



Summary of Financial Statements for the Fiscal Year Ended March 31, 2018
[Japan GAAP] (Consolidated)

May 14, 2018

Name of the Company: DESCENTE LTD.

Listed Exchange: Tokyo

Code No.: 8114

URL: <http://www.descente.co.jp>

Representative: Masatoshi Ishimoto, President

Date of the Ordinary General Meeting of Shareholders: June 21, 2018

Date of Dividend Payments: June 22, 2018

Date of Submission of Securities Report: June 21, 2018

Supplementary Financial Statements: Yes

Financial Results Briefing: Yes (for institutional investors)

(Note: Amounts less than one million yen are rounded down)

1. Consolidated Results for Fiscal Year 2017 (April 1, 2017 - March 31, 2018)**(1) Consolidated operating results**

(Percentage indicates the changes compared with the corresponding period in the previous fiscal year)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
FY ended March 31, 2018	141,124	7.3	9,596	14.0	9,698	12.4	5,771	2.1
FY ended March 31, 2017	131,543	(3.1)	8,418	(18.9)	8,631	(21.9)	5,650	(28.2)

(Note) Comprehensive income: FY ended March 31, 2018: ¥9,576million (286.7%), FY ended March 31, 2017: ¥2,476million (-55.8%)

	Net income per share	Diluted net income per share	Return on equity	Return on asset	Operating income ratio
	Yen	Yen	%	%	%
FY ended March 31, 2018	76.59	-	7.7	8.6	6.8
FY ended March 31, 2017	75.00	-	8.0	8.0	6.4

(reference) Equity capital in earnings of affiliates: FY ended March 31, 2018: ¥82million, FY ended March 31, 2017: ¥2million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen in millions	Yen in millions	%	yen
FY ended March 31, 2018	117,828	78,875	66.9	1,046.47
FY ended March 31, 2017	106,976	70,944	66.3	941.68

(reference) Equity: FY ended March 31, 2018: ¥78,875million FY ended March 31, 2017: ¥70,944million

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Yen in millions	Yen in millions	Yen in millions	Yen in millions
FY ended March 31, 2018	12,523	(6,361)	(1,560)	27,369
FY ended March 31, 2017	5,520	(6,165)	(1,643)	21,907

2. Dividends

	Annual cash dividend per share					Total dividend amount (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	End of year	Annual			
	Yen	Yen	Yen	Yen	Yen	Yen in millions	%	%
FY ended March 31, 2017	-	0.00	-	23.00	23.00	1,732	30.7	2.5
FY ended March 31, 2018	-	0.00	-	23.00	23.00	1,733	30.0	2.3
FY ended March 31, 2018 (Forecast)	-	0.00	-	26.00	26.00		30.1	

3. Consolidated earnings forecast for the fiscal year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

(The full-year percentages indicate the changes compared with the previous year;
the quarterly percentages indicate the changes compared with the corresponding period in the previous year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
Fiscal first half	70,000	6.1	3,100	(8.8)	3,300	(5.8)	2,200	(9.9)	29.19
Full-year	148,000	4.9	9,600	0.0	10,000	3.1	6,500	12.6	86.24

*Notes

(1) Changes in significant subsidiaries during the fiscal year (Changes in specified subsidiaries resulting in changes in the scope of consolidation): Yes

New 1company (company name)DESCENTE ATHLETIC AMERICAS INC.

