Gulliver International Co., Ltd.

Financial Results

Fiscal 2008
(March 1, 2007 to February 29, 2008)

SUMMARY OF FINANCIAL STATEMENTS

Results for the fiscal year ended February 29, 2008

Gulliver International Co., Ltd. **April 18, 2008**

Stock Code: 7599
http://www.glv.co.jp/company/en
President: Kenichi Hatori
Scheduled date of the regular shareholders' meeting: May 28, 2008
Scheduled date for distribution of dividends: May 29, 2008
Scheduled date for submission of the financial report: May 29, 2008

Listed exchanges: Tokyo (1st Section)
Inquiries: Senior Managing Director: Ikuo Murata
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1. Consolidated financial results for the fiscal year ended February 29, 2008

1) Consolidated Operating Results

(Millions of yen, rounded down)

	Fiscal year ended February 29, 2008		Fiscal year ended February 28, 2007	
		(% change)		(% change)
Sales	190,592	4.6	182,166	(0.2)
Operating income	8,698	(21.8)	11,123	18.0
Ordinary income	8,699	(20.8)	10,998	17.2
Net income	4,650	(29.1)	6,566	48.5
Earnings per share (¥)	482.27	--	672.19	--
Fully diluted earnings per share (¥)	482.15	--	669.68	--
Return on equity (%)	23.6	--	37.5	--
Ratio of ordinary income to shareholders' equity (%)	18.0	--	25.9	--
Ratio of operating income to sales (%)	4.6	--	6.1	--

Notes:
1. Investment gains and losses under equity method: FY ended February 2008: ¥ -- million; FY ended February 2007: ¥ -- million
2. Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.

2) Financial Position (consolidated)

(Millions *of yen*, rounded down)

	As of February 29, 2008	As of February 28, 2007
Total assets	50,426	45,947
Net assets	20,769	19,303
Shareholders' equity ratio (%)	40.4	41.2
Shareholders' equity per share (¥)	2,122.06	1,936.38

Note:
1. Shareholders' equity: FY ended February 2008: ¥20,365 million; FY ended February 2007: ¥18,936 million

3) Consolidated cash flows

(Millions of yen, rounded down)

	Fiscal year ended February 29, 2008	Fiscal year ended February 28, 2007
Cash flow from operating activities	1,354	6,103
Cash flow from investing activities	(2,960)	(5,604)
Cash flow from financing activities	177	978
Cash and cash equivalents at end of period	3,639	4,855

2. Dividends

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008	Fiscal year ended February 28, 2009 (forecast)
Interim dividend per share(¥)	81.00	87.00	62.00
Year-end dividend per share(¥)	93.00	87.00	62.00
Annual dividend per share(¥)	174.00	174.00	124.00
Total dividends paid (Millions of yen)	1,699	1,744	--
Dividend ratio (%)	25.8	36.1	29.8
Dividends to net assets ratio (%)	9.7	8.6	--

3. Consolidated forecasts for the fiscal year ending February 28, 2009 (March 1, 2008 to February 28, 2009)

(Millions of yen, rounded down)

	Interim period ending August 31, 2008		FY ending February 28, 2009	
Sales	89,600	2.7%	196,300	3.0%
Operating income	3,200	(32.7)%	7,400	(14.9)%
Ordinary income	3,200	(33.0)%	7,400	(14.9)%
Net Income	1,700	(37.2)%	4,000	(14.0)%
Earnings per share (¥)	177.14	--	416.79	--

Percentage figures for sales, operating income, etc. represent changes compared to the previous comparable fiscal period.

4. Other

1) **Transfer of important subsidiaries during the period** Transfers of subsidiaries resulting in changes in the scope of consolidation: Yes

New companies: (1) Gulliver USA, Inc.

2) **Changes in accounting principles, procedures and presentation in the preparation of these financial statements**

(1) Changes in accordance with revision to accounting standards: Yes

(2) Other changes: No

Note: For details, see page 14 of 'Material Items Forming the Basis for the Preparation of the Consolidated Financial Statements'

3) **Number of shares outstanding (ordinary shares)**

(1) Number of shares outstanding at end of period (including treasury shares):

As of February 29, 2008: 9,597,077 shares; As of February 28, 2007: 9,779,343 shares

(2) Number of treasury shares at end of period:

As of February 29, 2008: 1,091,723 shares; As of February 28, 2007: 909,457 shares

Forecasts and forward-looking statements in this document are based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including economic conditions, legislative and regulatory developments, delay in new product or service launches, and pricing and product initiatives of competitors.

Reference: Outline of Non-Consolidated Financial Results

1. Non-Consolidated financial results for the fiscal year ended February 29, 2008

1) Non-Consolidated operating results

(Millions of yen, rounded down)

	Fiscal year ended February 29, 2008		Fiscal year ended February 28, 2007	
		(% change)		(% change)
Sales	167,219	0.4	166,466	(1.9)
Operating income	8,459	(21.0)	10,715	5.6
Ordinary income	8,614	(18.0)	10,509	3.6
Net income	4,293	(23.9)	5,645	6.1
Earnings per share (¥)	445.27	--	577.92	--
Fully diluted earnings per share (¥)	445.16	--	575.76	--

Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year

2) Financial position (Non-Consolidated)

(Millions *of yen*, rounded down)

	As of February 29, 2008	As of February 28, 2007
Total assets	35,378	40,414
Net assets	19,389	18,101
Shareholders' equity ratio (%)	54.8	44.8
Shareholders' equity per share (¥)	2,020.31	1,850.96

Note:

1. Shareholders' equity: FY ended February 2008: ¥19,389 million; FY ended February 2007: ¥18,101 million

2. Non-Consolidated forecasts for the fiscal year ending February 28, 2009 (March 1, 2008 to February 28, 2009)

(Millions of yen, rounded down)

	Interim period ending August 31, 2008		FY ending February 28, 2009	
Sales	79,000	3.3%	170,000	1.7%
Operating income	3,100	(29.9)%	7,200	(14.9)%
Ordinary income	3,100	(30.6)%	7,200	(16.4)%
Net Income	1,650	(33.3)%	3,800	(11.5)%
Earnings per share (¥)	171.93	--	395.95	--

Percentage figures for sales, operating income, etc. represent changes compared to the previous comparable fiscal period.

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1. Operating results

(1) Outline of consolidated operating results

Among the stores involved in the sale and purchase of cars, 299 were directly operated (8 more than at the end of the previous fiscal year). Compared to the previous fiscal year, the net increase in the number of stores was lower due to a reduction in the pace of opening new venues and the closure of certain stores. Our policy to continue to open new stores and replace (relocate and rebuild) stores remains unchanged.

In the first half of the fiscal year, investment in advertising was restrained. However, active investment in advertising in the second half led to an increase in the number of cars sold through directly operated stores during the second half of the year. The number of cars sold for the year, however, was slightly lower than in the previous fiscal year.

Sales, general and administrative expenses increased at certain subsidiaries.

As a result of the factors noted above, consolidated net sales for the fiscal year under review increased by 4.6% or ¥8,426 million compared to the previous fiscal year to ¥190,592 million and operating income decreased 21.8% or ¥2,425 million to ¥8,698 million. Ordinary income decreased 20.8% or ¥2,298 million to ¥8,699 million and net income decreased 29.1% or ¥1,915 million to ¥4,650 million.

Performance by segment

i. Sales of used automobiles

As previously mentioned, the number of cars sold through directly operated stores decreased in comparison to the previous fiscal year. However, the average price-per-car increased due to a rise in prices of used cars sold through auction.

As a result, consolidated net sales increased 2.8% or ¥5,013 million over the previous fiscal year to ¥179,443 million and operating income decreased 13.2% or ¥1,739 million to ¥11,394 million.

ii. Financing business

G-One Financial Services Co., Ltd. a financial services company that primarily handles auto loans, steadily expanded its operating base and grew revenues, however sales, general and administration expenses increased as a result of business expansion.

As a result, consolidated net sales for the period under review increased 83.5% (¥2,334 million) over the previous fiscal year to ¥5,126 million, and operating income decreased 52.1% (¥159 million) to ¥146 million.

iii. Other businesses

The number of Gulliver franchised stores decreased by a net 33 compared to the previous fiscal year end to 151 stores. As a result, revenues from Gulliver franchised stores also decreased.

