

Gulliver International Co., Ltd.

Financial Results for the Interim Period
of the Fiscal Year Ending February 29, 2008
(March 1, 2007 to August 31, 2007)

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 (Consolidated)

Results for the interim period of the fiscal year ending February 29, 2008

Gulliver International Co., Ltd.

October 17, 2007

Stock Code: 7599

Listed exchanges: Tokyo (1st Section)

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

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Notes to preparation of these interim financial statements

1. Scheduled date for submission of the interim financial report: November 28, 2007
2. Scheduled date for distribution of dividends: November 13, 2007

I. Consolidated financial results for the interim period of the fiscal year ending February 29, 2008

Percentage figures represent changes compared to the previous fiscal period

1) Consolidated Operating Results

Millions of yen, rounded down

	Interim period ended August 31, 2007		Interim period ended August 31, 2006		Fiscal year ended February 28, 2007	
		% change)		(% change)		(% change)
Sales	87,226	(0.8)	87,999	1.4	182,166	
Operating income	4,752	6.4	4,463	27.8	11,123	
Ordinary income	4,778	8.2	4,414	27.4	10,998	
Net income	2,707	(18.4)	3,320	103.2	6,566	
Earnings per share (¥)	279.43		339.56	--	672.19	
Fully diluted earnings per share (¥)	279.28		337.56	--	669.68	

Notes:
Investment gains and losses under the equity method: Interim period of FY ending February 29, 2008: ¥ -- million; Interim period of FY ended February 28, 2007: ¥ -- million; FY ended February 28, 2007: ¥ -- million

2) Financial Position (consolidated)

Millions of yen, rounded down

	As of August 31, 2007	As of August 31, 2006	As of February 28, 2007
Total assets	44,164	40,381	45,947
Net assets	19,764	16,745	19,303
Equity ratio (%)	43.8	40.6	41.2
Shareholders' equity per share (¥)	2,018.80	1,680.60	1,936.38

Note: Shareholders' equity: Interim period of FY ending February 29, 2008: 19,374 million yen; Interim period of FY ended February 28, 2007: 16,381 million yen; Full year ended February 28, 2007: 18,936 million yen

3) Consolidated cash flows

Millions of yen, rounded down

	Interim period ended August 31, 2007	Interim period ended August 31, 2006	Fiscal year ended February 28, 2007
Cash flow from operating activities	2,303	2,564	6,103
Cash flow from investing activities	(1,741)	(3,223)	(5,604)
Cash flow from financing activities	(2,676)	348	978
Cash and cash equivalents at end of period	2,927	3,064	4,855

2. Dividends

	Fiscal year ended February 28, 2007	Fiscal year ending February 29, 2008	Fiscal year ended February 29, 2008 (Forecast)
Interim dividend per share (¥)	81.00	87.00	--
Year-end dividend per share (¥)	93.00	--	87.00
Annual dividend per share (¥)	174.00	--	174.00

3. Forecasts for the fiscal year ending February 29, 2008 (March 1, 2007 to February 29, 2008)

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY ending February 29, 2008	
Sales	194,400	6.7%
Operating income	12,100	8.8%
Ordinary income	12,100	10.0%
Net Income	6,500	(1.0)%
Forecast earnings per share	670.95	--

4. Other

- 1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation):
Yes Consolidated companies: New: 1 (Name: G-Care Kyousaikai) Newly eliminated companies: 1 (Carbross Co., Ltd.)
- 2) Changes in accounting methods, procedures and presentation in the preparation of these financial statements (Key items mentioned in Material Items Forming the Basis for the Preparation of the Consolidated Financial Statements for the Fiscal Year)
 1. Changes following revisions to accounting standards: Yes
 2. Other changes: No
 Note: Please see Changes in Accounting Treatment on page 18 for details.
- 3) Number of shares outstanding (ordinary shares)
 1. Number of shares outstanding at end of period (including treasury shares): Interim period of FY ending February 29, 2008: 10,688,800 shares; Interim period of FY ended February 28, 2007: 10,688,800 shares; Fiscal year ended February 28, 2007: 10,688,800 shares
 2. Number of treasury shares at end of period: Interim period of FY ending February 29, 2008: 1,091,721 shares; Interim period of FY ended February 28, 2007: 941,193 shares; Fiscal year ended February 28, 2007: 909,457 shares

Reference: Outline of Non-Consolidated Interim Financial Results

1. Non-Consolidated financial results for the interim period of the fiscal year ending February 29, 2008

Percentage figures represent changes compared to the previous fiscal period

1) Non-Consolidated Operating Results

Millions of yen, rounded down

	Interim period ended August 31, 2007		Interim period ended August 31, 2006		Fiscal year ended February 28, 2007	
		(% change)		(% change)		
Sales.....	76,442	(4.5)	80,061	(0.5)	166,466	--
Operating income	4,425	3.5	4,274	12.5	10,715	--
Ordinary income	4,469	4.5	4,273	11.8	10,509	--
Net income.....	2,475	8.9	2,272	8.9	5,645	--
Earnings per share (¥)	255.50	--	232.40	--	577.92	--

2) Financial Position (Non-Consolidated)

Millions of yen, rounded down

	As of August 31, 2007	As of August 31, 2006	As of February 28, 2007
Total assets	37,717	35,342	40,414
Net assets.....	18,404	15,419	18,101
Equity ratio (%)	48.8	43.6	44.8
Shareholders' equity per share (¥).....	1,917.72	1,581.83	1,850.96

Note: Shareholders' equity: Interim period of FY ending February 29, 2008: 18,404 million yen; Interim period of FY ended February 28, 2007: 15,419 million yen; Fiscal year ended February 28, 2007: 18,101 million yen

2. Non-Consolidated forecasts for the fiscal year ending February 29, 2008 (March 1, 2007 to February 29, 2008)

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY ending February 29, 2008	
Sales.....	176,200	5.8%
Operating income.....	11,400	6.4%
Ordinary income.....	11,400	8.5%
Net Income.....	6,100	8.1%
Forecast annual dividend per share	635.61	--

1. Operating Results and Financial Position

A. Outline of consolidated interim operating results

Gulliver operates 295 directly operated stores involved in the sale and purchase of cars (17 more than at the end of the interim period of the previous fiscal year and 4 more than at the end of the previous fiscal year) and has 158 franchise stores (36 fewer than at the end of the interim period of the previous fiscal year and 26 fewer than at the end of the previous fiscal year). In total, Gulliver operates 453 stores (19 fewer than at the end of the interim period of the previous fiscal year and 22 fewer than at the end of the previous fiscal year).

In our directly operated store operations, we closed a number of branches in the first quarter of the year, but the opening of new branches is continuing smoothly. In the interim period under review we acted as primary sponsor of the Pro baseball All-star game in July, and continued to restrain advertisement costs and carry out effective marketing activities.

Vehicles handled by Gulliver are sold quickly, with an average timeframe of only one week to ten days required to achieve a sale via channels that include 1) auction sites throughout Japan, 2) the company's unique on-screen selling system 'Dolphinet', and 3) GAO! Auction, the Internet-based real-time auction aimed at used car dealers. The number of cars handled through each of these channels has increased even though advertising-related expenses and cost of sales have been reduced.

We also steadily increased the operating base and profitability of our consolidated subsidiary G-One Financial Services Co., Ltd., a company that primarily handles auto-loans.

As a result of the factors noted above, consolidated net sales for the interim period under review decreased 0.8% (¥773 million) to ¥87,226 million, while operating income increased 6.4% (¥289 million) to ¥4,752 million. Ordinary income increased 8.2% (¥364 million) to ¥4,778 million and net income decreased 18.4% (¥613 million) to ¥2,707 million.

Performance by Segment

i. Sales of used automobiles

In comparison to the interim period of the previous fiscal year, as a result of implementing efficient investments in advertising, the numbers of cars handled at Gulliver directly managed stores slightly decreased; however, cost efficiencies, as measured by expenses relative to benefits, improved.

