

Translation

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Summary of Consolidated Financial Results for the Year Ended February 28, 2013 (Based on Japanese GAAP)

April 12, 2013

Company name	Gulliver International Co., Ltd.		
Stock exchange listing	Tokyo		
Stock Code	7599	URL	http://221616.com
Representative	Chairman	Kenichi Hatori	
Inquiries	Accounting and Finance Section Manager	Masayuki Matsumoto	TEL 03-5208-5503
Scheduled date of ordinary general meeting of shareholders	May 30, 2013		
Scheduled date to file Securities Report	May 31, 2013		
Scheduled date to commence dividend payments	May 31, 2013		
Preparation of supplementary material on earnings	yes		
Holding of earnings performance review	yes (for analysts and institutional investors)		

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2013 (from March 1, 2012 to February 28, 2013)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2013	143,417	7.9	5,077	(18.8)	5,252	(16.9)	2,980	(21.3)
Year ended February 29, 2012	132,881	(6.4)	6,249	(21.9)	6,318	(19.2)	3,785	(26.4)

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2013	294.06	294.06	10.5	9.7	3.5
Year ended February 29, 2012	373.45	373.42	14.5	11.0	4.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2013	53,253	29,451	55.3	2,905.04
As of February 29, 2012	54,643	27,292	49.9	2,692.16

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of February 28, 2013	3,064	(1,348)	(2,830)	6,836
As of February 29, 2012	10,665	(1,580)	(9,919)	7,945

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 29, 2012	-	74.00	-	41.00	115.00	1,165	30.8	4.5
Year ended February 28, 2013	-	41.00	-	47.00	88.00	892	29.9	3.1
Year ending February 28, 2014 (Forecast)	-	5.00	-	5.00	10.00		30.7	

3. Forecast of consolidated financial results for the year ending February 28, 2014 (from March 1, 2013 to February 28, 2014)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2013	72,700	2.0	3,000	88.8	3,000	74.6	1,700	95.7	16.77
Full year	145,000	1.1	5,800	14.2	5,800	10.4	3,300	10.7	32.56

4. Notes

(1) Changes in significant subsidiaries during the year ended February 28, 2013

(changes in specified subsidiaries resulting in the change in scope of consolidation): no

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

Changes in accounting policies due to revisions to accounting standards and other regulations: no

Changes in accounting policies due to other reasons: no

Changes in accounting estimates: yes

Restatement of prior period financial statements after error corrections: no

(3) Number of issued shares

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

As of February 28, 2013	∴	10,688,800 shares	As of February 29, 2012	∴	10,688,800 shares
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Number of shares of treasury stock at the end of the period

As of February 28, 2013	∴	551,977 shares	As of February 29, 2012	∴	551,965 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Year ended February 28, 2013	∴	10,136,831 shares	Year ended February 29, 2012	∴	10,136,840 shares
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1. Operating results

(1) Analysis of consolidated operating results

In the fiscal year under review, total retail sales volume of cars over the whole financial year at Gulliver's directly operated stores exceeded 45,000, a record since the founding of Gulliver. Contributory factors included development of personnel at existing Gulliver stores that have been strengthened in recent years, and the opening of large-scale showrooms and other new stores.

However, the profitability when Gulliver sold used cars wholesale to used-car sellers through used car auctions, declined in the first half of the fiscal year under review due to the eco-car subsidies that the Japanese government provided through September 2012 to help consumers buy new cars.

Selling, general and administrative (SG&A) expenses rose mainly due to increased advertising expenditures made in advance with a view to expanding the retail business in the future, and to increased personnel expenses arising from hiring mainly new university graduates.

Consolidated subsidiary G-One Financial Services Co., Ltd. saw operating income decline 337 million yen year on year to 1 million yen, as operations have been scaled down. Accounts receivable (financial credit) of G-One Financial Services Co., Ltd. stood at 6,684 million yen as of the end of the fiscal year under review, down 2,971 million yen from the end of the previous fiscal year.

Due to the above, consolidated business results for the fiscal year under review were as follows: consolidated net sales were 143,417 million yen (up 7.9% from last year), operating income was 5,077 million yen (down 18.8% from last year), ordinary income was 5,252 million yen (down 16.9% from last year) and net income was 2,980 million yen (down 21.3% from last year).

Outlook for the fiscal year ending February 28, 2014

Gulliver will continue to focus on the retail sales of used cars. As a result of our continuous and thorough staff training, full-year contributions from the large-scale showrooms that were opened throughout the fiscal year under review, and the opening of OUTLET and other new stores, we expect the total retail sales volume of cars retailed via OUTLET to increase in the fiscal year ending February 28, 2014.

