



Gulliver International Co., Ltd.

Financial Results

Fiscal 2010

(March 1, 2009 to February 28, 2010)

This document is a translation of sections of the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements 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 changing economic conditions and the pricing and product initiatives of new and existing competitors.



SUMMARY OF FINANCIAL STATEMENTS

Results for the fiscal year ended February 28, 2010

Gulliver International Co., Ltd.

April 8, 2010

Stock Code: 7599

Listed exchanges: Tokyo (1st Section)

http://www.glv.co.jp/company/en

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Scheduled date of the regular shareholders' meeting: May 26, 2010

Scheduled date for submission of the financial report: May 28, 2010

Scheduled date for distribution of dividends: May 27, 2010

1. Consolidated financial results for the fiscal year ended February 28, 2010

1) Consolidated Operating Results

	Fiscal year ended February 28, 2010		Fiscal year ended February 28, 2009	
		(% change)		(% change)
Sales.....	148,853	(9.1)	163,669	(14.1)
Operating income	5,281	35.2	3,905	(56.0)
Ordinary income	5,008	90.0	2,635	(70.0)
Net income	348	--	(2,836)	--
Earnings per share (¥)	38.29		(300.38)	
Fully diluted earnings per share (¥)	--		--	
Return on equity (%).....	2.2		(15.5)	
Ratio of ordinary income to shareholders' equity (%)	7.9		4.8	
Ratio of operating income to sales (%)	3.6		1.6	

Notes:

1. Investment gains and losses under the equity method: FY ended February 2010: (¥12 million); FY ended February 2009: ¥ -- million

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

2) Financial Position (consolidated)

	As of February 28, 2010		As of February 28, 2009	
	Total assets	67,948		58,773
Net assets.....	16,393		15,836	
Shareholders' equity ratio (%)	24.1%		26.9%	
Net assets per share (¥)	¥1,794.18		¥1,704.02	

Note:

1. Shareholders' equity: FY ended February 2010 ¥16,393 million; FY ended February 2009: ¥15,829 million

3) Consolidated cash flows

	Fiscal year ended February 28, 2010		Fiscal year ended February 28, 2009	
	Cash flow from operating activities	(3,586)		(6,539)
Cash flow from investing activities	(1,336)		(2,907)	
Cash flow from financing activities.....	5,056		10,051	
Cash and cash equivalents at end of period.....	3,586		4,215	

2. Dividends

	Fiscal year ended February 28, 2009	Fiscal year ended February 28, 2010	Fiscal year ended February 28, 2011 (forecast)
Interim dividend per share (¥)	41.00	38.00	31.00
Year-end dividend per share (¥)	0.00	38.00	31.00
Annual dividend per share (¥).....	41.00	76.00	62.00
Total dividends paid (Millions of yen).....	393	692	
Dividend payout ratio (%)	--	198.5%	--
Dividends to net assets ratio (%)	2.1%	4.4%	



3. Consolidated forecasts for the fiscal year ending February 28, 2011 (March 1, 2010 to February 28, 2011)

(Millions of yen, rounded down)

	Interim period ending August 31, 2010		FY ending February 28, 2011	
Sales.....	69,500	(8.3%)	137,000	(8.0%)
Operating income	1,000	(81.0%)	4,000	(24.3%)
Ordinary income	950	(81.1%)	3,900	(22.1%)
Net Income	400	(82.4%)	1,900	446.0%
Earnings per share (¥)	¥43.92		¥208.63	

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): None

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

(1) Changes in accordance with revision to accounting standards: None

(2) Other changes: Yes

Note: For details, see page 23-24 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 28, 2010: 10,688,800 shares; As of February 28, 2009: 10,688,800 shares

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

As of February 28, 2010: 1,551,926 shares; As of February 28, 2009: 1,591,730 shares

Note: See Per share information on page 28 for details on the number of outstanding shares used for the basis of calculations for earnings per share



Reference: Outline of Non-Consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended February 28, 2010

	Fiscal year ended February 28, 2010		Fiscal year ended February 28, 2009	
		(% change)		(% change)
Sales	136,406	(2.3)	139,572	(25.6%)
Operating income	5,241	21.1	4,327	(85.1%)
Ordinary income	5,355	35.3	3,983	(86.4%)
Net income	1,840	--	(2,093)	--
Earnings per share (¥)	¥202.08		(¥221.75)	
Fully diluted earnings per share (¥)			--	

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

2) Financial position (Non-consolidated)

	As of February 28, 2010	As of February 28, 2009
Total assets	57,848	44,307
Net assets	17,005	15,263
Shareholders' equity ratio (%)	29.4%	34.5%
Net assets per share (¥)	¥1,861.16	¥1,677.81

Note:

1. Shareholders' equity: FY ended February 2010: ¥17,005 million; FY ended February 2009: ¥15,263 million

2. Non-consolidated forecasts for the fiscal year ending February 28, 2011 (March 1, 2010 to February 28, 2011)

	Interim period ending August 31, 2010		FY ending February 28, 2011	
Sales	65,900	(2.9)	130,000	(4.7)
Operating income	800	(82.9)	3,600	(31.3)
Ordinary income	800	(82.9)	3,600	(32.1)
Net Income	350	(85.1)	1,800	(2.2)
Earnings per share (¥)	¥38.43		¥197.65	

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

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.



1. Operating results

(1) Outline of consolidated operating results

Net sales for the consolidated fiscal year ended February 28, 2010 decreased 9.1% compared to the previous fiscal year due to a reduction in the number of cars purchased by directly managed Gulliver stores and a decrease in sales at consolidated subsidiary G-Trading Co., Ltd.

Operating income increased 35.2% compared to the previous fiscal year despite the decrease in net sales. The primary factor improving our profit ratio was the retail sale through directly managed Gulliver stores of about 40,400 cars, a 38% increase compared to the previous fiscal year. Retail sales to regular consumers are more profitable than the sale of used cars wholesale to used car operators through used car auctions. Additionally, sales, general and administrative expenses decreased compared to the previous fiscal year due to cost reduction efforts and other factors which contributed to the increase in operating income. However, due to the increase in promotional activities to strengthen retail sales, advertising expenses increased compared to the previous fiscal year.

During the fiscal year under review, certain revisions have been made to accounting methods for recording revenue at consolidated subsidiary G-One Financial Services Co., Ltd., a financial services company, and its consolidated subsidiary G-One Credit Services Co., Ltd. (hereafter financial subsidiaries). Previously, accounting methods recognized revenues derived from auto loans handled by financial subsidiaries as a lump sum of approximately 50% of the associated revenue upon creation of the auto loan contract. However, Gulliver has adopted a more conservative approach to revenue and loss recognition and changed its accounting methods to record revenue based on periods (divided over accounting periods) and will no longer recognize revenue as a lump-sum. Following this change to the accounting method and in comparison to use of the previous accounting method, the operating income of the financial companies decreased by ¥1,073 million (reduction in profit).

