



# Financial Results

## Fiscal 2012

(March 1, 2011 to February 29, 2012)

Gulliver International Co., Ltd.

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions made and beliefs held 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.

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## SUMMARY OF FINANCIAL STATEMENTS

Results for the fiscal year ended February 29, 2012

Gulliver International Co., Ltd.

April 4, 2012

Stock Code: 7599

Listed exchanges: Tokyo (1<sup>st</sup> Section)

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

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Scheduled date of the regular shareholders' meeting: May 24, 2012

Scheduled date for submission of the financial report: May 25, 2012 Scheduled date for distribution of dividends: May 25, 2012

### 1. Consolidated financial results for the fiscal year ended February 29, 2012

#### 1) Consolidated Operating Results

(Millions of yen, rounded down)

	Fiscal year ended February 29, 2012		Fiscal year ended February 28, 2011	
		(% change)		(% change)
Sales.....	132,881	(6.4)	142,038	(4.6)
Operating income .....	6,249	(21.9)	8,001	51.5
Ordinary income .....	6,318	(19.2)	7,824	56.2
Net income .....	3,785	(26.4)	5,140	--
Earnings per share (¥) .....	373.45		544.67	
Fully diluted earnings per share (¥) .....	373.42		544.39	
Return on equity (%).....	14.5		24.9	
Ratio of ordinary income to shareholders' equity (%) .....	11.0		12.2	
Ratio of operating income to sales (%) .....	4.7		5.6	

#### Notes:

- Investment gains and losses under the equity method: FY ended February 2012: ¥37 million ; FY ended February 2011: (¥8 million)
- 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, 2012	As of February 28, 2011
Total assets .....	54,643	59,856
Net assets.....	27,292	24,891
Shareholders' equity ratio (%) .....	49.9	41.6
Net assets per share (¥) .....	2,692.16	2,454.79

#### Note:

- Shareholders' equity: FY ended February 2012 ¥27,289 million; FY ended February 2011: ¥24,883 million

#### 3) Consolidated cash flows

(Millions of yen, rounded down)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2011
Cash flow from operating activities .....	10,665	14,253
Cash flow from investing activities .....	(1,580)	2,790
Cash flow from financing activities.....	(9,919)	(11,749)
Cash and cash equivalents at end of period.....	7,945	8,869

### 2. Dividends

	Fiscal year ended February 28, 2011	Fiscal year ended February 29, 2012	Fiscal year ending February 28 2013 (forecast)
Interim dividend per share (¥) .....	31.00	74.00	41.00
Year-end dividend per share (¥) .....	62.00	41.00	41.00
Annual dividend per share (¥).....	93.00	115.00	82.00
Total dividends paid (Millions of yen) .....	911	1,165	
Dividend payout ratio (%) .....	17.1	30.8	29.7
Dividends to net assets ratio (%) .....	4.4	4.5	



**3. Consolidated forecasts for the fiscal year ending February 28, 2013 (March 1, 2012 to February 28, 2013)**

(Millions of yen, rounded down)

	Interim period ending August 31, 2012		FY ending February 28, 2013	
Sales .....	68,600	(2.4%)	134,000	0.8%
Operating income .....	2,600	(44.3%)	5,000	(20.0%)
Ordinary income .....	2,600	(44.3%)	5,000	(20.9%)
Net Income .....	1,450	(51.8%)	2,800	(26.0%)
Earnings per share (¥) .....	143.04		276.22	

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 Decrease: 2 Companies(Name:G Trading Co.,Ltd., G-Trading Rus LLC)

**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: None

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

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

As of February 29, 2012: 10,688,800 shares; As of February 28, 2011: 10,688,800 shares

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

As of February 29, 2012: 551,965 shares; As of February 28, 2011: 551,954 shares

(3) Average number of shares during period:

As of February 29, 2012: 10,136,840 shares; As of February 28, 2011: 9,438,227 shares



## Reference: Outline of Non-Consolidated Financial Results

### 1. Non-consolidated financial results for the fiscal year ended February 29, 2012

#### 1) Non-consolidated operating results

(Millions of yen, rounded down)