As a result, consolidated net sales for the interim period under review decreased 2.5% (¥2,152 million) to ¥81,532 million, while operating income increased 7.7% (¥432 million) to ¥5,975 million.

ii. Financing business

The number of auto-loans handled by G-One Financial Services Co., Ltd. increased. As a result, consolidated net sales for the interim period under review increased 85.7% (¥911 million) to ¥1,975 million, and operating income increased 101.6% (¥108 million) to ¥215 million.

iii. Other businesses

Due to the decrease in the number of Gulliver franchise stores compared to the previous fiscal year, income from this area of business decreased.

As a result, consolidated net sales for the interim period under review increased 14.3% (¥467 million) to ¥3,719 million, while operating income decreased 7.0% (¥98 million) to ¥1,302 million.

Note: As detailed in Note 4 of “Segment Information by Business Type for the Current Interim Consolidated Accounting Period”, the business segments have been changed. Therefore, calculations of net sales and operating income for the previous fiscal are based on revised amounts for the previous fiscal year.

B. Consolidated financial position and related analysis

Assets, liabilities and shareholders' equity

1. Current assets

The balance of current assets at the end of the interim period under review increased ¥2,632 million to ¥24,746 million compared to the end of the previous fiscal period due primarily to a ¥1,406 million increase in accounts receivable

2. Fixed assets

The balance of fixed assets at the end of the interim period under review increased ¥1,150 million to ¥19,418 million compared to the end of the previous fiscal period largely due to a ¥939 million increase in construction cooperation money security and guarantee deposits due to the expansion of new directly operated stores.

3. Current liabilities

The balance of current liabilities at the end of the interim period under review decreased ¥2,563 million to ¥19,675 million compared to the end of the previous fiscal period due primarily to a ¥2,080 million decrease from the shift of funds used for the expansion of operations from short-term borrowings to long-term borrowings.

4. Fixed liabilities

The balance of fixed liabilities at the end of the interim period under review increased ¥3,327 million to ¥4,724 million compared to the end of the previous fiscal period due primarily to ¥2,896 million increase in long-term debt from the expansion of operations.

5. Net assets

The balance of net assets at the end of the interim period under review increased ¥3,019 million to ¥19,764 million compared to the end of the previous fiscal period primarily due to a ¥3,798 million increase in retained profit.

Cash flow

For the interim period of the fiscal year ending February 29, 2008, cash flow from operating activities and financing activities were positive and cash flow from investing activities was negative, while overall cash flow was a negative figure of ¥2,114 million. The balance of cash and cash equivalents at the end of the period was ¥2,927 million.

Cash flow from operating activities

Cash and cash equivalents (“cash”) generated from operating activities was ¥2,303 million.

Principal components of this included interim net income before adjustment for taxes of ¥4,657 million, a decline in trade receivables of ¥1,459 million, and a ¥2,825 payment of income taxes.

Cash flow from investing activities

Net cash used in investing activities was ¥1,741 million. The principal factor contributing to this result was investment in the opening of new directly operated stores and in internal systems.

Cash flow from financing activities

Net cash used in financing activities was ¥2,676 million partly due to an outflow due to the acquisition of treasury stock.

Trends in Gulliver’s cash flow indicators are as follows:

	Interim FY 2005	FY 2005	Interim FY 2006	FY 2006	Interim FY 2007
Equity ratio (%)	44.6	41.3	40.6	41.2	43.8
Equity ratio based on market capitalization (%)	357.7	338.5	230.5	181.9	127.5
Debt redemption years (years)	6.5	2.1	3.8	2.3	5.9
Interest coverage ratio	92.4	141.3	134.9	93.6	43.0

Notes:

1. Breakdown of each indicator

Equity ratio = shareholders’ equity/total assets

Equity ratio based on market capitalization = 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 values on a consolidated base

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

C. Basic policy concerning distribution of profits

We have identified the return of profits to investors as an important management issue and also place emphasis on our dividend payout ratio. Specifically, we are targeting a dividend payout of approximately 30% of non-consolidated net income for the period.

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

(3) Consolidated financial position and related analysis

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 aiming for continued growth with our five main stakeholder groups—society, our 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 support the 'car life' of our customers.

2. Management targets

We consider return on equity (ROE) to be an important management financial indicator and aim to maintain ROE above 20% over the medium to long term, excepting the financial business. Further, we are aiming to achieve a Gulliver Group annual purchase volume of one million cars.

3) Medium- to long-term management strategy

We have set an annual purchase volume of one million cars as a specific objective, with the aim of securing a dominant market share in the used car industry. We feel that, in order to realize our goal of bringing about a revolution in the distribution of cars, this is the volume necessary to ensure a dominant number one position in the industry. In order to achieve this goal, the following measures are being taken.

- Continued opening of directly operated stores
- Increasing productivity at each store
- Increasing business capabilities through strengthening personnel development and training
- Enhancing brand power and recognition
- Improving service quality and customer satisfaction
- Improving retail sales through 'Dolphinet System'
- Improving in-house sales utilizing 'GAO! Auction'
- Expand the scope of the automobile distribution related business

(4) Tasks ahead

In Japan's very large market for used vehicles, where eight million vehicles (including buses, trucks, etc.) are registered each year, there are a range of issues that must be addressed by the Group in order to maintain our leading market share and improve profitability. As part of our strategic marketing activities, these include further enhancing our brand power, broadening our customer base through improving brand recognition in a wide range of age groups, making qualitative improvements in service and customer satisfaction, and strengthening operations through personnel development and training.

(5) Items relating to the parent company

None

Consolidated Balance Sheets

Millions of yen

	As of August 31, 2007		As of August 31, 2006		As of February 28, 2007	
ASSETS		%		%		%
Current assets						
Cash and deposits	2,927		3,064		4,855	
Accounts receivable	12,293		10,886		13,664	
Inventory	5,369		4,811		4,668	
Deferred tax assets	731		695		445	
Others	3,479		2,745		3,315	
Allowance for doubtful accounts.....	(55)		(88)		(69)	
Total current assets	24,746	56.0	22,114	54.8	26,880	58.5
Fixed assets						
Tangible fixed assets *1						
Building and structures.....	7,933		7,494		7,832	
Tools, fixtures and equipment	1,315		1504		1,384	
Land	327		327		327	
Other	129		175		143	
Total tangible fixed assets	9,705	22.0	9,500	23.5	9,687	21.1
Intangible fixed assets						
Software	2,092		2,456		2,082	
Other	159		139		110	
Total intangible fixed assets.....	2,251	5.1	2,596	6.4	2,192	4.8
Investments and other assets						
Investment securities	112		98		96	
Deposits and guarantee money	3,635		3,340		3,749	
Construction cooperation fund	2,852		2,206		2,508	
Deferred tax assets	252		150		489	
Other	823		745		417	
Allowance for doubtful accounts.....	(216)		(372)		(74)	
Total fixed assets.....	19,418	44.0	18,267	45.2	19,066	41.5
Total Assets	44,164	100.0	40,381	100.0	45,947	100.0

Consolidated Balance Sheets

Millions of yen

	As of August 31, 2007		As of August 31, 2006		As of February 28, 2007	
		%				%
LIABILITIES						
Current liabilities						
Accounts payable	2,414		2,512		3,303	
Short-term borrowing	10,150		12,230		13,590	
Accrued expenses	2,554		2,504		2,900	
Accrued corporate taxes	1,970		2,229		2,957	
Deposits received	461		540		809	
Reserve for bonuses	743		899		453	
Others	1,380		1,321		1,209	
Total current liabilities	19,675	44.6	22,238	55.1	25,224	54.9
Fixed liabilities						
Long-term borrowing	3,500		603		550	
Guarantee deposits received	845		793		869	
Other	378		--		--	
Total fixed liabilities	4,724	10.7	1,397	3.4	1,419	3.1
Total liabilities	24,399	55.3	23,636	58.5	26,643	58.0
NET ASSETS						
Paid in capital	4,157	9.4	4,157	10.3	4,157	9.1
Capital surplus	4,032	9.1	4,032	10.0	4,032	8.8
Retained profit	21,858	49.5	18,060	44.7	20,283	44.1
Treasury stock	(10,678)	(24.2)	(9,873)	(24.4)	(9,540)	(20.8)
Total shareholders' equity	19,369	43.8	16,376	40.6	18,932	41.2
Valuation difference on other marketable securities	8	0.0	7	0.0	6	0.0
Valuation and translation adjustments	(3)	(0.0)	(1)	(0.0)	(2)	(0.0)
Translation adjustments	4	0.0	5	0.0	3	0.0
Warrants for new shares	2	0.0	--	--	1	0.0
Minority interests	387	0.9	363	0.9	366	0.8
Total net assets	19,764	44.7	16,745	41.5	19,303	42.0
Total liabilities and net assets	44,164	100.0	40,381	100.0	45,947	100.0