Additionally, a foreign exchange loss of ¥259 million from consolidated subsidiary G-Trading Co., Ltd. was recorded under non-operating expenses. Further, a loss of ¥1,386 million was recorded as a revised loss for the previous period and a ¥938 million loss from disposal of fixed assets was recorded as an extraordinary loss due to the change in accounting treatment for the financial subsidiaries and other factors.

As a result of the factors noted above, consolidated net sales for the fiscal year under review decreased by 9.1% compared to the previous fiscal year to ¥148,853 million, operating income increased 35.2% to ¥5,281 million and ordinary income increased 90.0% to ¥5,008 million. Net income was ¥348 million.

Performance by segment

i. Sales of used automobiles

Among the stores involved in the sale and purchase of cars, as of February 28, 2010, 288 were directly operated (20 less than at the end of the previous fiscal year).

As previously mentioned, net sales decreased due to a decrease in the number of cars purchased by directly managed Gulliver stores and reduced sales at consolidated subsidiary G-Trading Co., Ltd. Although sales decreased, operating income for this segment increased 17.9% compared to the same period in the previous fiscal year.



The primary causes of the increase in profits despite the decrease in revenues were strong retail sales of used cars, with 40,400 cars sold, an increase of 38%, and a year on year decrease in sales, general and administrative expenses due to cost reduction efforts.

As a result, consolidated net sales for the period under review decreased ¥15,690 million, or 10.2% to ¥138,607 million compared to the previous fiscal year, and operating income increased 17.7%, or ¥1,154 million, to ¥7,693 million.

ii. Financing business

The number of auto loans of G-One Financial Services Co., Ltd., a financial services company, increased relative to the growth in the number of retail auto sales. However, due to the change in accounting treatment for the financial subsidiaries regarding revenue recognition from auto loans, and compared to using the previous accounting treatment, net sales and operating income of the financial subsidiaries were about ¥1.1 billion and about ¥1.0 billion respectively.

Following the increase in the number of auto loans, accounts receivable for the financial subsidiaries at the end of the fiscal year were ¥7,908 million higher, up 43.1%, compared to ¥26,271 million at the end of the previous fiscal year.

As a result, consolidated net sales for the period under review increased 4.8%, or ¥306 million, over the previous fiscal year to ¥6,767 million, and an operating loss of ¥44 million was recorded compared to operating income of ¥103 million in the previous fiscal year.

iii. Other businesses

As of February 28, 2010, the number of Gulliver franchised stores was 130 (15 fewer than at the end of the previous fiscal year) and consequently revenues from Gulliver franchised stores also decreased. Further, revenues from consolidated subsidiary Hucobo Co., Ltd., a transport company, also decreased.

As a result, consolidated net sales for the segment decreased 15.5%, or ¥1,725 million, to ¥9,419 million in comparison to the previous fiscal year and operating income decreased 15.0%, or ¥374 million, to ¥2,127 million.

Outlook for the fiscal year ending February 28, 2011

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

In the domestic market for new cars, and due to the effects of support measures such as the eco-car subsidy system (scheduled to end in September 2010), monthly sales of new cars compared to the same month of the previous fiscal year have been increasing since September 2009. In the used car market, however, the monthly number of registered used cars has decreased compared to the previous fiscal year impacted by the strength of the new car market and other factors.

In consideration of the above, we are forecasting an ongoing difficult market environment for used automobile dealers although the eco-car subsidy system is scheduled to end in September 2010. In our response to this, we will seek to raise our profitability, establish a section aimed at focusing on further improvements, and implement cost reductions through operational improvements. We aim to continue to strengthen retail sales within our core used car



sales business. As regards advertising, while finding a balance between increasing the appeal of retail sales and those of used car purchases we will strengthen marketing development in accordance with regional characteristics (area marketing). Further, we will strengthen initiatives to acquire more repeat customers, and introductions from existing customers. Through initiatives such as these, we plan on becoming more efficient at attracting customers. In store development, we will emphasize efficiency, restrain development of new directly managed stores and emphasize increasing the productivity of each store.

We will continue to develop the financing business as an operation focusing on auto loans, however G-One Credit Services Co., Ltd., a credit subsidiary of G-One Financial Services Co., Ltd., is in discussions with SBI Holdings concerning a transfer of shares.

We are not forecasting any significant change in other businesses.

As a result, consolidated forecasts for the fiscal year ending February 28, 2011 are for net sales to decrease 8.0% to ¥137,000 million, operating income to decrease 24.3% to ¥4,000 million, ordinary income to decrease 22.1% to ¥3,900 million, and net income to increase 446.0% to ¥1,900 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 ¥9,976 million compared to the end of the previous fiscal period to ¥50,179 million, due primarily to a ¥2,306 million increase in products and a ¥6,990 increase in accounts receivable.

2) Fixed assets

The balance of fixed assets at the end of the period under review decreased ¥801 million compared to the end of the previous fiscal period to ¥17,769 million, primarily due to a ¥473 million decrease in construction cooperation money and deposits and guarantee money, largely due to the expansion of new directly managed stores.

3) Current liabilities

The balance of current liabilities at the end of the period under review increased ¥725 million compared to the end of the previous fiscal period to ¥41,587 million, due primarily to a ¥961 million increase in accrued corporate taxes.

4) Long-term liabilities

The balance of long-term liabilities at the end of the period under review increased ¥7,892 million compared to the end of the previous fiscal period to ¥9,967 million, due primarily to a ¥7,891 million increase in borrowings resulting from the shift from short-term borrowings to long-term borrowings.

5) Minority interests

There was no balance of minority interests at the end of the period under review representing a decrease of ¥2 million compared to the end of the previous fiscal period.

6) Net assets

The balance of net assets at the end of the period under review increased ¥557 million compared to the end of the previous fiscal period to ¥16,393 million, primarily due to a ¥287 million decrease in treasury stock.



Cash flow

For the fiscal year ended February 28, 2010, cash flow from operating activities and investing activities were negative while cash flow from financing activities was positive. Overall cash flow was a negative figure of ¥132 million. The balance of cash and cash equivalents at the end of the period was ¥3,586 million.

Cash flow from operating activities

Cash and cash equivalents used in operating activities was ¥3,586 million.

Principal components of this included net income before adjustment for taxes of ¥2,257 million, an increase in accounts receivable of ¥7,328 million, and corporate taxes paid of ¥1,649 million.

Cash flow from investing activities

Net cash used in investing activities was ¥1,336 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 generated from financing activities was ¥5,056 million. This was largely due to the proceeds from borrowings.

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

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Equity ratio (%)	41.3	41.2	40.4	26.9	24.1
Shareholders' equity (market price base) ratio (%)	338.5	181.9	80.6	19.8	44.2
Debt redemption years (years)	2.1	2.3	12.7	--	--
Interest coverage ratio	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).

