

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2015 (Based on Japanese GAAP)

January 12, 2016

Company name: Gulliver International Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL <http://221616.com>
 Representative: Chairman Kenichi Hatori
 Inquiries: Manager, Business Management Division Masayuki Matsumoto TEL 03-5208-5503
 Scheduled date to file Quarterly Securities Report: January 14, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2015 (from March 1, 2015 to November 30, 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	%
Nine months ended November 30, 2015	152,082	29.3	6,599	42.6	6,856	47.0	4,221	52.7
Nine months ended November 30, 2014	117,623	(8.6)	4,626	(21.7)	4,665	(22.4)	2,765	(25.4)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended November 30, 2015	41.63		–	
Nine months ended November 30, 2014	27.28		27.27	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2015	88,702	37,613	42.1	368.01
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	–	7.50	–	–	–
Year ending February 29, 2016 (Forecast)	–	–	–	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
Full year	200,000	28.5	8,200	54.0	8,200	53.4	4,900	49.1	48.32

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 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 November 30, 2015	5,480,300 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)

Nine months ended November 30, 2015	101,407,744 shares	Nine months ended November 30, 2014	101,385,882 shares
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1. Qualitative information on settlement of accounts for the first three quarters

(1) Qualitative information on consolidated operating results

In the first three quarters of the fiscal year under review (March 1 to November 30, 2015), the retail car sales volume at nationwide directly managed stores increased by 33.4% from the same period last year to 52,426 cars. The result reflects the continued strong retail car sales volume at display sales stores (WOW!TOWN, OUTLET, LIBERALA, SNAP HOUSE, MINICLE, etc.).

Selling, general and administrative expenses mainly reflected increases with expenses related to store operations, accompanying an increased number of display sales stores.

Gulliver Australia Holdings Pty Ltd and Buick Holdings Pty Ltd., in which the Company acquired 67% of shares in September 2015, and its subsidiaries became newly consolidated subsidiaries of the Company.

Due to the above, consolidated business results for the first three quarters were as follows: consolidated net sales increased by 29.3% from the same term last year to 152,082 million yen, operating income increased by 42.6% from the same term last year to 6,599 million yen, ordinary income increased by 47.0% from the same term last year to 6,856 million yen and net income increased by 52.7% from the same term last year to 4,221 million yen.

(2) Qualitative information on consolidated financial position

Assets

Total assets at November 30, 2015 were 88,702 million yen, a increase of 55.2 % from February 28, 2015.

Current assets were 46,271 million yen, up 57.4 % from the same date. The primary contributing factors were a 7,758 million yen increase in cash and deposit, and a 8,594 million yen increase in Merchandise.

Total noncurrent assets at November 30, 2015 increased by 52.9% from February 28, 2015, to 42,430 million yen. This mainly reflected a 2,382 million yen increase in Buildings and structures, and a 10,299 million yen increase in Goodwill.

Liabilities

Total liabilities at November 30, 2015 increased by 126.8 % from February 28, 2015 to 51,088 million yen.

Current liabilities at November 30, 2015 increased by 24.4 % from February 28, 2015 to 24,695 million yen. The primary contributing factor was a 7,885 million yen increase in Accounts payable - trade, and a 1,829 million yen increase in Income taxes payable.

Total noncurrent liabilities at November 30, 2015 increased by 886.3 % from February 28, 2015 to 26,393 million yen. The primary contributing factor was a 22,845 million yen increase in Long-term loans payable.

Net assets

Net assets at November 30, 2015 increased by 8.6% from February 28, 2015 to 37,613 million yen, mainly due to a 2,700 million yen increase in retained earnings accompanying the posting of net income, and a 294 million yen increase in Minority interests.

