

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 13, 2016

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 23, 2016
 Scheduled date to file Securities Report: June 23, 2016
 Scheduled date to commence dividend payments: June 8, 2016
 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, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	59,713	4.0	3,129	29.6	4,180	2.2	3,369	(2.9)
Year ended March 31, 2015	57,417	4.6	2,414	8.8	4,089	4.8	3,471	14.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	293.49	–	11.4	7.6	5.2
Year ended March 31, 2015	297.79	–	12.8	8.0	4.2

(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, 2016	57,315	29,614	51.6	2,575.20
As of March 31, 2015	53,289	29,105	54.5	2,528.73

(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, 2016	4,315	(2,987)	376	6,001
Year ended March 31, 2015	3,108	(1,463)	(2,051)	4,308

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, 2015	–	0.00	–	10.00	10.00	593	17.1	2.0
Year ended March 31, 2016	–	0.00	–	55.00	55.00	653	19.4	2.2
Year ending March 31, 2017 (Forecast)	–	0.00	–	55.00	55.00		21.8	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	25,200	(3.2)	340	(20.8)	670	(12.3)	250	(13.9)	21.77
Full year	59,200	(0.9)	2,950	(5.7)	3,950	(5.5)	3,000	(11.0)	261.28

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(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: 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, 2016	11,912,043 shares	As of March 31, 2015	11,912,043 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	425,398 shares	As of March 31, 2015	433,995 shares
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Average number of shares during the period

Year ended March 31, 2016	11,481,815 shares	Year ended March 31, 2015	11,656,388 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	5,683	7,388
Notes and accounts receivable - trade	11,503	11,180
Merchandise and finished goods	9,135	9,348
Work in process	103	142
Raw materials and supplies	685	619
Deferred tax assets	611	918
Other	1,246	1,508
Allowance for doubtful accounts	(3)	(4)
Total current assets	28,966	31,101
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,421	1,483
Machinery, equipment and vehicles, net	60	65
Land	671	671
Leased assets, net	979	1,147
Other, net	286	206
Total property, plant and equipment	3,420	3,573
Intangible assets		
Trademark right	11	19
Goodwill	77	28
Other	521	986
Total intangible assets	609	1,034
Investments and other assets		
Investment securities	15,545	17,776
Long-term loans receivable	60	54
Net defined benefit asset	615	48
Guarantee deposits	2,568	2,548
Claims provable in bankruptcy, claims provable in rehabilitation and other	177	178
Other	1,635	1,306
Allowance for doubtful accounts	(310)	(306)
Total investments and other assets	20,292	21,606
Total non-current assets	24,323	26,214
Total assets	53,289	57,315

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,400	6,251
Electronically recorded obligations - operating	–	7,140
Short-term loans payable	743	668
Current portion of bonds	–	300
Current portion of long-term loans payable	1,121	1,475
Lease obligations	457	503
Accounts payable - other	1,395	1,882
Income taxes payable	270	394
Accrued consumption taxes	737	409
Accrued expenses	773	816
Provision for bonuses	786	738
Provision for sales returns	634	654
Other	115	199
Total current liabilities	19,436	21,435
Non-current liabilities		
Bonds payable	300	–
Long-term loans payable	1,864	3,219
Lease obligations	802	923
Deferred tax liabilities	756	606
Net defined benefit liability	301	461
Asset retirement obligations	39	68
Other	684	985
Total non-current liabilities	4,748	6,265
Total liabilities	24,184	27,700
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	3,996	4,023
Retained earnings	17,937	20,713
Treasury shares	(1,352)	(1,333)
Total shareholders' equity	27,661	30,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	724	200
Deferred gains or losses on hedges	(3)	(16)
Foreign currency translation adjustment	2,098	1,239
Remeasurements of defined benefit plans	(1,455)	(2,325)
Total accumulated other comprehensive income	1,363	(901)
Non-controlling interests	80	34
Total net assets	29,105	29,614
Total liabilities and net assets	53,289	57,315

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	57,417	59,713
Cost of sales	33,225	33,305
Gross profit	24,191	26,408
Provision for sales returns	82	20
Gross profit - net	24,109	26,388
Selling, general and administrative expenses	21,695	23,258
Operating income	2,414	3,129
Non-operating income		
Interest income	40	39
Dividend income	49	54
Royalty income	4	2
Share of profit of entities accounted for using equity method	1,879	1,080
Other	94	94
Total non-operating income	2,069	1,270
Non-operating expenses		
Interest expenses	133	123
Loss on sales of notes receivable - trade	38	28
Loss on valuation of investments in capital of subsidiaries and associates	119	–
Other	102	69
Total non-operating expenses	393	220
Ordinary income	4,089	4,180
Extraordinary income		
Gain on sales of non-current assets	4	0
Gain on sales of investment securities	12	0
Gain on transfer of business	–	108
Gain on reversal of foreign currency translation adjustment	–	57
Total extraordinary income	16	167
Extraordinary losses		
Loss on disposal of non-current assets	3	7
Impairment loss	34	87
Loss on closing of stores	14	85
Loss on valuation of investment securities	–	135
Special retirement expenses	58	201
Other	2	1
Total extraordinary losses	113	519
Profit before income taxes	3,992	3,828
Income taxes - current	578	683
Income taxes - deferred	(56)	(250)
Total income taxes	521	432
Profit	3,471	3,395
Profit attributable to non-controlling interests	0	26
Profit attributable to owners of parent	3,471	3,369