(3). Basic policy concerning distribution of profits and dividend forecasts

We regard the return of profits to shareholders as an important management issue and also place emphasis on our dividend payout ratio. Specifically, the Company is targeting a dividend payout ratio of about 30% of consolidated net income. Actual dividends may differ from previously announced forecasted dividends due to disparities between consolidated net income results and their forecasts.

The dividend payout ratio is calculated after excluding the effects of the change (amount of reduction) in operating results due to the change in accounting method for financial subsidiaries, which was an unexpected and temporary effect on consolidated net income. As a result, the annual dividend per share for the fiscal year ended February 2010 was ¥76.00 consisting of an interim dividend of per share of ¥38.00 and a year-end dividend per share of



¥38.00.

Based on these policies, forecast dividends per share for the fiscal year ended February 28, 2010 are based on a forecasted consolidated net income of ¥1,900 million and are expected to be ¥62.00 per share (an interim dividend of ¥31.00 and a year-end dividend of ¥31.00).

Retained capital will be used to carry out effective and efficient investments in such areas as strengthening internal infrastructure, developing new businesses, and training and educating personnel with the aim of further raising profits and increasing corporate value, as well as strengthening competitiveness and improving services.



Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2010	As of February 28, 2009
ASSETS		
Current assets		
Cash and deposits	3,613	4,215
Trade notes and accounts receivable	30,287	23,296
Inventory	--	8,169
Products	10,351	--
Operating loans receivable	2,045	2,287
Deferred tax assets	942	456
Others	4,340	2,726
Allowance for doubtful accounts	(1,400)	(951)
Total current assets	50,179	40,202
Fixed assets		
Tangible fixed assets		
Building and structures	10,343	11,011
Depreciation	(3,356)	(3,241)
Building and structures (net)	6,986	7,770
Vehicles and transportation	336	53
Depreciation	(58)	(39)
Vehicles and transportation (net)	278	13
Tools, fixtures and equipment	2,686	3,204
Depreciation	(1,722)	(2,039)
Tools, fixtures and equipment (net)	964	1,164
Land	218	409
Construction in progress	270	164
Total tangible fixed assets	8,717	9,522
Intangible fixed assets		
Goodwill	48	77
Software	1,532	1,545
Other	18	72
Total intangible fixed assets	1,599	1,695
Investments and other assets		
Investment securities	14	118
Shares in affiliate companies ¹	859	150
Long-term loans receivable	328	158
Deposits and guarantee money	3,055	3,953
Construction cooperation fund	2,955	2,530
Deferred tax assets	367	434
Other	525	406
Allowance for doubtful accounts	(654)	(400)
Total investments and other assets	7,452	7,352
Total fixed assets	17,769	18,571
Total Assets	67,948	58,773



Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2010	As of February 28, 2009
LIABILITIES		
Current liabilities		
Accounts payable	4,230	2,993
Short-term borrowing	26,159	28,643
Accrued expenses	3,032	3,259
Accrued corporate taxes	1,528	567
Deposits received	249	166
Reserve for bonuses	570	559
Reserve for merchandize warranty	797	354
Others	5,020	4,317
Total current liabilities	41,587	40,862
Long-term liabilities		
Long-term borrowing	8,516	624
Long-term guarantee deposits received	877	874
Reserve for directors' retirement benefit	405	425
Negative goodwill	101	138
Reserve for loss from subsidiaries	57	--
Other	9	11
Total long-term liabilities	9,967	2,074
Total liabilities	51,555	42,937
NET ASSETS		
Shareholders' equity		
Paid in capital	4,157	4,157
Capital surplus	4,032	4,032
Retained profit	18,798	18,768
Treasury stock	(11,178)	(11,465)
Total shareholders' equity	15,810	15,492
Valuation difference on other marketable securities	--	(8)
Valuation and translation adjustments	583	345
Translation adjustments	583	336
Warrants for new shares	--	4
Minority interests	--	2
Total net assets	16,393	15,836
Total liabilities and net assets	67,948	58,773



Consolidated Statements of Income

	<i>(Millions of yen)</i>	
	March 1, 2009 to February 28, 2010	March 1, 2008 to February 28, 2009
Sales	148,853	163,669
Cost of sales.....	109,934	124,072
Gross profit.....	38,918	39,596
Sales general and administrative expenses	33,637	35,691
Operating income.....	5,281	3,905
Non-operating income		
Interest received	14	15
Dividends received	--	1
Commissions received.....	--	21
Income from breach of contract	--	34
Depreciation of negative goodwill	37	37
Proceeds from insurance	25	--
Other	91	170
Total non-operating income	169	282
Non-operating expenses		
Interest paid	138	177
Addition to allowance of doubtful accounts	--	101
Exchange related losses.....	253	1,149
Other.....	50	123
Total non-operating expenses	442	1,552
Ordinary income	5,008	2,635
Extraordinary profit		
Gain from prior period profit revision.....	111	--
Gain from sale of fixed assets.....	14	10
Gain on sale of investment securities	90	--
Gain on liquidation of subsidiary	--	43
Other.....	13	--
Total extraordinary profit	229	54
Extraordinary losses		
Loss on disposal of fixed assets	938	640
Loss from prior period profit revision.....	1,386	--
Impairment losses.....	--	414
Provision for reserve for directors' retirement benefit for prior years	--	376
Provision for merchandize warranty reserve for prior years	--	249
Provision for subsidiaries' losses	42	--
Evaluation loss on inventory assets	--	981
Evaluation loss on shares in affiliates	--	76
Loss on adjustment to affiliates.....	24	--
Loss on adjustments to operations	155	--
Evaluation loss on investment securities	--	39
Provision for doubtful accounts	91	701
Other.....	340	120
Total extraordinary losses	2,979	3,601
Income (loss) before taxes, etc.	2,257	(912)
Income tax, inhabitants tax and enterprise tax.....	2,328	2,328
Corporate tax adjustment.....	(423)	(9)
Total corporate taxes	1,905	2,318
Income (loss) from minority interests	3	(395)
Net income (loss)	348	(2,836)