(2) Changes in accounting policies, accounting estimates, and restatement

1. Changes in accounting policies associated with revision of accounting standards: None
2. Changes in accounting policy other than 1: None
3. Changing in accounting estimates: None
4. Restatement: None

(3) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding at the end of fiscal year (including treasury stock):

FY ended March 31, 2018	76,924,176	FY ended March 31, 2017	76,924,176
FY ended March 31, 2018	1,551,380	FY ended March 31, 2017	1,586,804
FY ended March 31, 2018	75,362,012	FY ended March 31, 2017	75,337,425

2. Number of treasury stock at fiscal end:

3. Average number of shares during the term:

(Reference) Summary of non-consolidated financial performance

1. Non-consolidated financial performance for the fiscal year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(1) Operating results (Percentage indicates the changes compared with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
FY ended March 31, 2018	11,046	(80.7)	2,299	(1.2)	4,143	4.0	1,062	(64.7)
FY ended March 31, 2017	57,310	0.1	2,327	29.8	3,982	5.7	3,009	0.7
	Net income per share		Diluted net income per share					
	Yen		Yen					
FY ended March 31, 2018	14.10		-					
FY ended March 31, 2017	39.95		-					

(2) Financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Yen in millions		Yen in millions		%	Yen		
FY ended March 31, 2018	28,312		16,392		57.9	217.49		
FY ended March 31, 2017	63,256		44,025		69.6	584.38		

(Reference)Equity capital: FY ended March 31, 2018: ¥16,392 million; FY ended March 31, 2017: ¥44,025 million

Note: As a result of split-off of the company, DESCENTE JAPAN Ltd. as a wholly-owned subsidiary of Descente Ltd. has inherited businesses in Japan since April 1, 2017., Sales and total assets fluctuated significantly compared to the previous fiscal year.

Note: Summary of financial statement is not subject to auditing procedures by independent auditors or auditing firms.

Note: Explanation of appropriate use of business performance forecasts and other special items

(Notes on future descriptions)

The earnings forecasts in this document are based on the current information and certain assumptions that are considered reasonable, and actual results may vary greatly depending on various factors. Prerequisites for earnings forecast or notes for using it, please refer to "1. Overview of Operating Results" on page 2.

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1. Overview of Consolidated Operating Results

(1) Overview of Consolidated Operating Results for FY ended March 31, 2018

Net sales for FY ended March 31, 2018 was ¥141,124million (+7.3% YOY), operating income was ¥9,596million (+14.0% YOY), ordinary income was ¥9,698million (+12.4% YOY), and profit attributable to owners of parent was ¥5,771million (+2.1% YOY).

Operating Result Overview (Sales by Segment)

Segment	Net Sales (Yen in millions) (year on year)	Segment Income or Loss (Yen in millions) (year on year)
Japan	58,673 (102.2%)	3,433 (139.6%)
Asia	78,832 (111.7%)	6,732 (105.6%)
Europe/Americas	3,618 (100.2%)	(581) (Previous year: (485 million))
Adjustments	-	11 (Previous year: 70 million)
Total	141,124 (107.3%)	9,596 (114.0%)

(Japan)

Although "DESCENTE" and "le coq sportif" were strong in the athletic category, "umbro" struggled. In the golf category, "le coq sportif" performed steadily, but "Munsingwear" had a difficult time. In the outdoors category, the business structure reforms have been progressed, and winter category made a good result. As a whole, net sales exceeded the previous year's, and in terms of profit and loss, we improved the sales price ratio and decreased SG&A.

(Asia)

In Korea, "Descente" was strong. In China, "arena" performed well, but "Munsingwear" had struggled. In Hong Kong, "Descente" remained strong, but other brands had a tough time. In Singapore, "le coq sportif" and "Munsingwear" were good. Overall, both sales and income exceeded the previous year.

(Europe and Americas)

Sales steadily grew, but losses increased due to increasing of SG&A.

Net Sales by Item (Sales by Item)

Item	Amount (Yen in millions)	Composition Ratio (%)	Year on year (%)
Athletic wear and related products	89,161	63.2	106.5
Golf wear and related products	37,088	26.3	104.8
Outdoor wear and related products	14,874	10.5	119.6
Total	141,124	100.0	107.3

(Note) The above amounts do not include consumption tax.

