

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended February 29, 2016  
(Based on Japanese GAAP)**

April 13, 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 of ordinary general meeting of shareholders: May 26, 2016  
 Scheduled date to file Securities Report: May 27, 2016  
 Scheduled date to commence dividend payments: May 27, 2016  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 29, 2016 (from March 1, 2015 to February 29, 2016)

(1) Consolidated financial results

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	%
Year ended February 29, 2016	210,085	34.9	7,542	41.6	6,835	27.9	4,111	25.1
Year ended February 28, 2015	155,681	(8.1)	5,325	(24.9)	5,345	(25.8)	3,286	(24.6)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2016	40.55	–	11.5	9.0	3.6
Year ended February 28, 2015	32.42	32.41	9.7	9.7	3.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2016	94,211	38,245	39.4	365.98
As of February 28, 2015	57,153	34,629	60.6	341.49

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2016	4,121	(17,686)	17,858	9,122
Year ended February 28, 2015	56	(8,540)	(1,721)	4,863

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2015	–	7.50	–	7.50	15.00	1,521	46.3	4.5
Year ended February 29, 2016	–	7.50	–	5.00	12.50	1,267	30.8	3.5
Year ending February 28, 2017 (Forecast)	–	9.00	–	9.00	18.00		29.4	

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		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2016	124,200	30.7	4,800	17.7	4,550	12.5	2,700	5.3	26.63
Full year	253,000	20.4	10,800	43.2	10,300	50.7	6,200	50.8	61.13

4. Notes

(1) Changes in significant subsidiaries during the year ended February 29, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(2) 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 after error corrections:

No

(3) Number of issued shares (common shares)

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

As of February 29, 2016	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 February 29, 2016	5,480,300 shares	As of February 28, 2015	5,480,170 shares
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Average number of shares during the period

Year ended February 29, 2016	101,407,733 shares	Year ended February 28, 2015	101,391,294 shares
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## **1. Analysis of Operating Results and Financial Position**

### **1. Operating Results**

#### **(1) Analysis of consolidated operating results**

In the fiscal year ended February 29, 2016, total annual retail car sales volume increased 36.0% from the previous fiscal year to 70,709, a record since the founding of Gulliver. This result was supported by strong retail car sales volume at display sales stores, namely WOW!TOWN, OUTLET, LIBERALA, SNAP HOUSE, and MINICLE.

Selling, general and administrative (SG&A) expenses mainly reflected an increase in expenses accompanying an increase in the number of display sales stores and an increase in advertising expenditures due to an increase in advertisements centered on the Internet.

In the fiscal year ended February 29, 2016, Gulliver Australia Holdings Pty Ltd., a 100%-owned subsidiary of the Company, as well as 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. In February 2016, Gulliver conducted a debt-to-equity swap with respect to a loan it had made to Gulliver Australia Holdings. In the fiscal year ended February 29, 2016, Gulliver recognized the difference between the applicable exchange rate upon the execution of a foreign currency forward agreement prior to executing the loan to Gulliver Australia Holdings, and the foreign exchange rate on the execution date of the debt-to-equity swap, as a foreign exchange loss of 423 million yen under non-operating expenses. Following the execution of the debt-equity swap, the full amount of the loan from Gulliver to Gulliver Australia Holdings has been eliminated. Accordingly, Gulliver does not expect to record similar foreign exchange gains or losses under non-operating income or non-operating expenses in the fiscal year ending February 28, 2017.

Due to the above, consolidated business results for the fiscal year ended February 29, 2016 were as follows: consolidated net sales rose by 34.9% from the previous fiscal year to 210,085 million yen, operating income increased by 41.6% from the previous fiscal year to 7,542 million yen, ordinary income increased by 27.9% from the previous fiscal year to 6,835 million yen, and net income increased by 25.1% from the previous fiscal year to 4,111 million yen.

#### **Outlook for the fiscal year ending February 28, 2017**

Considering the strong retail car sales volume at display sales stores, Gulliver will continue to accelerate the opening of new display sales stores. For this reason, Gulliver expects total retail car sales volume at all directly managed stores to increase in the fiscal year ending February 28, 2017.

In light of the above, the outlook for the fiscal year ending February 28, 2017 is for consolidated net sales of 253,000 million yen, up 20.4% year on year, operating income of 10,800 million yen, up 43.2% year on year, ordinary income of 10,300 million yen, up 50.7% year on year, and net income of 6,200 million yen, up 50.8% year on year.