Changes in Consolidated Shareholders' Equity

Millions of yen, rounded down

	Fiscal year ended February 28, 2010	Fiscal year ended February 28, 2009
Shareholders' equity		
Capital		
Balance at end of previous term.....	4,157	4,157
Changes during the period		
Total change during the period.....	--	--
Balance at end of term.....	4,157	4,157
Capital surplus		
Balance at end of previous term.....	4,032	4,032
Changes during the period		
Disposal of treasury stock.....	(48)	--
Exchange loss on disposal of treasury stock.....	48	--
Total change during the period.....	--	--
Balance at end of term.....	4,032	4,032
Retained profit		
Balance at end of previous term.....	18,768	22,833
Changes during the period		
Dividends.....	(345)	(1,228)
Exchange loss on disposal of treasury stock.....	(48)	--
Change in scope of consolidation.....	75	--
Net income (loss).....	348	(2,836)
Total change during the period.....	30	(4,064)
Balance at end of term.....	18,798	18,768
Treasury stock		
Balance at end of previous term.....	(11,465)	(10,678)
Changes during the period		
Acquisition of treasury stock.....	(4)	(787)
Disposal of treasury stock.....	291	--
Total change during the period.....	287	787
Balance at end of previous term.....	(11,178)	(11,465)
Total shareholders' equity		
Balance at end of previous term.....	15,492	20,344
Changes during the period		
Dividend.....	(345)	(1,228)
Net income (loss).....	348	(2,836)
Acquisition of treasury stock.....	(4)	(787)
Disposal of treasury stock.....	243	--
Changes to the scope of consolidation.....	75	--
Total change during the period.....	318	(4,851)
Balance at end of previous term.....	15,810	15,492
Valuation differences due to foreign exchange		
Valuation differences on other marketable securities		
Balance at end of previous term.....	(8)	7
Changes during the period		
Changes to items other than shareholders' equity during the period (net).....	8	(16)
Total change during the period.....	8	(16)
Balance at end of term.....	-	(8)



Changes in shareholders' equity during the period (continued)

	<i>Millions of yen, rounded down</i>	
	Fiscal year ended February 28, 2010	Fiscal year ended February 28, 2009
Translation adjustment account		
Balance at end of previous term	345	13
Changes during the period		
Changes to items other than shareholders' equity during the period (net)	234	331
Total change during the period	234	331
Balance at end of term	583	345
Total valuation and translation differences		
Balance at end of previous term	336	20
Changes during the period		
Changes to items other than shareholders' equity during the period (net)	243	315
Total change during the period	243	315
Balance at end of term	583	336
Warrants		
Balance at end of previous term	4	4
Changes during the period		
Changes to items other than shareholders' equity during the period (net)	(4)	0
Total change during the period	(4)	0
Balance at end of term	--	4
Minority interests		
Balance at end of previous term	2	400
Changes during the period		
Changes to items other than shareholders' equity during the period (net)	(2)	(397)
Total change during the period	(2)	(397)
Balance at end of term	--	2
Net assets		
Balance at end of previous term	15,836	20,769
Changes during the period		
Surplus dividend	(345)	(1,228)
Net income (loss)	348	(2,836)
Acquisition of treasury stock	(4)	(787)
Disposal of treasury stock	243	--
Changes to the scope of consolidation	78	--
Changes to items other than shareholders' equity during the period	236	(82)
Total change during the period	556	(4,933)
Balance at end of term	16,393	15,836



Consolidated Statements of Cash flows

(Millions of yen)

	March 1, 2009 to February 28, 2010	March 1, 2008 to February 28, 2009
I. Cash flow from operating activities		
Income (loss) before taxes, etc.	2,257	(912)
Depreciation	1,651	2,385
Depreciation of goodwill	248	67
Depreciation of negative goodwill.....	(37)	(37)
Increase in reserve for bonuses	36	(3)
Increase (decrease) in allowance for doubtful accounts	254	1,038
Additional reserve for merchandize warranty	443	354
Increase (decrease) in allowance for directors' retirement benefit....	(19)	425
Interest and dividends received.....	(14)	(17)
Interest paid.....	138	177
Gain (loss) on foreign exchange	37	1,149
Gain on sale of fixed assets	(14)	(10)
Loss on sale of fixed assets	--	640
Loss on disposal of fixed assets.....	938	--
Loss (gain) on sale/evaluation of investment securities	(90)	--
Loss from prior period profit revision	1,275	--
Impairment losses	--	414
Increase (decrease) in accounts receivable.....	(7,328)	(6,482)
Increase (decrease) in inventory assets.....	(2,326)	(1,562)
Increase (decrease) in accounts payable.....	1,115	(515)
Increase (decrease) in operating loans	239	(202)
(Increase) decrease in accrued consumption tax.....	46	46
Other.....	(671)	(283)
Subtotal	(1,819)	(3,328)
Interest and dividends received.....	14	17
Interest paid.....	(131)	(177)
Corporate taxes paid	(1,649)	(3,050)
Cash flow from operating activities.....	(3,586)	(6,539)
II. Cash flow from investing activities		
Payments for acquisition of tangible fixed assets.....	(1,055)	(2,253)
Proceeds from sale of tangible fixed assets.....	209	32
Payments for acquisition of intangible fixed assets.....	(815)	(478)
Payments for acquisition of shares in affiliates	(8)	(212)
Payments for acquisition of investment securities.....	(14)	(98)
Proceeds from sales of investment securities	222	8
Amounts lent	(99)	(9)
Proceeds from repayment of loans	27	3
Increase (decrease) in deposits and guarantee payments	--	100
Payment on difference in deposits and guarantee payments	(85)	--
Proceeds from return of deposits and guarantee payments	257	--
Payments for repayment of construction cooperation fund.....	(179)	--
Proceeds from return of construction cooperation fund	212	--
Payment into fixed term deposits	(27)	--
Other.....	18	--
Cash flow from investing activities	(1,336)	(2,907)



Consolidated Statements of Cash flows (continued)

	<i>(Millions of yen)</i>	
	March 1, 2009 to February 28, 2010	March 1, 2008 to February 28, 2009
III. Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	388	12,523
Proceeds from long-term borrowings	9,000	--
Repayment of long-term debt.....	(3,983)	(450)
Payments for acquisition of treasury stock.....	--	(787)
Dividend payments.....	(343)	(1,228)
Dividends paid to minority shareholders	--	(5)
Other	(4)	--
Cash flow from financing activities.....	5,056	10,051
IV. Cash and cash equivalents currency translation differences.....	(1)	(28)
V. (Decrease) increase in cash and cash equivalents.....	132	576
VI. Cash and cash equivalents at beginning of period	4,215	3,639
VII. Increase (decrease) in cash and cash equivalents from change in scope of consolidation.....	(761)	--
VIII. Cash and cash equivalents at end of period.....	3,586	4,215



**Material Items Forming the Basis for the Preparation of the
Consolidated Financial Statements for Fiscal Year Ended February 28, 2010**