	Fiscal year ended February 29, 2012		Fiscal year ended February 28, 2011	
		(% change)		(% change)
Sales .....	130,138	(2.7)	133,716	(2.0)
Operating income .....	5,544	(10.3)	6,178	17.9
Ordinary income .....	5,622	(9.5)	6,214	16.0
Net income .....	3,674	5.1	3,496	90.0
Earnings per share (¥) .....	362.46		370.48	
Fully diluted earnings per share (¥) .....	362.43		370.28	

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, 2012	As of February 28, 2011
Total assets .....	51,770	55,461
Net assets .....	26,206	23,916
Shareholders' equity ratio (%) .....	50.6	43.1
Net assets per share (¥) .....	2,585.12	2,358.66

#### Note:

1. Shareholders' equity: FY ended February 2012: ¥26,204 million; FY ended February 2011: ¥23,909 million

### 2. Non-consolidated forecasts for the fiscal year ending February 28, 2013 (March 1, 2012 to February 28, 2013)

(Millions of yen, rounded down)

	Interim period ending August 31, 2012		FY ending February 28, 2013	
Sales .....	68,000	(0.3%)	132,800	2.0%
Ordinary income .....	2,500	(40.6%)	4,800	(14.6%)
Net Income .....	1,400	(52.9%)	2,700	(26.5%)
Earnings per share (¥) .....	138.11		266.36	

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) Analysis of consolidated operating results

The used car auction price in the first half of the current year rose significantly due to the influence of the Great East Japan Earthquake. However, the used car auction price declined considerably in the second half of the same year. Under these circumstances, the profitability of wholesale used car auctions to used-car sellers fell in the second half.

Consumer spending remained sluggish. Although the car sales volume at Gulliver-directly operated stores contracted from the same term last year to the third quarter, the fourth quarter saw an increase over the previous year. However, total retail sales volume of cars for the whole financial year fell short of the previous term.

As regards financing operations, operations have been scaled down since the previous term. Accordingly, the operating income of the consolidated subsidiary, G-One Financial Services Co., Ltd. decreased by 1,176 million yen compared to 339 million yen in the previous term. Accounts receivable (financial credit) in financing as of the end of the current term decreased by 3,530 million yen compared to 9,655 million yen at the end of the previous term.

We posted a "reversal of losses in disposal of operations" of 779 million yen as extraordinary profit. This was posted in the second quarter, reflecting the need for power saving issues etc. after the Great East Japan Earthquake. Accordingly, we decided to review the planned relocation/integration of functions associated with the integration of group companies. This involved part of the "loss in disposal of operations" posted in the previous term (fiscal year ended February 28, 2011) and in expectation of the relocation/integration in question.

We posted the "effect of Accounting Standard for Asset Retirement Obligations", "disaster loss", "loss on retirement of fixed assets" and so on as extraordinary losses.

The impact of the transfer of stock of a subsidiary in the previous term, etc., meant a fall in corporate tax, etc. in the previous term and a subsequent decline in net income.

Due to the above, the consolidation of the current term includes sales was 132,881 million yen (down 6.4% from the same term last year), operating income was 6,249 million yen (down 21.9% from the same term last year), ordinary income was 6,318 million yen (down 19.2% from the same term last year) and net income was 3,785 million yen (down 26.4% from the same term last year).



## **Outlook for the fiscal year ending February 28, 2013**

We will continuously enhance the retail sales of used cars. With ongoing and thorough human resource training, opening new large-scale showrooms and so on, we expect the total number of vehicles retailed via Gulliver-direct outlets to increase in the next term. However, the eco-car subsidy system for new cars is expected to impact on the immediate used car market in Japan, and we forecast uncertainty for the used car auction market.

With the above in mind, as the outlook for the full fiscal year, we expect sales of 134,000 million yen (up 0.8% from the same term last year), operating income of 5,000 million yen (down 20.0% from the same term last year), ordinary income of 5,000 million yen (down 20.9% from the same term last year) and net income of 2,800 million yen (down 26.0% from the same term last year).