As a result, consolidated net sales increased 15.7% (¥1,436 million) to ¥10,540 million and operating income decreased 2.8% (¥80 million) to ¥2,700 million.

Outlook for the fiscal year ending February 28, 2009

Note: Forecasts represent changes compared to the previous fiscal year.

The Company aims to efficiently increase the number of cars sold and to continue to open new directly operated stores for the sale of used cars—its core operations. For the year ending February 28, 2009, the number of directly operated stores is forecast to increase to 307 stores at the end of the period, a net increase of 8 stores. As a result, the number of cars sold is also forecast to increase.

The following factors are expected to cause a rise in sales, general and administrative expenses:

- A forecasted increase in investment in advertising for the continued implementation of test marketing and strengthening of retail sales
- A forecasted increase in personnel expenses as a result of the increase in staff numbers due to active hiring in the previous fiscal year
- A forecasted increase in land and facilities rents due to the rise in the number of directly operated stores
- A forecasted increase in sales, general and administrative expenses as a result of investments made for the development of operations overseas in China and India.

Development of the Financing business as an operation focusing on auto loans will continue. Results are expected to be largely in line with those of the previous fiscal year.

As regards Other businesses, the number of Gulliver franchised stores is expected to decline to 137 stores, a net decrease of 14 stores. As a result, a decrease in income from royalties, commissions, etc., is also expected.

As a result, consolidated forecasts for the fiscal year ending February 28, 2009 are for net sales to increase 3.0% to ¥196,300 million, operating income to decrease 14.9% to ¥7,400 million, ordinary income to decrease 14.9% to ¥7,400 million, and net income for the period to decrease 14.0% to ¥4,000 million.

(2) Financial position

Consolidated financial position and related analysis
Assets, liabilities and shareholders' equity

1) Current assets
The balance of current assets at the end of the period under review increased ¥4,268 compared to the end of the previous fiscal period to ¥31,148 million due primarily to a ¥2,625 million increase in inventories and a ¥2,501 million increase in accounts receivable.
2) Fixed assets
The balance of fixed assets at the end of the period under review increased ¥211 million compared to the end of the previous fiscal period to ¥19,278 million largely due to a ¥326 million increase in construction cooperation money and security and guarantee deposits due to the expansion of new directly operated stores.
3) Current liabilities
The balance of current liabilities at the end of the period under review decreased ¥1,145 million compared to the end of the previous fiscal period to ¥24,078 million due primarily to a shift of funds used for the expansion of operations from short-term borrowings (down ¥459 million from the end of the previous fiscal year) to long-term borrowings.
4) Long-term liabilities
The balance of long-term liabilities at the end of the period under review increased ¥4,159 million to ¥5,578 million compared to the end of the previous fiscal period due primarily to a ¥3,535 million increase in long-term borrowings for the expansion of operations.
5) Net assets
The balance of net assets at the end of the period under review increased ¥1,465 million compared to the end of the previous fiscal period to ¥20,769 million primarily due to a ¥2,549 million increase in retained profit.

Cash flow

For the fiscal year ended February 29, 2008, cash flow from operating activities and financing activities was positive while cash flow from investing activities was negative. Overall cash flow was a negative figure of ¥1,421 million. The balance of cash and cash equivalents at the end of the period was ¥3,639 million.

Cash flow from operating activities
Cash and cash equivalents ("cash") generated from operating activities was ¥1,354 million.
Principal components of this included net income before adjustment for taxes of ¥8,495 million, a decrease in accounts receivable of ¥2,267 million, and corporate taxes paid of ¥5,214 million.

Cash flow from investing activities
Net cash used in investing activities was ¥2,960 million. The principal factors contributing to this result were investments in the opening of new directly managed stores and in internal systems.

Cash flow from financing activities
Net cash from financing activities was ¥177 million. This was largely due to the proceeds from long-term borrowings.

Trends in Gulliver's shareholders' equity and cash flow indicators are as follows:

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Equity ratio (%)	59.3	46.7	41.3	41.2	40.4
Shareholders' equity (market price base) ratio (%)	338.6	443.4	338.5	181.9	80.6
Debt redemption years (years)	0.1	1.4	2.1	2.3	12.7
Interest coverage ratio	604.2	207.9	141.3	93.6	9.6

Notes:

1. Breakdown of each indicator
   Equity ratio = shareholders' equity/total assets
   Shareholders' equity to asset ratio by market price = 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 formula: closing share price at period end x number of shares issued (excluding treasury stock).

2. Basic policy concerning distribution of profits and dividend forecasts

We have identified the return of profits to investors as an important management issue and also place emphasize on our dividend payout ratio. The Company had previously announced a target dividend payout ratio of approximately 30% of non-consolidated net income for the fiscal year ended February 29, 2008. However, from the fiscal year ended February 28, 2009, the target dividend payout ratio has been revised and will be based on consolidated net income. Actual dividends may differ from previously announced forecasted dividends due to consolidated net income results.

Based on these policies, dividends per share for the fiscal year ended February 29, 2008 were ¥174.00. Further, based on the forecasted consolidated net income, the planned dividend per share for the fiscal year ending February 28, 2009 is for an annual dividend of ¥124.00 per share, comprising an interim dividend of ¥62.00 and a year-end dividend of ¥62.00.

With the intention of further increasing profits and increasing corporate value, as well as strengthening competitiveness and improving services, retained capital will be used to carry out effective and efficient investments in such areas as opening new directly operated stores, strengthening internal infrastructure (IT), developing new businesses, including those overseas, and training personnel.

Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2008		As of February 28, 2007	
ASSETS		%		%
Current assets				
Cash and deposits	3,639		4,855	
Accounts receivable	16,166		13,664	
Inventory	7,294		4,668	
Short-term loans receivable	2,085		1,571	
Deferred tax assets	407		445	
Others	1,581		1,743	
Allowance for doubtful accounts	(25)		(69)	
Total current assets	31,148	61.8	26,880	58.5
Fixed assets				
Tangible fixed assets				
Building and structures	10,547		9,911	
Depreciation	(2,699)		(2,079)	
Vehicles and transportation	48		42	
Depreciation	(36)		(15)	
Tools, fixtures and equipment	3,259		2,899	
Depreciation	(1,839)		(1,515)	
Land	327		327	
Construction in progress	124		116	
Other	25		--	
Total tangible fixed assets	9,758	19.4	9,687	21.1
Intangible fixed assets				
Goodwill	103		30	
Software	1,994		2,082	
Other	122		79	
Total intangible fixed assets	2,220	4.4	2,192	4.8
Investments and other assets				
Investment securities	98		96	
Shares in affiliate companies[1]	5		108	
Long-term loans	161		13	
Deposits and guarantee money	3,404		3,749	
Construction cooperation fund	3,180		2,508	
Deferred tax assets	465		489	
Other	275		296	
Allowance for doubtful accounts	(292)		(74)	
Total investments and other assets	7,298	14.4	7,187	51.6
Total fixed assets	19,278	38.2	19,066	41.5
Total Assets	**50,426**	**100.0**	**45,947**	**100.0**

Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2008		As of February 28, 2007	
LIABILITIES				%
Current liabilities				
Accounts payable	3,505		3,303	
Short-term borrowing	13,131		13,590	
Accrued expenses	3,039		2,900	
Accrued corporate taxes	1,306		2,957	
Deposits received	351		809	
Reserve for bonuses	562		453	
Reserve for director's bonuses	63		73	
Others	2,119		1,136	
Total current liabilities	24,078	47.7	25,224	54.9
Long-term liabilities				
Long-term borrowing	4,085		550	
Guarantee deposits received	1,021		869	
Other	471		--	
Total long-term liabilities	5,578	11.1	1,419	3.1
Total liabilities	29,657	58.8	26,643	58.0
NET ASSETS				
Paid in capital	4,157	8.3	4,157	9.1
Capital surplus	4,032	8.0	4,032	8.8
Retained profit	22,833	45.3	20,283	44.1
Treasury stock	(10,678)	(21.2)	(9,540)	(20.8)
Total shareholders' equity	20,344	40.4	18,932	41.2
Valuation difference on other marketable securities	7	0.0	6	0.0
Valuation and translation adjustments	13	0.0	(2)	(0.0)
Translation adjustments	20	0.0	3	0.0
Warrants for new shares	4	0.0	1	0.0
Minority interests	400	0.8	366	0.8
Total net assets	**20,769**	**41.2**	**19,303**	**42.0**
Total liabilities and net assets	**50,426**	**100.0**	**45,947**	**100.0**