Item	March 1, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
1. Items relating to the scope of consolidation	<p>(1) Number of consolidated subsidiaries: 6 G-One Financial Services Co., Ltd. G-One Credit Services Co., Ltd. G-Trading Co., Ltd. G-Trading Rus LLC Hucobo Co., Ltd. Gulliver USA, Inc.</p> <p>(Change in scope of consolidation) In consideration of the effects on the consolidated financial statements following Group restructuring, the following changes have been made to the scope of consolidation as of the end of the third quarter of the consolidated fiscal year: Gulliver Europe Ltd. has been removed from the scope of consolidation and is accounted for by the equity method, and Samurai Motors Co., G-Rental Co., Ltd., Takeoff Co., Ltd. and Gulliver East, Inc. have been removed from the scope of consolidation . As a result, they will be consolidated only on the income statement and cash flow statement. Further, former consolidated subsidiary G-Bus. Ltd. has merged with consolidated subsidiary G-Trading Co., Ltd. on November 1, 2009.</p>	<p>(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.</p>
	<p>(2) Main non-consolidated subsidiaries: Carboss Co., Ltd. G One Insurance Service Co., Ltd. Gulliver India Co., Ltd. Gulliver Auto True Co., Ltd. Gulliver Europe Ltd. Samurai Motors Co. G-Rental Co., Ltd. Takeoff Co., Ltd. Gulliver East, Inc.</p> <p>Reasons for exclusion from consolidation: Non-consolidated subsidiary Carboss Co., Ltd., G One Insurance Service Co., Ltd., Gulliver India, Gulliver Auto True, Gulliver Europe Ltd., G-Rental Co., Ltd., Takeoff Co., Ltd. and Gulliver East, Inc. are small and their total assets, sales, net income and retained profit (or the amounts proportionate to our holdings in these companies), do not significantly affect the consolidated financial statements.</p>	<p>(2) Main non-consolidated subsidiaries: Carboss Co., Ltd. G One Insurance Service Co., Ltd. Gulliver International Consulting (Shanghai) Co., Ltd. Gulliver India Co., Ltd. Gulliver Auto True Co., Ltd. G-Trading INDIA PVT. LTD</p> <p>Reasons for exclusion from consolidation: Non-consolidated subsidiary Carboss Co., Ltd., G One Insurance Service Co., Ltd., Gulliver International Consulting (Shanghai) Co., Ltd., Gulliver India, Gulliver Auto True are small and their total assets, sales, net income and retained profit (or the amounts proportionate to our holdings in these companies), do not significantly affect the consolidated financial statements.</p>

Item	March 1, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
2. Application of the equity method	<p>Application of the equity method</p> <p>(1) Gulliver Europe Ltd.</p> <p>(2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied: UG Powers Co., Ltd. Carbross Co., Ltd. G One Insurance Service Co., Ltd.</p> <p>Gulliver International Consulting (Shanghai) Co., Ltd. Gulliver India Gulliver Auto True</p> <p>Reasons for not applying the equity method: As at right</p>	<p>Application of the equity method</p> <p>(1) There are no non-consolidated subsidiaries or affiliates to which the equity method is applied.</p> <p>((2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied: UG Powers Co., Ltd. Carbross Co., Ltd. G One Insurance Service Co., Ltd. Gulliver International Consulting (Shanghai) Co., Ltd. Gulliver India Gulliver Auto True G-Trading INDIA PVT. LTD</p> <p>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.</p>
3. Items relating to the settlement days of consolidated subsidiaries	<p>Of the consolidated subsidiaries, the following have settlement date that differ from the consolidated settlement date of the end of February: (December 31) -G-Trading Rus LLC, -Gulliver USA, Inc.</p> <p>Since the gap between the Consolidated Financial Statement settlement date for the above 2 companies does not exceed 3 months, consolidation is performed based on the said subsidiary's financial statements. For material transactions occurring between the settlement dates, consolidation adjustments are made as necessary.</p>	<p>Of the consolidated subsidiaries, the following have settlement date that differ from the consolidated settlement date of the end of February: (December 31) -Gulliver Europe Ltd. -Samurai Motors Co. -G-Trading Rus LLC, -Gulliver USA, Inc. -Guiver East, Inc.</p> <p>Since the gap between the Consolidated Financial Statements settlement dates for the above 5 companies does not exceed 3 months, consolidation is performed based on the said subsidiary's financial statements. For material transactions occurring between the settlement dates, consolidation adjustments are made as necessary.</p> <p>Gulliver USA Inc. and Gulliver East Inc. have changed their financial statement settlement date from the end of February to December 31. Their financial statements for the 10-month period to December 31 were used in the creation of the consolidated financial statements. For material transactions occurring between the settlement dates, consolidation adjustments are made as necessary.</p>
4. Items relating to accounting treatment (1) Valuation criteria and valuation methods for material assets	<p>1. Marketable securities</p> <p>Bonds intended to be held to maturity: As at right</p> <p>Other marketable securities As at right</p> <p>Those without a market value: As at right</p> <p>Shareholdings in subsidiaries: As at right</p>	<p>1. Marketable securities</p> <p>Bonds intended to be held to maturity: Amortizing cost method (straight line)</p> <p>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.</p> <p>Those without a market value: The cost method using the moving average method</p> <p>Shareholdings in subsidiaries: The cost method using the moving average method</p>

Item	March 1, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
	<p>3. Inventories</p> <p>Actual cost method employed (reduced book value method applied to items with low profitability)</p> <p>A. Merchandise: Vehicles: As at right Other: As at right</p> <p>B. Supplies: Change to accounting method As of the current consolidated fiscal year, Financial Accounting Standards for Inventory Valuation (ASBJ Article 9 July 5, 2006) will be applied. The effect of this change is immaterial.</p>	<p>3. Inventories</p> <p>A. Merchandise: Vehicles: Actual cost method</p> <p>Other: First in first out method applied</p> <p>B. Supplies: Final cost method applied</p>
(2) Depreciation methods applied to material depreciable assets	<p>(i) Tangible Fixed Assets As at right</p> <p>-----</p> <p>(ii) Intangible Fixed Assets As at right</p> <p>(iii) Long Term Prepaid Expenses As at right</p>	<p>(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</p> <p>(Additional information) Following the revision to the Corporate Tax Law, for tangible fixed assets acquired on or before March 31, 2007, the balance of an amount equivalent to 5% of the acquisition value and the memorandum price is depreciated using the straight line method and are recorded as depreciation expenses for a period of five years, starting in the consolidated fiscal year after the fiscal year in which depreciation based on a method stipulated in pre-revision Corporate Tax Law reaches 5% of the acquisition value. The effects of this change on operating income, ordinary income or net income before adjustment for income taxes is immaterial.</p> <p>(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.</p> <p>(iii) Long Term Prepaid Expenses The Straight Line Method is applied</p>
(3) Treatment of deferred assets	Share issue expenses As at right	Share issue expenses Expensed in their entirety at the time of expenditure

