

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2013 (Based on Japanese GAAP)

October 11, 2013

Company name	Gulliver International Co., Ltd.		
Stock exchange listing	Tokyo		
Stock Code	7599	URL	http://221616.com
Representative	Chairman	Kenichi Hatori	
Inquiries	Accounting and Finance Section Manager	Masayuki Matsumoto	TEL 03-5208-5503
Scheduled date to file Quarterly Securities Report	October 15, 2013		
Scheduled date to commence dividend payments	November 11, 2013		
Preparation of supplementary material on quarterly earnings	yes		
Holding of quarterly earnings performance review	yes	for analysts and institutional investors	

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2013 (from March 1, 2013 to August 31, 2013)

(1) Consolidated operating 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 August 31, 2013	83,401	17.0	3,557	123.8	3,658	112.9	2,298	164.5
Six months ended August 31, 2012	71,299	1.4	1,589	(66.0)	1,718	(63.2)	868	(71.2)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended August 31, 2013	22.67		22.67	
Six months ended August 31, 2012	8.57		8.57	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of August 31, 2013	54,666		31,282		57.2		308.57	
As of February 28, 2013	53,253		29,451		55.3		290.50	

2. Cash dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2013	-	41.00	-	47.00	88.00
Year ending February 28, 2014	-	5.00			
Year ending February 28, 2014 (Forecast)			-	5.00	10.00

3. Forecast for the year ending February 28, 2014 (from March 1, 2013 to February 28, 2014)

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	145,000	1.1	5,800	14.2	5,800	10.4	3,300	10.7	32.56	

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2013
(changes in specified subsidiaries resulting in the change in scope of consolidation): no
- (2) Application of special accounting for preparing quarterly consolidated financial statements: no
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- 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: yes
- Restatement of prior period financial statements after error corrections: no

(4) Number of issued shares

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

As of August 31, 2013	106,888,000 shares	As of February 28, 2013	106,888,000 shares
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Number of shares of treasury stock at the end of the period

As of August 31, 2013	5,519,810 shares	As of February 28, 2013	5,519,770 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2013	101,368,210 shares	Six months ended August 31, 2012	101,368,340 shares
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1. Qualitative information on settlement of accounts for the first three months

(1) Qualitative information on consolidated operating results

In the first six months of the fiscal year under review, used vehicle purchases and retail sales volume at Gulliver-directly operated stores increased year on year. While we limited PR and advertising costs compared to the previous year, contributory factors included development of personnel at existing Gulliver stores that have been strengthened in recent years, and the opening of large-scale showrooms WOW! TOWN, OUTLET and other new stores.

In the previous fiscal year, Gulliver saw a decline in the profitability of wholesale used car auctions to used car sellers, due to the impact of the eco-car subsidy program for new vehicles. However, following the end of the eco-car subsidy program in September 2012, profitability improved in the fiscal year under review.

Selling, general and administrative (SG&A) expenses rose accompanying an increased number of stores.

Due to the above, consolidated business results for the first six months were as follows: consolidated net sales were 83,401 million yen (up 17.0% from the same term last year), operating income was 3,557 million yen (up 123.8% from the same term last year), ordinary income was 3,658 million yen (up 112.9% from the same term last year) and net income was 2,298 million yen (up 164.5% from the same term last year).

(2) Qualitative information on consolidated financial position

Assets

Total assets as of August 31, 2013 were 54,666 million yen, an increase of 2.7% from February 28, 2013.

Current assets were 36,962 million yen, up 25.1% from the same date. The primary contributing factor was an increase in cash and deposits and short-term loans receivable, partly offset by decreases in merchandise and notes and accounts receivable-trade.

Total noncurrent assets as of August 31, 2013 decreased by 25.3% from February 28, 2013, to 17,703 million yen. This mainly reflected a decrease in long-term loans receivable.

Of the total amount of accounts receivable-trade, the accounts receivable (financial credit) of consolidated subsidiary G-One Financial Services Co., Ltd. stood at 5,988 million yen.

Liabilities

Total liabilities as of August 31, 2013 decreased by 1.8% from February 28, 2013 to 23,383 million yen.

Current liabilities as of August 31, 2013 decreased by 1.8% from February 28, 2013 to 17,039 million yen mainly due to a decrease in accounts payable-trade.

Total noncurrent liabilities as of August 31, 2013 decreased by 1.6% from February 28, 2013 to 6,343 million yen.

Net assets

Net assets as of August 31, 2013 increased by 6.2% from February 28, 2013 to 31,282 million yen, mainly due to an increase in retained earnings accompanying the posting of net income.

