

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended August 31, 2016
(Based on Japanese GAAP)**

October 13, 2016

Company name: IDOM Inc.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL <http://221616.com>
 Representative: President Yusuke Hatori
 Inquiries: General Manager, Finance IR Division Masayuki Matsumoto TEL 03-5208-5503
 Scheduled date to file Quarterly Securities Report: October 13, 2016
 Scheduled date to commence dividend payments: November 9, 2016
 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 six months ended August 31, 2016 (from March 1, 2016 to August 31, 2016)

(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	%
Six months ended August 31, 2016	124,244	30.8	2,172	(46.8)	2,020	(50.0)	1,102	(57.0)
Six months ended August 31, 2015	95,024	27.3	4,079	49.6	4,043	46.6	2,563	55.8

	Net income per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2016	10.87		-	
Six months ended August 31, 2015	25.28		-	

(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, 2016	107,754	38,279	34.6	367.35
As of February 29, 2016	94,211	38,245	39.4	365.98

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 29, 2016	-	7.50	-	5.00	12.50
Year ending February 28, 2017	-	6.00	-	-	-
Year ending February 28, 2017 (Forecast)	-	-	-	6.00	12.00

3. Forecast of consolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

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	243,500	15.9	7,600	0.8	7,100	3.9	4,100	(0.3)	40.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2016
 (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: Yes
- 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 August 31, 2016	106,888,000 shares	As of February 29, 2016	106,888,000 shares
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Number of treasury shares at the end of the period

As of August 31, 2016	5,480,350 shares	As of February 29, 2016	5,480,300 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, 2016	101,407,682 shares	Six months ended August 31, 2015	101,407,812 shares
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Qualitative information on settlement of accounts for the first six months

(1) Qualitative information on consolidated operating results

In the first half of the fiscal year under review (March 1 to August 31, 2016), retail car sales volume at all directly managed stores increased by 33.5% from the same term last year to 45,421 cars. The increase was supported by growth in both the number of display sales stores and the number of cars handled per store.

On the other hand, amid a prolonged slump in the new car market, the total number of cars purchased at directly operated stores remained level with the same term last year. The number of customers visiting stores declined, and the Company responded by increasing its advertising expenses, mainly for Internet advertising.

Selling, general and administrative expenses increased, mainly due to increases in advertising expenses as mentioned above, personnel expenses associated with an increase in staff numbers, and expenses related to store operations associated with an increase in the number of display sales stores.

As a result of the above, consolidated business results for the first half were as follows: consolidated Net sales rose by 30.8% from the same term last year to 124,244 million yen, operating income declined by 46.8% from the same term last year to 2,172 million yen, ordinary income declined by 50.0% from the same term last year to 2,020 million yen, and profit attributable to owners of parent declined by 57.0% from the same term last year to 1,102 million yen.

Operating results by segment were as follows.

I. Domestic Business

In the Domestic Business, sales rose by 7.4% from the same term last year to 101,092 million yen and segment income (operating income) declined by 43.6% from the same term last year to 2,297 million yen. While sales rose on an increase in retail car sales volume, profit declined as the growth was absorbed by an increase in SG&A expenses amid a prolonged slump in the new car market.

II. Overseas Business

Australia Business

In the Australia Business, sales came to 22,281 million yen and segment income (operating income) came to 61 million yen. The new car market in Western Australia declined from the same term last year. Furthermore, since the subsidiaries conducting the Australia Business have been newly included within the scope of consolidation since the third quarter of the previous fiscal year, previous fiscal year comparisons are not disclosed.

(2) Qualitative information on consolidated financial position

Assets

Total assets at August 31, 2016 were 107,754 million yen, an increase of 14.4% from February 29, 2016.

Current assets were 60,586 million yen, an increase of 23.5% from February 29, 2016. This mainly reflected a 10,909 million yen increase in cash and deposits and a 963 million yen increase in merchandise, which was partially offset by a 1,000 million yen decrease in notes and accounts receivable-trade.