Gulliver

Consolidated Statements of Income

(Millions of yen)

	March 1, 2007 to February 29, 2008		March 1, 2006 to February 28, 2007	
				%
Sales	190,592	100.0	182,166	100.0
Cost of sales	147,032	77.1	140,228	77.0
Gross profit	43,559	22.9	41,937	23.0
Sales general and administrative expenses [*1]	34,860	18.3	30,813	16.9
Operating income	8,698	4.6	11,123	6.1
Non-operating income				
Interest received	5		0	
Dividends received	17		1	
Commissions received	4		7	
Compensation received	15		--	
Other	265		68	
Total non-operating income	307	0.2	79	0.0
Non-operating expenses				
Interest paid	140		65	
Share issuance expenses	--		7	
Addition to allowance of doubtful accounts	27		37	
Contract cancellation expenses	--		3	
Exchange related losses	33		--	
Other	105		91	
Total non-operating expenses	306	0.2	204	0.1
Ordinary income	8,699	4.6	10,998	6.0
Extraordinary profit				
Gains on cancellation of insurance contracts	20		--	
Gains from cancellation in the previous term	92		--	
Unrealized profit on installment sales	--		1,164	
Gain from sale of fixed assets	15		--	
Other	17		--	
Total extraordinary profit	146	0.1	1,164	0.6
Extraordinary losses				
Loss on disposal of fixed assets [*2]	330		689	
Impairment losses [*3]	--		278	
Other	19		45	
Total extraordinary losses	350	0.2	1,013	0.5
Income before taxes, etc.	8,495	4.5	11,149	6.1
Income tax, inhabitants tax and enterprise tax	3,669		4,880	
Corporate tax adjustment	126		(313)	
Minority interests (deduction)	49	0.0	16	0.0
Net income	4,650	2.5	**6,566**	**3.6**

Gulliver

Changes in Consolidated Shareholders' Equity: March 1, 2007 to February 29, 2008

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained profit	Treasury stock	Total shareholders' equity
Balance as of February 28, 2007	4,157	4,032	20,283	(9,540)	18,932
Change during the period					
Surplus dividend			(1,744)		(1,744)
Net income			4,650		4,650
Acquisition of treasury stock				(1,320)	(1,320)
Disposal of treasury stock			(126)	182	56
Decrease in retained profit following changes to the scope of consolidation			(309)		(309)
Increase in retained profit following changes to the scope of consolidation			78		78
Changes to items other than shareholders' equity during the period (net)	—	—	—	—	—
Total change during period	—	—	2,549	(1,137)	1,411
Balance as of February 29, 2008	4,157	4,032	22,833	(10,678)	20,344

	Valuation and differences due to foreign exchange			Warrants	Minority interests	Total net assets
	Valuation differences on other marketable securities	Adjustment due to exchange rate	Total valuation and translation adjustments			
Balance as of February 28, 2007	6	(2)	3	1	366	19,303
Change during the period						
Surplus dividend						(1,744)
Net income						4,650
Acquisition of treasury stock						(1,320)
Disposal of treasury stock						56
Decrease in retained profit following changes to the scope of consolidation						(309)
Increase in retained profit following changes to the scope of consolidation						78
Changes to items other than shareholders' equity during the period (net)	1	15	17	3	33	53
Total change during period	1	15	17	3	33	1,465
Balance as of February 29, 2008	7	13	20	4	400	20,769

Changes in Consolidated Shareholders' Equity: March 1, 2006 to February 28, 2007

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained profit	Treasury stock	Total shareholders' equity
Balance as of February 28, 2006	4,157	4,032	15,822	(8,067)	15,944
Change during the period					
Surplus dividend			(1,608)		(1,608)
Bonuses to directors through profit appropriation			(73)		(73)
Net income			6,566		6,566
Acquisition of treasury stock				(2,079)	(2,079)
Disposal of treasury stock			(423)	606	183
Changes to items other than shareholders' equity	--	--	--	--	--
Total change during the period	--	--	4,460	(1,472)	2,988
Balance as of February 28, 2007	4,157	4,032	20,283	(9,540)	18,932

	Valuation and differences due to foreign exchange			Warrants	Minority interests	Total net assets
	Valuation differences on other marketable securities	Translation adjustment account	Total valuation and translation differences			
Balance as of February 28, 2006	67	(0)	67	--	352	16,364
Change during the period						
Surplus dividend					(5)	(1,613)
Bonuses to directors through profit appropriation						(73)
Net income						6,566
Acquisition of treasury stock						(2,079)
Disposal of treasury stock						183
Changes to items other than shareholders' equity	(60)	(2)	(63)	1	19	(42)
Total change during the period	(60)	(2)	(63)	1	13	2,939
Balance as of February 28, 2007	6	(2)	3	1	366	19,303

Consolidated Statements of Cash flows

(Millions of yen)

	March 1, 2007 to February 29, 2008	March 1, 2006 to February 28, 2007
I. Cash flow from operating activities		
Income before taxes, etc.	8,495	11,149
Depreciation	2,342	2,352
Increase (decrease) in reserve for bonuses	109	(68)
Increase (decrease) in allowance for doubtful accounts	174	(66)
Interest and dividends received	(5)	(2)
Interest paid	140	65
Share issuance expense	--	7
Gain on disposal of fixed assets	(15)	--
Loss on disposal of fixed assets	330	689
Impairment losses	--	278
Payment of directors' bonuses	--	(73)
Increase (decrease) in accounts receivable	(2,267)	(2,825)
Increase (decrease) in inventory	(2,588)	108
Increase (decrease) in accounts payable	169	444
Increase (decrease) in operating loans	(601)	(1,292)
Increase (decrease) in accrued consumption tax	(89)	(177)
Other	508	(749)
Subtotal	6,705	9,838
Interest and dividends received	5	2
Interest paid	(140)	(65)
Corporate taxes paid	(5,214)	(3,671)
Cash flow from operating activities	1,354	6,103
II. Cash flow from investing activities		
Proceeds from sale of investment securities	--	100
Payments for acquisition of tangible fixed assets	(1,946)	(3,731)
Proceeds from sale of tangible fixed assets	116	1
Payments for acquisition of intangible fixed assets	(824)	(581)
Payments for acquisition of shares in affiliates	(0)	(5)
Amounts lent	(3)	(61)
Proceeds from repayment of loans	3	6
Increase (decrease) in deposits and guarantee payments	(305)	(1,327)
Other	--	(5)
Cash flow from investing activities	(2,960)	(5,604)
III. Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	(471)	4,190
Repayment of long-term debt	(986)	(207)
Proceeds from long-term borrowings	4,661	500
Payments for acquisition of treasury stock	(1,320)	(2,079)
Proceeds from disposal of treasury stock	56	183
Payments for issuance of new shares	--	(7)
Dividend payments	(1,744)	(1,608)
Dividends paid to minority shareholders	(5)	(5)
Proceeds from payments from minority shareholders	(10)	--
Other	--	13
Cash flow from financing activities	177	978
IV. Cash and cash equivalents currency translation differences	6	3
V. (Decrease) increase in cash and cash equivalents	(1,421)	1,481
VI. Cash and cash equivalents at beginning of period	4,855	3,374
VII. Increase in cash and cash equivalents from change in scope of consolidation	205	--
VIII. Cash and cash equivalents at end of period	3,639	4,855

Material Items Forming the Basis for the Preparation of the Consolidated Financial Statements for Fiscal Year Ended February 29, 2008

