

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended May 31, 2015 (Based on Japanese GAAP)

July 13, 2015

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: July 14, 2015  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2015 (from March 1, 2015 to May 31, 2015)

(1) Consolidated financial 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	%
Three months ended May 31, 2015	50,498	30.0	2,040	38.2	2,017	33.9	1,248	37.1
Three months ended May 31, 2014	38,845	(15.1)	1,476	(22.2)	1,507	(21.2)	910	(25.8)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended May 31, 2015	12.31		–	
Three months ended May 31, 2014	8.99		8.98	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2015	56,208	35,113	62.5	346.26
As of February 28, 2015	57,153	34,629	60.6	341.49

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2015	–	7.50	–	7.50	15.00
Year ending February 29, 2016	–	–	–	–	–
Year ending February 29, 2016 (Forecast)	–	7.50	–	7.50	15.00

3. Forecast of consolidated financial results for the year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

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
Six months ending August 31, 2015	85,000	13.9	3,000	10.0	3,000	8.8	1,800	9.4	17.75
Full year	180,000	15.6	8,200	54.0	8,200	53.4	4,900	49.1	48.32

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2015  
 (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 May 31, 2015	106,888,000 shares	As of February 28, 2015	106,888,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2015	5,480,270 shares	As of February 28, 2015	5,480,170 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2015	101,407,812 shares	Three months ended May 31, 2014	101,367,917 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 quarter of the fiscal year under review (March 1 to May 31, 2015), retail car sales volume at nationwide directly managed stores increased by 43.4% from the same term last year to 18,416 cars. The Company is accelerating new store openings of display sales stores in the WOW!TOWN, OUTLET, LIBERALA, SNAP HOUSE, and MINICLE formats. The operation of these stores contributed to an increase in the number of retail car sales.

On the other hand, at existing Gulliver stores, the market has not yet recovered from a protracted slump in the new car market following the increase in the consumption tax rate in 2014. In this situation, the Company worked to increase the number of customers visiting stores by making advertising expenditures centered on the Internet.

Selling, general and administrative (SG&A) expenses saw an increase in expenses related to store operations, accompanying an increased number of display sales stores and the increase in the above advertising expenditures.

Due to the above, consolidated business results for the first quarter were as follows: consolidated net sales increased by 30.0% from the same term last year to 50,498 million yen, operating income increased by 38.2% from the same term last year to 2,040 million yen, ordinary income increased by 33.9% from the same term last year to 2,017 million yen and net income increased by 37.1% from the same term last year to 1,248 million yen.

## (2) Qualitative information on consolidated financial position

### Assets

Total assets at May 31, 2015 were 56,208 million yen, a decrease of 1.7% from February 28, 2015.

Current assets were 27,454 million yen, down 6.6% from the same date. The primary contributing factors were a 3,026 million yen decrease in merchandise, a 929 million yen decrease in notes and accounts receivable-trade, and a 2,210 million yen increase in cash and deposits.

Total noncurrent assets at May 31, 2015 increased by 3.6% from February 28, 2015, to 28,754 million yen. This mainly reflected a 128 million yen increase in long-term loans receivable, and a 299 million yen decrease in construction in progress.

Of the total amount of accounts receivable-trade, the accounts receivable (financial credit) of consolidated subsidiary G-One Financial Services Co., Ltd. stood at 866 million yen.

### Liabilities

Total liabilities at May 31, 2015 decreased by 6.3% from February 28, 2015 to 21,094 million yen.

Current liabilities at May 31, 2015 decreased by 7.5% from February 28, 2015 to 18,368 million yen. The primary contributing factor was a 150 million yen decrease in Short-term loans payable, a 1,053 million yen decrease in advances received, and a 638 million yen increase in income taxes payable.

Total noncurrent liabilities at May 31, 2015 increased by 1.9% from February 28, 2015 to 2,726 million yen. The primary contributing factor was a 54 million yen increase in asset retirement obligations.

### Net assets

Net assets at May 31, 2015 increased by 1.4% from February 28, 2015 to 35,113 million yen, mainly due to a 484 million yen increase in retained earnings accompanying the posting of net income.

## (3) Outlook for the fiscal year ending February 29, 2016

There have been no changes to the full-year consolidated results forecasts for the fiscal year ending February 29, 2016, which were announced with Financial Results Fiscal 2015 (March 1, 2014 to February 28, 2015) (Japanese GAAP; Consolidated) issued on April 13, 2015.