<p>(4) Criteria for recording material reserves</p>	<p>(i) Reserve for Doubtful Accounts As at right</p> <p>(ii) Reserve for Bonuses As at right</p> <p>(iii) Reserve for Directors' Bonuses Amount based on forecasted provisional amount in preparation for payment of bonuses to directors.</p>	<p>(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.</p> <p>(ii) Reserve for Bonuses To prepare for the payment of bonuses to employees, amounts are recorded based on the estimated payment amount.</p>
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Item	March 1, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
	<p style="text-align: center;">As at right -----</p> <p>(v) Merchandize Warranty Reserve As at right</p> <p>(vi) Provision for subsidiaries' losses An estimated amount for losses has been recorded in order to prepare for losses from subsidiaries requiring capital deficit resolution over the long-term in light of the financial condition of applicable subsidiaries.</p>	<p>(iii) Reserve for Directors' Retirement Benefit In order to prepare for payments for the retirement benefits for directors, the necessary allowance amount as of the balance sheet date is Accounted for in accordance with the rules for reserves for director's retirement benefit.</p> <p>(Change to accounting policies) Previously, payments for retirement benefits for directors were treated as expenses at time of payment. However, as of the fiscal year ending February 28, 2009, the required amount of retirement benefits for directors at the end of the consolidated period will be based on the retirement benefits for directors' rules and will be recorded as reserve for directors' retirement benefit. This change follows the adoption of revisions to the treatment for Auditing of Reserve under Special Taxation Measures Law, Allowance or Reserve under Special Laws (JICPA Audit and Assurance Practice Committee Report No. 42) announced April 13, 2007 by the JICPA. In comparison with the former method, operating income and ordinary income are ¥48 million lower and net loss before taxes etc., increased ¥425 million as a result of this change.</p> <p>(v) Merchandize Warranty Reserve In preparation for losses on repairs of cars with warranties, estimated warranty amounts for the warranty period are accounted for based on actual prior results. (Change to accounting policies) Previously, warranty reserves were expensed at the time of payment. However, as of the fiscal year ending February 28, 2009, estimated future warranty payments will be accounted for as the merchandize warranty reserve. This change follows the application of revisions to the treatment for Auditing of Reserve under Special Taxation Measures Law, Allowance or Reserve under Special Laws (JICPA Audit and Assurance Practice Committee Report No. 42) announced April 13, 2007 by the JICPA. In comparison to the former method, operating income and ordinary income are ¥104 million lower and net loss before taxes, etc. increased ¥354 million as a result of this change.</p>

Item	March 1, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
(5) Translation of major currency assets and liabilities valuations held by consolidated companies and others during the period under review and for the preparation of the financial report for the period under review	As at right	Valuations of foreign bonds and monetary liabilities are translated to Japanese yen using the spot exchange rate on the date of settlement. Differences are recorded as either a gain or loss. Valuations of assets and liabilities of existing subsidiaries and others are translated to Japanese yen using the spot exchange rate on the date of settlement and revenues and expenses are translated into Japanese yen using an average spot rate for the period. Translation differences are recorded under net assets in the minority interests, and valuation and translation adjustments sections.
(6) 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.
(7) 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. However, special methods are employed for interest rate swap transactions that meet specifications for special methods. (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.
(8) 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, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
6. Amortization of goodwill and negative goodwill	As at right.	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.
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, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
<p>Unification of accounting policies applied to foreign subsidiaries and IFRS conversion.</p> <p>As of the current consolidated fiscal year, the "Unification of accounting policies applied to foreign subsidiaries and IFRS conversion" issued May 17, 2006 by the Practical Issues Task Force No. 18 will be applied. This will have no effect on profits.</p>	<p>-----</p>

Accounting methods for auto loan revenues

Previously, accounting methods used by consolidated subsidiary G-One Financial Services Co., Ltd., a financial services company, and consolidated subsidiary G-One Credit Services Co., Ltd., recorded revenues such as interest from unexpired periods during the contractual period. As regards other parts of the contract, unobtainable income from full repayment before maturity payment in subrogation were excluded and revenues from auto loan contracts were recorded as a lump sum. However, as of the current consolidated fiscal year, we have changed our accounting methods to record revenue based on periods and will no longer recognize such revenue as a lump-sum.

In line with the above change, operating loans have been transferred to a trust subsidiary and trust beneficiary rights and shares issued and sold as collateral assets. However, of these securitized assets through, the part of the assets that were sold at book value and the parts that we continue to hold were each valued at fair value. The accounting methods used has been changed to recognize the difference between the gains/losses on securitization and the book value allotted to assets sold.

This change has been made in an effort to improve allocation of revenues by accounting period and the overall financial condition of the company and is the result of a review following an increase in the number of vehicles sold by Gulliver, an increase in the number of auto loans at consolidated subsidiaries, and increase in number of auto loan contracts accumulating, and a significant increase in the importance of transactions related to loan revenues.

Further, accounting methods for contracts from previous year have been revised to match the current accounting methods. Following this change to the accounting method and in comparison to use of the previous accounting method, net sales are ¥1,124 million lower, gross profit is ¥1,124 million lower, operating income is ¥1,073 million lower, ordinary income is ¥1,073 million lower and net income before taxes is ¥2,208 million lower.



Changes in Representation

March 1, 2009 - February 28, 2010	March 1, 2008 - February 28, 2009
<p>(Consolidated Balance sheet)</p> <p>In accordance with “Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 50, issues August 7, 2008), the item ‘inventory assets’, used in the previous fiscal year will be separated into the items ‘products’ and ‘other (merchandise)’.</p> <p>The items ‘products’ and ‘merchandise’ included in ‘inventory assets’ in the previous fiscal year were ¥8,111 million and ¥57 million respectively.</p>	<p>(Consolidated Balance sheet)</p> <p>In the previous consolidated fiscal year negative goodwill was included in long-term liabilities under ‘Other’, but from this fiscal year, as its importance has increased, it has been separately disclosed. The amount of negative goodwill in the previous consolidated fiscal year was 176 million yen.</p>
	<p>(Consolidated Statements of Income)</p> <p>In the previous consolidated fiscal year amortization of negative goodwill was included in non-operating income under ‘Other’, but from this fiscal year, as its importance has increased, it has been separately disclosed. The amount of amortization of negative goodwill in the previous consolidated fiscal year was 12 million yen.</p>
	<p>(Consolidated Statements of Cash Flows)</p> <p>1. In the previous consolidated fiscal year amortization of goodwill was included in cash flows from operating activities under ‘Depreciation’, but from this fiscal year, as its monetary importance has increased, it has been separately disclosed. The amount of amortization of goodwill included under ‘Depreciation’ in the previous consolidated fiscal year was 22 million yen.</p> <p>2. In the previous consolidated fiscal year amortization of negative goodwill was included in cash flows from operating activities under ‘Other’, but from this fiscal year, as its monetary importance has increased, it has been separately disclosed. The amount of amortization of negative goodwill included under ‘Other’ in the previous consolidated fiscal year was 12 million yen.</p> <p>3. In Cash Flows from Operating Activities the gain (loss) on foreign exchange was included in ‘Other’ in the previous fiscal year but as its monetary importance has increased, it has been separately disclosed. The amount of gain (loss) on foreign exchange included in ‘Other’ in the previous fiscal year was 33 million yen.</p>