(3) Outlook for the fiscal year ending February 28, 2014

There have been no changes made to the full-year consolidated results forecasts as announced in the Consolidated Results, First Quarter of the Fiscal Year Ending February 28, 2014 that was issued on July 11, 2013.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2013	As of August 31, 2013
Assets		
Current assets		
Cash and deposits	6,863	12,167
Notes and accounts receivable-trade	9,614	8,383
Merchandise	10,380	7,594
Short-term loans receivable	777	6,564
Deferred tax assets	965	1,120
Other	1,014	1,192
Allowance for doubtful accounts	(61)	(60)
Total current assets	29,555	36,962
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	13,757	14,073
Accumulated depreciation	(4,937)	(5,251)
Buildings and structures, net	8,820	8,822
Vehicles	232	231
Accumulated depreciation	(156)	(173)
Vehicles, net	76	57
Tools, furniture and fixtures	2,379	2,515
Accumulated depreciation	(1,925)	(1,987)
Tools, furniture and fixtures, net	454	527
Land	218	218
Construction in progress	40	231
Total property, plant and equipment	9,609	9,857
Intangible assets		
Software	926	889
Other	16	16
Total intangible assets	942	905
Investments and other assets		
Investment securities	14	14
Stocks of subsidiaries and affiliates	361	400
Long-term loans receivable	6,558	151
Lease and guarantee deposits	3,065	3,185
Construction assistance fund receivables	2,758	2,728
Deferred tax assets	249	247
Other	250	275
Allowance for doubtful accounts	(111)	(62)
Total investments and other assets	13,146	6,940
Total noncurrent assets	23,698	17,703
Total assets	53,253	54,666

(Millions of yen)

As of February 28, 2013

As of August 31, 2013

	As of February 28, 2013	As of August 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	3,439	2,482
Short-term loans payable	5,000	5,000
Accounts payable-other	1,829	1,725
Income taxes payable	579	1,596
Deposits received	264	276
Provision for bonuses	464	536
Provision for merchandise warranties	1,508	1,702
Other	4,270	3,719
Total current liabilities	17,357	17,039
Noncurrent liabilities		
Long-term loans payable	4,000	4,000
Long-term guarantee deposited	772	735
Provision for directors' retirement benefits	493	457
Asset retirement obligations	1,129	1,151
Provision for loss on business of subsidiaries and affiliates	50	-
Total noncurrent liabilities	6,445	6,343
Total liabilities	23,802	23,383
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	25,171	26,993
Treasury stock	(3,975)	(3,975)
Total shareholders' equity	29,385	31,206
Accumulated other comprehensive income		
Foreign currency translation adjustment	62	72
Total accumulated other comprehensive income	62	72
Subscription rights to shares	3	3
Total net assets	29,451	31,282
Total liabilities and net assets	53,253	54,666

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

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Six months ended August 31, 2012	Six months ended August 31, 2013
Net sales	71,299	83,401
Cost of sales	55,636	65,637
Gross profit	15,663	17,763
Selling, general and administrative expenses	14,073	14,206
Operating income	1,589	3,557
Non-operating income		
Interest income	64	56
Foreign exchange gains	0	10
Reversal of allowance for doubtful accounts	-	52
Insurance income	63	5
Other	57	27
Total non-operating income	187	152
Non-operating expenses		
Interest expenses	54	42
Other	4	8
Total non-operating expenses	58	51
Ordinary income	1,718	3,658
Extraordinary income		
Reversal of provision for loss on business of subsidiaries and affiliates	-	50
Total extraordinary income	-	50
Extraordinary loss		
Loss on retirement of noncurrent assets	45	28
Provision of allowance for doubtful accounts	64	-
Other	10	-
Total extraordinary losses	120	28
Income before income taxes and minority interests	1,597	3,679
Income taxes-current	701	1,535
Income taxes-deferred	27	(153)
Total income taxes	728	1,381
Income before minority interests	868	2,298
Net income	868	2,298

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2012	Six months ended August 31, 2013
Income before minority interests	868	2,298
Other comprehensive income		
Foreign currency translation adjustment	1	9
Total other comprehensive income	1	9
Comprehensive income	870	2,307
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	870	2,307

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2012	Six months ended August 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,597	3,679
Depreciation and amortization	554	601
Amortization of goodwill	5	-
Increase (decrease) in allowance for doubtful accounts	54	(51)
Increase (decrease) in provision for bonuses	69	71
Increase (decrease) in provision for directors' retirement benefits	15	(35)
Increase in provision for merchandise warranties	419	193
Interest and dividends income	(65)	(56)
Interest expenses	54	42
Foreign exchange losses (gains)	(1)	(10)
Loss on retirement of noncurrent assets	45	28
Decrease (increase) in notes and accounts receivable-trade	1,155	415
Decrease (increase) in inventories	3,496	2,745
Increase (decrease) in accrued consumption taxes	261	369
Increase (decrease) in notes and accounts payable-trade	(1,097)	(960)
Other, net	(326)	(556)
Subtotal	6,240	6,477
Interest and dividends income received	346	56
Interest expenses paid	(54)	(42)
Income taxes paid	(2,365)	(505)
Net cash provided by (used in) operating activities	4,167	5,985
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,126)	(541)
Purchase of intangible assets	(210)	(137)
Payments for asset retirement obligations	-	(6)
Purchase of stocks of subsidiaries and affiliates	-	(31)
Payments of loans receivable	(25)	(20)
Collection of loans receivable	583	639
Payments for lease and guarantee deposits	(101)	(167)
Proceeds from collection of lease and guarantee deposits	33	48
Payments of construction assistance fund receivables	(40)	(113)
Collection of construction assistance fund receivables	123	118
Proceeds from withdrawal of time deposits	500	-
Other, net	(7)	0
Net cash provided by (used in) investing activities	(271)	(212)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	5,000
Repayment of long-term loans payable	(2,000)	(5,000)
Cash dividends paid	(415)	(475)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(2,415)	(475)
Effect of exchange rate change on cash and cash equivalents	1	5
Net increase (decrease) in cash and cash equivalents	1,482	5,303
Cash and cash equivalents at beginning of period	7,945	6,836
Cash and cash equivalents at end of period	9,428	12,140