Consolidated Statements of Income

Millions of yen

	March 1, 2007 to August 31, 2007		March 1, 2006 to August 31, 2006		March 1, 2006 to February 28, 2007	
			%		%	
Sales	87,226	100.0	87,999	100.0	182,166	100.0
Cost of sales	66,453	76.2	67,822	77.1	140,228	77.0
Gross profit.....	20,772	23.8	20,177	22.9	41,937	23.0
Sales general and administrative expenses ^{*1}	16,020	18.4	15,714	17.8	30,813	16.9
Operating income	4,752	5.4	4,463	5.1	11,123	6.1
Non-operating income						
Interest received	3		1		0	
Dividends received	4		0		1	
Commissions received.....	2		4		7	
Subsidies received	--		11		--	
Compensation received.....	15		--		--	
Other	75		21		68	
Total non-operating income	101	0.1	39	0.0	79	0.0
Non-operating expenses						
Interest paid	53		24		65	
Share issuance expenses.....	--		7		7	
Other	21		56		132	
Total non-operating expenses.....	75	0.1	88	0.1	204	0.1
Ordinary income	4,778	5.4	4,414	5.0	10,998	6.0
Extraordinary profit						
Gain on cancellation of insurance contracts ...	20		--		--	
Reversal of allowance for doubtful receivables	1		3		--	
Unrealized profit on installment sales.....	--		1,164		1,164	
Other	25		--		--	
Total extraordinary profit.....	47	0.1	1,168	1.3	1,164	0.6
Extraordinary losses						
Loss on disposal of fixed assets ^{*2}	168		291	0.3	689	
Impairment losses ^{*3}	--		--		278	
Other.....	--		--		45	
Total extraordinary losses.....	168	0.2	291	0.3	1,013	0.5
Income before taxes, etc.	4,657	5.3	5,291	6.0	11,149	6.1
Income tax, inhabitants tax and enterprise tax	1,903		2,183		4,880	
Corporate tax adjustment.....	13		(225)		(313)	
Total tax and adjustments.....	1,916	2.2	1,957	2.2	4,566	2.5
Minority interests.....	34	0.0	13	0.0	16	0.0
Net income.....	2,707	3.1	3,320	3.8	6,566	3.6

Changes in Consolidated Interim Shareholders' Equity March 1 2007 to August 31 2007
Millions of yen

	Shareholders' equity				
	Capital	Capital surplus	Retained profit	Treasury stock	Total shareholders' equity
Balance as of February 28, 2007	4,157	4,032	20,283	(9,540)	18,932
Change during interim accounting period					
Surplus dividend			(909)		(909)
Interim net income			2,707		2,707
Acquisition of treasury stock				(1,320)	(1,320)
Disposal of treasury stock			(126)	182	56
Decrease in retained profit following changes to the scope of consolidation			(174)		(174)
Increase in retained profit following changes to the scope of consolidation			78		78
Changes to items other than shareholders' equity during the interim accounting period	—	—	—	—	—
Total change during interim accounting period	—	—	1,574	(1,137)	437
Balance as of August 31, 2007	4,157	4,032	21,858	(10,678)	19,369

	Valuation and differences due to foreign exchange			Warrants for new shares	Minority interests	Total net assets
	Valuation differences on other marketable securities	Adjustment due to exchange rate	Total valuation and translation adjustments			
Balance as of February 28, 2007	6	(2)	3	1	366	19,303
Change during interim accounting period						
Surplus dividend						(909)
Interim net income						2,707
Acquisition of treasury stock						(1,320)
Disposal of treasury stock						56
Decrease in retained profit following changes to the scope of consolidation						(174)
Increase in retained profit following changes to the scope of consolidation						78
Changes to items other than shareholders' equity during the interim accounting period	1	(0)	0	1	21	23
Total change during interim accounting period	1	(0)	0	1	21	461
Balance as of August 31, 2007	8	(3)	4	2	387	19,764

Changes in Consolidated Interim Shareholders' Equity March 1 2006 to August 31 2006
Millions of yen

	Shareholders' equity				
	Capital	Capital surplus	Retained profit	Treasury stock	Total shareholders' equity
Balance as of February 28, 2006	4,157	4,032	15,822	(8,067)	15,944
Change during interim accounting period					
Surplus dividend			(818)		(818)
Bonuses to directors through profit appropriation			(73)		(73)
Interim net income			3,320		3,320
Acquisition of treasury stock				(2,079)	(2,079)
Disposal of treasury stock			(190)	273	83
Changes to items other than shareholders' equity during the interim accounting period	—	—	—	—	—
Total change during interim accounting period	—	—	2,237	(1,805)	431
Balance as of August 31, 2006	4,157	4,032	18,060	(9,873)	16,376

	Valuation and differences due to foreign exchange			Minority interests	Total net assets
	Valuation differences on other marketable securities	Adjustment due to exchange rate	Total valuation and translation adjustments		
Balance as of February 28, 2006	67	(0)	67	352	16,364
Change during interim accounting period					
Surplus dividend					(818)
Bonuses to directors through profit appropriation					(73)
Interim net income					3,320
Acquisition of treasury stock					(2,079)
Disposal of treasury stock					83
Changes to items other than shareholders' equity during the interim accounting period	(59)	(1)	(61)	11	(50)
Total change during interim accounting period	(59)	(1)	(61)	11	381
Balance as of August 31, 2006	7	(1)	5	363	16,745

Changes in Consolidated Interim Shareholders' Equity March 1 2006 to February 28 2007
Millions of yen

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

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

Consolidated Statements of Cash flows

Millions of yen

	March 1, 2007 to August 31, 2007	March 1, 2006 to August 31, 2006	March 1, 2006 to February 28, 2007
I. Cash flow from operating activities			
Income before taxes, etc.	4,657	5,291	11,149
Depreciation	1,069	1,087	2,352
Increase (decrease) in reserve for bonuses	290	377	(68)
Increase (decrease) in allowance for doubtful accounts	127	5	(66)
Increase (decrease) in insurance reserves	(20)	--	--
Interest and dividends received	(8)	(2)	(2)
Interest paid	53	24	65
Share issuance expense	--	7	7
Loss on disposal of fixed assets	168	291	689
Impairment losses	--	--	278
Amortization of goodwill	1	--	--
Payment of directors' bonuses	(73)	(73)	(73)
Increase (decrease) in accounts receivable	1,459	211	(2,825)
Increase (decrease) in inventory	(701)	(73)	108
Increase (decrease) in accounts payable	(982)	(1,087)	444
Increase (decrease) in operating loans	(411)	(734)	(1,292)
Increase (decrease) in accrued consumption tax	(133)	(294)	(177)
Other	(323)	(742)	(749)
Subtotal.....	5,173	4,288	9,838
Interest and dividends received	8	1	2
Interest paid	(53)	(24)	(65)
Corporate taxes paid	(2,825)	(1,700)	(3,671)
Cash flow from operating activities	2,303	2,564	6,103
II. Cash flow from investing activities			
Proceeds from sale and redemption of investment securities	--	100	100
Payments for purchase of marketable securities	(838)	(2,494)	(3,731)
Proceeds from sale of marketable securities	--	0	1
Payments for acquisition of intangible fixed assets	(476)	(184)	(581)
Payments for acquisition of shares of affiliates	--	(5)	(5)
Amounts lent	(225)	(44)	(61)
Proceeds from repayment of loans	10	14	6
Increase (decrease) in deposits and guarantee payments	(210)	(615)	(1,327)
Other	--	5	(5)
Cash flow from investing activities	(1,741)	(3,223)	(5,604)
III. Cash flow from financing activities			
Net increase (decrease) in short term borrowings	(3,440)	2,730	4,190
Repayment of long-term loans	(50)	(54)	(207)
Proceeds from long-term loans	3,000	500	500
Payments for acquisition of treasury stock	(1,320)	(2,079)	(2,079)
Proceeds from disposal of treasury stock	56	83	183
Proceeds from issuance of new shares	--	(7)	(7)
Payment of dividends	(909)	(818)	(1,608)
Dividends paid to minority shareholders	(5)	(5)	(5)
Repayments to minority shareholders	--	(6)	--
Other	--	--	13
Cash flow from financing activities	(2,676)	348	978
IV. Cash and cash equivalents currency translation differences.....	--	0	3
V. (Decrease) increase in cash and cash equivalents	(2,114)	(310)	1,481
VI. Cash and cash equivalents at beginning of period.....	4,855	3,374	3,374
VII. Increase in cash and cash equivalents from change in scope of consolidation	186	--	--
VIII. Cash and cash equivalents at end of period.....	2,927	3,064	4,855