(Athletic Wear and Related Products)

In the athletic category, "Descente" renewed the brand tag line to implement globally consistent branding. The new tagline is "Design that moves". We put our thought which makes customers excited and motivated to take the next step in "Design that moves". We have started to develop global communication with this keyword. In addition, in relation to the advisory contracts for sports goods such as training wear, underwear and compression wear with Shohei Ohtani, we updated the contract including the use of portrait rights worldwide and the right to sell replica products in 2018 season. Since becoming a professional player in 2013, we have continued to support Ohtani who continues to play active roles as pitchers and hitters "two-way star", and we are aiming to grow as a brand supported by customers around the world promoting more actively and globally with Ohtani. We also started sponsoring the "JAL Honolulu Marathon" from 2017. The Honolulu Marathon was a historic road race that held the 45th event in 2017, and since its first meeting in 1973, many runners have participated. We support this event through the provision of T-shirts to the finished runners. We will further expand our business in the running category. In China, the Company "DESCENTE (China) Co., Ltd.", an affiliated company accounted for under the equity method, has expanded its business by opening directly managed Descente stores (total of 64 stores at the end of December, 2017).

"le coq sportif", is steadily expanding business to open directly managed stores as planned in China. In Japan, we offer a wide range of styles, such as sports mixed style in town as well as during sports, through the sale of collaboration products with the model and talent Maggie who has contracted with us. In addition, we promote promotional activities in stores, magazines, websites, SNS, etc., and we are expanding our business by disseminating new attractiveness of "le coq sportif". In Korea, long-down jackets enjoyed strong sales, contributing to improved performance.

As for "arena", we renewed the advisory contract for the five years since April 2017 with Daiya Seto (Affiliated: ANA / JSS Moroyama). He won bronze medal in the 200 meters butterfly and 400 meters individual medley in the 2017 World Swimming Championships in Budapest, Hungary and contributed to brand value improvement. In China, the equity method affiliate "Arena (Shanghai) Industrial Co., Ltd." That has been opening up directly managed stores, are expanding business especially by strengthening online business.

As for "Inov8", through joint development with the University of Manchester, we succeeded in commercializing the world's first running and fitness shoes using "graphene", which have been the world's thinnest and most powerful materials for the Nobel Prize in Physics, and we will release them as "G-Series" in 2018. Graphene is the thinnest material on earth, with the strength of 200 times the strength of iron, and new shoes that use the same material for outsole are revolutionary products that combine high flexibility, adhesive strength and grip strength with conflicting wear resistance.

(Golf wear and related products)

In the golf category, we conducted "I Love Golf" campaign jointly the six brands "Munsingwear", "le coq sportif" "CUTTER & BUCK" "LANVIN SPORT" "DESCENTE" "SRIXON". As a content, we held a prize that winners would win goods of the 6 brands of Descente. In addition to the tournament sponsors, we aim to expand and acquire golf fans through such campaigns.

"Munsingwear" opened a global flagship store in Ginza, Tokyo in April 2018. In addition to golf wear, we newly developed products for everyday scenes, and we propose a high-quality club house style for people who love golf.

In "le coq sportif", a contract player, Ai Suzuki, became the No.1 on the money list for the first time. Also, a contract player of Ha-Neul Kim, who competed for No.1 on the money list of Ai Suzuki and the prize winner, won three times this season.