We expect variations in the performance of our consolidated subsidiaries to be negligible.

With the above in mind, as the outlook for the full fiscal year, we expect consolidated net sales of 145,000 million yen (up 1.1% from the fiscal year under review), operating income of 5,800 million yen (up 14.2% from the fiscal year under review), ordinary income of 5,800 million yen (up 10.4% from the fiscal year under review) and net income of 3,300 million yen (up 10.7% from the fiscal year under review).

(2) Analysis of financial position

[Assets, liabilities and net assets]

1) Current assets

The balance of current assets at the end of the year under review decreased by 1,370 million yen compared to the end of the previous fiscal year to 29,555 million yen.

The primary contributing factors were a decline in cash and deposits (down 1,609 million yen year on year) and a fall in accounts receivable (down 1,068 million yen year on year), offset by an increase in products (up 1,739 million yen year on year).

2) Fixed assets

The balance of fixed assets at the end of the fiscal year under review decreased by 19 million yen compared to the end of the previous fiscal year to 23,698 million yen.

Major factors were an increase in tangible fixed assets (up 1,206 million yen year on year) and a decline in long-term loans receivable (down 1,435 million yen year on year).

3) Current liabilities

The balance of current liabilities at the end of the year under review increased by 1,296 million yen compared to the end of the previous fiscal year to 17,357 million yen.

The primary contributing factor was an increase in short-term loans payable (up 3,000 million yen year on year).

4) Noncurrent liabilities

The balance of noncurrent liabilities at the end of the year under review decreased by 4,845 million yen compared to the end of the previous fiscal year to 6,445 million yen.

The major factor was a decrease in long-term loans payable (down 5,000 million yen year on year).

5) Net assets

The balance of net assets at the end of the year under review increased by 2,159 million yen compared to the end of the previous fiscal year to 29,451 million yen.

The major factor was an increase in retained earnings (up 2,149 million yen year on 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 1,109 million yen.

The balance of cash and cash equivalents at the end of the current consolidated account period was 6,836 million yen.

(Cash flow from operating activities)

Cash and cash equivalents generated from operating activities (hereinafter referred to as “cash”) was 3,064 million yen.

This primarily included net income before adjustment for taxes of 5,172 million yen, a 1,722 million yen decrease in accounts receivable and a 1,753 million yen increase in inventory assets.

(Cash flow from investment activities)

The cash used for investing activities was 1,348 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 2,830 million yen, largely the result of outflows for the repayment of loans.

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

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Equity ratio (%)	26.9	24.1	41.6	49.9	55.3
Shareholders’ equity (market price base) ratio (%)	19.8	44.2	61.4	58.7	73.3
Debt redemption years	--	--	1.4	1.0	2.9
Interest coverage ratio	--	--	80.8	66.7	31.2

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 88 yen on a yearly basis (41 yen at the end of the second quarter, 47 yen at the end of the year).

In accordance with the above policies and targets, assuming consolidated net income of 3,300 million yen, we plan a cash dividend per share for the next term of 10 yen on a yearly basis (5 yen at the end of the second quarter, 5 yen at the end of the year).

Gulliver plans to conduct a 10-for-1 stock split of common stock with an effective date of May 1, 2013. As a result, our dividend per share forecast for the fiscal year ending February 28, 2014 is calculated based on the number of shares after the stock split.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
Assets		
Current assets		
Cash and deposits	8,472	6,863
Notes and accounts receivable-trade	10,683	9,614
Merchandise	8,640	10,380
Deferred tax assets	1,320	965
Other	1,873	1,792
Allowance for doubtful accounts	(65)	(61)
Total current assets	30,925	29,555
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,901	13,757
Accumulated depreciation	(4,347)	(4,937)
Buildings and structures, net	7,553	8,820
Vehicles	370	232
Accumulated depreciation	(210)	(156)
Vehicles, net	160	76
Tools, furniture and fixtures	2,279	2,379
Accumulated depreciation	(1,830)	(1,925)
Tools, furniture and fixtures, net	448	454
Land	218	218
Construction in progress	22	40
Total property, plant and equipment	8,403	9,609
Intangible assets		
Goodwill	5	-
Software	939	926
Other	15	16
Total intangible assets	961	942
Investments and other assets		
Investment securities	14	14
Stocks of subsidiaries and affiliates	768	361
Long-term loans receivable	7,993	6,558
Lease and guarantee deposits	2,894	3,065
Construction assistance fund receivables	2,840	2,758
Deferred tax assets	235	249
Other	257	250
Allowance for doubtful accounts	(652)	(111)
Total investments and other assets	14,353	13,146
Total noncurrent assets	23,718	23,698
Total assets	54,643	53,253