Material Items Forming the Basis for the Preparation of the Interim Consolidated Financial Statements

Item	March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
1. Items relating to the scope of consolidation	<p>(1) Number of consolidated subsidiaries: 9 G Trading Co., Ltd. G One Financial Services Co., Ltd. Gulliver Europe Ltd. Hucobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus, Ltd. Carboss Co., Ltd. TAKEOFF Co., Ltd. G-Trading Rus LLC G-Care Kyouasaikai</p> <p>(Change in scope of consolidation) Of the above G-Care Kyouasaikai has been included in the scope of consolidation since its significance has increased during the fiscal year. Carboss Co., Ltd. has been excluded from consolidation since its significance has decreased during the fiscal period.</p> <p>(2) Main non-consolidated subsidiaries: Gulliver USA Inc. Carboss Co., Ltd.</p> <p>Reasons for exclusion from consolidation: Gulliver USA, Inc. and Carboss Co., Ltd. are small and their total assets, sales, net income and retained profit, etc. do not significantly affect the consolidated financial statements.</p>	<p>(1) Number of consolidated subsidiaries: 8 G Trading Co., Ltd. G One Financial Services Co., Ltd. Gulliver Europe Ltd. Hucobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus, Ltd. Carboss Co., Ltd. TAKEOFF Co., Ltd.</p> <p>(Change in scope of consolidation) Of the above TAKEOFF Co., Ltd. was established in the interim period under review and has been included in the scope of consolidation.</p> <p>(2) Main non-consolidated subsidiaries: Gulliver USA Inc.</p> <p>Reasons for exclusion from consolidation: Gulliver USA, Inc. is small and its total assets, sales, net income and retained profit, etc. do not significantly affect the consolidated financial statements.</p>	<p>(1) Number of consolidated subsidiaries: 9 G Trading Co., Ltd. G One Financial Services Co., Ltd. Gulliver Europe Ltd. Hucobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus., Ltd. Carboss Co., Ltd. TAKEOFF Co., Ltd. G-Trading Rus LLC</p> <p>(Change in scope of consolidation) TAKEOFF Co., Ltd. has been included in the scope of consolidation due to the acquisition of shares during the fiscal year. G-Trading Rus LLC has also been included, since it was newly established during the fiscal year.</p> <p>(2) Main non-consolidated subsidiaries: Gulliver USA Inc.</p> <p>Reasons for exclusion from consolidation: Gulliver USA, Inc. is small and its total assets, sales, net income and retained profit, etc. do not significantly affect the consolidated financial statements</p>
2. Application of the equity method	<p>Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA Inc. Carboss Co., Ltd. UG Powers Co., Ltd.</p> <p style="text-align: center;">As at right</p>	<p>Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA Inc. UG Powers Co., 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>	<p>Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA Inc. UG Powers Co., 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>

Item	March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
<p>3. Items relating to the (interim) settlement dates of consolidated subsidiaries</p>	<p>Consolidated subsidiaries with a settlement date that differs from the Consolidated Settlement Date are as follows: (Settlement date of June 30) Gulliver Europe Ltd. SAMURAI MOTORS G-Trading RUS LLC As the gap between the settlement dates for the above 3 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 necessary consolidation adjustments are made.</p> <p>(Settlement date of end February) TAKEOFF Co., Ltd.</p> <p>(Settlement date of September 30) G-Care Kyouaikai</p> <p>In the case of the above 2 companies, as the gap exceeds 3 months, consolidation is performed based on provisional statements.</p>	<p>Of the consolidated subsidiaries, Gulliver Europe Ltd., SAMURAI MOTORS and TAKEOFF Co., LTD. have a settlement date (December 31, June 30 and end of February respectively) that differs from the Consolidated Settlement Date (end February). With regard to Gulliver Europe Ltd. and SAMURAI MOTORS, in preparing the Consolidated Interim Financial Statements, as the gap between the settlement dates does not exceed 3 months, consolidation is performed based on the said subsidiary's financial statements. For material transactions occurring between the settlement dates necessary consolidation adjustments are made.</p> <p>In the case of TAKEOFF Co., Ltd., as the gap exceeds 3 months, consolidation is performed based on provisional statements.</p>	<p>Of the consolidated subsidiaries, the following companies have a settlement date that differs from the consolidated settlement date (end February): Gulliver Europe Ltd., SAMURAI MOTORS, G-Trading RUS LLC (December 31) TAKEOFF Co., Ltd.(August 31). Since the gap between the Consolidated Financial Statements settlement dates of Gulliver Europe Ltd., SAMURAI MOTORS, and G-Trading RUS LLC does not exceed 3 months, consolidation is performed based on the said subsidiary's financial statements. For material transactions occurring between the settlement dates necessary consolidation adjustments are made.</p> <p>In the case of TAKEOFF Co., Ltd., as the gap exceeds 3 months, consolidation is performed based on provisional statements.</p>
<p>4. Items relating to accounting treatment</p> <p>(1) Valuation criteria and valuation methods for material assets</p>	<p>1. Marketable securities Bonds intended to be held to maturity: As at right</p> <p>Other marketable securities Those with a market price: As at right</p> <p>Those without a market value: As at right</p> <p>Shareholdings in subsidiaries: As at right</p> <p>2. Derivatives As at right</p> <p>3. Inventories A. Merchandise: Vehicles: As at right Other: As at right</p> <p>B. Supplies: As at right</p>	<p>1. Marketable securities 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 capital 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> <p>2. Derivatives Market price method</p> <p>3. Inventories A. Merchandise: Vehicles: Actual cost method Other: Cost method under first in, first out method</p> <p>B. Supplies: Cost method under last purchase method</p>	<p>1. Marketable securities Bonds intended to be held to maturity: As at left</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: As at left</p> <p>Shareholdings in subsidiaries: As at left</p> <p>2. Derivatives As at left</p> <p>3. Inventories A. Merchandise Vehicles: As at left Other: As at left</p> <p>B. Supplies: As at left</p>

Item	March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
(2) Depreciation methods applied to material depreciable assets	(i) Tangible Fixed Assets As at right (ii) Intangible Fixed Assets As at right (iii) Long Term Prepaid Expenses As at right	(i) Tangible Fixed Assets Declining Balance Method is applied. However, for buildings (excluding attached equipment) acquired since April 1, 1998, the Straight Line Method has been applied. The useful lives are as follows: Buildings and Structures: 15 – 20 years (ii) Intangible Fixed Assets The Straight Line Method is applied. However, with respect to software for internal use, the Straight Line Method based on useful lives for internal use (5 years) has been applied. (iii) Long Term Prepaid Expenses The Straight Line Method is applied	(i) Tangible Fixed Assets As at left (ii) Intangible Fixed Assets As at left (iii) Long Term Prepaid Expenses As at left
(3) Treatment of deferred assets	New share issue expenses As at right	New share issue expenses Expensed in their entirety at the time of expenditure	New share issue expenses As at left
(4) Criteria for recording material reserves	(i) Reserve for Doubtful Accounts As at right (ii) Reserve for Bonuses As at right (iii) Reserve for Directors' Bonuses -----	(i) Reserve for Doubtful Accounts To prepare for the losses occurring from bad debts, with respect to general claims the actual bad debt to loan rate is applied. Specific claims, such as those where there are concerns on the probability of recovery, are assessed on an individual basis and estimated unrecoverable amounts are recorded. (ii) Reserve for Bonuses To prepare for the payment of bonuses to employees, amounts are recorded based on the estimated payment amount. (iii) Reserve for Directors' Bonuses -----	(i) Reserve for Doubtful Accounts As at left (ii) Reserve for Bonuses As at left (iii) Reserve for Directors' Bonuses Amount based on forecasted provisional amount in preparation for payment of bonuses to directors.