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	3,471	3,395
Other comprehensive income		
Valuation difference on available-for-sale securities	387	(523)
Deferred gains or losses on hedges	(5)	(13)
Foreign currency translation adjustment	158	(128)
Remeasurements of defined benefit plans, net of tax	398	(866)
Share of other comprehensive income of entities accounted for using equity method	923	(733)
Total other comprehensive income	1,862	(2,265)
Comprehensive income	5,333	1,130
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,342	1,104
Comprehensive income attributable to non-controlling interests	(8)	26

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,079	3,753	14,271	(240)	24,865
Cumulative effects of changes in accounting policies			754		754
Restated balance	7,079	3,753	15,025	(240)	25,619
Changes of items during period					
Purchase of treasury shares				(1,157)	(1,157)
Disposal of treasury shares		242		44	287
Dividends of surplus			(471)		(471)
Profit attributable to owners of parent			3,471		3,471
Change of scope of consolidation			(87)		(87)
Other					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	242	2,911	(1,112)	2,041
Balance at end of current period	7,079	3,996	17,937	(1,352)	27,661

	Accumulated other comprehensive income					Non-controlling 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	335	2	959	(1,853)	(555)	67	24,376
Cumulative effects of changes in accounting policies							754
Restated balance	335	2	959	(1,853)	(555)	67	25,130
Changes of items during period							
Purchase of treasury shares							(1,157)
Disposal of treasury shares							287
Dividends of surplus							(471)
Profit attributable to owners of parent							3,471
Change of scope of consolidation							(87)
Other							-
Net changes of items other than shareholders' equity	388	(5)	1,138	397	1,919	13	1,932
Total changes of items during period	388	(5)	1,138	397	1,919	13	3,974
Balance at end of current period	724	(3)	2,098	(1,455)	1,363	80	29,105

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,079	3,996	17,937	(1,352)	27,661
Changes of items during period					
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		21		28	50
Dividends of surplus			(593)		(593)
Profit attributable to owners of parent			3,369		3,369
Change of scope of consolidation					–
Other		5			5
Net changes of items other than shareholders' equity					
Total changes of items during period	–	26	2,775	18	2,821
Balance at end of current period	7,079	4,023	20,713	(1,333)	30,482

	Accumulated other comprehensive income					Non-controlling 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	724	(3)	2,098	(1,455)	1,363	80	29,105
Changes of items during period							
Purchase of treasury shares							(10)
Disposal of treasury shares							50
Dividends of surplus							(593)
Profit attributable to owners of parent							3,369
Change of scope of consolidation							–
Other							5
Net changes of items other than shareholders' equity	(523)	(13)	(859)	(869)	(2,265)	(46)	(2,312)
Total changes of items during period	(523)	(13)	(859)	(869)	(2,265)	(46)	509
Balance at end of current period	200	(16)	1,239	(2,325)	(901)	34	29,614

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	3,992	3,828
Depreciation	1,026	1,152
Share of (profit) loss of entities accounted for using equity method	(1,879)	(1,080)
Amortization of goodwill	48	48
Decrease(increase)in net defined benefit asset	(416)	566
Increase (decrease) in net defined benefit liability	(47)	159
Impairment loss	34	87
Increase (decrease) in allowance for doubtful accounts	(10)	(3)
Interest and dividend income	(90)	(93)
Interest expenses	133	123
Loss (gain) on disposal of non-current assets	(0)	7
Decrease (increase) in notes and accounts receivable - trade	(165)	321
Decrease (increase) in inventories	542	(515)
Increase (decrease) in notes and accounts payable - trade	(1,272)	992
Increase (decrease) in accrued consumption taxes	484	(428)
Other, net	714	(515)
Subtotal	3,093	4,651
Interest and dividend income received	645	401
Interest expenses paid	(134)	(124)
Income taxes paid	(496)	(612)
Net cash provided by (used in) operating activities	3,108	4,315
Cash flows from investing activities		
Payments into time deposits	(347)	(530)
Proceeds from withdrawal of time deposits	300	688
Purchase of non-current assets	(566)	(746)
Proceeds from sales of non-current assets	28	0
Purchase of investment securities	(172)	(3,049)
Proceeds from sales of investment securities	21	3
Payments for guarantee deposits	(577)	(194)
Proceeds from transfer of business	-	915
Other, net	(150)	(73)
Net cash provided by (used in) investing activities	(1,463)	(2,987)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2	(75)
Proceeds from long-term loans payable	1,500	3,200
Repayments of long-term loans payable	(1,465)	(1,490)
Repayments of lease obligations	(501)	(637)
Purchase of treasury shares	(1,157)	(10)
Cash dividends paid	(471)	(593)
Other, net	40	(16)
Net cash provided by (used in) financing activities	(2,051)	376
Effect of exchange rate change on cash and cash equivalents	54	(12)
Net increase (decrease) in cash and cash equivalents	(352)	1,692
Cash and cash equivalents at beginning of period	4,576	4,308
Increase in cash and cash equivalents from newly consolidated subsidiary	84	-
Cash and cash equivalents at end of period	4,308	6,001