

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 6, 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 to file Quarterly Securities Report: November 14, 2014
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

(1) Consolidated financial results (cumulative)

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	%
Six months ended September 30, 2014	24,853	1.6	311	(40.8)	730	(16.4)	535	(24.4)
Six months ended September 30, 2013	24,473	1.6	526	30.0	873	6.3	708	4.1

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2014	9.09		–	
Six months ended September 30, 2013	12.03		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2014	53,710		24,810		46.0	
As of March 31, 2014	49,342		24,376		49.3	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2014	–	0.00	–	8.00	8.00
Year ending March 31, 2015	–	0.00			
Year ending March 31, 2015 (Forecast)			–	8.00	8.00

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
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 six months ended September 30, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: No

(4) Number of issued shares (common shares)

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

As of September 30, 2014	59,560,218 shares	As of March 31, 2014	59,560,218 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2014	1,549,743 shares	As of March 31, 2014	574,523 shares
--------------------------	------------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2014	58,855,079 shares	Six months ended September 30, 2013	58,853,522 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	5,533	5,459
Notes and accounts receivable - trade	11,306	12,292
Merchandise and finished goods	9,773	11,949
Work in process	82	115
Raw materials and supplies	608	658
Other	1,412	1,816
Allowance for doubtful accounts	(8)	(7)
Total current assets	28,708	32,284
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,440	1,397
Land	697	697
Other, net	1,205	1,176
Total property, plant and equipment	3,343	3,271
Intangible assets		
Trademark right	40	22
Other	646	597
Total intangible assets	686	619
Investments and other assets		
Investment securities	12,735	13,204
Guarantee deposits	2,126	2,337
Other	2,057	2,307
Allowance for doubtful accounts	(316)	(313)
Total investments and other assets	16,603	17,534
Total non-current assets	20,634	21,426
Total assets	49,342	53,710

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,669	13,395
Short-term loans payable	738	4,828
Current portion of long-term loans payable	1,218	1,364
Income taxes payable	185	190
Provision for bonuses	683	737
Provision for sales returns	552	488
Other	2,906	2,913
Total current liabilities	19,953	23,918
Non-current liabilities		
Bonds payable	300	300
Long-term loans payable	1,731	2,358
Net defined benefit liability	905	314
Other	2,074	2,007
Total non-current liabilities	5,012	4,980
Total liabilities	24,966	28,899
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	3,753	3,750
Retained earnings	14,271	15,001
Treasury shares	(240)	(739)
Total shareholders' equity	24,865	25,092
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	335	468
Deferred gains or losses on hedges	2	4
Foreign currency translation adjustment	959	899
Remeasurements of defined benefit plans	(1,853)	(1,742)
Total accumulated other comprehensive income	(555)	(369)
Minority interests	67	87
Total net assets	24,376	24,810
Total liabilities and net assets	49,342	53,710

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	24,473	24,853
Cost of sales	14,288	14,178
Gross profit	10,185	10,674
Reversal of provision for sales returns	134	64
Gross profit - net	10,320	10,738
Selling, general and administrative expenses	9,794	10,427
Operating income	526	311
Non-operating income		
Interest income	6	6
Dividend income	29	33
Share of profit of entities accounted for using equity method	395	448
Other	41	54
Total non-operating income	473	544
Non-operating expenses		
Interest expenses	73	66
Condolence money	–	30
Other	52	28
Total non-operating expenses	125	124
Ordinary income	873	730
Extraordinary income		
Gain on reversal of subscription rights to shares	39	–
Other	1	0
Total extraordinary income	40	0
Extraordinary losses		
Loss on disposal of non-current assets	0	1
Loss on closing of stores	34	0
Loss on valuation of investment securities	–	7
Other	4	0
Total extraordinary losses	39	9
Income before income taxes and minority interests	874	721
Income taxes - current	160	212
Income taxes - deferred	(1)	(23)
Total income taxes	159	188
Income before minority interests	715	532
Minority interests in income (loss)	7	(2)
Net income	708	535

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	715	532
Other comprehensive income		
Valuation difference on available-for-sale securities	82	132
Deferred gains or losses on hedges	(5)	2
Foreign currency translation adjustment	167	(67)
Remeasurements of defined benefit plans, net of tax	–	107
Share of other comprehensive income of entities accounted for using equity method	488	(36)
Total other comprehensive income	733	138
Comprehensive income	1,448	671
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,441	674
Comprehensive income attributable to minority interests	7	(3)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	874	721
Depreciation	492	482
Increase (decrease) in provision for retirement benefits	(61)	–
Increase(decrease)in net defined benefit liability	–	(590)
Amortization of goodwill	24	24
Increase (decrease) in allowance for doubtful accounts	2	(2)
Interest and dividend income	(36)	(40)
Interest expenses	73	66
Share of (profit) loss of entities accounted for using equity method	(395)	(448)
Loss (gain) on valuation of investment securities	–	7
Loss (gain) on disposal of non-current assets	(0)	1
Decrease (increase) in notes and accounts receivable - trade	(791)	(969)
Decrease (increase) in inventories	(1,362)	(2,259)
Increase (decrease) in notes and accounts payable - trade	1,093	(275)
Other, net	(463)	231
Subtotal	(549)	(3,052)
Interest and dividend income received	36	40
Interest expenses paid	(80)	(74)
Income taxes paid	(204)	(200)
It is the amount of payment of service money specially	(140)	–
Net cash provided by (used in) operating activities	(939)	(3,287)
Cash flows from investing activities		
Payments into time deposits	(419)	(207)
Proceeds from withdrawal of time deposits	441	130
Purchase of property, plant and equipment and intangible assets	(150)	(225)
Proceeds from sales of property, plant and equipment and intangible assets	4	–
Purchase of investment securities	(159)	(28)
Proceeds from sales of investment securities	4	3
Payments for guarantee deposits	(59)	(236)
Other, net	66	(83)
Net cash provided by (used in) investing activities	(271)	(647)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,333	4,090
Proceeds from long-term loans payable	320	1,500
Repayments of long-term loans payable	(761)	(727)
Redemption of bonds	(16)	–
Proceeds from exercise of share options	97	–
Purchase of treasury shares	(4)	(527)
Cash dividends paid	(352)	(471)
Other, net	(196)	(209)
Net cash provided by (used in) financing activities	2,419	3,655
Effect of exchange rate change on cash and cash equivalents	57	(20)
Net increase (decrease) in cash and cash equivalents	1,265	(300)
Cash and cash equivalents at beginning of period	3,761	4,576
Increase in cash and cash equivalents from newly consolidated subsidiary	–	84
Cash and cash equivalents at end of period	5,026	4,359