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

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

#### **1) Current assets**

The balance of current assets at the end of the period under review decreased by 5,413 million yen compared to the end of the previous fiscal period to 30,925 million yen.

The primary contributing factor included a 6,296 million yen decrease in accounts receivable.

#### **2) Fixed assets**

The balance of fixed assets at the end of the period under review increased by 201 million yen compared to the end of the previous fiscal period to 23,718 million yen.

Major factors include an increase in tangible fixed assets (up 969 million yen from the end of the same term last year) and a decline in long-term loans receivable to business acquaintances (down 990 million yen from the end of the same term last year), meaning we recorded no significant increase or decrease.

#### **3) Current liabilities**

The balance of current liabilities at the end of the period under review decreased by 6,638 million yen compared to the end of the previous fiscal period to 16,060 million yen.

The primary contributing factor included a 6,517 million yen decrease due to debt repayment compared to the previous year.

#### **4) Long-term liabilities**

The balance of long-term liabilities at the end of the period under review decreased by 975 million yen compared to the end of the previous fiscal period to 11,290 million yen.

The major factor included a decrease due to repayment of debt (down 2,000 million yen from the end of the same term last year).



#### 5) Net assets

The balance of net assets at the end of the period under review increased by 2,401 million yen compared to the end of the previous fiscal period to 27,292 million yen.

The major factor included an increase in retained earnings (up 2,938 million yen from the end of the same term last year).

#### **[Cash flow position]**

For the current consolidated account period, the cash flow from operating activities was positive, but negative from investment and financing activities. Overall cash flow was a negative 836 million yen.

The balance of cash and cash equivalents at the end of the current consolidated account period was 7,945 million yen.

#### **(Cash flow from operating activities)**

Cash and cash equivalents generated from operating activities (hereinafter referred to as "cash") was 10,665 million yen.

This primarily included net income before adjustment for taxes of 6,596 million yen, a 6,544 million yen decrease in accounts receivable and a 1,689 million yen increase in inventory assets.

#### **(Cash flow from investment activities)**

The cash used for investing activities was 1,580 million yen. This was mainly to cover the expenses for the purchase of tangible fixed assets.

#### **(Cash flow from financing activities)**

Net cash used in financing activities was 9,919 million yen, largely the result of outflows for the repayment of loans.



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

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Equity ratio (%)	40.4	26.9	24.1	41.6	49.9
Shareholders' equity (market price base) ratio (%)	80.6	19.8	44.2	61.4	58.7
Debt redemption years	12.7	--	--	1.4	1.0
Interest coverage ratio	9.6	--	--	80.8	66.7

**Notes:**

1. Breakdown of each indicator

Equity ratio = shareholders' equity/total assets

Shareholders' equity (market price base) ratio = Market capitalization/Total assets

Debt redemption years = Interest bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest payments

2. Each index is calculated from consolidated figures

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

**(3) Basic policy concerning distribution of profit and dividend for current and next term**

We have identified the return of profit to investors as a key management issue and also emphasize our dividend payout ratio. We are focused on ensuring the performance-based return of profit. In specific terms, we are targeting a dividend payout ratio of about 30% of consolidated current net income.

Given the above basic policy and target, our expected dividends may be amended if the consolidated net income is not as expected.

We would like to set the cash dividend per share of the current term, based on the above, as 115 yen on a yearly basis (74 yen at the end of the second quarter, 41 yen at the end of the year).

In accordance with the above policies and targets, assuming consolidated net income of 2,800 million yen, we plan a cash dividend per share for the next term of 82 yen on a yearly basis (41 yen at the end of the second quarter, 41 yen at the end of the year).





## **2. Management Policy**

### **(1) Basic management policy**

Gulliver has adopted 'Growing together' as its corporate philosophy and, under the principle of coexistence and mutual prosperity, the company is striving for continued growth together with all those involved with the Group, including customers, employees, partners and shareholders. Under this philosophy, Group management is making every effort to create an attractive company that is worthy of support from customers. We also aim to bring about a revolution in the distribution of cars, and to create a "car-life" concept to satisfy our customers.