Item	March 1, 2007 - February 29, 2008	March 1, 2006 – February 28, 2007
1.Items relating to the scope of consolidation	(1) Number of consolidated subsidiaries: 13 G-One Financial Services Co., Ltd. G-Care Kyousaikai. Gulliver Europe Ltd. G-One Credit Services Co., Ltd. G-Trading Co., Ltd. G-Bus, Ltd. Samurai Motors Co. G-Trading Rus LLC G-Rental Co., Ltd. Hucobo Co., Ltd. Takeoff Co., Ltd. Gulliver USA, Inc. Gulliver East, Inc. (Change in scope of consolidation) Of the above G-Care Kyousaikai, Gulliver USA, Inc. and Gulliver East, Inc. have been included in the scope of consolidation since their significance has increased during the fiscal year. As a result of an acquisition of shares in G-Rental Co., Ltd. during the consolidated fiscal year and having newly established G-One Credit Services Co., Ltd., both companies have been included in the scope of consolidation. However, Carbross Co., Ltd. has been excluded from consolidation since its significance has decreased during the fiscal period. (2) Main non-consolidated subsidiaries: Carbross Co., Ltd. G-One Insurance Services Co., Ltd. Reasons for exclusion from consolidation: Carboss Co., Ltd. and G-One Insurances Services Co., Ltd. are small and their total assets, sales, net income and retained profit, etc. do not significantly affect the consolidated financial statements.	(1) Number of consolidated subsidiaries: 9 G-Trading Co., Ltd. G-One Financial Services Co., Ltd. Gulliver Europe Ltd. Hucobo Co., Ltd. Samurai Motors Co. G-Bus, Ltd. Carbross Co., Ltd. Takeoff Co., Ltd. G-Trading Rus LLC (Change in scope of consolidation) Of the above Takeoff Co., Ltd. has been included in the scope of consolidation following the new acquisition of shares during the fiscal year and G-Trading Rus LLC was established during the fiscal year and included in consolidation. (2) Non-consolidated subsidiaries: Gulliver USA, Inc. Reasons for exclusion from consolidation: Gulliver USA, Inc. is small and its total assets, sales, net income and retained profit, etc. do not significantly affect the consolidated financial statements.
2. Application of the equity method	(1) There are no non-consolidated subsidiaries or affiliates to which the equity method is applied. (2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Carboss Co., Ltd. G-One Insurance Services Co,. Ltd. UG Powers Co., Ltd. Reasons for not applying the equity method: The effect of the company on net income and retained profit is immaterial and its overall importance is low.	(1) There are no non-consolidated subsidiaries or affiliates to which the equity method is applied. (2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA, Inc. UG Powers Co., Ltd. Reasons for not applying the equity method: The effect of the company on net income and retained profit is immaterial and its overall importance is low.

Item	March 1, 2007 - February 29, 2008	March 1, 2006 – February 28, 2007
3. Items relating to the settlement days of consolidated subsidiaries	Of the consolidated subsidiaries, Gulliver Europe Ltd., Samurai Motors Co. and G-Trading Rus LLC, have a December 31 settlement date that differ from the consolidated settlement date of the end of February. Since the gap between the Consolidated Financial Statements settlement dates for Gulliver Europe Ltd., Samurai Motors Co., Takeoff Co., Ltd. and G-Trading Rus LLC does not exceed 3 months, consolidation is performed based on the said subsidiary's financial statements. For material transactions occurring between the settlement dates necessary, consolidation adjustments are made.	Of the consolidated subsidiaries, Gulliver Europe Ltd., Samurai Motors Co. and G-Trading Rus LLC, Takeoff Co., Ltd. have a December 31 settlement date and Takeoff Co., Ltd. has an August settlement date that both differ from the consolidated settlement date of the end of February. Since the gap between the Consolidated Financial Statements settlement dates for Gulliver Europe Ltd., Samurai Motors Co. and G-Trading Rus LLC does not exceed 3 months, consolidation is performed based on the said subsidiary's financial statements. For material transactions occurring between the settlement dates necessary, consolidation adjustments are made. In the case of Takeoff Co., Ltd., as the gap exceeds 3 months, consolidation is performed based on provisional statements.
4. Items relating to accounting treatment (1) Valuation criteria and valuation methods for material assets	1. Marketable securities Bonds intended to be held to maturity: Amortizing cost method (straight line) Other marketable securities As at right Those without a market value: As at right Shareholdings in subsidiaries: As at right 2. Derivatives As at right 3. Inventories A. Merchandise: Vehicles: As at right Other: As at right B. Supplies: As at right	1. Marketable securities Bonds intended to be held to maturity: Amortizing cost method (straight line) Other marketable securities Those with a market price: Valued by the market method based on the market price as at the accounting date. Valuation gains or losses are taken direct to net assets and the book value is determined by moving average method. Those without a market value: The cost method using the moving average method Shareholdings in subsidiaries: The cost method using the moving average method 2. Derivatives Market price method 3. Inventories A. Merchandise: Vehicles: Actual cost method Other: First in first out method applied B. Supplies: Final cost method applied
(2) Depreciation methods applied to material depreciable assets	(i) Tangible Fixed Assets As at right (ii) Intangible Fixed Assets As at right (iii) Long Term Prepaid Expenses As at right	(i) Tangible Fixed Assets Declining Balance Method is applied. However, for buildings (excluding attached equipment) acquired since April 1, 1998, the Straight Line Method has been applied. The useful lives are as follows: Buildings and Structures: 15 – 20 years Vehicles: 2-6 years (ii) Intangible Fixed Assets The Straight Line Method is applied. However, with respect to software for internal use, the Straight Line Method based on useful lives for internal use (5 years) has been applied. (iii) Long Term Prepaid Expenses The Straight Line Method is applied

Item	March 1, 2007 - February 29, 2008	March 1, 2006 – February 28, 2007
(3) Treatment of deferred assets	Share issue expenses As at right	Share issue expenses Expensed in their entirety at the time of expenditure
(4) Criteria for recording material reserves	(i) Reserve for Doubtful Accounts As at right (ii) Reserve for Bonuses As at right (iii) Reserve for Directors' Bonuses As at right	(i) Reserve for Doubtful Accounts To prepare for the losses occurring from bad debts, with respect to general claims the actual bad debt to loan rate is applied. Specific claims, such as those where there are concerns on the probability of recovery, are assessed on an individual basis and estimated unrecoverable amounts are recorded. (ii) Reserve for Bonuses To prepare for the payment of bonuses to employees, amounts are recorded based on the estimated payment amount. (iii) Bonuses for directors Amount based on forecasted provisional amount in preparation for payment of bonuses to directors.
(5) Treatment of material lease transactions	As at right	Financing leases other than those lease assets whose title is deemed to pass to the lessee have been accounted for in accordance with methods applied to normal lease transactions.
(6) Material hedge accounting	(i) Method of Hedge Accounting As at right (ii) Hedging Tools and Hedge Targets As at right (iii) Hedging Policy As at right (iv) Method of evaluating hedge effectiveness As at right	(i) Method of Hedge Accounting According to Deferred Hedge Method (ii) Hedging Tools and Hedge Targets Hedging Tools – Interest Rate Swaps Hedge Targets – Interest on borrowings (iii) Hedging Policy Interest Rate Swap transactions are entered into for the purpose of hedging the risk of interest rate fluctuation on borrowings and entered into only for the target obligations. (iv) Method of evaluating hedge effectiveness Evaluations are based on the amount of volatility of hedging tools and hedge targets compared to total market price volatility for the period from the time the hedge was initiated until the evaluation for effectiveness.
(7) Other material items in the preparation of the consolidated financial statements	Accounting treatment for consumption tax As at right	Accounting treatment for consumption tax The Tax Exclusion Method is applied in the accounting treatment of Consumption Tax.
5. Evaluation of assets and liabilities of consolidated subsidiaries	As at right	Market valuation method is fully applied.

Item	March 1, 2007 - February 29, 2008	March 1, 2006 – February 28, 2007
6. Amortization of goodwill and negative goodwill	The period of amortization of goodwill and negative goodwill will be based on a reasonable estimate of the period during which benefit will be realized not exceeding 20 years. Small amounts are written off in full in the fiscal year in which they arise.	The period of amortization of goodwill will be based on a reasonable estimate of the period during which benefit will be realized not exceeding 20 years. Small amounts are written off in full in the fiscal year in which they arise.
7. Assets in the scope of consolidated cash flows	As at right.	The category 'cash' covers cash on hand, demand deposits, and easily convertible short-term investments with low risk of price fluctuation that mature within three months of acquisition.