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	2,912	3,439
Short-term loans payable	2,000	5,000
Accounts payable-other	2,130	1,829
Income taxes payable	2,532	579
Deposits received	232	264
Provision for bonuses	489	464
Provision for merchandise warranties	1,810	1,508
Other	3,951	4,270
Total current liabilities	16,060	17,357
Noncurrent liabilities		
Long-term loans payable	9,000	4,000
Long-term guarantee deposited	807	772
Provision for directors' retirement benefits	461	493
Asset retirement obligations	1,016	1,129
Provision for loss on business of subsidiaries and affiliates	-	50
Other	5	-
Total noncurrent liabilities	11,290	6,445
Total liabilities	27,351	23,802
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	23,021	25,171
Treasury stock	(3,975)	(3,975)
Total shareholders' equity	27,235	29,385
Accumulated other comprehensive income		
Foreign currency translation adjustment	54	62
Total accumulated other comprehensive income	54	62
Subscription rights to shares	2	3
Total net assets	27,292	29,451
Total liabilities and net assets	54,643	53,253

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Net sales	132,881	143,417
Cost of sales	99,892	109,527
Gross profit	32,989	33,889
Selling, general and administrative expenses	26,739	28,812
Operating income	6,249	5,077
Non-operating income		
Interest income	133	123
Foreign exchange gains	-	12
Equity in earnings of affiliates	37	10
Proceeds from insurance	26	66
Other	51	72
Total non-operating income	249	285
Non-operating expenses		
Interest expenses	159	98
Foreign exchange losses	4	-
Other	16	12
Total non-operating expenses	180	110
Ordinary income	6,318	5,252
Extraordinary income		
Reversal of allowance for doubtful accounts	56	-
Compensation income	-	6
Reversal of provision for loss on business liquidation	779	-
Other	114	0
Total extraordinary income	950	6
Extraordinary loss		
Loss on retirement of noncurrent assets	134	67
Loss on liquidation of subsidiaries and affiliates	16	-
Provision for loss on business of subsidiaries and affiliates	-	13
Loss on disaster	101	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	360	-
Other	59	5
Total extraordinary losses	672	86
Income before income taxes and minority interests	6,596	5,172
Income taxes-current	2,775	1,855
Income taxes-deferred	34	336
Total income taxes	2,810	2,191
Income before minority interests	3,785	2,980
Net income	3,785	2,980

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Income before minority interests	3,785	2,980
Other comprehensive income		
Foreign currency translation adjustment	(0)	8
Total other comprehensive income	(0)	8
Comprehensive income	3,785	2,989
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,785	2,989

Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	4,157	4,157
Balance at the end of current period	4,157	4,157
Capital surplus		
Balance at the beginning of current period	4,032	4,032
Balance at the end of current period	4,032	4,032
Retained earnings		
Balance at the beginning of current period	20,083	23,021
Changes of items during the period		
Dividends from surplus	(1,378)	(831)
Change of scope of consolidation	531	-
Net income	3,785	2,980
Total changes of items during the period	2,938	2,149
Balance at the end of current period	23,021	25,171
Treasury stock		
Balance at the beginning of current period	(3,975)	(3,975)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(3,975)	(3,975)
Total shareholders' equity		
Balance at the beginning of current period	24,297	27,235
Changes of items during the period		
Dividends from surplus	(1,378)	(831)
Net income	3,785	2,980
Purchase of treasury stock	(0)	(0)
Change of scope of consolidation	531	-
Total changes of items during the period	2,938	2,149
Balance at the end of current period	27,235	29,385
Accumulated other comprehensive income		
Foreign currency translation adjustment		
Balance at the beginning of current period	586	54
Changes of items during the period		
Change of scope of consolidation-foreign currency translation adjustment	(531)	-
Net changes of items other than shareholders' equity	(0)	8
Total changes of items during the period	(532)	8
Balance at the end of current period	54	62
Total accumulated other comprehensive income		
Balance at the beginning of current period	586	54
Changes of items during the period		
Change of scope of consolidation-foreign currency translation adjustment	(531)	-
Net changes of items other than shareholders' equity	(0)	8
Total changes of items during the period	(532)	8
Balance at the end of current period	54	62

