholders' equity					
Total changes of items during period	38	33	2,669	38	2,779
Balance at end of current period	7,079	3,753	14,271	(240)	24,865

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	300	(20)	(1,051)	-	(770)	60	59	21,433
Changes of items during period								
Issuance of new shares - exercise of subscription rights to shares								77
Purchase of treasury shares								(5)
Disposal of treasury shares								38
Dividends of surplus								(352)
Net income								3,021
Net changes of items other than shareholders' equity	34	22	2,011	(1,853)	215	(60)	8	163
Total changes of items during period	34	22	2,011	(1,853)	215	(60)	8	2,942
Balance at end of current period	335	2	959	(1,853)	(555)	-	67	24,376

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	3,116	3,373
Depreciation	889	1,024
Share of (profit) loss of entities accounted for using equity method	(1,408)	(1,790)
Amortization of goodwill	48	48
Loss (gain) on valuation of investment securities	4	-
Increase (decrease) in provision for retirement benefits	205	(3,299)
Increase (decrease) in net defined benefit liability	-	905
Impairment loss	7	257
Increase (decrease) in allowance for doubtful accounts	(15)	(10)
Interest and dividend income	(67)	(74)
Interest expenses	193	149
Loss (gain) on disposal of non-current assets	(172)	0
Decrease (increase) in notes and accounts receivable - trade	84	(214)
Decrease (increase) in inventories	(87)	(685)
Increase (decrease) in notes and accounts payable - trade	(1,983)	2,625
Other, net	258	(111)
Subtotal	1,074	2,198
Interest and dividend income received	800	928
Interest expenses paid	(192)	(148)
Income taxes paid	(345)	(428)
career achievement bonus	-	(140)
Net cash provided by (used in) operating activities	1,337	2,409
Cash flows from investing activities		
Payments into time deposits	(1,210)	(668)
Proceeds from withdrawal of time deposits	934	793
Purchase of non-current assets	(507)	(424)
Proceeds from sales of non-current assets	326	5
Purchase of investment securities	(43)	(276)
Proceeds from sales of investment securities	26	120
Purchase of property for lease	(231)	-
Payments for guarantee deposits	(102)	(177)
Other, net	51	5
Net cash provided by (used in) investing activities	(754)	(621)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	377	(300)
Proceeds from long-term loans payable	370	1,060
Repayments of long-term loans payable	(1,981)	(1,450)
Proceeds from issuance of bonds	-	300
Redemption of bonds	(32)	(36)
Repayments of lease obligations	(314)	(425)
Proceeds from issuance of common shares	242	97
Cash dividends paid	(293)	(352)
Other, net	(228)	29
Net cash provided by (used in) financing activities	(1,858)	(1,077)
Effect of exchange rate change on cash and cash equivalents	44	104
Net increase (decrease) in cash and cash equivalents	(1,231)	815
Cash and cash equivalents at beginning of period	4,992	3,761
Cash and cash equivalents at end of period	3,761	4,576