### **(2) Management targets**

Since its establishment in 1994, Gulliver has been a car dealership specialist that has expanded its business primarily as a wholesale seller of used vehicles through used car auctions. In recent years, we have endeavored to strengthen our retail business by selling cars directly to ordinary consumers in addition to our wholesale business. Aiming to further raise corporate value, Gulliver is committed to a medium-term target of 100,000 retail car sales through directly managed stores.

### **(3) Mid- to long-term management strategy**

In order to achieve 100,000 used car retail sales through our directly managed stores, Gulliver is centralizing its management resources and promoting initiatives that include:

- Improving our sales force and services by strengthening employee training
- Strengthening community-based area marketing
- Winning more repeat and referral customers by improving customer satisfaction
- Enhancing brand power and recognition
- Building new sales channels such as through large scale facilities

### **(4) Tasks ahead**

We are creating a management strategy that aims to rapidly expand retail sales while maintaining profitability, and we plan to improve customer satisfaction and our ability to attract customers through more targeted management activities and stronger employee training.



## Consolidated Balance Sheets

	<i>Millions of yen</i>	
	As of February 29, 2012	As of February 28, 2011
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits .....	8,472	8,896
Notes and accounts receivable-trade .....	10,683	16,979
Products .....	8,640	7,004
Operating loans .....	--	1,234
Deferred tax assets .....	1,320	1,151
Other .....	1,873	1,625
Allowance for doubtful accounts .....	(65)	(552)
<b>Total current assets</b>	<b>30,925</b>	<b>36,338</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures .....	11,901	10,133
Accumulated depreciation .....	(4,347)	(3,670)
Buildings and structures, net .....	7,553	6,462
Vehicles .....	370	557
Accumulated depreciation .....	(210)	(290)
Vehicles, net .....	160	267
Tools, furniture and fixtures .....	2,279	2,309
Accumulated depreciation .....	(1,830)	(1,836)
Tools, furniture and fixtures, net .....	448	472
Land .....	218	218
Construction in progress .....	22	13
<b>Total property, plant and equipment</b>	<b>8,403</b>	<b>7,434</b>
<b>Intangible assets</b>		
Goodwill .....	5	27
Software .....	939	909
Other .....	15	17
<b>Total intangible assets</b>	<b>961</b>	<b>954</b>
<b>Investments and other assets</b>		
Investment securities .....	14	14
Stocks of subsidiaries and affiliates .....	768	805
Long-term loans receivable .....	7,993	8,983
Lease and guarantee deposits .....	2,894	2,926
Construction assistance fund receivables .....	2,840	2,814
Deferred tax assets .....	235	433
Other .....	257	251
Allowance for doubtful accounts .....	(652)	(1,101)
<b>Total investments and other assets</b>	<b>14,353</b>	<b>15,128</b>
<b>Total noncurrent assets</b>	<b>23,718</b>	<b>23,517</b>
<b>Total assets</b>	<b>54,643</b>	<b>59,856</b>



## Consolidated Balance Sheets

	<i>Millions of yen</i>	
	As of February 29, 2012	As of February 28, 2011
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade.....	2,912	3,806
Short-term loans payable.....	2,000	8,517
Accounts payable-other .....	2,130	2,278
Income taxes payable.....	2,532	918
Deposits received .....	232	416
Provision for bonuses .....	489	496
Provision for merchandise warranties.....	1,810	1,336
Provision for loss on business liquidation .....	--	1,016
Other.....	3,951	3,912
<b>Total current liabilities .....</b>	<b>16,060</b>	<b>22,698</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable .....	9,000	11,000
Long-term guarantee deposited.....	807	816
Provision for directors' retirement benefits.....	461	442
Asset retirement obligations.....	1,016	--
Other .....	5	6
<b>Total noncurrent liabilities .....</b>	<b>11,290</b>	<b>12,265</b>
<b>Total liabilities .....</b>	<b>27,351</b>	<b>34,964</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock .....	4,157	4,157
Capital surplus.....	4,032	4,032
Retained earnings.....	23,021	20,083
Treasury stock .....	(3,975)	(3,975)
<b>Total shareholders' equity.....</b>	<b>27,235</b>	<b>24,297</b>
Valuation and translation adjustments		
Foreign currency translation adjustmen.....	54	586
<b>Total valuation and translation adjustments.....</b>	<b>54</b>	<b>586</b>
Subscription rights to shares .....	2	7
<b>Total net assets.....</b>	<b>27,292</b>	<b>24,891</b>
<b>Total liabilities and net assets .....</b>	<b>54,643</b>	<b>59,856</b>



