

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, 2016 (Based on Japanese GAAP)

November 8, 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 to file Quarterly Securities Report: November 14, 2016
 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, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2016	26,469	1.7	683	59.3	869	13.8	591	103.8
Six months ended September 30, 2015	26,039	4.8	429	37.7	764	4.6	290	(45.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	51.53		–	
Six months ended September 30, 2015	25.30		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	58,075	27,841	47.9
As of March 31, 2016	57,315	29,614	51.6

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, 2016	–	0.00	–	55.00	55.00
Year ending March 31, 2017	–	0.00	–	–	–
Year ending March 31, 2017 (Forecast)	–	–	–	55.00	55.00

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
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 six months ended September 30, 2016
(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: No
 - 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, 2016	11,912,043 shares	As of March 31, 2016	11,912,043 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2016	420,989 shares	As of March 31, 2016	425,398 shares
--------------------------	----------------	----------------------	----------------

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

Six months ended September 30, 2016	11,488,161 shares	Six months ended September 30, 2015	11,479,568 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	7,388	9,102
Notes and accounts receivable - trade	11,180	10,874
Merchandise and finished goods	9,348	11,280
Work in process	142	50
Raw materials and supplies	619	606
Other	2,426	2,306
Allowance for doubtful accounts	(4)	(6)
Total current assets	31,101	34,215
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,483	1,417
Land	671	671
Other, net	1,418	1,508
Total property, plant and equipment	3,573	3,598
Intangible assets		
Trademark right	19	26
Other	1,015	1,006
Total intangible assets	1,034	1,033
Investments and other assets		
Investment securities	17,776	16,128
Guarantee deposits	2,548	1,769
Other	1,587	1,634
Allowance for doubtful accounts	(306)	(303)
Total investments and other assets	21,606	19,228
Total non-current assets	26,214	23,860
Total assets	57,315	58,075

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,251	6,896
Electronically recorded obligations - operating	7,140	6,076
Short-term loans payable	668	4,868
Current portion of bonds	300	300
Current portion of long-term loans payable	1,475	1,331
Income taxes payable	394	284
Provision for bonuses	738	781
Provision for sales returns	654	327
Other	3,812	3,526
Total current liabilities	21,435	24,392
Non-current liabilities		
Long-term loans payable	3,219	2,765
Net defined benefit liability	461	296
Provision for stocks payment	139	205
Other	2,445	2,573
Total non-current liabilities	6,265	5,841
Total liabilities	27,700	30,234
Net assets		
Shareholders' equity		
Capital stock	7,079	7,079
Capital surplus	4,023	4,035
Retained earnings	20,713	20,621
Treasury shares	(1,333)	(1,325)
Total shareholders' equity	30,482	30,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	200	165
Deferred gains or losses on hedges	(16)	(8)
Foreign currency translation adjustment	1,239	(647)
Remeasurements of defined benefit plans	(2,325)	(2,103)
Total accumulated other comprehensive income	(901)	(2,594)
Non-controlling interests	34	24
Total net assets	29,614	27,841
Total liabilities and net assets	57,315	58,075

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, 2015	Six months ended September 30, 2016
Net sales	26,039	26,469
Cost of sales	14,642	14,441
Gross profit	11,396	12,028
Reversal of provision for sales returns	204	327
Gross profit - net	11,600	12,355
Selling, general and administrative expenses	11,171	11,671
Operating income	429	683
Non-operating income		
Interest income	8	6
Dividend income	36	37
Share of profit of entities accounted for using equity method	322	186
Other	65	47
Total non-operating income	432	277
Non-operating expenses		
Interest expenses	56	48
Other	40	43
Total non-operating expenses	97	91
Ordinary income	764	869
Extraordinary income		
Gain on sales of property, plant and equipment	0	1
Gain on sales of investment securities	0	–
Total extraordinary income	1	1
Extraordinary losses		
Loss on disposal of non-current assets	6	1
Loss on closing of stores	37	4
Loss on valuation of investment securities	0	1
Special retirement expenses	160	–
Other	1	2
Total extraordinary losses	205	10
Profit before income taxes	559	860
Income taxes - current	266	242
Income taxes - deferred	4	19
Total income taxes	271	262
Profit	287	598
Profit (loss) attributable to non-controlling interests	(3)	6
Profit attributable to owners of parent	290	591

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	287	598
Other comprehensive income		
Valuation difference on available-for-sale securities	40	(35)
Deferred gains or losses on hedges	(2)	8
Foreign currency translation adjustment	49	(253)
Remeasurements of defined benefit plans, net of tax	195	221
Share of other comprehensive income of entities accounted for using equity method	(59)	(1,659)
Total other comprehensive income	222	(1,718)
Comprehensive income	510	(1,120)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	513	(1,126)
Comprehensive income attributable to non-controlling interests	(3)	6

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	559	860
Depreciation	543	529
Decrease(increase)in net defined benefit asset	(274)	(138)
Increase (decrease) in net defined benefit liability	(6)	(165)
Amortization of goodwill	24	24
Increase (decrease) in allowance for doubtful accounts	2	(0)
Interest and dividend income	(44)	(43)
Interest expenses	56	48
Share of (profit) loss of entities accounted for using equity method	(322)	(186)
Loss (gain) on disposal of non-current assets	6	0
Decrease (increase) in notes and accounts receivable - trade	(97)	306
Decrease (increase) in inventories	(2,368)	(2,023)
Increase (decrease) in notes and accounts payable - trade	1,465	(420)
Increase (decrease) in accrued consumption taxes	(674)	(278)
Other, net	225	406
Subtotal	(905)	(1,080)
Interest and dividend income received	44	43
Interest expenses paid	(65)	(50)
Income taxes paid	(270)	(474)
Net cash provided by (used in) operating activities	(1,196)	(1,561)
Cash flows from investing activities		
Payments into time deposits	(291)	(234)
Proceeds from withdrawal of time deposits	40	310
Purchase of property, plant and equipment and intangible assets	(464)	(197)
Purchase of investment securities	(3,037)	(13)
Proceeds from sales of investment securities	2	14
Payments for guarantee deposits	(52)	(31)
Proceeds from collection of guarantee deposits	79	821
Proceeds from transfer of business	–	206
Other, net	(85)	(34)
Net cash provided by (used in) investing activities	(3,808)	842
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,050	4,200
Proceeds from long-term loans payable	3,200	150
Repayments of long-term loans payable	(674)	(748)
Repayments of lease obligations	(268)	(390)
Purchase of treasury shares	(7)	(6)
Cash dividends paid	(593)	(653)
Other, net	19	11
Net cash provided by (used in) financing activities	5,725	2,562
Effect of exchange rate change on cash and cash equivalents	18	(42)
Net increase (decrease) in cash and cash equivalents	738	1,801
Cash and cash equivalents at beginning of period	4,308	6,001
Increase in cash and cash equivalents from newly consolidated subsidiary	–	65
Cash and cash equivalents at end of period	5,046	7,868