Item	March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
(5) Treatment of material lease transactions	As at right	Financing leases other than those lease assets whose title is deemed to pass to the lessee have been accounted for in accordance with methods applied to normal lease transactions.	As at left
(6) Material hedge accounting	<p>(i) Method of Hedge Accounting As at right</p> <p>(ii) Hedging Tools and Hedge Target As at right</p> <p>(iii) Hedging Policy As at right</p> <p>(iv) Method of evaluating hedge effectiveness As at right</p>	<p>(i) Method of Hedge Accounting According to Deferred Hedge Treatment, however special procedures are used for interest swap transactions meeting certain conditions</p> <p>(ii) Hedging Tools and Hedge Target Hedging Tools – Interest Rate Swap Hedge Target – Interest on borrowings</p> <p>(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.</p> <p>(iv) Method of evaluating hedge effectiveness The rate fluctuations of the hedge target and the cumulative cash flow fluctuations are compared, for evaluating hedge methods and hedge targets. However, evaluation of effectiveness is omitted for interest swaps using special procedures.</p>	<p>(i) Method of Hedge Accounting As at left</p> <p>(ii) Hedging Tools and Hedge Target As at left</p> <p>(iii) Hedging Policy As at left</p> <p>(iv) Method of evaluating hedge effectiveness As at left</p>
(7) Other material items in the preparation of the interim 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.	Accounting treatment for Consumption Tax As at left
5. Definition of cash in the consolidated statements of cash flow	As at right	The Market Value Method is used for the valuation of all assets and liabilities of consolidated subsidiaries.	As at left

Changes in Accounting Treatment

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
<p>-----</p>	<p>Accounting standards relating to impairment losses on fixed assets From the interim period of the fiscal year ended February 28, 2007 the 'Statement Regarding the Establishment of Accounting Policies for Impairment Losses on Fixed Assets' (Business Accounting Council, August 9, 2002) and 'Guidelines for the Application of Accounting Policies for Impairment Losses on Fixed Assets (Guideline for Application of Business Accounting Policies, Article 6; Business Accounting Council, October 31, 2003) have been applied as accounting standards relating to impairment losses. This change has not affected profits and losses</p>	<p>Accounting standards relating to impairment losses on fixed assets From the fiscal year ended February 28, 2007 the 'Statement Regarding the Establishment of Accounting Policies for Impairment Losses on Fixed Assets' (Business Accounting Council, August 9, 2002) and 'Guidelines for the Application of Accounting Policies for Impairment Losses on Fixed Assets (Guideline for Application of Business Accounting Policies, Article 6; Business Accounting Council, October 31, 2003) have been applied as accounting standards relating to impairment losses. As a result of these changes, net income before taxes decreased ¥278 million.</p>
	<p>Accounting treatments relating to income generated through autoloans Previously, in respect of autoloans at the consolidated subsidiary G-One Financial Services Co., Ltd. the entire amount of the income was recorded as income over the period of the loan. However, from the current fiscal period, we have begun to employ a method in which the financing cost for the unexpired portion is accounted for over the contract period. For the remaining portion, excluding income related to foreseeable losses arising from early repayment or subrogated performance the income is recorded in full at the time of contracting for the autoloan. We made this change as most of the costs associated with autoloan income occur at the time of contracting and also because the expertise and internal data we have accumulated on the auto-loans business allows us to rationally forecast early repayment or subrogated performance. As a result we believe the new method better reflects actual operating conditions. In order to make loan contracts signed in previous fiscal years conform to this method, the balance of unpaid loans at the end of the fiscal year ended February 28, 2006, excluding income related to financing rates and foreseeable losses arising from early repayment or subrogated performance, has been recorded as extraordinary profit. As a result of this change, net sales, gross profit on sales, operating income and ordinary income have increased by ¥401 million compared to the previous method, and net income before adjustment for income taxes has increased ¥1,565 million.</p>	<p>Accounting treatments relating to income generated through autoloans Previously, in respect of autoloans at the consolidated subsidiary G-One Financial Services Co., Ltd. the entire amount of the income was recorded as income over the period of the loan. However, from the current fiscal period, we have begun to employ a method in which the financing cost for the unexpired portion is accounted for over the contract period. For the remaining portion, excluding income related to foreseeable losses arising from early repayment or subrogated performance the income is recorded in full at the time of contracting for the autoloan. We made this change as most of the costs associated with autoloan income occur at the time of contracting and also because the expertise and internal data we have accumulated on the auto-loans business allows us to rationally forecast early repayment or subrogated performance. As a result we believe the new method better reflects actual operating conditions. In order to make loan contracts signed in previous fiscal years conform to this method, the balance of unpaid loans at the end of the fiscal year ended February 28, 2006, excluding income related to financing rates and foreseeable losses arising from early repayment or subrogated performance, has been recorded as extraordinary profit. As a result of this change, net sales, gross profit on sales, operating income and ordinary income have increased by ¥547 million compared to the previous method, and net income before adjustment for income taxes has increased ¥1,711 million.</p>

	<p>Accounting standards relating to presentation of net assets on balance sheets</p> <p>From the interim period of the fiscal year ended February 28, 2007, the 'Statement Regarding the Presentation of Net Assets on the Balance Sheet' (Business Accounting Council, December 9, 2005, Article No. 5) and "Guidelines for the Application of Accounting Policies for the Presentation of Net Assets on the Balance Sheet' (Guidelines for the Application of Business Accounting Polices, Article 8; Business Accounting Council, December 9, 2005) have been applied. The equivalent amount previously recorded as 'Capital' is ¥16,381 million. Following changes to the regulations on financial statements, net assets on the interim balance sheet have been recorded in accordance with the revised regulations.</p>	<p>Accounting standards relating to presentation of net assets on balance sheets</p> <p>From the fiscal year ended February 28, 2007, the 'Statement Regarding the Presentation of Net Assets on the Balance Sheet' (Business Accounting Council, December 9, 2005, Article No. 5) and "Guidelines for the Application of Accounting Policies for the Presentation of Net Assets on the Balance Sheet' (Guidelines for the Application of Business Accounting Polices, Article 8; Business Accounting Council, December 9, 2005) have been applied. The equivalent amount previously recorded as 'Capital' is ¥18,936 million. Following changes to the regulations on financial statements, net assets on the balance sheet have been recorded in accordance with the revised regulations.</p>
-----	-----	<p>Accounting standards relating to directors' bonuses</p> <p>From the fiscal year ended February 28, 2007, the 'Accounting Standard Regarding Directors' Bonuses' (Business Accounting Council, November 11, 2005, Article No. 4) has been applied. As a result each of ordinary income and net income before adjustment for income taxes have decreased ¥73 million.</p>
<p>Changes to the depreciation method of tangible fixed assets</p> <p>From the interim period of the fiscal year ending February 29, 2008, in accordance with the revision of Corporation Tax Law (Law Concerning the Partial Revision of Income Tax No. 6, issued on March 30, 2007 and Government Ordinance Concerning the Partial Revision of Corporation Tax Law Order No. 83, issued on March 30, 2007), the method of depreciation of tangible fixed assets acquired after April 1, 2007 has been revised. The effects of this change on operating income, ordinary income or net income before adjustment for income taxes is immaterial.</p>	-----	-----