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Subscription rights to shares		
Balance at the beginning of current period	7	2
Changes of items during the period		
Net changes of items other than shareholders' equity	(5)	1
Total changes of items during the period	(5)	1
Balance at the end of current period	2	3
Total net assets		
Balance at the beginning of current period	24,891	27,292
Changes of items during the period		
Dividends from surplus	(1,378)	(831)
Net income	3,785	2,980
Purchase of treasury stock	(0)	(0)
Change of scope of consolidation	531	-
Change of scope of consolidation-foreign currency translation adjustment	(531)	-
Net changes of items other than shareholders' equity	(6)	9
Total changes of items during the period	2,400	2,159
Balance at the end of current period	27,292	29,451

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,596	5,172
Depreciation and amortization	1,192	1,185
Amortization of goodwill	21	5
Increase (decrease) in provision for bonuses	(4)	(25)
Increase (decrease) in allowance for doubtful accounts	(80)	(546)
Additional reserve for merchandize warranty	474	(301)
Increase (decrease) in provision for directors' retirement benefits	18	31
Interest and dividends income	(133)	(124)
Interest expenses	159	98
Foreign exchange losses (gains)	4	(12)
Reversal of loss on business liquidation	(779)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	360	-
Loss on retirement of noncurrent assets	134	67
Decrease (increase) in notes and accounts receivable-trade	6,544	1,722
Decrease (increase) in inventories	(1,689)	(1,753)
Increase (decrease) in notes and accounts payable-trade	(872)	523
Decrease (increase) in operating loans receivable	1,234	-
Increase (decrease) in accrued consumption taxes	(439)	(8)
Other, net	(811)	288
Subtotal	11,927	6,324
Interest and dividends income received	135	558
Interest expenses paid	(159)	(98)
Income taxes paid	(1,237)	(3,720)
Net cash provided by (used in) operating activities	10,665	3,064
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,111)	(2,060)
Purchase of intangible assets	(403)	(413)
Payments for asset retirement obligations	-	(22)
Purchase of short-term investment securities	(3,100)	-
Proceeds from redemption of securities	3,100	-
Payments of loans receivable	(428)	(166)
Collection of loans receivable	858	906
Payments for lease and guarantee deposits	(222)	(233)
Proceeds from collection of lease and guarantee deposits	233	91
Payments of construction assistance fund receivables	(269)	(178)
Collection of construction assistance fund receivables	221	238
Payments into time deposits	(1,900)	-
Proceeds from withdrawal of time deposits	1,400	500
Other, net	41	(10)
Net cash provided by (used in) investing activities	(1,580)	(1,348)

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(8,516)	(2,000)
Purchase of treasury stock	(0)	(0)
Dividend payments	(1,403)	(830)
Net cash provided by (used in) financing activities	(9,919)	(2,830)
Effect of exchange rate change on cash and cash equivalents	(1)	5
Net increase (decrease) in cash and cash equivalents	(836)	(1,109)
Cash and cash equivalents at beginning of period	8,869	7,945
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(89)	-
Increase in cash and cash equivalents from newly consolidated subsidiary	1	-
Cash and cash equivalents at end of period	7,945	6,836

Change in accounting estimates

To provide for losses on repairs of cars with warranties, Gulliver accounted for estimated warranty amounts for the warranty period based on historical results. However, we have now changed how we account for estimates because we are now able to make estimates with more sophistication based on considerable past data on repair results.

In comparison to the former method, cost of sales for the fiscal year under review decreased 1,046 million yen, while operating income, ordinary income and net income before taxes increased by the same amount as a result of this change.

(Material subsequent events)

Fiscal year under review (March 1, 2012 to February 28, 2013)

(Implementation of stock split, change in number of shares in a share unit, and partial amendment to the Articles of Incorporation)

A meeting of the Board of Directors held on April 12, 2013 passed a resolution to conduct the following stock split, change the number of shares in a share unit, and partially amend the Articles of Incorporation.

1. Purpose of conducting the stock split, changing the number of shares in a share unit, and partially amending the Articles of Incorporation

Gulliver will conduct a 10-for-1 stock split of its common shares and change the number of shares in a share unit from 10 to 100, in order to have a share trading unit for common shares of 100 in view of the purport of the Action Plan for the Consolidation of Trading Units announced by Japanese stock exchanges nationwide.

There is essentially no change in the investment unit as a result of this stock split and the change in the number of shares in a share unit.

