

**Consolidated Financial Results
for the Six Months Ended April 30, 2019
[Japanese GAAP]**



June 14, 2019

Company name: GIFT INC.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9279

URL: <http://www.gift-group.co.jp/>

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Scheduled date of filing quarterly securities report: June 14, 2019

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Six Months Ended April 30, 2019 (November 1, 2018 to April 30, 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	%
Six months ended								
April 30, 2019	4,333	-	549	-	555	-	354	-
April 30, 2018	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Six months ended April 30, 2019: ¥349 million [- %]

Six months ended April 30, 2018: ¥ - million [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
April 30, 2019	72.44	71.24
April 30, 2018	-	-

(Note) Since the Company prepared no quarterly consolidated financial statements for the six months ended April 30, 2018, figures for the six months ended April 30, 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 April 30, 2019	4,851	2,946	60.7
As of October 31, 2018	4,232	2,684	63.4

(Reference) Equity: As of April 30, 2019: ¥2,946 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	-	0.00			
Fiscal year ending October 31, 2019 (Forecast)			-	25.00	25.00

(Note) Revision to the forecast for dividends announced most recently: No

(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
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

* Notes:

- (1) Changes in significant subsidiaries during the six months ended April 30, 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 6 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):

April 30, 2019: 4,896,000 shares

October 31, 2018: 4,885,600 shares

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

April 30, 2019: - shares

October 31, 2018: - shares

3) Average number of shares during the period:

Six months ended April 30, 2019: 4,889,534 shares

Six months ended April 30, 2018: - shares

(Note) Since the Company prepared no quarterly consolidated financial statements for the six months ended April 30, 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 April 30, 2019
Assets		
Current assets		
Cash and deposits	1,739,814	1,539,185
Accounts receivable - trade	183,279	241,671
Merchandise and finished goods	24,655	34,377
Raw materials and supplies	17,990	52,652
Other	78,013	115,506
Allowance for doubtful accounts	△2,929	△2,270
Total current assets	2,040,822	1,981,122
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,222,590	1,639,671
Accumulated depreciation	△172,994	△220,752
Buildings and structures, net	1,049,596	1,418,918
Land	639	639
Other	577,909	755,085
Accumulated depreciation	△216,746	△251,890
Other, net	361,162	503,194
Total property, plant and equipment	1,411,398	1,922,752
Intangible assets		
Other	33,288	31,133
Total intangible assets	33,288	31,133
Investments and other assets		
Lease and guarantee deposits	455,651	525,825
Other	291,868	391,649
Allowance for doubtful accounts	△588	△588
Total investments and other assets	746,931	916,886
Total non-current assets	2,191,619	2,870,773
Total assets	4,232,441	4,851,896

(Thousands of yen)

	As of October 31, 2018	As of April 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	201,094	281,439
Short-term loans payable	156,828	287,724
Current portion of long-term loans payable	236,384	172,630
Income taxes payable	229,297	234,185
Provision for bonuses	43,183	39,583
Other	332,807	595,035
Total current liabilities	1,199,595	1,610,598
Non-current liabilities		
Long-term loans payable	223,070	139,646
Asset retirement obligations	119,925	147,294
Other	5,451	7,991
Total non-current liabilities	348,446	294,932
Total liabilities	1,548,042	1,905,530
Net assets		
Shareholders' equity		
Capital stock	763,469	763,695
Capital surplus	1,015,597	1,015,822
Retained earnings	903,245	1,169,502
Total shareholders' equity	2,682,312	2,949,020
Valuation and translation adjustments		
Foreign currency translation adjustment	2,086	△2,654
Total valuation and translation adjustments	2,086	△2,654
Total net assets	2,684,399	2,946,365
Total liabilities and net assets	4,232,441	4,851,896

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

(Thousands of yen)

	Six months ended April 30, 2019 (From November 1, 2018 to April 30, 2019)
Net sales	4,333,644
Cost of sales	1,297,907
Gross profit	3,035,737
Selling, general and administrative expenses	2,485,934
Operating profit	549,802
Non-operating income	
Interest income	1,684
Commission income	5,909
Other	752
Total non-operating income	8,345
Non-operating expenses	
Interest expenses	835
Foreign exchange losses	1,501
Other	23
Total non-operating expenses	2,359
Ordinary profit	555,789
Extraordinary income	
Gain on sales of non-current assets	6,754
Total extraordinary income	6,754
Profit before income taxes	562,543
Income taxes	208,345
Profit	354,198
Profit attributable to owners of parent	354,198

(Consolidated Quarterly Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended April 30, 2019 (From November 1, 2018 to April 30, 2019)
Profit	354,198
Other comprehensive income	
Foreign currency translation adjustment	△4,741
Total other comprehensive income	△4,741
Comprehensive income	349,456
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	349,456

(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 six months ended April 30, 2019. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.