As another topic, the Group reorganized its Group organization and established a new system in April 2017, which split the Japan business into DESCENTE Japan Ltd. and set DESCENTE Ltd. as the global headquarters. As one of important key strategies, we have set up an improvement in our "Craftmanship" and "Capability to create stores". As "Craftmanship", we are proceeding construction of the R & D Center for apparel in Ibaraki City, Osaka, and the R & D Center for shoes in Busan, South Korea, which scheduled to operate in the summer of 2018. Both R & D centers set a common concept, and in parallel, develop a high dimensional functionality to bring out the performance of users in various competition scenes, and to establish quality standards for stable realization. At the International Comprehensive Trade Fair "ISPO Munich 2018" of sporting goods held in Germany in January 2018, a DESCENTE brand product of athletic category, "Fusion Knit Parahem Jacket Click", was awarded the ISPO Award Gold Winner. At the 7th ISPO Awards for this time, "DESCENTE" have gotten the ISPO Award Gold Winner for 6 products and the ISPO Award Winner for 8 products in total since 2013. We will continue to strive for further improvement "Craftmanship". As part of "Capability to create stores", we have held "SC Roll Playing Competition" since 2009. This time, under the theme of "Customer service connected to customers: Service that we know Customers and let Customers remember me by", 42 sales coordinators who worked in directly managed 6 stores, department stores and specialty stores participated in the competition. We will continue to strive to improve "Capability to create stores" by training and commendation to improve the ability of sales coordinators. In August 2017, we opened a "DESCENTE" flagship store in Hong Kong. We are working to improve "Capability to create stores" in both sides, opening-directly managed stores and improvement of sales coordinator's ability.

(2) Overview of Consolidated Financial Position for FY ended March 31, 2018

(Analysis of the status of assets, liabilities, and net assets)

As of FY ended March 31, 2018, total assets increased ¥10,852 million from the previous fiscal year to ¥117,828 million.

Current assets increased ¥7,068 million to ¥80,463 million, due mainly to an increase in cash and deposits of ¥5,148 million.

Non-current assets increased ¥3,784 million to ¥37,365 million, due mainly to an increase of ¥4,423 million in property, plant and equipment and a decrease in intangible assets of ¥1,546 million due to goodwill impairment losses.

Total liabilities increased ¥2,920 million to ¥38,953 million, due mainly to an increase in notes and accounts payable of ¥903 million, an increase in short-term loan payable of ¥521 million, an increase in loan guarantees of ¥413 million, and an increase in deferred tax liabilities of ¥451 million.

Net assets increased ¥7,931 million to ¥78,875 million, due mainly to an increase in retained earnings of ¥4,072 million and an increase in foreign currency translation adjustments of ¥3,699 million.

As a result, the equity ratio increased 0.6% to 66.9%.

(3) Overview of Consolidated Cash Flow for FY ended March 31, 2018

(Analysis of Cash Flow Status)

The balance of cash and cash equivalents as of FY ended March 31, 2018 was ¥27,369 million, up ¥5,461 million from the previous fiscal year.

Cash flows from operating activities remained at net cash-inflow of ¥12,523 million (net cash-inflow of ¥5,520 million in the previous fiscal year). This was mainly due to income tax payment of ¥2,217 million, but there are also increasing factor of posting income before income taxes of ¥8,606 million and depreciation of ¥3,181 million, and impairment loss of ¥1,246 million.

Cash flows from investing activities remained at net cash-outflow of ¥6,361 million (net cash-outflow of ¥6,165 million in the previous fiscal year). This was mainly due to the ¥6,344 million expenditures for acquisition of property, plant and equipment, and ¥462 million expenditures from acquisition of intangible assets.

Cash flows from financing activities remained at net cash-outflow of ¥1,560 million (net cash-outflow of ¥1,643 million in the previous fiscal year). This is mainly due to the payment of dividends of ¥1,732 million.

(Reference) Translation in Cash Flow Related Indicators

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Equity Ratio (%)	67.2	68.4	64.8	66.3	66.9
Equity Ratio based on Market Value (%)	73.0	117.8	116.1	93.0	107.4
Cash Flow/Liabilities with Interest Ratio (Years)	0.7	0.3	0.6	1.0	0.5
Interest Coverage Ratio (Times)	685.3	593.9	136.3	55.7	135.8

(Notes) Equity Ratio = Tangible net worth/Total Assets

Equity Ratio based on Market Value = Market Capitalization/Total Assets

Cash Flow/Liabilities with Interest Ratio = Liabilities with Interest/Operating Cash Flow

Interest Coverage Ratio = Operating Cash Flow/Interest Payments

1. Each indicator is calculated based on consolidated financial figures.
2. Market capitalization is calculated based on closing share prices at year-end multiple shares issued and outstanding at year-end excluding treasury shares.
3. Operating cash flows refers to cash flows from operating activities of the consolidated cash flow statements.
4. Liabilities with Interest includes all liabilities on which we pay interest shown on the consolidated balance sheet. Interest payments refers to payments of interest paid on the consolidated cash flow statement.