### **(2) Analysis of financial position**

#### **[Assets, liabilities and net assets]**

##### **Assets**

Total assets at February 29, 2016 were 94,211 million yen, up 64.8% from February 28, 2015.

Current assets at February 29, 2016 had increased by 66.9% from February 28, 2015 to 49,074 million yen. The primary contributing factors were a 4,252 million yen increase in Cash and deposits and a 14,828 million yen increase in Merchandise.

Total non-current assets at February 29, 2016 had increased by 62.6% from February 28, 2015 to 45,136 million yen. This mainly reflected a 3,384 million yen increase in Buildings and structures, primarily due to the opening of new directly managed stores, and a 7,600 million yen increase in Goodwill.

## Liabilities

Total liabilities at February 29, 2016 had increased by 148.5% from February 28, 2015 to 55,965 million yen.

Current liabilities at February 29, 2016 had increased by 44.1% from February 28, 2015 to 28,600 million yen. The primary contributing factors were a 9,002 million yen increase in Accounts payable – trade, and a 1,535 million yen increase in Income taxes payable.

Total non-current liabilities at February 29, 2016 had increased by 922.6% from February 28, 2015 to 27,365 million yen. The primary contributing factor was a 22,808 million yen increase in Long-term loans payable.

## Net assets

Net assets at February 29, 2016 had increased by 10.4% from February 28, 2015 to 38,245 million yen, mainly due to a 2,590 million yen increase in Retained earnings accompanying the posting of net income and a 1,131 million yen increase in Minority interests.

## [Cash flow position]

Cash and cash equivalents (“cash”) at February 29, 2016 was 9,122 million yen, up 4,259 million yen, or 87.6%, from February 28, 2015.

The cash flow position and the main cash flow components for the fiscal year ended February 29, 2016 were as follows:

### (Cash flows from operating activities)

Net cash provided by operating activities was 4,121 million yen.

The main components were Income before income taxes and minority interests of 6,610 million yen and a Decrease in notes and accounts receivable – trade of 975 million yen, which were partially offset by an Increase in inventories of 7,536 million yen.

### (Cash flows from investing activities)

Net cash used in investing activities was ¥17,686 million.

Cash was mainly used for the Purchase of property, plant and equipment due to the opening of new directly managed stores, and Payments for lease and guarantee deposits, along with the Purchase of shares of subsidiaries resulting in change in scope of consolidation.

### (Cash flows from financing activities)

Net cash provided by financing activities was 17,858 million yen.

This was mainly due to Proceeds from long-term loans payable of 22,680 million yen, which were partially offset by Repayments of long-term loans payable of 4,696 million yen.

**(Reference)** Trends in shareholders’ equity and cash flow indicators are as follows:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Equity ratio (%)	49.9	55.3	62.2	60.6	39.4
Shareholders’ equity (mark-to-market) ratio (%)	58.7	73.3	150.4	166.1	122.8
Debt redemption years	1.0	2.9	0.4	95.0	6.1
Interest coverage ratio	66.7	31.2	157.7	1.3	19.4

Notes:

1. Breakdown of each indicator

Equity ratio = shareholders’ equity/total assets

Shareholders’ equity (mark-to-market) ratio = Market capitalization/Total assets

Debt redemption years = Interest bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest payments

2. Each index is calculated from consolidated figures.

3. Market capitalization is calculated using the following formula: closing share price at period-end x number of shares issued (excluding treasury stock)

**(3) Basic policy concerning distribution of profit and dividends for the fiscal year ended February 29, 2016 and the fiscal year ending February 28, 2017**

**Basic dividend policy and targets**

Gulliver's dividend policy has been to pay a dividend linked to earnings performance, applying a payout ratio of 30% of consolidated net income as a yardstick in deciding the dividend amount. Given the above basic policy and target, our expected dividends may be amended if consolidated net income is not as expected.

**Dividend for the fiscal year ended February 29, 2016**

In accordance with the above basic policy and target, Gulliver plans to pay an annual dividend of 12.50 yen per share for the fiscal year ended February 29, 2016, comprising an interim dividend of 7.50 yen and a year-end dividend of 5 yen.

**Dividend for the fiscal year ending February 28, 2017**

In accordance with the above basic policy and targets, assuming forecast consolidated net income of 6,200 million yen, Gulliver plans to pay an annual dividend for the fiscal year ending February 28, 2017 of 18 yen per share, comprising interim and year-end dividends of 9 yen each.