Non-current assets were 47,167 million yen, an increase of 4.5% from February 29, 2016. This mainly reflected a 1,055 million yen increase in software and a 1,048 million yen increase in buildings and structures.

Liabilities

Total liabilities at August 31, 2016 were 69,474 million yen, up 24.1% from February 29, 2016.

Current liabilities were 24,595 million yen, a decrease of 14.0% from February 29, 2016. This mainly reflected a 2,021 million yen decrease in short-term loans payable and a 1,782 million yen decrease in accounts payable-trade.

Non-current liabilities were 44,879 million yen, an increase of 64.0% from February 29, 2016. This mainly reflected a 17,951 million yen increase in Long-term loans payable.

Net assets

Net assets at August 31, 2016 were 38,279 million yen, an increase of 0.1% from February 29, 2016. This mainly reflected a 594 million yen increase in Retained earnings.

(3) Outlook for the fiscal year ending February 28, 2017

The Company has made no revision to its full-year and half-year consolidated results forecasts for the fiscal year ending February 28, 2017 disclosed in the press release dated July 13, 2016, "Gulliver Announces Revisions to Operating Results Forecasts"

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 29, 2016	As of August 31, 2016
Assets		
Current assets		
Cash and deposits	9,149	20,058
Notes and accounts receivable - trade	5,192	4,192
Merchandise	31,848	32,812
Deferred tax assets	778	797
Other	2,159	2,782
Allowance for doubtful accounts	(54)	(56)
Total current assets	49,074	60,586
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,000	27,670
Accumulated depreciation	(8,564)	(9,186)
Buildings and structures, net	17,435	18,484
Vehicles	435	355
Accumulated depreciation	(180)	(107)
Vehicles, net	255	247
Tools, furniture and fixtures	3,882	3,952
Accumulated depreciation	(2,874)	(2,877)
Tools, furniture and fixtures, net	1,007	1,074
Land	218	218
Construction in progress	826	662
Total property, plant and equipment	19,743	20,687
Intangible assets		
Software	1,941	2,996
Goodwill	9,597	9,029
Other	3,974	3,709
Total intangible assets	15,513	15,735
Investments and other assets		
Investment securities	13	30
Shares of subsidiaries and associates	45	45
Long-term loans receivable	395	383
Lease and guarantee deposits	4,565	4,878
Construction assistance fund receivables	4,304	4,824
Deferred tax assets	274	325
Other	489	492
Allowance for doubtful accounts	(209)	(236)
Total investments and other assets	9,879	10,744
Total non-current assets	45,136	47,167
Total assets	94,211	107,754

	(Millions of yen)	
	As of February 29, 2016	As of August 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	14,102	12,320
Short-term loans payable	2,045	24
Current portion of long-term loans payable	79	-
Accounts payable - other	3,064	3,201
Income taxes payable	1,778	841
Advances received	3,026	3,167
Deposits received	475	311
Provision for bonuses	459	706
Provision for merchandise warranties	1,076	1,103
Other provision	113	144
Other	2,378	2,774
Total current liabilities	28,600	24,595
Non-current liabilities		
Long-term loans payable	22,851	40,802
Long-term guarantee deposited	651	575
Provision for directors' retirement benefits	540	181
Asset retirement obligations	1,653	1,747
Deferred tax liabilities	1,086	1,030
Other provision	388	388
Other	194	151
Total non-current liabilities	27,365	44,879
Total liabilities	55,965	69,474
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	32,869	33,464
Treasury shares	(3,947)	(3,947)
Total shareholders' equity	37,111	37,706
Accumulated other comprehensive income		
Foreign currency translation adjustment	1	(454)
Total accumulated other comprehensive income	1	(454)
Non-controlling interests	1,131	1,027
Total net assets	38,245	38,279
Total liabilities and net assets	94,211	107,754