(4) Consolidated Performance Forecast for the FY ending March 31, 2019

DESCENTE Group reorganized its group organization and set DESCENTE Ltd. as the global headquarters and divided the businesses in Japan. DESCENTE Japan Ltd. has been established and it has been inherited businesses in Japan in April, 2017. The global headquarters will promote business expansion of the group. We set a vision that business expansion in Asian markets and growth into a global sports company by offering multiple lifestyle enhancing, premium value-added brands in our medium management plan "VISION 2020".

For the FY ending March 31, 2019, consolidated forecasts are net sales of ¥148,000 million, operating income of ¥9.6 billion, ordinary income of ¥10 billion, and net income of ¥6.5 billion.

2. Basic Approach to the Selection of Accounting Standards

Over the near term, the Group will prepare its consolidated financial statements based on Japanese GAAP. Regarding the application of International Financial Reporting Standards (IFRS), we plan to appropriately respond to the situation in Japan and abroad.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Yen in millions)

	FY2016 (March 31, 2017)	FY2017 (March 31, 2018)
Assets		
Current assets		
Cash and deposits	22,806	27,954
Notes and accounts receivable - trade	20,484	21,852
Merchandise and finished goods	24,069	24,933
Work in process	130	140
Raw materials and supplies	1,056	885
Deferred tax assets	2,319	2,395
Other	2,584	2,391
Allowance for doubtful accounts	(55)	(90)
Total current assets	73,395	80,463
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,103	7,375
Land	7,177	8,206
Construction in progress	793	2,837
Other, net	2,657	3,737
Total property, plant and equipment	17,732	22,156
Intangible assets		
Goodwill	2,294	905
Other	4,330	4,172
Total intangible assets	6,624	5,078
Investments and other assets		
Investments in securities	3,833	3,562
Deferred tax assets	146	192
Other	5,348	6,477
Allowance for doubtful accounts	(105)	(102)
Total investments and other assets	9,223	10,130
Total non-current assets	33,580	37,365
Total assets	106,976	117,828

(Yen in millions)

	FY2016 (March 31, 2017)	FY2017 (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	16,801	17,705
Short-term loans payable	-	521
Current portion of long-term loans payable	366	359
Accounts payable - other	4,357	4,503
Income taxes payable	1,035	1,269
Provision for bonuses	893	901
Provision for sales returns	955	849
Other	2,564	3,006
Total current liabilities	26,975	29,118
Non-current liabilities		
Long-term loans payable	4,658	4,659
Provision for loss on guarantees	-	413
Net defined benefit liability	1,043	995
Deferred tax liabilities	2,482	2,934
Other	871	832
Total non-current liabilities	9,057	9,834
Total liabilities	36,032	38,953
Net assets		
Shareholders' equity		
Capital stock	3,846	3,846
Capital surplus	25,184	25,223
Retained earnings	41,348	45,421
Treasury shares	(672)	(658)
Total shareholders' equity	69,706	73,832
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	895	822
Deferred gains or losses on hedges	(26)	13
Foreign currency translation adjustment	602	4,301
Remeasurements of defined benefit plans	(232)	(95)
Total accumulated other comprehensive income	1,237	5,042
Total net assets	70,944	78,875
Total liabilities and net assets	106,976	117,828

(2) Consolidated Statements of Income and Consolidated Statement Comprehensive Income

Consolidated Statements of Income

(Yen in millions)

