

**Consolidated Financial Results
for the Three Months Ended January 31, 2019
[Japanese GAAP]**



March 14, 2019

Company name: GIFT INC.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 9279
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 Scheduled date of filing quarterly securities report: March 15, 2019
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended January 31, 2019 (November 1, 2018 to January 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
January 31, 2019	2,084	-	297	-	302	-	196	-
January 31, 2018	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Three months ended January 31, 2019: ¥202 million [- %]
 Three months ended January 31, 2018: ¥ - million [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
January 31, 2019	40.29	39.56
January 31, 2018	-	-

(Note) Since the Company prepared no quarterly consolidated financial statements for the three months ended January 31, 2018, figures for the three months ended January 31, 2018 as well as percentage changes from the previous corresponding period are not disclosed.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of January 31, 2019	4,323	2,799	64.7
As of October 31, 2018	4,232	2,684	63.4

(Reference) Equity: As of January 31, 2019: ¥2,799 million
 As of October 31, 2018: ¥2,684 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended October 31, 2018	Yen -	Yen 0.00	Yen -	Yen 18.00	Yen 18.00
Fiscal year ending October 31, 2019	-				
Fiscal year ending October 31, 2019 (Forecast)		0.00	-	25.00	25.00

(Note) Revision to the forecast for dividends announced most recently: Yes

(Note) Breakdown of year-end dividends (forecast) for the fiscal year ending October 31, 2019: Ordinary dividend of 20.00 yen and commemorative dividend of 5.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending October 31, 2019 (November 1, 2018 to October 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,060	-	440	-	445	-	270	-	55.26
Full year	8,630	23.8	865	11.5	870	11.8	500	9.7	102.34

(Note) Revision to the financial results forecast announced most recently: No

(Note) Since the Company prepared no quarterly consolidated financial statements for the six months ended April 30, 2018, year-on-year changes (forecast) for the first half of the fiscal year ending October 31, 2019 are not disclosed.

* Notes:

- (1) Changes in significant subsidiaries during the three months ended January 31, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements, Accounting policies adopted specially for the preparation of quarterly consolidated financial statements” on page 8 of the attachment.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

January 31, 2019: 4,890,400 shares

October 31, 2018: 4,885,600 shares

2) Total number of treasury shares at the end of the period:

January 31, 2019: - shares

October 31, 2018: - shares

3) Average number of shares during the period:

Three months ended January 31, 2019: 4,885,921 shares

Three months ended January 31, 2018: - shares

(Note) Since the Company prepared no quarterly consolidated financial statements for the three months ended January 31, 2018, the average number of shares during the period is not presented.

* These quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not intended as a guarantee that the Company will achieve these projections. Actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Consolidated Quarterly Financial Statements and Principal Notes
 (1) Consolidated Quarterly Balance Sheets

(Thousands of yen)

	As of October 31, 2018	As of January 31, 2019
Assets		
Current assets		
Cash and deposits	1,739,814	1,552,368
Accounts receivable - trade	183,279	195,378
Merchandise and finished goods	24,655	22,346
Raw materials and supplies	17,990	30,763
Other	78,013	108,159
Allowance for doubtful accounts	△2,929	△1,929
Total current assets	2,040,822	1,907,088
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,222,590	1,394,992
Accumulated depreciation	△172,994	△195,156
Buildings and structures, net	1,049,596	1,199,835
Land	639	639
Other	577,909	619,520
Accumulated depreciation	△216,746	△233,316
Other, net	361,162	386,204
Total property, plant and equipment	1,411,398	1,586,679
Intangible assets		
Other	33,288	32,644
Total intangible assets	33,288	32,644
Investments and other assets		
Lease and guarantee deposits	455,651	496,637
Other	291,868	301,144
Allowance for doubtful accounts	△588	△588
Total investments and other assets	746,931	797,193
Total non-current assets	2,191,619	2,416,518
Total assets	4,232,441	4,323,606

(Thousands of yen)

	As of October 31, 2018	As of January 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	201,094	188,724
Short-term loans payable	156,828	212,882
Current portion of long-term loans payable	236,384	211,388
Income taxes payable	229,297	126,669
Provision for bonuses	43,183	22,285
Other	332,807	442,976
Total current liabilities	1,199,595	1,204,926
Non-current liabilities		
Long-term loans payable	223,070	181,346
Asset retirement obligations	119,925	130,306
Other	5,451	7,777
Total non-current liabilities	348,446	319,429
Total liabilities	1,548,042	1,524,355
Net assets		
Shareholders' equity		
Capital stock	763,469	763,562
Capital surplus	1,015,597	1,015,689
Retained earnings	903,245	1,012,137
Total shareholders' equity	2,682,312	2,791,389
Valuation and translation adjustments		
Foreign currency translation adjustment	2,086	7,860
Total valuation and translation adjustments	2,086	7,860
Total net assets	2,684,399	2,799,250
Total liabilities and net assets	4,232,441	4,323,606

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
(Consolidated Quarterly Statements of Income)

(Thousands of yen)

	Three months ended January 31, 2019 (From November 1, 2018 to January 31, 2019)
Net sales	2,084,935
Cost of sales	618,840
Gross profit	1,466,094
Selling, general and administrative expenses	1,168,138
Operating profit	297,956
Non-operating income	
Interest income	666
Foreign exchange gains	2,461
Commission income	1,533
Other	870
Total non-operating income	5,531
Non-operating expenses	
Interest expenses	441
Other	98
Total non-operating expenses	539
Ordinary profit	302,948
Extraordinary income	
Gain on sales of non-current assets	6,754
Total extraordinary income	6,754
Profit before income taxes	309,702
Income taxes	112,869
Profit	196,833
Profit attributable to owners of parent	196,833

(Consolidated Quarterly Statements of Comprehensive Income)

(Thousands of yen)

	Three months ended January 31, 2019 (From November 1, 2018 to January 31, 2019)
Profit	196,833
Other comprehensive income	
Foreign currency translation adjustment	5,774
Total other comprehensive income	5,774
Comprehensive income	202,607
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	202,607

(3) Notes to Consolidated Quarterly Financial Statements

(Notes to going concern assumption)

Not applicable.

(Notes to significant changes in the amount of shareholders' equity)

Not applicable.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

The Company calculates tax expense by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to profit before income taxes for the fiscal year under review.

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. (ASBJ Statement No. 28, February 16, 2018) from the beginning of the three months ended January 31, 2019. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.