4. Segment Information

Segment information by business type

Fiscal year ended February 28, 2010 (March 1, 2009 to February 28, 2010)

(Millions of yen)

	Trading of used cars	Financing business	Other business	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	136,861	5,311	6,680	148,853	--	148,853
(2) Inter-segmental sales or transfers	1,745	1,455	2,739	5,940	(5,940)	--
Total	138,607	6,767	9,419	154,793	(5,940)	148,853
Operating expenses	130,913	6,811	7,291	145,017	(1,444)	143,572
Operating income	7,693	(44)	2,127	9,776	(4,495)	5,281
Assets, Depreciation and Capital Expenditure						
Assets	26,197	32,572	1,558	60,328	7,619	67,948
Depreciation and amortization expense	1,017	81	197	1,296	355	1,651
Capital expenditure	1,260	421	116	1,797	363	2,161

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	5,238	4,495	Expenses relating to head office administration at the parent company
Amount of assets included in "Eliminations or Total Company" item	6,869	7,619	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, 2009 (March 1, 2008 to February 28, 2009)

(Millions of yen)

	Trading of used cars	Financing business	Other business	Total	Elimination/ All company	Consolidated
Sales						
(2) Sales to external customers	150,959	5,032	7,677	163,669	—	163,669
(2) Inter-segmental sales or transfers	3,339	1,427	3,467	8,234	△8,234	—
Total	154,298	6,460	11,144	171,903	△8,234	163,669
Operating expenses	147,759	6,357	8,642	162,759	△2,995	159,764
Operating income	6,538	103	2,502	9,144	△5,238	3,905
Assets, Depreciation and Capital Expenditure						
Assets	26,785	23,343	1,774	51,903	6,869	58,773
Impairment losses	335	79	--	--	--	414
Depreciation and amortization expense	1,688	148	231	2,069	316	2,385
Capital expenditure	2,355	149	234	2,739	122	2,861

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	5,543	5,238	Expenses relating to head office administration at the parent company
Amount of assets included in "Eliminations or Total Company" item	6,889	6,869	Assets, etc., related to management of surplus funds and head office administration at the parent company

Segment information by geographical location

For the current fiscal year and for the previous fiscal year over 90% of total consolidated sales and assets for each segment were in Japan so segment information by geographical location has been omitted.

Overseas sales

For the current fiscal year, and for the previous fiscal year, consolidated overseas sales were less than 10% of consolidated sales and have therefore been omitted.

Per share information

FY Ended February 28, 2010		FY ended February 28, 2009	
Net assets per share	¥1,794.18	Net assets per share	¥1,704.02
Net earnings per share	¥38.29	Net income per share	(¥300.38)
There are no shares with a potentially dilutive effect and therefore figures for fully diluted earnings per share are not provided		Due to a net loss, figures for fully diluted earnings per share are not provided	

Note: The basis for the calculation of net income (loss) per share and the net income per share after adjustment for residual securities is as follows:

	FY Ended February 28, 2010	FY ended February 28, 2009
Net income (loss) (¥ million)	348	(2,836)
Net income (loss) attributable to common shares (¥ million)	348	(2,836)
Amount not attributable to common shareholders (¥ million)	--	--
Average number of outstanding common shares during the year (1,000 shares)	9,106	9,441
Breakdown of additional common shares used for calculating net income per share (diluted) (1,000 shares)	--	--
Increase in number of common shares (1,000 shares)	--	--
Residual securities not included in the calculation of the net income after adjustment for residual securities due to the fact that these securities had no dilutive effect.	2 types of subscription rights: Number of residual securities from subscription rights: 47,000 shares	2 types of subscription rights: Number of residual securities from subscription rights: 49,000 shares



Non-Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2010	As of February 28, 2009
ASSETS		
Current assets		
Cash and deposits	3,248	1,811
Accounts receivable.....	3,123	2,899
Products.....	9,450	6,016
Merchandise	118	44
Prepaid expenses	542	553
Accrued credit.....	34	359
Advances paid	336	101
Deferred tax assets.....	826	405
Others	0	0
Allowance for doubtful accounts	(16)	(4)
Total current assets.....	17,664	12,188
Fixed assets		
Tangible fixed assets		
Buildings	8,312	8,841
Depreciation	(2,398)	(2,318)
Buildings (net)	5,914	6,522
Structures	1,853	1,905
Depreciation	(918)	(838)
Structures (net).....	935	1,067
Vehicles and transportation	299	--
Depreciation	(33)	--
Vehicles and transportation (net).....	265	--
Tools, fixtures and equipment	2,144	2,644
Depreciation	(1,547)	(1,847)
Tools, fixtures and equipment (net)	597	796
Land.....	218	409
Construction in progress.....	270	67
Total tangible fixed assets	8,201	8,863
Intangible fixed assets		
Goodwill	48	71
Trademarks.....	1	6
Software.....	909	1,285
Telephone subscription rights	15	63
Other.....	0	--
Total intangible fixed assets	974	1,426



(Millions of yen)

	As of February 28, 2010	As of February 28, 2009
Investments and other assets		
Investment securities	14	118
Shares in affiliate companies ¹	2,021	2,901
Investments	0	0
Long-term loans to affiliates	25,916	12,983
Defaulted claims, etc	50	127
Long-term prepaid expenses	36	11
Deposits and guarantee money	2,709	3,537
Construction cooperation fund	2,955	2,530
Insurance reserves	90	86
Deferred tax assets	111	164
Allowance for doubtful accounts	(2,898)	(631)
Total investments and other assets...	31,008	21,829
Total fixed assets	40,184	32,119
Total Assets.....	57,848	44,307



(Millions of yen)

	As of February 28, 2010	As of February 28, 2009
LIABILITIES		
Current liabilities		
Accounts payable	3,529	2,274
Short-term borrowing	21,033	18,133
Accrued expenses	1,466	1,484
Accrued corporate taxes	1,481	45
Accrued consumption taxes	232	151
Accrued expenses	756	899
Advances received	877	912
Deposits received	165	96
Reserve for bonuses	476	472
Reserve for merchandize warranty	757	354
Accrued expenses for facilities	49	82
Income in advance	250	--
Others	28	42
Total current liabilities	31,104	24,948
Long-term liabilities		
Long-term borrowing	8,516	49
Long-term guarantee deposits received	800	825
Reserve for directors' retirement benefit	405	425
Reserve for loss from subsidiaries	15	2,794
Total long-term liabilities	9,739	4,095
Total liabilities	40,843	29,044
NET ASSETS		
Shareholders' equity		
Paid in capital	4,157	4,157
Capital surplus		
Capital reserves	4,032	4,032
Other capital surplus	--	--
Total capital surplus	4,032	4,032
Retained profit		
Earned Surplus Reserve	39	39
Other retained profit		
Earned surplus brought forward	19,954	18,508
Total retained profit	19,993	18,547
Treasury stock	(11,178)	(11,465)
Total shareholders' equity	17,005	15,271
Valuation difference on other marketable securities	--	(8)
Total Valuation and translation differences	--	(8)
Total net assets	17,005	15,263
Total liabilities and net assets	57,848	44,307