Changes to the method of presentation

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006
-----	<p>Statement of Consolidated Interim Cash Flow</p> <p>In the interim period of the fiscal year ended February 28, 2006, the "increase (decrease) in accounts receivable" occurring as a result of investing activities by consolidated subsidiary G-One Financial Services, which conducts financing business, was presented in cash flows from investing activities. However, since the significance of this subsidiary has increased, the change is presented in cash flows from operating activity as "increase in accounts receivable" occurring as a result of operating activity.</p> <p>As a result, compared with calculations based on the former calculation method, cash flow from operating activities has decreased by ¥734 million, while cash flow from investing activities has increased by ¥734 million.</p>

Notes

(Related to the consolidated balance sheets)

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
*1 Total accumulated depreciation of tangible fixed assets: ¥4,116 million	*1 Total accumulated depreciation of tangible fixed assets: ¥3,411 million	*1 Total accumulated depreciation of tangible fixed assets: ¥3,609 million

(Related to the consolidated statements of income)

Millions of yen

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
1. Principal components of SGA expenses	1. Principal components of SGA expenses	1. Principal components of SGA expenses
Advertising 2,292	Advertising 2,309	Advertising 4,619
Contracting fees 902	Contracting fees 876	Contracting fees 1,785
Salaries 4,042	Salaries 4,137	Salaries 8,066
Bonuses 215	Bonuses 235	Bonuses 1,314
Transfer to reserve for bonuses 721	Transfer to reserve for bonuses 886	Transfer to reserve for doubtful accounts 7
Depreciation 1,069	Depreciation 1,087	Transfer to reserve for bonuses 448
Rent 2,337	Rent 2,138	Depreciation 2,352
		Rent 4,405
2. Components of losses on disposal of fixed assets	2. Components of losses on disposal of fixed assets	2. Components of losses on disposal of fixed assets
Buildings and structures 61	Buildings and structures 205	Buildings and structures 325
Tools & equipment 9	Automotive equipment 12	Tools & equipment 54
Software 65	Tools & equipment 18	Software 108
Long-term prepaid expenses 0	Software 40	Long-term prepaid expenses 0
Restoration expenses 24	Long-term prepaid expenses 5	Restoration expenses 191
Others 7	Others 8	Others 8
<u>Total 168</u>	<u>Total 291</u>	<u>Total 689</u>

(Related to the consolidated statements of income)

Millions of yen

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007												
		<p>※3. Impairment losses</p> <p>During the fiscal year ended February 28, 2007, the Group recognized impairment losses on the following group assets</p> <p>(1) Assets for which impairment losses recorded</p> <table border="1" data-bbox="882 443 1484 629"> <thead> <tr> <th>Place</th> <th>Usage</th> <th>Type</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Chiyoda-ku, Tokyo</td> <td>Other businesses</td> <td>Software</td> <td>¥273 million</td> </tr> <tr> <td>Chiyoda-ku, Tokyo</td> <td>Other businesses</td> <td>Tools & equipment</td> <td>¥4 million</td> </tr> </tbody> </table> <p>(2) Details of recognition of impairment losses</p> <p>For certain businesses in 'other businesses' where the initially expected business has been cancelled or suspended and there is no future use for the asset, impairment losses have been recognized.</p> <p>(3) Method of grouping assets</p> <p>According to the Group's application of accounting for impaired assets, the minimum cash flow generating unit is mainly a store. For unutilized assets, the individual assets are grouped.</p> <p>(4) Method for calculating recoverable value</p> <p>The group's recoverable value is calculated based on useful value with future cash flows discounted at 3.15%.</p>	Place	Usage	Type	Amount	Chiyoda-ku, Tokyo	Other businesses	Software	¥273 million	Chiyoda-ku, Tokyo	Other businesses	Tools & equipment	¥4 million
Place	Usage	Type	Amount											
Chiyoda-ku, Tokyo	Other businesses	Software	¥273 million											
Chiyoda-ku, Tokyo	Other businesses	Tools & equipment	¥4 million											

Changes to Consolidated Interim Shareholders' Equity

March 1, 2007 to August 31, 2007

Category and number of ordinary and treasury shares in issuance

Thousands of shares

	No. of shares at the end of the previous fiscal year	Increase in number of shares during the interim period	Decrease in number of shares during the interim period	Number of shares at the end of the interim period
Shares in issuance				
Ordinary shares	10,688	--	--	10,688
Total	10,688	--	--	10,688
Treasury stock				
Ordinary shares	909	200	17	1,091
Total	909	200	17	1,091

Note: The increase in treasury shares is due to the decision by the Board of directors to acquire 200,000 shares.
The decrease in treasury shares is due to the exercising of 17,000 warrants.

Warrants for new shares and warrants for treasury stock

Millions of yen

Classification	Breakdown of warrants	Balance at the end of the interim period
Consolidated subsidiary total	Stock option share warrants	2

Dividends

Amount of dividends paid

Resolution	Share category	Total dividend (<i>millions of yen</i>)	Dividend per share (¥)	Base date	Effective date
Regular meeting of shareholders (May 23, 2007)	Ordinary shares	909	93	February 28, 2007	May 24, 2007

Dividend payments for which the base date falls within the interim period under review but for which the effective date follows the end of the period

Resolution	Share category	Total dividend (<i>millions of yen</i>)	Dividend source	Dividend per share (¥)	Base date	Effective date
Board meeting (October 17, 2007)	Ordinary shares	834	Retained earnings	87	August 31, 2007	November 13, 2007

Changes to Consolidated Interim Shareholders' Equity

March 1, 2006 to August 31, 2006

Category and number of ordinary and treasury shares in issuance

Thousands of shares

	No. of shares at the end of the previous fiscal year	Increase in number of shares during the interim period	Decrease in number of shares during the interim period	Number of shares at the end of the interim period
Shares in issuance				
Ordinary shares	10,688	--	--	10,688
Total	10,688	--	--	10,688
Treasury stock				
Ordinary shares	823	143	26	941
Total	823	143	26	941

Note: The increase in treasury shares is due to the decision by the Board of directors to acquire 143,000 shares.
The decrease in treasury shares is due to the exercising of 26,000 warrants.

Dividends

Amount of dividends paid

Resolution	Share category	Total dividend (<i>millions of yen</i>)	Dividend per share (¥)	Base date	Effective date
Regular meeting of shareholders (May 24, 2006)	Ordinary shares	818	83	February 28, 2006	May 25, 2006

Dividend payments for which the base date falls within the consolidated interim period under review but for which the effective date follows the end of the period

Resolution	Share category	Total dividend (<i>millions of yen</i>)	Dividend source	Dividend per share (¥)	Base date	Effective date
Board meeting (October 17, 2006)	Ordinary shares	789	Retained earnings	81	August 31, 2006	November 14, 2006

Changes to Consolidated Shareholders' Equity

March 1, 2006 to February 28, 2007

Category and number of ordinary and treasury shares in issuance

Thousands of shares

	No. of shares at the end of the previous fiscal year	Increase in number of shares during the interim period	Decrease in number of shares during the interim period	Number of shares at the end of the interim period
Shares in issuance	10,688	--	--	10,688
Ordinary shares	10,688	--	--	10,688
Total				
Treasury stock				
Ordinary shares	823	143	58	909
Total	823	143	58	909

Note: The increase in treasury shares is due to the decision by the Board of directors to acquire 143,000 shares.

The decrease in treasury shares is due to the exercising of 58,000 warrants.