	FY2016 (April 1, 2016 – March 31, 2017)	FY2017 (April 1, 2017 – March 31, 2018)
Net Sales	131,543	141,124
Cost of sales	58,316	62,803
Gross profit	73,226	78,321
Reversal of provision for sales returns	204	100
Gross profit - net	73,431	78,421
Selling, general and administrative expenses	65,013	68,825
Operating profit	8,418	9,596
Non-operating income		
Interest income	206	231
Dividend income	86	68
Share of profit of entities accounted for using equity method	2	82
Compensation income	120	62
Other	133	97
Total non-operating income	549	542
Non-operating expenses		
Interest expense	99	92
Loss on retirement of non-current assets	107	68
Foreign exchange losses	54	254
Other	74	23
Total non-operating expenses	335	439
Ordinary profit	8,631	9,698
Extraordinary income		
Gain on sales of investment securities	-	396
Compensation income for damage	-	170
Total extraordinary income	-	566
Extraordinary loss		
Impairment loss	-	1,246
Provision for loss on guarantees	-	413
System failure correspondence cost	98	-
Total extraordinary losses	98	1,659
Profit before income taxes	8,533	8,606
Income taxes - current	2,500	2,469
Income taxes - deferred	382	364
Total income taxes	2,882	2,834
Profit	5,650	5,771
Profit attributable to owners of parent	5,650	5,771

Consolidated Statements of Comprehensive Income

(Yen in millions)

	FY2016 (April 1, 2016 – March 31, 2017)	FY2017 (April 1, 2017 – March 31, 2018)
Profit	5,650	5,771
Other comprehensive income		
Valuation difference on available-for-sale securities	151	(72)
Deferred gains or losses on hedges	(40)	40
Foreign currency translation adjustment	(3,326)	3,523
Remeasurements of defined benefit plans, net of tax	113	137
Share of other comprehensive income of entities accounted for using equity method	(72)	176
Total other comprehensive income	(3,174)	3,804
Comprehensive income	2,476	9,576
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,476	9,576

(3) Consolidated Statements of Changes in Net Assets

FY 2016 (April 1, 2016 - March 31, 2017)

(Yen in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	3,846	25,184	36,978	(672)	65,336
Changes of items during period					
Dividends of surplus			(1,280)		(1,280)
Profit attributable to owners of parent			5,650		5,650
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					-
Effect of change in closing dates of consolidated					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	4,369	(0)	4,369
Balance at end of current period	3,846	25,184	41,348	(672)	69,706

	Accumulated other comprehensive income					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 the beginning of current period	744	13	4,001	(346)	4,411	69,748
Changes of items during period						
Dividends of surplus						(1,280)
Profit attributable to owners of parent						5,650
Purchase of treasury shares						(0)
Disposal of treasury shares						-
Effect of change in closing dates of consolidated						-
Net changes of items other than shareholders' equity	151	(40)	(3,398)	113	(3,174)	(3,174)
Total changes of items during period	151	(40)	(3,398)	113	(3,174)	1,195
Balance at end of current period	895	(26)	602	(232)	1,237	70,944

FY2017 (April 1, 2017 - March 31, 2018)

(Yen in millions)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	3,846	25,184	41,348	(672)	69,706
Changes of items during period					
Dividends of surplus			(1,732)		(1,732)
Profit attributable to owners of parent			5,771		5,771
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		39		15	54
Effect of change in closing dates of consolidated			34		34
Net changes of items other than shareholders' equity					
Total changes of items during period	-	39	4,072	14	4,126
Balance at end of current period	3,846	25,223	45,421	(658)	73,832

	Accumulated other comprehensive income					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 the beginning of current period	895	(26)	602	(232)	1,237	70,944
Changes of items during period						
Dividends of surplus						(1,732)
Profit attributable to owners of parent						5,771
Purchase of treasury shares						(0)
Disposal of treasury shares						54
Effect of change in closing dates of consolidated						34
Net changes of items other than shareholders' equity	(72)	40	3,699	137	3,804	3,804
Total changes of items during period	(72)	40	3,699	137	3,804	7,931
Balance at end of current period	822	13	4,301	(95)	5,042	78,875