## 2. Quarterly consolidated financial statements

### Consolidated balance sheets

(Millions of yen)

	As of February 28, 2015	As of May 31, 2015
Assets		
Current assets		
Cash and deposits	4,897	7,108
Notes and accounts receivable - trade	4,619	3,689
Merchandise	17,020	13,993
Deferred tax assets	801	921
Other	2,114	1,789
Allowance for doubtful accounts	(49)	(48)
Total current assets	29,402	27,454
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,622	21,755
Accumulated depreciation	(6,571)	(6,859)
Buildings and structures, net	14,051	14,896
Vehicles	571	457
Accumulated depreciation	(104)	(101)
Vehicles, net	466	356
Tools, furniture and fixtures	3,155	3,344
Accumulated depreciation	(2,414)	(2,550)
Tools, furniture and fixtures, net	741	793
Land	218	218
Construction in progress	649	350
Total property, plant and equipment	16,126	16,614
Intangible assets		
Software	1,332	1,442
Goodwill	1,997	1,971
Other	19	19
Total intangible assets	3,349	3,434
Investments and other assets		
Investment securities	0	0
Shares of subsidiaries and associates	71	76
Long-term loans receivable	124	253
Lease and guarantee deposits	4,034	4,159
Construction assistance fund receivables	3,472	3,626
Deferred tax assets	268	250
Other	381	417
Allowance for doubtful accounts	(78)	(78)
Total investments and other assets	8,274	8,704
Total non-current assets	27,750	28,754
Total assets	57,153	56,208

(Millions of yen)

	As of February 28, 2015	As of May 31, 2015
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	5,100	4,877
Short-term loans payable	150	—
Current portion of long-term loans payable	4,647	4,000
Current portion of bonds	495	—
Accounts payable - other	2,203	1,918
Income taxes payable	242	881
Advances received	2,951	1,898
Deposits received	479	308
Provision for bonuses	436	30
Provision for merchandise warranties	1,276	1,015
Other	1,864	3,439
<b>Total current liabilities</b>	<b>19,847</b>	<b>18,368</b>
<b>Non-current liabilities</b>		
Long-term loans payable	43	39
Long-term guarantee deposited	690	682
Provision for directors' retirement benefits	507	515
Asset retirement obligations	1,435	1,489
<b>Total non-current liabilities</b>	<b>2,676</b>	<b>2,726</b>
<b>Total liabilities</b>	<b>22,523</b>	<b>21,094</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	30,278	30,763
Treasury shares	(3,947)	(3,947)
<b>Total shareholders' equity</b>	<b>34,521</b>	<b>35,005</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	108	108
<b>Total accumulated other comprehensive income</b>	<b>108</b>	<b>108</b>
<b>Total net assets</b>	<b>34,629</b>	<b>35,113</b>
<b>Total liabilities and net assets</b>	<b>57,153</b>	<b>56,208</b>

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

**Consolidated statements of income (cumulative)**

	(Millions of yen)	
	Three months ended May 31, 2014	Three months ended May 31, 2015
Net sales	38,845	50,498
Cost of sales	29,453	38,766
Gross profit	9,391	11,731
Selling, general and administrative expenses	7,915	9,690
Operating income	1,476	2,040
Non-operating income		
Interest income	3	7
Foreign exchange gains	0	-
Insurance premiums refunded cancellation	-	11
Compensation income	8	-
Other	29	13
Total non-operating income	41	32
Non-operating expenses		
Interest expenses	10	24
Provision of allowance for doubtful accounts	-	0
www	-	15
Foreign exchange losses	-	5
Other	0	8
Total non-operating expenses	10	54
Ordinary income	1,507	2,017
Extraordinary income		
Other	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	20	0
Other	-	0
Total extraordinary losses	20	0
Income before income taxes and minority interests	1,487	2,017
Income taxes - current	317	870
Income taxes - deferred	258	(102)
Total income taxes	576	768
Income before minority interests	910	1,248
Net income	910	1,248

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2014	Three months ended May 31, 2015
Income before minority interests	910	1,248
Other comprehensive income		
Foreign currency translation adjustment	(0)	(0)
Total other comprehensive income	(0)	(0)
Comprehensive income	910	1,248
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	910	1,248