Warrants for new shares and warrants for treasury stock

Millions of yen

Classification	Breakdown of warrants	Balance at the end of the interim period
Consolidated subsidiary total	Stock option share warrants	1

Dividends

Amount of dividends paid

Resolution	Share category	Total dividend (<i>millions of yen</i>)	Dividend per share (¥)	Base date	Effective date
Regular meeting of shareholders (May 24, 2006)	Ordinary shares	818	83	February 28, 2006	May 25, 2006

Dividend payments for which the base date falls within the interim period under review but for which the effective date follows the end of the period

Resolution	Share category	Total dividend (<i>millions of yen</i>)	Dividend source	Dividend per share (¥)	Base date	Effective date
Board meeting (October 17, 2006)	Ordinary shares	789	Retained earnings	81	August 31, 2006	November 14, 2006

(Related to the consolidated statements of cash flow)

Millions of yen

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 - February 28, 2007
(1) Balance of cash and cash equivalents and other items at end of term	(1) Balance of cash and cash equivalents and other items at end of term	(1) Balance of cash and cash equivalents and other items at end of term
Cash and deposit accounts 2,927	Cash and cash deposit accounts 3,064	Cash and cash deposit accounts 4,855
<u>Cash and cash equivalents 2,927</u>	<u>Cash and cash equivalents 3,064</u>	<u>Cash and cash equivalents 4,855</u>

4. Segment Information by business type

Interim period of the fiscal year ending February 29, 2008 (March 1, 2007 to August 31, 2007)

Millions of yen

	Trading of used cars	Financing business	Other business	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	81,532	1,975	3,719	87,226	--	87,226
(2) Inter-segmental sales or transfers	438	283	1,177	1,899	(1,899)	--
Total	81,970	2,258	4,896	89,125	(1,899)	87,226
Operating expenses	75,994	2,043	3,593	81,631	842	82,474
Operating income	5,975	215	1,302	7,494	(2,741)	4,752

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 outlets and the like.
Financing business	Consolidated subsidiary G-One Financial Services Co., Ltd. provides financing services such as auto-loans
Other business	Royalties arising out of franchise agreements and fees for the provision of training etc., and intermediation in buying and selling of used automobiles, fees arising from financial business and other business.

3. Amount and principal content included in the "Elimination or Total Company" item

Millions of yen

	March 1, 2007 – August 31, 2007	Principal content
Amount of operating expense which cannot be allocated to a segment	2,741	Expenses relating to head office administration at the parent company

4 Changes to the method of business classification

Previously, "Financing business" was included "Other business"; however, since its significance has increased it has been classified separately as "Financing business" since the fiscal year ended February 28, 2007. The segment information for the interim period of the fiscal year ended February 28, 2007 is presented below according to the method of business classification used in the interim period of the fiscal year ending February 29, 2008.

Millions of yen

	Trading of used cars	Financing business	Other business	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	83,684	1,063	3,252	87,999	--	87,999
(2) Inter-segmental sales or transfers	542	185	1,251	1,979	(1,979)	--
Total	84,226	1,248	4,503	89,978	(1,979)	87,999
Operating expenses	78,683	1,141	3,102	82,927	609	83,536
Operating income	5,543	106	26 – 1,401	7,051	(2,588)	4,463

Interim period of the fiscal year ended February 28, 2006 (March 1, 2006 to August 31, 2006)
Millions of yen

	Trading of used cars	Other business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	83,652	4,347	87,999	--	87,999
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	83,652	4,347	87,999	--	87,999
Operating expenses	77,229	3,729	80,959	2,576	83,536
Operating income	6,422	617	7,040	(2,576)	4,463

Notes:

1. Method of business classification: Businesses have been classified according to the classification used in calculating sales. Further, due to the increased importance of other business in the 'Franchise operations' segment this segment has been renamed 'Other businesses' commencing from the fiscal year ended February 28, 2006.

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 outlets and the like.
Other business	Royalties arising out of franchise agreements and fees for the provision of training etc., and intermediation in buying and selling of used automobiles, fees arising from financial business and other business.

3. Amount and principal content included in the "Elimination or Total Company" item

Millions of yen

	March 1, 2007 – August 31, 2007	March 1, 2005 - August 31, 2006	March 1, 2005 - February 28, 2006	Principal content
Amount of operating expense which cannot be allocated to a segment		2,576		Expenses relating to head office administration at the parent company

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

	Trading of used cars	Financing business	Other business	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	173,289	2,369	6,507	182,166	--	182,166
(2) Inter-segmental sales or transfers	1,140	423	2,596	4,160	(4,160)	--
Total	174,429	2,792	9,104	186,326	(4,160)	182,166
Operating expenses	161,295	2,486	6,323	170,105	937	171,042
Operating income	13,134	305	2,780	16,221	(5,097)	11,123

Notes:

- Method of business classification: Businesses have been classified according to the classification used in calculating sales.
- 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 outlets and the like.
Financing business	Consolidated subsidiary G-One Financial Services Co., Ltd. provides financing services such as auto-loans
Other business	Royalties arising out of franchise agreements and fees for the provision of training etc., and intermediation in buying and selling of used automobiles, fees arising from financial business and other business.

- Amount and principal content included in the "Elimination or Total Company" item

Millions of yen

	March 1, 2006 – February 28, 2007	March 1, 2005 - February 28, 2006	Principal content
Amount of operating expense which cannot be allocated to a segment	5,097	3,696	Expenses relating to head office administration at the parent company
Amount of assets included in "Eliminations or Total Company" item	1,904	10,184	Expenses related to management of surplus funds and head office administration at the parent company

Segment information by geographical location

For the interim period of the current consolidated fiscal year and that of the previous fiscal year, despite the presence of Gulliver consolidated subsidiaries overseas, over 90% of total sales and assets for each segment were in Japan so segment information by geographical location has been omitted.

Overseas sales

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

Non-consolidated Balance Sheet
Millions of yen

	As of August 31, 2007		As of August 31, 2006		As of February 28, 2007	
		% of total		% of total		% of total
ASSETS						
Current assets						
Cash and deposits	1,583		1,947		3,337	
Accounts receivable	3,918		4,773		5,854	
Inventory.....	3,471		3,195		3,065	
Temporary loans to related companies	—		2,910		5,373	
Deferred tax assets.....	692		619		447	
Others	1,651		1,691		2,084	
Allowance for doubtful accounts	(87)		(83)		(229)	
Total current assets.....	11,229	29.8	15,054	42.6	19,933	49.3
Fixed assets						
Tangible fixed assets*¹						
Buildings & structures.....	7,799		7,487		7,807	
Tools, fixtures & equipment	1,183		1,495		1,316	
Land.....	327		327		327	
Others	109		166		109	
Total tangible fixed assets.....	9,418	25.0	9,475	26.8	9,561	23.7
Intangible fixed assets						
Software	1,914		2,442		1,910	
Others.....	140		91		88	
Total intangible fixed assets	2,055	5.4	2,534	7.2	1,998	4.9
Investments and other assets						
Investment securities	100		98		96	
Shares of affiliates	2,061		2,321		2,191	
Long-term loans to affiliates.....	6,500		--		--	
Deposits and guarantee money	3,404		3,278		3,651	
Construction cooperation money	2,852		2,206		2,508	
Deferred tax assets.....	91		142		270	
Others	203		564		236	
Allowance for doubtful accounts	(199)		(334)		(33)	
Total investment and other assets	15,013	39.8	8,277	23.4	8,921	22.1
Total fixed assets	26,487	70.2	20,287	57.4	20,480	50.7
Total Assets.....	37,717	100.0	35,342	100.0	40,414	100.0

Non-consolidated Balance Sheet
Millions of yen

	As of August 31, 2007		As of August 31, 2006		As of February 28, 2007	
		% of total		% of total		% of total
LIABILITIES						
Current liabilities						
Accounts payable	2,036		2,264		2,953	
Short-term borrowing	7,500		10,600		11,600	
Accrued expenses	1,834		1,710		1,957	
Accrued corporate taxes	1,843		1,943		2,590	
Advances received	299		276		178	
Deposits received	428		512		721	
Reserve for bonuses	691		853		415	
Others	832		968		1,027	
Total current liabilities	15,466	41.0	19,129	54.1	21,443	53.1
Long-term liabilities						
Long-term debt	3,000		--		--	
Guarantee deposits received	845		793		869	
Total long-term liabilities	3,845	10.2	793	2.3	869	2.1
Total liabilities	19,312	51.2	19,923	56.4	22,313	55.2
NET ASSETS						
Shareholders' equity						
Common stock	4,157	11.0	4,157	11.8	4,157	10.3
Capital surplus						
Capital reserves	4,032		4,032		4,032	
Total capital surplus	4,032	10.7	4,032	11.4	4,032	10.0
Accumulated earnings						
Profit reserve	39		39		39	
Other accumulated earnings						
Deferred accumulated earnings	20,845		17,055		19,406	
Total accumulated earnings	20,884	55.4	17,095	48.3	19,445	48.1
Treasury stock	(10,678)	(28.3)	(9,873)	(27.9)	(9,540)	(23.6)
Total shareholders' equity	18,396	48.8	15,411	43.6	18,094	44.8
Valuation and translation differences						
Valuation difference on other marketable securities	8	0.0	7	0.0	6	0.0
Total Valuation and translation differences	8	0.0	7	0.0	6	0.0
Total net assets	18,404	48.8	15,419	43.6	18,101	44.8
Total liabilities and other net assets	37,717	100.0	35,342	100.0	40,414	100.0