Changes in Accounting Treatment

March 1, 2007 - February 29, 2008	March 1, 2006 – February 28, 2007
――――――	**Accounting standards relating to impairment losses on fixed assets** As of the fiscal year ended February 28, 2007 the 'Statement Regarding the Establishment of Accounting Policies for Impairment Losses on Fixed Assets' (Business Accounting Council, August 9, 2002) and 'Guidelines for the Application of Accounting Policies for Impairment Losses on Fixed Assets (Guideline for Application of Business Accounting Policies, Article 6; Business Accounting Council, October 31, 2003) have been applied as accounting standards relating to impairment losses. As a result of this change, and in comparison to previous accounting methods, there is a ¥278 million decrease in net income before taxes.
――――――	**Accounting treatments relating to income generated through auto loans** Previously, in respect of auto loans at the consolidated subsidiary G-One Financial Services Co., Ltd. the entire amount of the income was recorded as income over the period of the loan. However, from the current fiscal period, we have begun to employ a method in which the financing cost for the unexpired portion is accounted for over the contract period. For the remaining portion, excluding income related to foreseeable losses arising from early repayment or subrogated performance the income is recorded in full at the time of contracting for the auto loan. We made this change as most of the costs associated with auto loan income occur at the time of contracting and also because the expertise and internal data we have accumulated on the auto loans business allows us to rationally forecast early repayment or subrogated performance. As a result we believe the new method better reflects actual operating conditions. In order to make loan contracts signed in previous fiscal years conform to this method, the balance of unpaid loans at the end of the fiscal year ended February 28, 2006, excluding income related to financing rates and foreseeable losses arising from early repayment or subrogated performance, has been recorded as extraordinary profit. As a result of this change, net sales, gross profit on sales, operating income and ordinary income have increased by ¥547 million compared to the previous method, and net income before adjustment for income taxes has increased ¥1,711 million.

March 1, 2007 - February 29, 2008	March 1, 2006 – February 28, 2007
———————	**Accounting standards relating to presentation of net assets on balance sheets** From the fiscal year ended February 28, 2007, the ‘Statement Regarding the Presentation of Net Assets on the Balance Sheet’ (Business Accounting Council, December 9, 2005, Article No. 5) and ‘’Guidelines for the Application of Accounting Policies for the Presentation of Net Assets on the Balance Sheet’ (Guidelines for the Application of Business Accounting Polices, Article 8; Business Accounting Council, December 9, 2005) have been applied. The equivalent amount previously recorded as ‘Capital’ is ¥18,936 million. Following changes to the regulations on financial statements, net assets on the balance sheet have been recorded in accordance with the revised regulations.
———————	**Accounting standards relating to directors’ bonuses** From the fiscal year ended February 28, 2007, the ‘Accounting Standard Regarding Directors’ Bonuses’ (Business Accounting Council, November 11, 2005, Article No. 4) has been applied. As a result of both ordinary income and net income before adjustment for income taxes have each decreased ¥73 million.
Changes to the depreciation method of tangible fixed assets From the period of the fiscal year ended February 29, 2008, in accordance with the revision of Corporation Tax Law (Law Concerning the Partial Revision of Income Tax No. 6, issued on March 30, 2007 and Government Ordinance Concerning the Partial Revision of Corporation Tax Law Order No. 83, issued on March 30, 2007), the method of depreciation of tangible fixed assets acquired after April 1, 2007 has been revised. The effects of this change on operating income, ordinary income or net income before adjustment for income taxes is immaterial.	———————

Method of presentation of current assets

March 1, 2007 - February 29, 2008	March 1, 2006 – February 28, 2007
———————	1. In the previous consolidated fiscal year, ‘operating loans’ were included in ‘other’ among current assets. In this consolidated fiscal year, operating loans exceed 1% of total assets and are therefore listed separately. At the end of consolidated fiscal year February 28, 2006 ‘operating loans’ were ¥215 million. 2. The item referring to goodwill has changed from the term *trading rights* to *goodwill.*

Notes

Related to the consolidated balance sheets

February 29, 2008	February 28, 2007
1. Other items relating to non-consolidated and affiliate companies as follows: Shares in subsidiaries: ¥5 million	------------------

(Items related to the consolidated statements of income)

(Millions of yen)

March 1, 2007 – February 29, 2008		March 1, 2006 - February 28, 2007	
1. Principal components of SGA expenses		1. Principal components of SGA expenses	
Advertising	5,557	Advertising	4,619
Contracting fees	1,934	Contracting fees	1,785
Salaries	8,659	Salaries	8,066
Bonuses	1,294	Bonuses	1,314
Transfer to reserve for doubtful accounts	--	Transfer to reserve for doubtful accounts	7
Transfer to reserve for bonuses	573	Transfer to reserve for bonuses	448
Transfer to reserve for directors' bonuses	63	Transfer to reserve for directors' bonuses	73
Depreciation	2,342	Depreciation	2,352
Rent	4,881	Rent	4,405
2. Components of losses on disposal of fixed assets		2. Components of losses on disposal of fixed assets	
Buildings and structures	224	Buildings and structures	325
Tools & equipment	22	Tools & equipment	54
Software	24	Software	108
Long-term prepaid expenses	0	Long-term prepaid expenses	0
Restoration expenses	57	Restoration expenses	191
Other	1	Other	8
Total	330	Total	689

<table>
<tr><th>March 1, 2007 – February 29, 2008</th><th>March 1, 2006 - February 28, 2007</th></tr>
<tr><td>-----------</td><td>
3.Impairment losses

During the fiscal year ended February 28, 2007, the Group recognized impairment losses on the following group assets

(1) Assets for which impairment losses recorded
<table>
<tr><th>Place</th><th>Usage</th><th>Type</th><th>Amount</th></tr>
<tr><td>Chiyoda-ku, Tokyo</td><td>Other businesses</td><td>Software</td><td>¥273 million</td></tr>
<tr><td>Chiyoda-ku, Tokyo</td><td>Other businesses</td><td>Tools & equipment</td><td>¥4 million</td></tr>
</table>
(2) Details of recognition of impairment losses

For certain businesses in ‘other businesses’ where the initially expected business has been cancelled or suspended and there is no future use for the asset, impairment losses have been recognized.

(3) Method of grouping assets

According to the Group’s application of accounting for impaired assets, the minimum cash flow generating unit is mainly a store. For unutilized assets, the individual assets are grouped.

(4) Method for calculating recoverable value

The group’s recoverable value is calculated based on useful value with future cash flows discounted at 3.15%.
</td></tr>
</table>

Changes to shareholders' equity and other items

Consolidated fiscal year March 1, 2007 to February 29, 2008

1. Number and types of shares issued as of fiscal year ended February 29, 2008

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase	Decrease	Number of shares at end of current fiscal year
Shares outstanding				
Ordinary shares	10,688	—	—	10,688
Total	10,688	—	—	10,688
Treasury stock				
Ordinary shares[1,2]	909	200	17	1,091
Total	909	200	17	1,091

(Note) 1. The increase of 200,000 in ordinary shares of treasury stock results form a market purchase authorized by a decision by the board of directors.

2. The 17,000 decrease in ordinary shares of treasury stock is a result of stock options exercised.

2. Information on new share warrants at end of fiscal year ended February 29, 2008

(Millions of yen)

Segment	Breakdown of new share warrants	Balance at end of fiscal year
Consolidated subsidiaries	Stock options as new share warrants	4
Total		4

3. Items related to dividends

(1) Dividend payments

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Date of record	Effective date
May 23, 2007 Regular shareholders' meeting	Ordinary shares	909	93.00	February 28, 2007	May 24, 2007
October 17, 2007 Meeting of the board of directors	Ordinary shares	834	87.00	August 31, 2007	November 13, 2007

(2) Of dividends for which the record date is in the current fiscal year, those for which the effective date is in the following fiscal year.

Resolution	Type of shares	Total dividends (Millions of yen)	Source of capital	Dividend per share (yen)	Date of record	Effective date
May 28, 2008 Regular shareholders' meeting	Ordinary shares	834	Retained earnings	87.00	February 29, 2008	May 29, 2008

Consolidated fiscal year March 1, 2006 to February 28, 2007

1. Number and types of shares issued as of fiscal year ended February 28, 2007

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase	Decrease	Number of shares at end of current fiscal year
Shares outstanding				
Ordinary shares	10,688	—	—	10,688
Total	10,688	—	—	10,688
Treasury stock				
Ordinary shares[1,2]	823	143	58	909
Total	823	143	58	909

(Note) 1. The increase of 143,000 in ordinary shares of treasury stock results form a market purchase authorized by a decision by the board of directors.