2. Overview of stock split

The 10-for-1 stock split will be implemented with a record date of April 30, 2013 for common stock owned by shareholders recorded or registered in the final shareholder register on the same date.

3. Increase in number of shares due to the stock split

The final total number of shares issued as of April 30, 2013 will be multiplied by nine. The following data have been calculated based on the total number of shares issued as of April 12, 2013.

- 1) Total number of shares issued prior to the stock split: 10,688,800 shares
- 2) Increase in number of shares due to the stock split: 96,199,200 shares
- 3) Total number of shares issued after the stock split: 106,888,000 shares
- 4) Total number of shares authorized for issue after the stock split: 400,000,000 shares

4. Effective date

May 1, 2013

5. Per-share data and impact

Per-share data for the fiscal year under review and the previous fiscal year are as follows, assuming that the stock split occurred at the beginning of the previous fiscal year.

Item	Previous fiscal year (March 1, 2011 to February 29, 2012)	Fiscal year under review (March 1, 2012 to February 28, 2013)
Net assets per share	269.22 yen	290.50 yen
Net income per share	37.35 yen	29.41 yen
Net income per share (fully diluted)	37.34 yen	29.41 yen

Financial statements**Balance sheets**

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
Assets		
Current assets		
Cash and deposits	8,212	6,493
Accounts receivable-trade	997	2,863
Merchandise	8,615	10,341
Supplies	70	88
Prepaid expenses	585	538
Deferred tax assets	1,312	986
Short-term loans receivable	561	777
Other	557	450
Allowance for doubtful accounts	(141)	(162)
Total current assets	<u>20,770</u>	<u>22,376</u>
Noncurrent assets		
Property, plant and equipment		
Buildings	9,780	11,350
Accumulated depreciation	<u>(3,193)</u>	<u>(3,644)</u>
Buildings, net	<u>6,586</u>	<u>7,705</u>
Structures	2,118	2,400
Accumulated depreciation	<u>(1,153)</u>	<u>(1,291)</u>
Structures, net	<u>965</u>	<u>1,109</u>
Vehicles	368	228
Accumulated depreciation	<u>(209)</u>	<u>(154)</u>
Vehicles, net	<u>158</u>	<u>74</u>
Tools, furniture and fixtures	2,274	2,375
Accumulated depreciation	<u>(1,829)</u>	<u>(1,924)</u>
Tools, furniture and fixtures, net	<u>444</u>	<u>450</u>
Land	218	218
Construction in progress	<u>21</u>	<u>37</u>
Total property, plant and equipment	<u>8,395</u>	<u>9,597</u>
Intangible assets		
Goodwill	5	-
Right of trademark	0	1
Software	938	925
Other	<u>14</u>	<u>14</u>
Total intangible assets	<u>959</u>	<u>940</u>

(Millions of yen)

As of February 29, 2012

As of February 28, 2013

Investments and other assets		
Investment securities	14	14
Stocks of subsidiaries and affiliates	2,023	2,028
Long-term loans receivable	7,217	6,411
Long-term loans receivable from subsidiaries and affiliates	6,303	3,329
Claims provable in bankruptcy, claims provable in rehabilitation and other	67	61
Long-term prepaid expenses	67	75
Lease and guarantee deposits	2,888	3,058
Construction assistance fund receivables	2,840	2,758
Deferred tax assets	223	246
Other	106	111
Allowance for doubtful accounts	(106)	(94)
Total investments and other assets	21,645	17,999
Total noncurrent assets	31,000	28,537
Total assets	51,770	50,914
Liabilities		
Current liabilities		
Accounts payable-trade	2,892	3,405
Short-term loans payable	2,000	5,000
Accounts payable-other	1,043	1,194
Income taxes payable	2,460	527
Accrued consumption taxes	96	87
Accrued expenses	789	812
Advances received	1,902	2,549
Deposits received	232	263
Provision for bonuses	489	464
Provision for merchandise warranties	1,810	1,508
Accounts payable-facilities	60	76
Unearned revenue	470	398
Other	27	19
Total current liabilities	14,278	16,307
Noncurrent liabilities		
Long-term loans payable	9,000	4,000
Long-term guarantee deposited	807	772
Provision for directors' retirement benefits	461	493
Asset retirement obligations	1,016	1,129
Total noncurrent liabilities	11,285	6,395
Total liabilities	25,563	22,702

(Millions of yen)

