Summary of Consolidated Financial Results for the Second Quarter of FY 2017
(For the six months ended June 30, 2017)
(IFRS)

August 7, 2017

Stock Exchange Listing: Tokyo Stock Exchange

Company name: DUNLOP SPORTS CO. LTD.

Stock Code: 7825 URL http://www.dunlopsports.co.jp/en/

Representative: Kazuo Kinameri, President and Representative Director

Contact: Seiichi Izawa, General Manager, Corporate Management Department, Tel. +81-78-265-3200

Scheduled date to file quarterly report: August 9, 2017

Scheduled starting date of dividend payments: September 4, 2017

Quarterly earnings supplementary information material: Yes

Quarterly earnings explanatory meeting: Yes (for analysts)

(Millions of yen with fractional amounts discarded)

1. Consolidated Second Quarter Financial Results (from January 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
Second Quarter,	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31 2017	36,160	-0.7	2,400	3.8	2,476	105.9	1,774	181.2	1,288	278.1	1,727	-
December 31 2016	36,429	-	2,312	-	1,202	-	631	-	340	-	-1,186	-

	Basic profit per share	Diluted profit per share
Second Quarter,	Yen	Yen
December 31 2017	44.43	-
December 31 2016	11.75	-

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
Second Quarter, December 31 2017	57,612	35,703	34,033	59.1
December 31 2016	55,600	34,922	33,676	60.6

2. Cash Dividends

	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
December 31 2016	-	10.00	-	30.00	40.00
December 31 2017	-	10.00			
December 31 2017 (forecast)	-		-	30.00	40.00

Note: Modification in the dividend projection from the latest announcement: Yes

3. Forecast for Consolidated Results for FY 2017 (from January 1, 2017 to December 31, 2017)

(% indicates percentage change from the previous year for the full year and from the same period of the previous year for the quarter)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	76,500	4.4	3,500	-12.8	2,200	17.2	75.86

Note: Modification in the dividend projection from the latest announcement: None

***Notes**

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in the scope of consolidation): None

(2) Changes in accounting principles and changes in accounting estimates
(i) Changes in accounting principles required by IFRS: None
(ii) Changes in accounting principles other than (i): None
(iii) Changes in accounting estimates: None

(3) Number of outstanding shares (common shares)
(i) Number of shares outstanding at the end of the period (including treasury stocks)
As of Second Quarter December, 2017 29,000,000 shares
As of December, 2016 29,000,000 shares
(ii) Number of share of treasury stocks as of the end of the period
As of Second Quarter December, 2017 183 shares
As of December, 2016 183 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)
For Second Quarter December, 2017 28,999,817 shares
For Second Quarter December, 2016 28,999,817 shares

* These financial statements are not subject to audit procedures under the Financial Instruments and Exchange Act of Japan.

* Explanations concerning the appropriate use of the earnings forecasts and other special notes

The statements in this document with respect to earnings forecasts are based on information currently available to the Company. Actual results may differ from the stated forecasts. Please see 1-(3) for matters concerning our earnings forecast.

1. Qualitative information on earnings for the quarter

(1) Outline of consolidated earnings report

The global economy during this consolidated cumulative second quarter (January 1 to June 30, 2017) saw continued economic recovery in the United States and a gradual recovery in Europe as well. Also in the Asia region, China and Thailand are showing signs of improvement, and the global economy as a whole remained on a gradual recovery trend.

As for the Japanese economy, although some components are lagging behind, personal consumption and capital spending are showing signs of improvement, and a gradual recovery trend remains to be in place.

The environment surrounding our company group remains to be difficult despite this recovery trend in the overall economy. The market shrank from the same period a year ago in the respective regions, as sales of new golf club products did not grow in the United States, as consumer sentiment deteriorated in Europe after the U.K. decided to leave the E.U., as consumption continued to fall in China in light of the national government’s regulations against golf, and as merchandise prices rose in Southeast Asia due to the depreciation of Asian currencies.

In Japan, attendance at golf courses grew slightly from the previous year levels. The golf equipment market fell year-over-year despite new golf ball and golf club products being introduced. Moreover, the Japanese tennis equipment market shrank from the same period a year ago without any new major product launch.

Under such a business environment, our company group got off to a good start in the Japanese market with the introduction of the Srixon Z-STAR series golf balls, which offer great carry, spin control, and a good feel, as well as the XXIO Super Soft X golf balls, which brings the player, not only the great pleasure of a long carry, but also the sensation of a soft feel with the softest core ever among all XXIO golf balls. However, because of heightened competition with rival products and the market situation, golf club sales did not grow, and as a result, overall golf equipment revenue in Japan declined year-over-year.

In the overseas market, we aggressively expanded sales under the Srixon, XXIO, and Cleveland Golf brands. This led to sales remaining strong in North America, Europe, and South Korea, and resulted in overseas revenue to increase year-over-year.

The tennis equipment business remained basically at previous year levels, despite racket sales falling below the previous year, with tennis ball sales remaining at good levels owing to campaigns.

The wellness business grew from the year ago level as memberships at existing stores grew and as we continued to open new outlets of our Gym Style compact gyms specializing in the machine area.

In terms of profit, operating profit rose year-over-year as revenue increased overseas and expenses were reduced.

As a result of the above, for this consolidated cumulative second quarter, revenue was 36,160 million yen (down 0.7% y-o-y), operating profit was 2,400 million yen (up 3.8% y-o-y), profit before tax was 2,476 million yen (2.059 times the year ago period), profit was 1,774 million yen (2.812 times the year ago period), and profit attributable to owners of parent was 1,288 million yen (3.781 times the year ago period).

(2) Outline of financial situation

Total assets as of the end of this consolidated cumulative second quarter were 57,612 million yen. Although operating receivables and other receivables decreased 732 million yen, inventories increased 603 million yen and investments accounted for under the equity method increased 2,093 million yen respectively, resulting in total assets to increase 2,011 million yen compared to the previous consolidated fiscal year-end.

Total liabilities ended at 21,909 million yen. While operating payables and other payables decreased 865 million yen, borrowings increased 1,894 million yen resulting in total liabilities to increase 1,230 million yen compared to the previous consolidated fiscal year-end.

Total equity ended at 35,703 million yen. Retained earnings increased 497 million yen from posting profit attributable to the owners of the parent company, resulting in total equity to increase 781 million yen compared to the previous consolidated fiscal year-end.

As a result of the above, equity ratio attributable to owners of the parent was 59.1%, falling 1.5 points from the previous consolidated fiscal year-end.

(3) Outline of consolidated earnings forecast and information on future predictions

With regard to our consolidated earnings forecast, there is no change in our estimates disclosed on August 2, 2017.