## **2. Business policy**

### **(1) The Company's basic business policy**

Gulliver has embraced “Growing Together” as its corporate philosophy. Guided by the principle of building win-win relationships, Gulliver seeks to grow together with customers, employees, partners, shareholders and all other people involved with the Gulliver Group, as well as society as a whole. To make this corporate philosophy a reality, management is determined to establish Gulliver as a highly admired enterprise that has the support of its customers at all times. In addition to the used car purchasing business, its founding business for which it has established a proven business model, Gulliver aims to bring about a Car Distribution Revolution through its retail business, which it has been focusing on in recent years. Gulliver will constantly scale new heights in order to create automotive lifestyles that its customers enjoy.

### **(2) Key performance indicators**

Since its founding in 1994, Gulliver has expanded its business primarily around the purchasing of used cars as a specialist car purchaser and the wholesaling of cars via used car auctions. In addition to these activities, in recent years Gulliver has been strengthening its retail business, in which it sells used cars directly to general consumers. Over the medium term, Gulliver will expand its retail car sales volume. At the same time, it will leverage improvements in profit margins on its retail business with the aim of raising ROE to within the 20% range.

### **(3) The Company's medium- and long-term business strategy**

Gulliver is expanding its retail car sales volume and concentrating its business resources to implement the following measures:

- Establish a nationwide network in Japan by accelerating the opening of display sales stores
- Increase customer footfall through marketing activities such as publicity and advertising
- Enhance sales and service capabilities by bolstering staff training
- Win repeat customers and referrals by enhancing customer satisfaction
- Develop new services and products to expand the retail business

### **(4) The Company's priorities ahead**

Gulliver will address diversifying customer needs and the shift away from cars in Japan due to its aging society with fewer children. To do so, the Company will implement measures such as providing a more diverse range of services, bolstering staff training, and conducting more finely tuned marketing activities. Through these measures, Gulliver will strive to differentiate itself from competitors and become the company of choice for all manner of customers.

## **3. Basic Approach to Selection of Accounting Standards**

The Gulliver Group is considering the adoption of IFRS beginning with the settlement of accounts for the fiscal year ending February 28, 2017, in order to enhance international comparability of its financial information in the capital markets.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
Assets		
Current assets		
Cash and deposits	4,897	9,149
Notes and accounts receivable - trade	4,619	5,192
Merchandise	17,020	31,848
Deferred tax assets	801	778
Other	2,114	2,159
Allowance for doubtful accounts	(49)	(54)
Total current assets	29,402	49,074
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,622	26,000
Accumulated depreciation	(6,571)	(8,564)
Buildings and structures, net	14,051	17,435
Vehicles	571	435
Accumulated depreciation	(104)	(180)
Vehicles, net	466	255
Tools, furniture and fixtures	3,155	3,882
Accumulated depreciation	(2,414)	(2,874)
Tools, furniture and fixtures, net	741	1,007
Land	218	218
Construction in progress	649	826
Total property, plant and equipment	16,126	19,743
Intangible assets		
Software	1,332	1,941
Goodwill	1,997	9,597
Other	19	3,974
Total intangible assets	3,349	15,513
Investments and other assets		
Investment securities	0	13
Shares of subsidiaries and associates	71	45
Long-term loans receivable	124	395
Lease and guarantee deposits	4,034	4,565
Construction assistance fund receivables	3,472	4,304
Deferred tax assets	268	274
Other	381	489
Allowance for doubtful accounts	(78)	(209)
Total investments and other assets	8,274	9,879
Total non-current assets	27,750	45,136
Total assets	57,153	94,211