2. The 58,000 decrease in ordinary shares of treasury stock is a result of stock options exercised.

1. Information on new share warrants at end of fiscal year ended February 28, 2007

(Millions of yen)

Segment	Breakdown of new share warrants	Balance at end of fiscal year
Consolidated subsidiaries	Stock options as new share warrants	1
Total		1

3. Items related to dividends

(1) Dividend payments

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Date of record	Effective date
May 24, 2006 Regular shareholders' meeting	Ordinary shares	818	83.00	February 28, 2006	May 25, 2006
October 17, 2006 Meeting of the board of directors	Ordinary shares	789	81.00	August 31, 2006	November 14, 2006

(2) Of dividends for which the record date is in the current fiscal year, those for which the effective date is in the following fiscal year.

Resolution	Type of shares	Total dividends (Millions of yen)	Source of capital	Dividend per share (yen)	Date of record	Effective date
May 23, 2007 Regular shareholders' meeting	Ordinary shares	909	Retained earnings	93.00	February 28, 2007	May 24, 2007

Notes related to the Consolidated Statements of Cash Flows

(Millions of yen)

March 1, 2007 – February 29, 2008		March 1, 2006 - February 28, 2007	
1. Balance of cash and cash equivalents and other items at end of term		2. Balance of cash and cash equivalents and other items at end of term	
Cash and deposits account	3,639	Cash and deposits account	4,855
Cash and cash equivalents	3,639	Cash and cash equivalents	4,855

Lease, marketable securities, derivative transactions, stock options, etc., tax accounting, transactions with related parties and items related to business integration

These items are of limited importance and have therefore been omitted.

Retirement benefits

Not applicable

4. Segment Information

Segment information by business type

Fiscal year ended February 29, 2008 (March 1, 2007 to February 29, 2008) *(Millions of yen)*

	Trading of used cars	Financing business	Other business	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	178,455	4,503	7,632	190,592	–	190,592
(2) Inter-segmental sales or transfers	987	623	2,908	4,518	(4,518)	–
Total	179,443	5,126	10,540	195,111	(4,518)	190,592
Operating expenses	168,048	4,980	7,840	180,869	1,024	181,893
Operating income	11,394	146	2,700	14,241	(5,543)	8,698
Assets, Depreciation and Capital Expenditure						
Assets	28,780	12,877	1,880	43,537	6,889	50,426
Depreciation	1,497	85	251	1,835	507	2,342
Capital expenditure	1,792	453	29	2,275	407	2,682

Notes:

1. Method of business classification: Businesses have been classified according to the classification used in calculating sales.
2. Names of principal products or services attributable to each business classification:

Business Classification	Principal Product Name or Service Name
Used car sales	Purchase and sales of used automobiles through directly operated stores and the like.
Financing business	Consolidated subsidiary G-One Financial Services Co., Ltd. provides financing services such as auto loans.
Other business	Provision of services for franchises relating to the management of Gulliver, for the sale and purchase of cars, and stores established for the graphic sales systems.

3. Amount and principal content included in the “Elimination or Total Company” item *(Millions of yen)*

	Previous fiscal year	Current fiscal year	Principal content
Amount of operating expense which cannot be allocated	5,097	5,543	Expenses relating to head office administration at the parent company
Amount of assets included in “Eliminations or Total Company” item	1,904	6,889	Assets, etc., related to management of surplus funds and head office administration at the parent company

Segment information by business type

Fiscal year ended February 28, 2007 (March 1, 2006 to February 28, 2007)

(Millions of yen)

	Trading of used cars	Financing business	Other business	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	173, 289	2,369	6,507	182,166	--	182,166
(2) Inter-segmental sales or transfers	1,140	423	2,596	4,160	(4,160)	--
Total	174, 429	2,792	9,104	186,326	(4,160)	182,166
Operating expenses	161,295	2,486	6,323	170,105	937	171,042
Operating income	13,134	305	2,780	16,221	(5,097)	11,123
Assets, Depreciation, Impairment losses and Capital Expenditure						
Assets	31,221	9,643	3,177	44,043	1,904	45,947
Depreciation	1,395	18	378	1,792	559	2,352
Impairment losses	--	--	278	278	--	278
Capital expenditure	2,562	124	67	2,754	323	3,078

Notes:

1. Method of business classification: Businesses have been classified according to the classification used in calculating sales.
2. Names of principal products or services attributable to each business classification:

Business Classification	Principal Product Name or Service Name
Used car sales	Purchase and sales of used automobiles through directly operated stores and the like.
Financing business	Consolidated subsidiary G-One Financial Services Co., Ltd. provides financing services such as auto loans.
Other business	Provision of services for franchises relating to the management of Gulliver, for the sale and purchase of cars, and stores established for the graphic sales systems.

3. Amount and principal content included in the “Elimination or Total Company” item *(Millions of yen)*

	Previous fiscal year	Current fiscal year	Principal content
Amount of operating expense which cannot be allocated to a segment	3,696	5,097	Expenses relating to head office administration at the parent company
Amount of assets included in “Eliminations or Total Company” item	10,184	1,904	Expenses related to management of surplus funds and head office administration at the parent company

Non-Consolidated Balance Sheet
(Millions of yen)

	As of February 29, 2008		As of February 28, 2007	
ASSETS		% of total		% of total
Current assets				
Cash and deposits	2,004		3,337	
Accounts receivable	5,125		5,854	
Merchandise	4,001		2,953	
Inventory	41		112	
Funds forwarded	9		4	
Prepaid expenses	396		627	
Accrued credit	300		1,098	
Advances paid	280		351	
Temporary loans to related companies	--		5,373	
Deferred tax assets	344		447	
Others	96		2	
Allowance for doubtful accounts	(7)		(229)	
Total current assets	12,592	35.6	19,933	49.3
Fixed assets				
Tangible fixed assets[*1]				
Buildings	8,438		8,074	
Depreciation	(1,917)		(1,467)	
Structures	1,805		1,809	
Depreciation	(731)		(608)	
Tools, fixtures & equipment	2,873		2,817	
Depreciation	(1,817)		(1,500)	
Land	327		327	
Construction in progress	124		109	
Total tangible fixed assets	9,103	25.7	9,561	23.7
Intangible fixed assets				
Goodwill	91		5	
Trademarks	7		9	
Software	1,673		1,910	
Telephone subscription rights	63		63	
Facility rights	9		9	
Total intangible fixed assets	1,845	5.2	1,998	4.9
Investments and other assets				
Investment securities	98		96	
Shares of affiliates	2,267		2,191	
Investments	0		0	
Long-term loans	--		7	
Long-term staff loans	0		0	
Long-term loans to affiliates	3,116		---	
Defaulted claims, etc	19		33	
Long-term prepaid expenses	58		120	
Deposits and guarantee money	3,035		3,651	
Construction cooperation money	3,180		2,508	
Insurance reserves	79		72	
Deferred tax assets	238		270	
Allowance for doubtful accounts	(257)		(33)	
Total investment and other assets	**11,837**	**33.5**	**8,921**	**22.1**
Total fixed assets	**22,785**	**64.4**	**20,480**	**50.7**
Total Assets	**35,378**	**100.0**	**40,414**	**100.0**

Non-consolidated Balance Sheet

(Millions of yen)

	As of February 29, 2008		As of February 28, 2007	
LIABILITIES		% of total		% of total
Current liabilities				
Accounts payable	2,217		2,953	
Short-term borrowing	5,300		11,600	
Accrued expenses	1,185		1,696	
Accrued corporate taxes	1,122		2,590	
Accrued consumption taxes	90		244	
Accrued expenses	842		709	
Advances received	266		178	
Deposits received	322		721	
Reserve for bonuses	473		415	
Reserve for directors' bonuses	63		73	
Accrued expenses for facilities	106		261	
Others	52		--	
Total current liabilities	12,043	34.0	21,443	53.1
Long-term liabilities				
Long-term debt	3,100		--	
Guarantee deposits received	844		869	
Total long-term liabilities	3,944	11.2	869	2.1
Total liabilities	15,988	45.2	22,313	55.2
NET ASSETS				
Shareholders' equity				
Common stock	4,157	11.8	4,157	10.3
Capital surplus				
Capital reserves	4,032		4,032	
Total capital surplus	4,032	11.4	4,032	10.0
Accumulated earnings				
Profit reserve	39		39	
Other accumulated earnings				
Deferred accumulated earnings	21,830		19,406	
Total accumulated earnings	21,869	61.8	19,445	48.1
Treasury stock	(10,678)	(30.2)	(9,540)	(23.6)
Total shareholders' equity	19,381	54.8	18,094	44.8
Valuation and translation differences				
Valuation difference on other marketable securities	7	0.0	6	0.0
Total Valuation and translation differences	7	0.0	6	0.0
Total net assets	**19,389**	**54.8**	**18,101**	**44.8**
Total liabilities and other net assets	**35,378**	**100.0**	**40,414**	**100.0**