## Consolidated Statements of Income

	<i>(Millions of yen)</i>	
	March 1, 2011 to February 29, 2012	March 1, 2010 to February 28, 2011
Sales .....	132,881	142,038
Cost of sales.....	99,892	105,565
Gross profit .....	32,989	36,473
Sales general and administrative expenses.....	26,739	28,472
Operating income .....	6,249	8,001
Non-operating income		
Interest received .....	133	110
Depreciation of negative goodwill .....	--	9
Equity in earnings of affiliates .....	37	--
Proceeds from insurance .....	26	10
Other .....	51	22
<b>Total non-operating income</b> .....	<b>249</b>	<b>153</b>
Non-operating expenses		
Interest paid .....	159	176
Exchange related losses .....	4	103
Other.....	16	51
<b>Total non-operating expenses</b> .....	<b>180</b>	<b>330</b>
<b>Ordinary income</b> .....	<b>6,318</b>	<b>7,824</b>
Extraordinary profit		
Gain on liquidation of subsidiary .....	--	1,157
Reversal of allowance for doubtful accounts.....	56	--
Reversal of provision for loss on business liquidation .....	779	--
Other.....	114	46
<b>Total extraordinary profit</b> .....	<b>950</b>	<b>1,203</b>
Extraordinary losses		
Loss on disposal of fixed assets .....	134	338
Loss on adjustment to affiliates.....	16	11
Loss on adjustments to operations .....	--	2,464
Provision for doubtful accounts .....	--	410
Loss on disaster.....	101	--
Loss on adjustment for changes of accounting standard for asset retirement obligations .....	360	--
Other.....	59	58
<b>Total extraordinary losses</b> .....	<b>672</b>	<b>3,284</b>
Income before taxes, etc.....	6,596	5,744
Income tax, inhabitants tax and enterprise tax.....	2,775	827
Corporate tax adjustment.....	34	223
<b>Total corporate taxes</b> .....	<b>2,810</b>	<b>603</b>
Income from minority interests .....	3,785	--
<b>Net income</b> .....	<b>3,785</b>	<b>5,140</b>



## Consolidated statements of comprehensive income

*(Millions of yen)*

	March 1, 2011 to February 29, 2012	March 1, 2010 to February 28, 2011
Income before minority interests	3,785	--
Other comprehensive income		
Foreign currency translation adjustment	(0)	--
Total other comprehensive income	(0)	--
Comprehensive income	3,785	--
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,785	--



## Consolidated Statements of Cash flows

(Millions of yen)