(4) Consolidated Statements of Cash Flow

(Yen in millions)

	FY2016 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2017 - March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	8,533	8,606
Depreciation	2,707	3,181
Amortization of goodwill	277	274
Impairment loss	-	1,246
Loss (gain) on sales of investment securities	-	(396)
Increase (decrease) in allowance for doubtful accounts	(4)	19
Increase (decrease) in provision for bonuses	30	8
Increase (decrease) in provision for sales returns	(204)	(100)
Increase (decrease) in provision for loss on guarantees	-	413
Increase (decrease) in net defined benefit liability	(225)	(84)
Interest and dividend income	(293)	(299)
Interest expenses	99	92
Decrease (increase) in notes and accounts receivable-trade	(142)	(808)
Decrease (increase) in inventories	(2,666)	917
Increase (decrease) in notes and accounts payable-trade	185	295
Other	478	1,169
Subtotal	8,775	14,533
Interest and dividend income received	293	299
Interest expenses paid	(99)	(92)
Income taxes paid	(3,448)	(2,217)
Net cash provided by (used in) operating	5,520	12,523
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	911	1,325
Payments into time deposits	(993)	(992)
Purchase of property, plant and equipment	(4,116)	(6,344)
Purchase of intangible assets	(438)	(462)
Purchase of investment securities	(10)	(9)
Proceeds from sales of investment securities	-	660
Payments for investments in capital of subsidiaries and associates	(1,295)	-
Other	(222)	(537)
Net cash provided by (used in) investing activities	(6,165)	(6,361)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-	529
Proceeds from long-term loans payable	58	166
Repayment of long-term loans payable	(357)	(463)
Cash dividends paid	(1,280)	(1,732)
Purchase of treasury shares	(0)	(0)
Other	(63)	(59)
Net cash provided by (used in) financing activities	(1,643)	(1,560)
Effect of exchange rate change on cash and cash equivalents	(933)	1,032
Net increase (decrease) in cash and cash equivalents	(3,221)	5,633
Cash and cash equivalents at beginning of period	25,129	21,907
Net increase (decrease) in cash and cash equivalents to changes in accounting period of consolidated subsidiaries	-	(172)
Cash and cash equivalents at end of period	21,907	27,369

(5) Notes on Consolidated Financial Statements

(Going Concern Assumptions)

None

(Segment Information)

1. General Information about Reportable Segments

A reportable segment is a component of the group of which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess its performance.

The Group manufactures and sells sportswear and its related products, and has established comprehensive strategies for each brand in each region based on the group company's location (Japan, Asia and Europe/Americas) and conducts business activities.

Therefore, the group consists of regional segment of the group company's location based on the headquarters and its consolidated subsidiaries, with three reporting segments: "Japan", "Asia", and "Europe/Americas".

2. Calculation Method for Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

The accounting method for the Group's reportable business segments is generally the same as those described in the recent annual report (submitted: June 22, 2017) "Basis for Preparation of Consolidated Financial Statements".

3. Information about Net Sales, Profit (Loss), Assets, Liabilities and Other Items by Reportable Segment

FY2016 (April 1, 2016 - March 31, 2017)

(Yen in millions)

	Reportable Segments				Adjustment (Note 1)	Amount of Shown on Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe/Americas	Total		
Net Sales						
Sales to External Customers	57,382	70,551	3,609	131,543	-	131,543
Intersegment Sales or Transfers	4,356	300	116	4,773	(4,773)	-
Total	61,738	70,851	3,726	136,317	(4,773)	131,543
Segment Income (Loss)	2,459	6,372	(485)	8,347	70	8,418
Segment Assets	64,989	43,683	4,056	112,729	(5,752)	106,976
Other Items						
Depreciation	874	1,586	245	2,706	-	2,706
Amortization of Goodwill	-	-	277	277	-	277
Investments in equity-method affiliates	707	1,049	-	1,757	-	1,757
Increase in property, plant and equipment and intangible assets	2,422	2,379	122	4,924	-	4,924

(Note 1) 1. Segment income (loss) adjustment of ¥70 million includes intersegment transaction eliminations of ¥36 million and inventory adjustment of ¥34 million.