Non-Consolidated Statements of Income

	<i>(Millions of yen)</i>	
	March 1, 2009 to February 28, 2010	March 1, 2008 to February 28, 2009
Sales		
Merchandise sales.....	132,999	132,963
Sales of other goods.....	3,406	6,609
Total sales	136,406	139,572
Cost of sales		
Cost of merchandise sold		
Inventory at start of period.....	6,016	3,628
Purchases during the year.....	104,959	105,849
Total	110,975	109,478
Inventory at end of term	9,450	6,016
Other transfers.....	417	60
Net: cost of goods sold.....	101,108	103,401
Other operating revenues cost of goods sold	1,032	975
Total cost of sales of other goods.....	102,140	104,376
Gross profit on sales.....	34,266	35,195
Sales, general and administrative expenses		
Advertising.....	5,325	4,747
Directors' remuneration	230	275
Salaries	7,406	8,089
Bonuses	1,393	1,246
Addition to reserve for bonuses	476	472
Addition to reserve for directors' bonuses	24	--
Statutory welfare expenses	1,239	1,247
Contracting fees	2,134	2,247
Travel and transportation.....	810	1,013
Communication expense	602	706
Consumables.....	429	361
Depreciation	1,541	2,125
Rent	141	168
Land rent	4,479	4,541
Provision for directors' retirement benefit	44	48
Other	2,745	3,575
Total sales, general and administrative expenses ..	29,024	30,868
Operating income.....	5,241	4,327
Non-operating income		
Interest income.....	156	90
Dividends income	--	8
Insurance income.....	25	25
Other	64	116
Total non-operating income	246	240
Total extraordinary profit.....		
Non-operating expenses		
Interest expense	118	106
Addition to allowance for doubtful.....	--	371
Other	14	107
Total non-operating expenses.....	132	585
Ordinary income	5,355	3,983



(Millions of yen)

	March 1, 2009 to February 28, 2010	March 1, 2008 to February 28, 2009
Extraordinary profit		
Gain from prior period profit revision	91	--
Gain from sale of fixed assets	10	--
Gain on sale of investment securities	90	--
Reversal of allowance for doubtful receivables	78	--
Other	0	--
Total extraordinary profit.....	272	--
Extraordinary losses		
Loss on disposal of fixed assets	932	456
Evaluation loss on shares in affiliates	248	378
Provision for reserve for directors' retirement benefit for prior years	--	376
Provision for merchandize warranty reserve for prior years	--	249
Provisions for reserve for loss from subsidiaries ..	15	2,794
Provision for doubtful accounts	484	--
Loss from prior period profit revision	224	--
Other	19	89
Total extraordinary losses	1,925	4,345
Income (loss) before taxes, etc.	3,701	(362)
Income tax, inhabitants tax and enterprise tax.....	2,234	1,708
Corporate tax adjustment	(373)	22
Total corporate taxes	1,861	1,731
Net income (loss)	1,840	(2,093)



Changes in Non-Consolidated Shareholders' Equity

Millions of yen, rounded down

	Fiscal year ended February 28, 2010	Fiscal year ended February 28, 2009
Shareholders' equity		
Capital		
Balance at end of previous term.....	4,157	4,157
Changes during the period		
Total change during the period.....	--	--
Balance at end of term.....	4,157	4,157
Capital surplus		
Capital reserves		
Balance at end of previous term.....	4,032	4,032
Changes during the period		
Total change during the period.....	--	--
Balance at end of term.....	4,032	4,032
Other capital surplus		
Balance at end of previous term.....		
Changes during the period		
Disposal of treasury stock.....	(48)	--
Exchange loss on disposal of treasury stock.....	48	--
Total change during the period.....	--	--
Balance at end of term.....	--	--
Total capital surplus		
Balance at end of previous term.....	4,032	4,032
Changes during the period		
Disposal of treasury stock.....	(48)	--
Exchange loss on disposal of treasury stock.....	48	--
Total change during the period.....	--	--
Balance at end of term.....	4,032	4,032
Retained profit		
Earned Surplus Reserve		
Balance at end of previous term.....	39	39
Changes during the period		
Total change during the period.....	--	--
Balance at end of term.....	39	39
Other retained profit		
Earned surplus brought forward		
Balance at end of previous term.....	18,508	21,830
Changes during the period		
Dividends.....	(345)	(1,228)
Exchange loss on disposal of treasury stock.....	(48)	--
Net income (loss).....	1,840	(2,093)
Total change during the period.....	1,446	(3,322)
Balance at end of term.....	19,954	18,508
Total Retained profit		
Balance at end of previous term.....	18,547	21,869
Changes during the period		
Dividends.....	(345)	(1,228)
Exchange loss on disposal of treasury stock.....	(48)	--
Net income (loss).....	1,840	(2,093)
Total change during the period.....	1,446	(3,322)
Balance at end of term.....	19,993	18,547



Changes in Non-Consolidated Shareholders' Equity (continued)

Millions of yen, rounded down

	Fiscal year ended February 28, 2010	Fiscal year ended February 28, 2009
Treasury stock		
Balance at end of previous term	(11,465)	(10,678)
Changes during the period		
Acquisition of treasury stock	(4)	(787)
Disposal of treasury stock	291	--
Total change during the period	287	787
Balance at end of previous term	(11,178)	(11,465)
Total shareholders' equity		
Balance at end of previous term	15,271	19,381
Changes during the period		
Dividend	(345)	(1,228)
Net income (loss)	1,840	(2,093)
Acquisition of treasury stock	(4)	(787)
Disposal of treasury stock	243	--
Total change during the period	1,733	(4,109)
Balance at end of previous term	17,005	15,271
Valuation differences due to foreign exchange		
Valuation differences on other marketable securities		
Balance at end of previous term	(8)	7
Changes during the period		
Changes to items other than shareholders' equity during the period (net)	8	(16)
Total change during the period	8	(16)
Balance at end of term	-	(8)
Total valuation and translation differences		
Balance at end of previous term	(8)	7
Changes during the period		
Changes to items other than shareholders' equity during the period (net)	8	(16)
Total change during the period	8	(16)
Balance at end of term	-	(8)
Net assets		
Balance at end of previous term	15,263	19,389
Changes during the period		
Surplus dividend	(345)	(1,228)
Net income (loss)	1,840	(2,093)
Acquisition of treasury stock	(4)	(787)
Disposal of treasury stock	243	--
Changes to items other than shareholders' equity during the period	8	(16)
Total change during the period	1,741	(4,125)
Balance at end of term	17,005	15,263