	March 1, 2011 to February 29, 2012	March 1, 2010 to February 28, 2011
<b>I. Cash flow from operating activities</b>		
Income (loss) before taxes, etc.....	6,596	5,744
Depreciation.....	1,192	1,203
Depreciation of goodwill.....	21	21
Depreciation of negative goodwill.....	--	(9)
Increase in reserve for bonuses.....	(4)	(38)
Increase (decrease) in allowance for doubtful accounts.....	(80)	18
Additional reserve for merchandize warranty.....	474	599
Increase (decrease) in allowance for directors' retirement benefit.....	18	36
Interest and dividends received.....	(133)	(110)
Interest paid.....	159	176
Gain (loss) on foreign exchange.....	4	68
Reversal of loss on business liquidation.....	(779)	--
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	360	--
Loss on disposal of fixed assets.....	134	338
Loss (gain) on sales of stocks of subsidiaries and affiliates.....	--	(1,157)
Loss on liquidation of business.....	--	891
Increase (decrease) in accounts receivable.....	6,544	3,563
Increase (decrease) in inventory assets.....	(1,689)	3,362
Increase (decrease) in accounts payable.....	(872)	(209)
Increase (decrease) in operating loans.....	1,234	811
(Increase) decrease in accrued consumption tax.....	(439)	276
Other.....	(811)	(76)
<b>Subtotal.....</b>	<b>11,927</b>	<b>15,510</b>
Interest and dividends received.....	135	110
Interest paid.....	(159)	(176)
Corporate taxes paid.....	(1,237)	(1,190)
<b>Cash flow from operating activities.....</b>	<b>10,665</b>	<b>14,253</b>
<b>II. Cash flow from investing activities</b>		
Payments for acquisition of tangible fixed assets.....	(1,111)	(946)
Payments for acquisition of intangible fixed assets.....	(403)	(399)
Purchase of short-term investment securities.....	(3,100)	--
Proceeds from redemption of securities.....	3,100	--
Amounts lent.....	(428)	(887)
Proceeds from repayment of loans.....	858	4,998
Payment on difference in deposits and guarantee payments.....	(222)	(74)
Proceeds from return of deposits and guarantee payments.....	233	67
Payments for repayment of construction cooperation fund.....	(269)	(100)
Proceeds from return of construction cooperation fund.....	221	239
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation.....	--	(109)
Payments into time deposits.....	(1,900)	--
Proceeds from withdrawal of time deposits.....	1,400	--
Other.....	41	4
<b>Cash flow from investing activities.....</b>	<b>(1,580)</b>	<b>2,790</b>



## Consolidated Statements of Cash flows (continued)

	<i>(Millions of yen)</i>	
	March 1, 2011 to February 29, 2012	March 1, 2010 to February 28, 2011
<b>III. Cash flow from financing activities</b>		
Net increase (decrease) in short-term borrowings .....	--	(25,499)
Proceeds from long-term borrowings .....	--	11,000
Repayment of long-term debt.....	(8,516)	(658)
Proceeds from sales of treasury stock .....	--	4,038
Purchase of treasury stock.....	(0)	(0)
Dividend payments.....	(1,403)	(629)
<b>Cash flow from financing activities.....</b>	<b>(9,919)</b>	<b>(11,749)</b>
<b>IV. Cash and cash equivalents currency translation differences.....</b>	<b>(1)</b>	<b>(11)</b>
<b>V. (Decrease) increase in cash and cash equivalents.....</b>	<b>(836)</b>	<b>5,283</b>
<b>VI. Cash and cash equivalents at beginning of period .....</b>	<b>8,869</b>	<b>3,586</b>
<b>VII. Increase (decrease) in cash and cash equivalents from change in scope of consolidation.....</b>	<b>(87)</b>	<b>--</b>
<b>VIII. Cash and cash equivalents at end of period.....</b>	<b>7,945</b>	<b>8,869</b>

**Changes in key matters as the basis for the preparation of consolidated financial statements**

March 1, 2010 - February 28, 2011	March 1, 2011 - February 29, 2012
<p>-----</p>	<p>(Application of the “Accounting Standard for the Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”)</p> <p>We have applied the “Accounting Standard for the Equity Method of Accounting for Investments” (ASBJ Statement No. 16, published on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (report on the handling thereof No. 24, as of March 10, 2008) since the current consolidated fiscal year. Our pre-tax operating profit, current profit and current net income were not subject to influence of the same.</p> <p>(Application of the “Accounting Standards for Asset Retirement Obligations” and so on)</p> <p>We have applied the “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18 as of March 31, 2008) and the “Guideline on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) since the current consolidated fiscal year. This will have no more than a minor impact on our operating and current profit and current net income before adjustment for taxes decreased by 407 million yen. Also, the change in asset retirement obligations due to the application of the accounting standards and so on is 919 million yen.</p>