Non-consolidated Statements of Income

(Millions of yen)

	March 1, 2007 to February 29, 2008	% of total	March 1, 2006 to February 28, 2007	% of total
Sales				
Merchandise sales	160,874		159,401	
Sales of other goods[1]	6,344		7,065	
Total sales	167,219	100.0	166,466	100.0
Cost of goods sold				
Cost of merchandise sold				
Inventory at start of period	2,681		3,034	
Purchases during the year	129,123		125,799	
Total	131,805		128,833	
Inventory at end of term	3,628		2,953	
Other transfers[2]	409		18	
Net: cost of goods sold	127,767		125,862	
Other operating revenues cost of goods sold	536		663	
Total cost of sales of other goods	128,303		126,526	76.0
Gross profit on sales	38,915	76.7	39,940	24.0
Sales, general and administrative expenses				
Advertising	5,381		4,532	
Directors' remuneration	282		281	
Salaries	7,452		7,450	
Bonuses	1,215		1,242	
Addition to reserve for directors' bonuses	63		73	
Addition to reserve for bonuses	473		415	
Stautory welfare expenses	1,103		1,136	
Contracting fees	2,089		2,031	
Travel and transportation	966		960	
Communication expense	748		726	
Consumables	419		375	
Depreciation	2,219		2,318	
Rent	228		322	
Land rent	4,475		4,150	
Transfer to allowance for doubtful accounts	--		0	
Other	3,337		3,204	
Total sales, general and administrative expenses	30,456	18.2	29,224	17.6
Operating income	8,459	5.1	10,715	6.4
Non-operating income				
Interest income[3]	70		15	
Dividends income[3]	11		8	
Commissions income	4		7	
Interest on securities	--		0	
Compensation received	15		--	
Other	255		29	
Total non-operating expenses	356	0.2	61	0.1
Other				

Non-operating expenses				
Interest expense	98		46	
Addition to allowance for doubtful accounts	18		181	
Cancellation penalties	--		3	
Other	84		37	
Total non-operating expenses	201	0.1	268	0.2
Ordinary income	8,614	5.2	10,509	6.3
Extraordinary income				
Gain from sale of shares in affiliates	--		520	
Gain from cancellation of insurance policy	20		--	
Total extraordinary income	20	0.0	520	0.3
Extraordinary loss				
Losses on disposal of fixed assets[4]	326		689	
Impairment losses[5]	--		278	
Evaluation loss on shares in affiliate companies	572		9	
Legal settlements.	--		40	
Total extraordinary expenses	898	0.5	1,018	0.6
Net income before taxes	7,735	4.7	10,010	6.0
Corporate income tax, inhabitants tax and enterprise tax	3,307		4,486	
Corporate tax adjustments	135		(121)	
Total taxes	3,442	2.0	4,365	2.6
Net income	**4,293**	**2.7**	**5,645**	**3.4**

(3) Changes to shareholders' equity

Changes to shareholders' equity for the fiscal year ended March 1, 2007 to February 29, 2008 *(Millions of yen)*

	Shareholders' equity							
		Capital surplus		Accumulated earnings				
	Capital	Capital reserves	Total capital surplus	Profit reserve	Other accumulated earnings / Deferred profit reserve	Total accumulated earnings	Treasury stock	Total shareholders' equity
Balance as of February 28, 2007	4,157	4,032	4,032	39	19,406	19,445	(9,540)	18,094
Change during the period								
Surplus dividend					(1,744)	(1,744)		(1,744)
Net income					4,293	4,293		4,293
Acquisition of treasury stock							(1,320)	(1,320)
Disposal of treasury stock					(126)	(126)	182	56
Changes to items other than shareholders' equity during the period	--	--	--	--	--	--	--	--
Total change during the period	--	--	--	--	2,423	2,423	(1,137)	1,286
Balance as of February 29, 2008	4,157	4,032	4,032	39	21,830	21,869	(10,678)	19,381

(Millions of yen)

	Valuation and translation differences		Total net assets
	Valuation differences on other marketable securities	Total valuation and translation differences	
Balance as of February 28, 2007	6	6	18,101
Change during the period			
Surplus dividend			(1,744)
Net income			4,293
Acquisition of treasury stock			(1,320)
Disposal of treasury stock			56
Changes to items other than shareholders' equity during the period	1	1	1
Total change during the period	1	1	1,287
Balance as of February 29, 2008	7	7	19,389

Changes to shareholders' equity for the fiscal year ended March 1, 2006 to February 28, 2007 *(Millions of yen)*

	Shareholders' equity							
		Capital surplus		Accumulated earnings				
	Capital	Capital reserves	Total capital surplus	Profit reserve	Other accumulated earnings / Deferred profit reserve	Total accumulated earnings	Treasury stock	Total shareholders' equity
Balance as of February 28, 2006	4,157	4,032	4,032	39	15,866	15,905	(8,067)	16,027
Change during the period								
Surplus dividend					(1,608)	(1,608)		(1,608)
Bonuses to directors through profit appropriation					(73)	(73)		(73)
Net income					5,645	5,645		5,645
Acquisition of treasury stock							(2,079)	(2,079)
Disposal of treasury stock					(423)	(423)	606	183
Changes to items other than shareholders' equity during the period	--	--	--	--	--	--	--	--
Total change during the period	--	--	--	--	3,539	3,539	(1,472)	2,067
Balance as of February 28, 2007	4,157	4,032	4,032	39	19,406	19,445	(9,540)	18,094

(Millions of yen)

	Valuation and translation differences		Total net assets
	Valuation differences on other marketable securities	Total valuation and translation differences	
Balance as of February 28, 2006	67	67	16,094
Change during the period			
Surplus dividend			(1,608)
Bonuses to directors through profit appropriation			(73)
Net income			5,645
Acquisition of treasury stock			(2,079)
Disposal of treasury stock			183
Changes to items other than shareholders' equity during the period	(60)	(60)	(60)
Total change during the period	(60)	(60)	2,006
Balance as of February 28, 2007	6	6	18,101

Material Items Forming the Basis for the Preparation of the Non-Consolidated Financial Statements

Item	March 1, 2007 – February 29, 2008	March 1, 2006 – February 28, 2007
1. Valuation criteria and valuation methods for marketable securities	(1) Bonds intended to be held to maturity. As at right (2) Shares of subsidiaries As at right (3) Other securities Those with market value: As at right Those without market value: As at right	(1) Bonds intended to be held to maturity. Amortizing cost method (straight-line method) (2) Shares of subsidiaries The cost method using the moving average method (3) Other securities Those with market value: Market value method based on market value as of the financial closing date (valuation gains or losses are taken directly into net assets and the cost of sales calculated using the moving average method) Those without market value: Cost method using the moving average method
2. Basis for valuation of inventory and valuation method	(1) Merchandise Vehicles: As at right Other: As at right (2) Stored goods: As at right	(1) Merchandise Vehicles: Cost method using actual cost method Other: First in first out method applied (2) Stored goods Final cost method applied
3. Depreciation method for fixed assets	(1) Tangible Fixed Assets As at right (2) Intangible Fixed Assets As at right (3) Long Term Prepaid Expenses As at right	(1) Tangible Fixed Assets Declining Balance Method is applied. However, for buildings (excluding attached equipment) acquired since April 1, 1998, the Straight Line Method has been applied. The useful lives are as follows: Buildings and Structures: 15 – 20 years Vehicles: 2-6 years 2) Intangible Fixed Assets The Straight Line Method is applied. However, with respect to software for internal use, the Straight Line Method based on useful lives for internal use (5 years) has been applied. 3) Long-term prepaid expenses The Straight Line Method is applied
4. Treatment of Deferred assets	Share issue expenses: As at right	Share issue expenses: Expensed in their entirety at time of expenditure