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	5,100	14,102
Short-term loans payable	150	2,045
Current portion of long-term loans payable	4,647	79
Current portion of bonds	495	–
Accounts payable - other	2,203	3,064
Income taxes payable	242	1,778
Advances received	2,951	3,026
Deposits received	479	475
Provision for bonuses	436	459
Provision for merchandise warranties	1,276	1,076
Other provision	–	113
Other	1,864	2,378
<b>Total current liabilities</b>	<b>19,847</b>	<b>28,600</b>
<b>Non-current liabilities</b>		
Long-term loans payable	43	22,851
Long-term guarantee deposited	690	651
Provision for directors' retirement benefits	507	540
Asset retirement obligations	1,435	1,653
Deferred tax liabilities	–	1,086
Other provision	–	388
Other	–	194
<b>Total non-current liabilities</b>	<b>2,676</b>	<b>27,365</b>
<b>Total liabilities</b>	<b>22,523</b>	<b>55,965</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	32,869
Treasury shares	(3,947)	(3,947)
<b>Total shareholders' equity</b>	<b>34,521</b>	<b>37,111</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	108	1
<b>Total accumulated other comprehensive income</b>	<b>108</b>	<b>1</b>
<b>Minority interests</b>	<b>–</b>	<b>1,131</b>
<b>Total net assets</b>	<b>34,629</b>	<b>38,245</b>
<b>Total liabilities and net assets</b>	<b>57,153</b>	<b>94,211</b>



**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Net sales	155,681	210,085
Cost of sales	116,605	158,474
Gross profit	39,075	51,610
Selling, general and administrative expenses	33,750	44,067
Operating income	5,325	7,542
Non-operating income		
Interest income	19	40
Reimbursement claims	12	–
Foreign exchange gains	0	–
www	14	–
Insurance premiums refunded cancellation	–	11
Other	41	68
Total non-operating income	89	120
Non-operating expenses		
Interest expenses	42	212
Provision of allowance for doubtful accounts	0	1
Loss on insurance cancellation	17	–
Foreign exchange losses	–	567
Other	8	46
Total non-operating expenses	69	827
Ordinary income	5,345	6,835
Extraordinary income		
Gain on sales of property, plant and equipment	–	0
Gain on liquidation of subsidiaries	–	3
Other	0	0
Total extraordinary income	0	4
Extraordinary losses		
Loss on retirement of non-current assets	104	67
Impairment loss	55	–
LessContractCancelationPenalty	24	–
Loss on valuation of shares of subsidiaries	–	31
Provision of allowance for doubtful accounts	–	129
Other	4	0
Total extraordinary losses	188	229
Income before income taxes and minority interests	5,157	6,610
Income taxes - current	1,476	2,441
Income taxes - deferred	394	27
Total income taxes	1,871	2,469
Income before minority interests	3,286	4,140
Minority interests in income	–	28
Net income	3,286	4,111

**Consolidated statements of comprehensive income**

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Income before minority interests	3,286	4,140
Other comprehensive income		
Foreign currency translation adjustment	28	(37)
Total other comprehensive income	28	(37)
Comprehensive income	3,314	4,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,314	4,005
Comprehensive income attributable to minority interests	–	98

## Consolidated statements of changes in equity

Fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,157	4,032	28,548	(3,975)	32,761
Changes of items during period					
Change of scope of consolidation			27		27
Dividends of surplus			(1,571)		(1,571)
Transfer of loss on disposal of treasury shares		11	(11)		-
Net income			3,286		3,286
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(11)		28	17
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,730	28	1,759
Balance at end of current period	4,157	4,032	30,278	(3,947)	34,521

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	80	80	4	32,846
Changes of items during period				
Change of scope of consolidation				27
Dividends of surplus				(1,571)
Transfer of loss on disposal of treasury shares				-
Net income				3,286
Purchase of treasury shares				(0)
Disposal of treasury shares				17
Net changes of items other than shareholders' equity	28	28	(4)	23
Total changes of items during period	28	28	(4)	1,783
Balance at end of current period	108	108	-	34,629

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,157	4,032	30,278	(3,947)	34,521
Changes of items during period					
Dividends of surplus			(1,521)		(1,521)
Net income			4,111		4,111
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,590	(0)	2,590
Balance at end of current period	4,157	4,032	32,869	(3,947)	37,111

	Accumulated other comprehensive income		Minority interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	108	108	–	34,629
Changes of items during period				
Dividends of surplus				(1,521)
Net income				4,111
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity	(106)	(106)	1,131	1,024
Total changes of items during period	(106)	(106)	1,131	3,615
Balance at end of current period	1	1	1,131	38,245