## Non-Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2012	As of February 28, 2011
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits .....	8,212	8,592
Accounts receivable .....	997	2,947
Products .....	8,615	6,933
Merchandise .....	70	61
Prepaid expenses .....	585	492
Deferred tax assets .....	1,312	964
Short-term loans receivable .....	561	--
Others .....	557	797
Allowance for doubtful accounts .....	(141)	(81)
<b>Total current assets .....</b>	<b>20,770</b>	<b>20,708</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings .....	9,780	8,261
Depreciation .....	(3,193)	(2,665)
<b>Buildings (net) .....</b>	<b>6,587</b>	<b>5,595</b>
Structures .....	2,118	1,861
Depreciation .....	(1,153)	(1,001)
<b>Structures (net) .....</b>	<b>965</b>	<b>859</b>
Vehicles and transportation .....	368	542
Depreciation .....	(209)	(280)
<b>Vehicles and transportation (net) .....</b>	<b>158</b>	<b>261</b>
Tools, fixtures and equipment .....	2,274	2,285
Depreciation .....	(1,829)	(1,821)
<b>Tools, fixtures and equipment (net) .....</b>	<b>444</b>	<b>464</b>
Land .....	218	218
Construction in progress .....	21	13
<b>Total tangible fixed assets .....</b>	<b>8,395</b>	<b>7,412</b>
<b>Intangible fixed assets</b>		
Goodwill .....	5	27
Trademarks .....	0	1
Software .....	938	864
Other .....	14	15
<b>Total intangible fixed assets .....</b>	<b>959</b>	<b>907</b>



(Millions of yen)

	As of February 29, 2012	As of February 28, 2011
<b>Investments and other assets</b>		
Investment securities .....	14	14
Shares in affiliate companies .....	2,023	2,022
Long-term loans receivable .....	7,217	7,703
Long-term loans to affiliates .....	6,303	10,969
Defaulted claims, etc .....	67	36
Long-term prepaid expenses .....	67	50
Deposits and guarantee money .....	2,888	2,728
Construction cooperation fund .....	2,840	2,814
Deferred tax assets .....	223	439
Other .....	106	98
Allowance for doubtful accounts .....	(106)	(444)
<b>Total investments and other assets...</b>	<b>21,645</b>	<b>26,432</b>
<b>Total fixed assets .....</b>	<b>31,000</b>	<b>34,753</b>
<b>Total Assets .....</b>	<b>51,770</b>	<b>55,461</b>



(Millions of yen)

	As of February 29, 2012	As of February 28, 2011
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable .....	2,892	3,604
Short-term borrowing .....	2,000	8,516
Accrued expenses .....	1,043	1,045
Accrued corporate taxes .....	2,460	618
Accrued consumption taxes .....	96	530
Accrued expenses .....	789	724
Advances received .....	1,902	1,019
Deposits received .....	232	408
Reserve for bonuses .....	489	463
Reserve for merchandize warranty .....	1,810	1,336
Accrued expenses for facilities .....	60	49
Income in advance .....	470	439
Provision for loss business liquidation .....	--	498
Others .....	27	29
<b>Total current liabilities .....</b>	<b>14,278</b>	<b>19,285</b>
<b>Long-term liabilities</b>		
Long-term borrowing .....	9,000	11,000
Long-term guarantee deposits received .....	807	816
Reserve for directors' retirement benefit .....	461	442
Asset retirement obligations .....	1,016	--
<b>Total long-term liabilities .....</b>	<b>11,285</b>	<b>12,259</b>
<b>Total liabilities .....</b>	<b>25,563</b>	<b>31,545</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Paid in capital .....	4,157	4,157
Capital surplus		
Capital reserves .....	4,032	4,032
Other capital surplus .....	--	--
<b>Total capital surplus .....</b>	<b>4,032</b>	<b>4,032</b>
Retained profit		
Earned Surplus Reserve .....	39	39
Other retained profit		
Earned surplus brought forward .....	21,951	19,655
<b>Total retained profit .....</b>	<b>21,990</b>	<b>19,695</b>
Treasury stock .....	(3,975)	(3,975)
<b>Total shareholders' equity .....</b>	<b>26,204</b>	<b>23,909</b>
Subscription rights to shares .....	2	7
<b>Total net assets .....</b>	<b>26,206</b>	<b>23,916</b>
<b>Total liabilities and net assets .....</b>	<b>51,770</b>	<b>55,461</b>