2. The segment assets adjustment of ¥(5,752) million includes intersegment transactions eliminations of ¥(5,648) million and inventory adjustment of ¥(104) million.

(Note 2) Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

FY2017 (April 1, 2017 - March 31, 2018)

(Yen in millions)

	Reportable Segments				Adjustment (Note 1)	Amount of Shown on Consolidated Financial Statements (Note 2)
	Japan	Asia	Europe/Americas	Total		
Net Sales						
Sales to External Customers	58,673	78,832	3,618	141,124	-	141,124
Intersegment Sales or Transfers	5,012	434	145	5,592	(5,592)	-
Total	63,685	79,267	3,764	146,717	(5,592)	141,124
Segment Income (Loss)	3,433	6,732	(581)	9,584	11	9,596
Segment Assets	70,271	50,985	3,197	124,454	(6,625)	117,828
Other Items						
Depreciation and Amortization	941	1,996	243	3,181	-	3,181
Amortization of Goodwill	-	-	274	274	-	274
Investments in equity-method affiliates	1,105	1,186	-	2,292	-	2,292
Increase in property, plant and equipment and intangible assets	2,230	4,361	71	6,663	-	6,663

(Note 1) 1. Segment income (loss) adjustment of ¥11 million includes intersegment transaction eliminations of ¥28 million and inventory adjustment of ¥(16) million.

2. Segment assets adjustment of ¥(6,625) million includes intersegment transaction eliminations of ¥(6,505) million and inventory adjustment of ¥(120) million.

(Note 2) Segment income (loss) is adjusted for operating income reported in the consolidated statements of income.

(Information per Share)

Net assets per share, net income per share and basis of calculation for them are as follows.

	FY2016 ended March 31, 2017	FY2017 ended March 31, 2018
(1) Net assets per share	¥941.68	¥1,046.47
(Basis of calculation)		
Total net assets (Yen in millions)	70,944	78,875
Amount deducted from total net assets (Yen in millions)	-	-
Year-end net assets associated with common stock (Yen in millions)	70,944	78,875
Year-end number of shares of common stock used in the calculation of net assets per share (1000 shares)	75,337	75,372

	FY2017 (April 1, 2016 - March 31, 2017)	FY 2018 (April 1, 2017 - March 31, 2018)
(2) Net income per share	¥75.00	¥76.59
(Basis of calculation)		
Profit attributable to owners of parent (Yen in millions)	5,650	5,771
Amount not attributable to shareholders of common stock (Yen in millions)	-	-
Profit attributable to owners of parent associated with common stock (Yen in millions)	5,650	5,771
Weighted average number of shares of common stock during the fiscal year (1000 shares)	75,337	75,362

(Note) Net income per share after adjustment of dilutive shares is not disclosed because there are no dilutive shares.

(Subsequent Event)

None

4. Other

Overseas sales

FY2016 (April 1, 2016 - March 31, 2017)

(Yen in millions)

	Asia	North America	Europe and other regions	Total
(1) Overseas Net Sales	72,699	1,895	2,549	77,144
(2) Consolidated Net Sales				131,543
(3) Percentage of overseas net sales in consolidated net sales	55.3%	1.4%	1.9%	58.7%

(Note) Net sales are based on the customer's location and classified into countries or regions.

FY2017 (April 1, 2017 - March 31, 2018)

(Yen in millions)

	Asia	North America	Europe and other regions	Total
(1) Overseas Net Sales	80,754	1,903	2,709	85,367
(2) Consolidated Net Sales				141,124
(3) Percentage of overseas net sales in consolidated net sales	57.2%	1.3%	1.9%	60.5%

(Note) Net sales are based on the customer's location and classified into countries or regions.