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Cash flows from operating activities		
Income before income taxes and minority interests	5,157	6,610
Depreciation	1,643	2,449
Amortization of goodwill	8	274
Increase (decrease) in provision for bonuses	(3)	23
Increase (decrease) in allowance for doubtful accounts	3	126
Increase (decrease) in provision for merchandise warranties	(540)	(200)
Increase (decrease) in provision for directors' retirement benefits	32	33
Interest and dividend income	(19)	(40)
Interest expenses	42	212
Foreign exchange losses (gains)	3	–
Loss on retirement of non-current assets	104	67
Lease contract cancellation penalty	24	–
Impairment loss	55	–
Decrease (increase) in notes and accounts receivable - trade	3,022	975
Decrease (increase) in inventories	(6,071)	(7,536)
Increase (decrease) in notes and accounts payable - trade	298	1,236
Increase (decrease) in accrued consumption taxes	(324)	431
Other, net	(32)	556
Subtotal	3,403	5,219
Interest and dividend income received	19	40
Interest expenses paid	(42)	(212)
Income taxes paid	(3,324)	(926)
Net cash provided by (used in) operating activities	56	4,121
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,194)	(5,199)
Purchase of intangible assets	(686)	(1,162)
Payments for asset retirement obligations	(30)	(10)
Payments of loans receivable	(231)	(356)
Collection of loans receivable	3	69
Payments for lease and guarantee deposits	(517)	(763)
Proceeds from collection of lease and guarantee deposits	98	106
Payments of construction assistance fund receivables	(930)	(1,105)
Collection of construction assistance fund receivables	263	311
Payments into time deposits	(30)	(5)
Proceeds from withdrawal of time deposits	59	12
Purchase of shares of subsidiaries and associates	(40)	(5)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,305)	(9,579)
Other, net	1	1
Net cash provided by (used in) investing activities	(8,540)	(17,686)

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(140)	1,895
Proceeds from long-term loans payable	–	22,680
Repayments of long-term loans payable	(24)	(4,696)
Redemption of bonds	–	(495)
Purchase of treasury shares	(0)	(0)
Proceeds from exercise of share options	12	–
Cash dividends paid	(1,569)	(1,525)
Net cash provided by (used in) financing activities	(1,721)	17,858
Effect of exchange rate change on cash and cash equivalents	6	(34)
Net increase (decrease) in cash and cash equivalents	(10,200)	4,259
Cash and cash equivalents at beginning of period	14,661	4,863
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	402	–
Cash and cash equivalents at end of period	4,863	9,122

**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,655	5,104
Accounts receivable - trade	3,260	2,975
Merchandise	15,355	22,163
Supplies	151	164
Prepaid expenses	629	715
Deferred tax assets	821	808
Short-term loans receivable	39	577
Other	951	1,776
Allowance for doubtful accounts	(133)	(175)
<b>Total current assets</b>	<b>23,731</b>	<b>34,110</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	11,828	14,383
Structures	1,882	2,431
Vehicles	0	0
Tools, furniture and fixtures	713	815
Land	218	218
Construction in progress	643	826
<b>Total property, plant and equipment</b>	<b>15,287</b>	<b>18,675</b>
<b>Intangible assets</b>		
Goodwill	1	1
Trademark right	0	0
Software	1,331	1,937
Other	14	14
<b>Total intangible assets</b>	<b>1,347</b>	<b>1,954</b>
<b>Investments and other assets</b>		
Investment securities	0	0
Shares of subsidiaries and associates	2,341	12,291
Long-term loans receivable	24	19
Long-term loans receivable from subsidiaries and associates	1,907	2,969
Claims provable in bankruptcy, claims provable in rehabilitation and other	77	77
Long-term prepaid expenses	198	301
Lease and guarantee deposits	3,651	4,181
Construction assistance fund receivables	3,472	4,304
Deferred tax assets	271	278
Other	101	106
Allowance for doubtful accounts	(87)	(222)
<b>Total investments and other assets</b>	<b>11,959</b>	<b>24,309</b>
<b>Total non-current assets</b>	<b>28,593</b>	<b>44,938</b>
<b>Total assets</b>	<b>52,325</b>	<b>79,048</b>