## Non-Consolidated Statements of Income

	<i>(Millions of yen)</i>	
	March 1, 2011 to February 29, 2012	March 1, 2010 to February 28, 2011
<b>Sales</b>		
Merchandise sales.....	123,954	127,030
Sales of other goods.....	6,183	6,686
<b>Total sales .....</b>	<b>130,138</b>	<b>133,716</b>
<b>Cost of sales</b>		
Cost of merchandise sold		
Inventory at start of period.....	6,933	9,450
Purchases during the year.....	99,743	98,039
<b>Total .....</b>	<b>106,677</b>	<b>107,489</b>
Inventory at end of term .....	8,615	6,933
Other transfers.....	179	338
<b>Net: cost of goods sold.....</b>	<b>97,883</b>	<b>100,217</b>
Other operating revenues cost of goods sold .....	660	1,056
<b>Total cost of sales of other goods.....</b>	<b>98,543</b>	<b>101,273</b>
<b>Gross profit on sales.....</b>	<b>31,595</b>	<b>32,442</b>
<b>Sales, general and administrative expenses</b>		
Advertising.....	3,685	3,839
Directors' remuneration .....	182	192
Salaries .....	7,435	7,107
Bonuses .....	1,361	1,300
Addition to reserve for bonuses .....	489	463
Statutory welfare expenses .....	1,299	1,209
Contracting fees .....	1,124	2,088
Travel and transportation.....	897	776
Communication expense .....	559	501
Consumables.....	425	383
Depreciation .....	1,200	1,148
Rent .....	160	146
Land rent .....	4,428	4,401
Provision for directors' retirement benefit .....	33	36
Allowance for doubtful accounts.....	28	66
Other .....	2,738	2,603
<b>Total sales, general and administrative expenses ..</b>	<b>26,050</b>	<b>26,264</b>
<b>Operating income.....</b>	<b>5,544</b>	<b>6,178</b>
<b>Non-operating income</b>		
Interest income.....	183	198
Insurance income.....	26	10
Other .....	37	21
<b>Total non-operating income .....</b>	<b>247</b>	<b>230</b>
<b>Non-operating expenses</b>		
Interest expense .....	159	173
Other .....	10	21
<b>Total non-operating expenses.....</b>	<b>170</b>	<b>194</b>
<b>Ordinary income .....</b>	<b>5,622</b>	<b>6,214</b>



(Millions of yen)

	March 1, 2011 to February 29, 2012	March 1, 2010 to February 28, 2011
<b>Extraordinary profit</b>		
Reversal of allowance for doubtful receivables .....	60	14
Reversal of provision for loss on business of subsidiaries and affiliates.....	--	14
Gain on extinguishment of tie-in shares.....	316	--
Reversal of provision for loss on business liquidation.....	779	--
Other.....	73	--
<b>Total extraordinary profit.....</b>	<b>1,229</b>	<b>28</b>
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets .....	114	291
Loss on sales of stocks of subsidiaries and affiliates .....	--	1,433
Loss on liquidation of business .....	--	779
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	360	--
Loss on disaster .....	101	--
Other .....	73	166
<b>Total extraordinary losses.....</b>	<b>649</b>	<b>2,670</b>
<b>Income before taxes, etc.....</b>	<b>6,202</b>	<b>3,572</b>
Income tax, inhabitants tax and enterprise tax.....	2,652	541
Corporate tax adjustment .....	(124)	(466)
<b>Total corporate taxes .....</b>	<b>2,528</b>	<b>75</b>
<b>Net income .....</b>	<b>3,674</b>	<b>3,496</b>