Item	March 1, 2007 – February 29, 2008	March 1, 2006 – February 28, 2007
5. Criteria for recording material reserves	(i) Reserve for Doubtful Accounts As at right (ii) Reserve for Bonuses As at right (iii) Reserve for Directors' Bonuses As at right	(i) Reserve for Doubtful Accounts To prepare for the losses occurring from bad debts, with respect to general claims the actual bad debt to loan rate is applied. Specific claims, such as those where there are concerns on the probability of recovery, are assessed on an individual basis and estimated unrecoverable amounts are recorded. (ii) Reserve for Bonuses To prepare for the payment of bonuses to employees, amounts are recorded based on the estimated payment amount. (iii) Bonuses for directors Amount based on forecasted provisional amount n preparation for payment of bonuses to directors.
6. Treatment of material lease transactions	As at right	Finance leases other than those lease assets whose title is deemed to pass to the lessee have been accounted for in accordance with methods applied to normal lease transactions
7. Other material items in the preparation of the non-consolidated financial accounts	1. Accounting Treatment of Consumption Tax: Tax Exclusion Method is applied in the accounting treatment of consumption tax	Accounting Treatment of Consumption Tax: As at left

Changes to Accounting Treatment

March 1, 2007 – February 29 2008	March 1, 2006 – February 28, 2007
——————	**Accounting standards relating to impairment losses on fixed assets** As of the fiscal year ended February 28, 2007 the 'Statement Regarding the Establishment of Accounting Policies for Impairment Losses on Fixed Assets' (Business Accounting Council, August 9, 2002) and 'Guidelines for the Application of Accounting Policies for Impairment Losses on Fixed Assets (Guideline for Application of Business Accounting Policies, Article 6; Business Accounting Council, October 31, 2003) have been applied as accounting standards relating to impairment losses. As a result of this change, and in comparison to previous accounting methods, there is a ¥278 million decrease in net income before taxes.
——————	**Accounting standards relating to presentation of net assets on balance sheets** From the fiscal year ended February 28, 2007, the 'Statement Regarding the Presentation of Net Assets on the Balance Sheet' (Business Accounting Council, December 9, 2005, Article No. 5) and ''Guidelines for the Application of Accounting Policies for the Presentation of Net Assets on the Balance Sheet' (Guidelines for the Application of Business Accounting Polices, Article 8; Business Accounting Council, December 9, 2005) have been applied. The equivalent amount previously recorded as 'Capital' is ¥18,101 million. Following changes to the regulations on financial statements, net assets on the balance sheet have been recorded in accordance with the revised regulations.
——————	**Accounting standards relating to directors' bonuses** From the fiscal year ended February 28, 2007, the 'Accounting Standard Regarding Directors' Bonuses' (Business Accounting Council, November 29, 2005, Article No. 4) has been applied. As a result, ordinary income and net income before adjustment for income taxes have each decreased ¥73 million.
Changes to the depreciation method of tangible fixed assets From the period of the fiscal year ended February 29, 2008, in accordance with the revision of Corporation Tax Law (Law Concerning the Partial Revision of Income Tax No. 6, issued on March 30, 2007 and Government Ordinance Concerning the Partial Revision of Corporation Tax Law Order No. 83, issued on March 30, 2007), the method of depreciation of tangible fixed assets acquired after April 1, 2007 has been revised. The effects of this change on operating income, ordinary income or net income before adjustment for income taxes is immaterial.	——————

Changes to Presentation Method

March 1, 2007 – February 29, 2008	March 1, 2006 – February 28, 2007
----------------------	**Fixed assets** The item referring to goodwill has changed from the term *trading rights* to *goodwill.*

Notes to Balance Sheet

<table>
<tr><th>February 29, 2008</th><th>February 28, 2007</th></tr>
<tr><td>1. Additional assets and liabilities of affiliate companies:
(Millions of yen)
Accounts receivable 173
Accrued credit 13
Trade accounts payable 274
Accrued expenses 148
Advances received 3</td><td>1. Additional assets and liabilities of affiliate companies:
(Millions of yen)
Accrued credit 449</td></tr>
<tr><td>2. Upper credit limit amount and lending balance
To ensure the efficient procurement and management of funds, amounts are lent to subsidiaries and affiliate companies within the Group. The upper credit limit and lending balance are as follows:
(Millions of yen)
Upper credit limit 11,200
Lending balance 3,116
Difference 8,083
Funds are provided based on the financial position and cash position of each company and in the amounts may not be provided in full.</td><td></td></tr>
<tr><td>3. Contingent liabilities
Debt guarantees (Millions of yen)
<table><tr><th>Guarantor</th><th>Amount</th><th>Comments</th></tr><tr><td>G-One Financial Services</td><td>5,000</td><td>Debt</td></tr><tr><td>Total</td><td>5,000</td><td>--</td></tr></table></td><td></td></tr>
</table>

Notes to Statements of Income

(Millions of yen)

March 1, 2007– February 29, 2008		March 1, 2006 – February 28, 2007	
1. Breakdown of other operating revenues is as follows:		1. Breakdown of other operating revenues is as follows:	
Membership fee revenue:	56	Membership fee revenue:	161
Royalty revenue	1,627	Royalty revenue	2,038
Other	4,660	Other	4,865
Total	6,344	Total	7,065
2. Other transfers break down as follows:		2. Other transfers break down as follows:	
Merchandise	409	Merchandise	18
Total	409	Total	18
3. Transactions with affiliate companies is as follows:		3. Transactions with affiliate companies is as follows:	
Interest received	67	Interest received	15
Dividends received	6	Dividends received	6
		Gain from disposal of shares of affiliate company	520
Total	74	Total	542
4. Breakdown of losses from disposal of fixed assets is as follows:		4. Breakdown of losses from disposal of fixed assets is as follows:	
Building	162	Building	266
Structures	59	Structures	59
Tools, fixtures and equipment	21	Tools, fixtures and equipment	54
Software	24	Software	108
Long-term prepaid expenses	0	Long-term prepaid expenses	0
Restoration expenses	57	Restoration expenses	191
Other	0	Other	8
Total	326	Total	689

5. ------------------	5. Impairment losses During the fiscal year ended February 28, 2007, the Group recognized impairment losses on the following group assets (1) Assets for which impairment losses recorded Place / Usage / Type / Amount: Chiyoda-ku, Tokyo / Other businesses / Software / 273 Chiyoda-ku, Tokyo / Other businesses / Tools & equipment / 4 (2) Details of recognition of impairment losses For certain businesses in 'other businesses' where the initially expected business has been cancelled or suspended and there is no future use for the asset, impairment losses have been recognized. (3) Method of grouping assets According to our application of accounting for impaired assets, the minimum cash flow generating unit is mainly a store. For unutilized assets, the individual assets are grouped. (4) Method for calculating recoverable value The recoverable amount is calculated based on the useful value using estimates of future cash flows.

Changes to shareholders' equity and other items

Non-Consolidated fiscal year March 1, 2007 to February 29, 2008

1. Number and types of shares issued as of fiscal year ended February 28, 2007

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase	Decrease	Number of shares at end of current fiscal year
Ordinary shares	909	200	17	909
Total	909	200	17	909

(Note) 1. The increase of 200,000 in ordinary shares of treasury stock results form a market purchase authorized by a decision by the board of directors.

2. The 17,000 decrease in ordinary shares of treasury stock is a result of stock options exercised.

Non-Consolidated fiscal year March 1, 2006 to February 28, 2007

1. Number and types of shares issued as of fiscal year ended February 28, 2007

(Thousands of shares)

	Number of shares at end of previous fiscal year	Increase	Decrease	Number of shares at end of current fiscal year
Ordinary shares	823	143	58	909
Total	823	143	58	909

(Note) 1. The increase of 143,000 in ordinary shares of treasury stock results form a market purchase authorized by a decision by the board of directors.

2. The 58,000 decrease in ordinary shares of treasury stock is a result of stock options exercised.

Leases, marketable securities and tax accounting related items

These items are of limited importance and have therefore been omitted.