(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, Second Quarter of the Fiscal Year Ending February 29, 2016 (Japanese GAAP; Consolidated) issued on October 30, 2015.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2015	As of November 30, 2015
Assets		
Current assets		
Cash and deposits	4,897	12,656
Notes and accounts receivable - trade	4,619	4,464
Merchandise	17,020	25,614
Deferred tax assets	801	1,037
Other	2,114	2,565
Allowance for doubtful accounts	(49)	(66)
Total current assets	29,402	46,271
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,622	24,855
Accumulated depreciation	(6,571)	(8,422)
Buildings and structures, net	14,051	16,433
Vehicles	571	455
Accumulated depreciation	(104)	(158)
Vehicles, net	466	297
Tools, furniture and fixtures	3,155	3,746
Accumulated depreciation	(2,414)	(2,737)
Tools, furniture and fixtures, net	741	1,008
Land	218	218
Construction in progress	649	714
Total property, plant and equipment	16,126	18,672
Intangible assets		
Software	1,332	1,825
Goodwill	1,997	12,296
Other	19	19
Total intangible assets	3,349	14,141
Investments and other assets		
Investment securities	0	21
Shares of subsidiaries and associates	71	76
Long-term loans receivable	124	264
Lease and guarantee deposits	4,034	4,449
Construction assistance fund receivables	3,472	4,123
Deferred tax assets	268	302
Other	381	458
Allowance for doubtful accounts	(78)	(79)
Total investments and other assets	8,274	9,616
Total non-current assets	27,750	42,430
Total assets	57,153	88,702

(Millions of yen)

As of February 28, 2015 As of November 30, 2015

	As of February 28, 2015	As of November 30, 2015
Liabilities		
Current liabilities		
Accounts payable - trade	5,100	12,985
Short-term loans payable	150	—
Current portion of long-term loans payable	4,647	79
Current portion of bonds	495	—
Accounts payable - other	2,203	2,139
Income taxes payable	242	2,072
Advances received	2,951	1,909
Deposits received	479	439
Provision for bonuses	436	113
Provision for merchandise warranties	1,276	1,066
Other	1,864	3,888
Total current liabilities	19,847	24,695
Non-current liabilities		
Long-term loans payable	43	22,888
Long-term guarantee deposited	690	635
Provision for directors' retirement benefits	507	532
Asset retirement obligations	1,435	1,580
Other	—	756
Total non-current liabilities	2,676	26,393
Total liabilities	22,523	51,088
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	30,278	32,979
Treasury shares	(3,947)	(3,947)
Total shareholders' equity	34,521	37,221
Accumulated other comprehensive income		
Foreign currency translation adjustment	108	97
Total accumulated other comprehensive income	108	97
Minority interests	—	294
Total net assets	34,629	37,613
Total liabilities and net assets	57,153	88,702

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

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Nine months ended November 30, 2014	Nine months ended November 30, 2015
Net sales	117,623	152,082
Cost of sales	88,374	114,756
Gross profit	29,248	37,325
Selling, general and administrative expenses	24,621	30,725
Operating income	4,626	6,599
Non-operating income		
Interest income	12	26
Compensation income	12	-
Foreign exchange gains	3	314
Insurance income	12	-
Insurance premiums refunded cancellation	-	11
Other	30	70
Total non-operating income	72	421
Non-operating expenses		
Interest expenses	30	119
Provision of allowance for doubtful accounts	0	0
www	-	15
Other	2	29
Total non-operating expenses	34	165
Ordinary income	4,665	6,856
Extraordinary income		
Gain on liquidation of subsidiaries	-	3
Other	0	0
Total extraordinary income	0	3
Extraordinary losses		
Loss on retirement of non-current assets	112	55
Lease contract cancelation penalty	24	-
Other	7	0
Total extraordinary losses	144	55
Income before income taxes and minority interests	4,522	6,804
Income taxes - current	1,534	2,677
Income taxes - deferred	222	(120)
Total income taxes	1,756	2,556
Income before minority interests	2,765	4,247
Minority interests in income	-	26
Net income	2,765	4,221

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2014	Nine months ended November 30, 2015
Income before minority interests	2,765	4,247
Other comprehensive income		
Foreign currency translation adjustment	10	(3)
Total other comprehensive income	10	(3)
Comprehensive income	2,775	4,244
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,775	4,210
Comprehensive income attributable to minority interests	–	33