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	3,119	4,558
Current portion of long-term loans payable	4,000	—
Short-term loans payable	—	2,000
Accounts payable - other	1,604	1,930
Income taxes payable	149	1,680
Accrued consumption taxes	97	489
Accrued expenses	1,368	1,038
Advances received	2,923	2,846
Deposits received	120	296
Provision for bonuses	436	455
Provision for merchandise warranties	1,276	1,076
Accounts payable - facilities	515	582
Unearned revenue	126	78
Other provision	—	113
Other	0	—
<b>Total current liabilities</b>	<b>15,741</b>	<b>17,146</b>
<b>Non-current liabilities</b>		
Long-term loans payable	—	22,680
Long-term guarantee deposited	690	651
Provision for directors' retirement benefits	507	540
Asset retirement obligations	1,424	1,640
<b>Total non-current liabilities</b>	<b>2,622</b>	<b>25,511</b>
<b>Total liabilities</b>	<b>18,363</b>	<b>42,657</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,157	4,157
<b>Capital surplus</b>		
Legal capital surplus	4,032	4,032
<b>Total capital surpluses</b>	<b>4,032</b>	<b>4,032</b>
<b>Retained earnings</b>		
Legal retained earnings	39	39
Other retained earnings		
Retained earnings brought forward	29,680	32,108
<b>Total retained earnings</b>	<b>29,719</b>	<b>32,148</b>
Treasury shares	(3,947)	(3,947)
<b>Total shareholders' equity</b>	<b>33,962</b>	<b>36,390</b>
<b>Total net assets</b>	<b>33,962</b>	<b>36,390</b>
<b>Total liabilities and net assets</b>	<b>52,325</b>	<b>79,048</b>



## Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended February 28, 2015	Fiscal year ended February 29, 2016
Net sales	153,171	179,367
Cost of sales	114,992	134,077
Gross profit	38,178	45,289
Selling, general and administrative expenses		
Advertising expenses	5,740	7,068
Salaries and allowances	8,546	9,673
Provision for bonuses	419	423
Depreciation	1,621	2,129
Rents	5,409	6,354
Provision for directors' retirement benefits	32	33
Provision of allowance for doubtful accounts	9	40
Other	11,358	12,725
Total selling, general and administrative expenses	33,137	38,448
Operating income	5,041	6,841
Non-operating income		
Interest and dividend income	1,020	137
Other	41	40
Total non-operating income	1,062	177
Non-operating expenses		
Interest expenses	41	51
Foreign exchange losses	3	537
Other	34	45
Total non-operating expenses	78	634
Ordinary income	6,024	6,384
Extraordinary income		
Other	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	104	64
Impairment loss	55	–
Less Contract Cancellation Penalty	24	–
Loss on valuation of shares of subsidiaries	–	31
Provision of allowance for doubtful accounts	–	129
Other	4	3
Total extraordinary losses	188	229
Income before income taxes	5,837	6,155
Income taxes - current	1,352	2,199
Income taxes - deferred	393	6
Total income taxes	1,746	2,205
Net income	4,091	3,949

## Non-consolidated statements of changes in equity

Fiscal year ended February 28, 2015

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
					Retained earnings brought forward				
Balance at beginning of current period	4,157	4,032	–	4,032	39	27,172	27,212	(3,975)	31,425
Changes of items during period									
Dividends of surplus						(1,571)	(1,571)		(1,571)
Transfer of loss on disposal of treasury shares			11	11		(11)	(11)		–
Net income						4,091	4,091		4,091
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			(11)	(11)				28	17
Net changes of items other than shareholders' equity									
Total changes of items during period	–	–	–	–	–	2,507	2,507	28	2,536
Balance at end of current period	4,157	4,032	–	4,032	39	29,680	29,719	(3,947)	33,962

	Subscription rights to shares	Total net assets
Balance at beginning of current period	4	31,430
Changes of items during period		
Dividends of surplus		(1,571)
Transfer of loss on disposal of treasury shares		–
Net income		4,091
Purchase of treasury shares		(0)
Disposal of treasury shares		17
Net changes of items other than shareholders' equity	(4)	(4)
Total changes of items during period	(4)	2,532
Balance at end of current period	–	33,962

Fiscal year ended February 29, 2016

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
				Retained earnings brought forward				
Balance at beginning of current period	4,157	4,032	4,032	39	29,680	29,719	(3,947)	33,962
Changes of items during period								
Dividends of surplus					(1,521)	(1,521)		(1,521)
Net income					3,949	3,949		3,949
Purchase of treasury shares							(0)	(0)
Total changes of items during period	-	-		-	2,428	2,428	(0)	2,428
Balance at end of current period	4,157	4,032	4,032	39	32,108	32,148	(3,947)	36,390

	Total net assets
Balance at beginning of current period	33,962
Changes of items during period	
Dividends of surplus	(1,521)
Net income	3,949
Purchase of treasury shares	(0)
Total changes of items during period	2,428
Balance at end of current period	36,390