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, 2015	Six months ended August 31, 2016
Net sales	95,024	124,244
Cost of sales	71,573	94,539
Gross profit	23,450	29,704
Selling, general and administrative expenses	19,371	27,532
Operating income	4,079	2,172
Non-operating income		
Interest income	13	19
Insurance premiums refunded cancellation	11	-
Reversal of allowance for doubtful accounts	-	0
income of compensation for damage	-	36
Other	30	107
Total non-operating income	55	163
Non-operating expenses		
Interest expenses	43	235
Provision of allowance for doubtful accounts	0	-
www	15	-
Foreign exchange losses	7	33
Other	22	46
Total non-operating expenses	90	315
Ordinary income	4,043	2,020
Extraordinary income		
Gain on sales of non-current assets	-	11
Gain on liquidation of subsidiaries	3	-
Other	0	-
Total extraordinary income	3	11
Extraordinary losses		
Loss on retirement of non-current assets	25	104
Provision of allowance for doubtful accounts	-	27
Directors' retirement benefits	-	110
Other	0	0
Total extraordinary losses	25	242
Income before income taxes and minority interests	4,021	1,789
Income taxes - current	1,461	820
Income taxes - deferred	(3)	(82)
Total income taxes	1,458	737
Net income	2,563	1,051
Loss attributable to non-controlling interests	-	(51)
Profit attributable to owners of parent	2,563	1,102

Consolidated statements of comprehensive income (cumulative)

	(Millions of yen)	
	Six months ended August 31, 2015	Six months ended August 31, 2016
Net income	2,563	1,051
Other comprehensive income		
Foreign currency translation adjustment	4	(509)
Total other comprehensive income	4	(509)
Comprehensive income	2,567	542
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,567	646
Comprehensive income attributable to non-controlling interests	–	(104)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2015	Six months ended August 31, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	4,021	1,789
Depreciation	1,036	1,412
Amortization of goodwill	50	245
Increase (decrease) in allowance for doubtful accounts	2	32
Increase (decrease) in provision for bonuses	176	246
Increase (decrease) in provision for directors' retirement benefits	16	(359)
Increase in provision for merchandise warranties	(251)	27
Interest and dividend income	(13)	(19)
Interest expenses	43	235
Foreign exchange losses (gains)	–	15
Loss (gain) on sales of non-current assets	–	(10)
Loss on retirement of non-current assets	25	104
Decrease (increase) in notes and accounts receivable - trade	597	1,090
Decrease (increase) in inventories	886	(1,332)
Increase (decrease) in accrued consumption taxes	645	(2)
Increase (decrease) in notes and accounts payable - trade	(675)	(1,413)
Other, net	(327)	375
Subtotal	6,235	2,435
Interest and dividend income received	13	19
Interest expenses paid	(43)	(262)
Income taxes paid	(195)	(1,802)
Net cash provided by (used in) operating activities	6,009	389
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,432)	(2,548)
Purchase of intangible assets	(520)	(1,380)
Payments for asset retirement obligations	–	(11)
Purchase of shares of subsidiaries and associates	(5)	–
Purchase of investment securities	–	(18)
Payments of loans receivable	(148)	(3)
Collection of loans receivable	7	2
Payments for lease and guarantee deposits	(357)	(356)
Proceeds from collection of lease and guarantee deposits	36	38
Payments of construction assistance fund receivables	(444)	(700)
Collection of construction assistance fund receivables	149	176
Payments into time deposits	(5)	–
Proceeds from withdrawal of time deposits	12	–
Other, net	(361)	7
Net cash provided by (used in) investing activities	(4,069)	(4,793)

	(Millions of yen)	
	Six months ended August 31, 2015	Six months ended August 31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(150)	(2,021)
Proceeds from long-term loans payable	12,000	18,000
Repayments of long-term loans payable	(4,656)	(116)
Redemption of bonds	(495)	–
Cash dividends paid	(759)	(507)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	5,938	15,354
Effect of exchange rate change on cash and cash equivalents	0	(41)
Net increase (decrease) in cash and cash equivalents	7,878	10,909
Cash and cash equivalents at beginning of period	4,863	9,122
Cash and cash equivalents at end of period	12,741	20,031