As of February 29, 2012

As of February 28, 2013

	As of February 29, 2012	As of February 28, 2013
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus		
Legal capital surplus	4,032	4,032
Total capital surpluses	4,032	4,032
Retained earnings		
Legal retained earnings	39	39
Other retained earnings		
Retained earnings brought forward	21,951	23,954
Total retained earnings	21,990	23,994
Treasury stock	(3,975)	(3,975)
Total shareholders' equity	26,204	28,208
Subscription rights to shares	2	3
Total net assets	26,206	28,211
Total liabilities and net assets	51,770	50,914

Statements of income

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Net sales		
Net sales of goods	123,954	136,097
Other operating revenue	6,183	5,962
Total net sales	130,138	142,060
Cost of sales		
Cost of goods sold		
Beginning goods	6,933	8,615
Cost of purchased goods	99,743	109,823
Total	106,677	118,438
Ending goods	8,615	10,341
Transfer to other account	179	62
Cost of goods sold	97,883	108,034
Other operating revenues cost of goods sold	660	736
Total cost of sales	98,543	108,770
Gross profit	31,595	33,290
Selling, general and administrative expenses		
Advertising expenses	3,685	5,113
Directors' compensations	182	165
Salaries and allowances	7,435	7,758
Bonuses	1,361	1,391
Provision for bonuses	489	442
Legal welfare expenses	1,299	1,333
Contracting fees	1,124	1,212
Traveling and transportation expenses	897	1,059
Communication expenses	559	606
Supplies expenses	425	432
Depreciation	1,200	1,187
Rent expenses	160	167
Rents	4,428	4,695
Provision for directors' retirement benefits	33	31
Provision of allowance for doubtful accounts	28	13
Other	2,738	2,877
Total selling, general and administrative expenses	26,050	28,491
Operating income	5,544	4,798
Non-operating income		
Interest income	183	151
Insurance income	26	66
Other	37	55
Total non-operating income	247	273
Non-operating expenses		
Interest expenses	159	98
Other	10	7
Total non-operating expenses	170	106
Ordinary income	5,622	4,966

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Extraordinary income		
Reversal of allowance for doubtful accounts	60	-
Gain on extinguishment of tie-in shares	316	-
Compensation income	-	6
Loss on liquidation of business	779	-
Other	73	0
Total extraordinary income	1,229	6
Extraordinary loss		
Loss on retirement of noncurrent assets	114	67
Loss on adjustment for changes of accounting standard for asset retirement obligations	360	-
Loss on disaster	101	-
Other	73	1
Total extraordinary losses	649	68
Income before income taxes	6,202	4,904
Income taxes-current	2,652	1,766
Income taxes-deferred	(124)	303
Total income taxes	2,528	2,069
Net income	3,674	2,834

Statements of changes in net assets

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	4,157	4,157
Balance at the end of current period	4,157	4,157
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	4,032	4,032
Balance at the end of current period	4,032	4,032
Total capital surplus		
Balance at the beginning of current period	4,032	4,032
Balance at the end of current period	4,032	4,032
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	39	39
Balance at the end of current period	39	39
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of current period	19,655	21,951
Changes of items during the period		
Dividends from surplus	(1,378)	(831)
Net income	3,674	2,834
Total changes of items during the period	2,295	2,003
Balance at the end of current period	21,951	23,954
Total retained earnings		
Balance at the beginning of current period	19,695	21,990
Changes of items during the period		
Dividends from surplus	(1,378)	(831)
Net income	3,674	2,834
Total changes of items during the period	2,295	2,003
Balance at the end of current period	21,990	23,994
Treasury stock		
Balance at the beginning of current period	(3,975)	(3,975)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(0)
Balance at the end of current period	(3,975)	(3,975)
Total shareholders' equity		
Balance at the beginning of current period	23,909	26,204
Changes of items during the period		
Dividends from surplus	(1,378)	(831)
Net income	3,674	2,834
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	2,295	2,003
Balance at the end of current period	26,204	28,208

(Millions of yen)

	Fiscal year ended February 29, 2012	Fiscal year ended February 28, 2013
Subscription rights to shares		
Balance at the beginning of current period	7	2
Changes of items during the period		
Net changes of items other than shareholders' equity	(5)	1
Total changes of items during the period	(5)	1
Balance at the end of current period	2	3
Total net assets		
Balance at the beginning of current period	23,916	26,206
Changes of items during the period		
Dividends from surplus	(1,378)	(831)
Net income	3,674	2,834
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	(5)	1
Total changes of items during the period	2,290	2,004
Balance at the end of current period	26,206	28,211