Non-consolidated Statements of Income
Millions of yen

	March 1, 2007 to August 31, 2007		March 1, 2006 to August 31, 2006		March 1, 2006 to February 28, 2007	
		% of total		% of total		% of total
Sales	76,442	100.0	80,061	100.0	166,466	100.0
Cost of goods sold	57,632	75.4	60,677	75.8	126,526	76.0
Gross profit on sales	18,809	24.6	19,383	24.2	39,940	24.0
Sales, general and administrative expenses ^{*5}	14,384	18.8	15,108	18.9	29,224	17.6
Operating income	4,425	5.8	4,274	5.3	10,715	6.4
Non-operating income ^{*1}	128	0.2	54	0.1	61	0.1
Non-operating expenses ^{*2}	84	0.1	56	0.1	268	0.2
Ordinary income	4,469	5.9	4,273	5.3	10,509	6.3
Extraordinary income ^{*3}	20	0.0	34	0.0	520	0.3
Extraordinary expenses ^{*4,6}	298	0.4	291	0.3	1,018	0.6
Net income before taxes	4,191	5.5	4,016	5.0	10,010	6.0
Corporate income tax, inhabitants tax and enterprise tax	1,782		1,909		4,486	
Corporate tax adjustments	(66)		(166)		(121)	
Net income	2,475	3.3	2,272	2.8	5,645	3.4

(3) Changes to interim shareholders' equity

Interim period March 1, 2007 to August 31, 2007

Millions of yen

	Shareholders' equity							
	Capital	Capital surplus		Profit reserve	Accumulated earnings		Treasury stock	Total shareholders' equity
		Capital reserves	Total capital surplus		Other accumulated earnings	Total accumulated earnings		
Balance as of February 28, 2007	4,157	4,032	4,032	39	19,406	19,445	(9,540)	18,094
Change during interim accounting period								
Surplus dividend					(909)	(909)		(909)
Bonuses to directors through profit appropriation								
Interim net income					2,475	2,475		2,475
Acquisition of treasury stock							(1,320)	(1,320)
Disposal of treasury stock					(126)	(126)	182	56
Changes to items other than shareholders' equity during the interim accounting period								
Total change during interim accounting period					1,439	1,439	(1,137)	301
Balance as of August 31, 2007	4,157	4,032	4,032	39	20,845	20,884	(10,678)	18,396

Millions of yen

	Valuation and translation differences		Total net assets
	Valuation differences on other marketable securities	Total valuation and translation differences	
Balance as of February 28, 2007	6	6	18,101
Change during interim accounting period			
Surplus dividend			(909)
Interim net income			2,475
Acquisition of treasury stock			(1,320)
Disposal of treasury stock			56
Changes to items other than shareholders' equity during the interim accounting period	1	1	1
Total change during interim accounting period	1	1	303
Balance as of August 31, 2007	8	8	18,404

Interim period March 1, 2006 to August 31, 2006

Millions of yen

	Shareholders' equity							
	Capital	Capital surplus		Profit reserve	Accumulated earnings		Treasury stock	Total shareholders' equity
		Capital reserves	Total capital surplus		Other accumulated earnings	Total accumulated earnings		
Balance as of February 28, 2006	4,157	4,032	4,032	39	15,866	15,905	(8,067)	16,027
Change during interim accounting period								
Surplus dividend					(818)	(818)		(818)
Bonuses to directors through profit appropriation					(73)	(73)		(73)
Interim net income					2,272	2,272		2,272
Acquisition of treasury stock							(2,079)	(2,079)
Disposal of treasury stock					(190)	(190)	273	83
Changes to items other than shareholders' equity during the interim accounting period	--	--	--	--	--	--	--	--
Total change during interim accounting period	--	--	--	--	1,189	1,189	(1,805)	(616)
Balance as of August 31, 2006	4,157	4,032	4,032	39	17,055	17,095	(9,873)	15,411

Millions of yen

	Valuation and translation differences		Total net assets
	Valuation differences on other marketable securities	Total valuation and translation differences	
Balance as of February 28, 2006	67	67	16,094
Change during interim accounting period			
Surplus dividend			(818)
Bonuses to directors through profit appropriation			(73)
Interim net income			2,272
Acquisition of treasury stock			(2,079)
Disposal of treasury stock			83
Changes to items other than shareholders' equity during the interim accounting period	(59)	(59)	(59)
Total change during interim accounting period	(59)	(59)	(675)
Balance as of August 31, 2006	7	7	15,419

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

Millions of yen

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

Millions of yen

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

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

Item	March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
1. Valuation criteria and valuation methods for material assets	<p>1) Marketable securities Bonds intended to be held to maturity. As at right</p> <p>Shares of subsidiaries As at right</p> <p>Other securities Those with market value: As at right</p> <p>Those without market value: As at right</p> <p>2) Inventory Merchandise Vehicles: As at right</p> <p>Other: As at right</p> <p>Stored goods: As at right</p>	<p>1) Marketable securities Bonds intended to be held to maturity. Amortizing cost method (straight-line method) Shares of subsidiaries The cost method using the moving average method Other securities Those with market value: Market value method based on market value as of the interim financial closing date (valuation gains or losses are taken directly into capital and the cost of sales calculated using the moving average method) Those without market value: Cost method using the moving average method</p> <p>2) Inventory Merchandise Vehicles: Cost method using actual cost method Other: Cost method under first-in, first-out method Stored goods: Final purchase cost method</p>	<p>1) Marketable securities Bonds intended to be held to maturity. As at left</p> <p>Shares of subsidiaries As at left</p> <p>Other securities Those with market value: Market value method based on market value as of the financial closing date (valuation gains or losses are taken directly into capital and the cost of sales calculated using the moving average method) Those without market value: As at left</p> <p>2) Inventory Merchandise Vehicles: As at left</p> <p>Other: As at left</p> <p>Stored goods: As at left</p>
2. Fixed asset depreciation method	<p>1) Tangible fixed assets As at right</p> <p>2) Intangible Fixed Assets As at right</p> <p>3) Long-term prepaid expenses As at right</p>	<p>1) Tangible Fixed Assets The 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 yrs.</p> <p>2) Intangible Fixed Assets The Straight Line Method is applied. However, with respect to software for internal use, the Straight Line Method based on useful lives for internal use (five years) has been applied.</p> <p>3) Long-term prepaid expenses Straight line method is applied</p>	<p>1) Tangible Fixed Assets As at left</p> <p>2) Intangible Fixed Assets As at left</p> <p>3) Long-term prepaid expenses As at left</p>
3. Treatment of Deferred assets	Share reissuing expense: Expensed in their entirety at time of expenditure	Share reissuing expense: Expensed in their entirety at time of expenditure	Share reissuing expense: As at left

Item	March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
4. Criteria for Recording Material Reserves	1) Reserve for Doubtful Accounts As at right 2) Reserve for Bonuses As at right -----	1) Reserve for Doubtful Accounts To prepare for losses occurring from bad loans, the actual bad loan rate is applied. Specific claims, such as those where there are concerns on the probability for recovery, are assessed on an individual basis and estimated unrecoverable amounts are recorded. 2) Reserve for Bonuses To prepare for the payment of bonuses to employees, amounts are recorded based on the estimated payment amount. -----	1) Reserve for Doubtful Accounts As at left 2) Reserve for Bonuses As at left 3) Reserve for Directors' Bonuses Calculations are based on the estimated amount required to provide for directors' bonuses.
5. Treatment of material Lease Transactions	As at right	Financing leases other than those lease assets whose title is deemed to pass to the lessee have been accounted for in accordance with methods applied to normal lease transactions	As at left
6. Other Material Items Forming the Basis for the Preparation of the interim Non-consolidated Financial Accounts	Accounting Treatment of Consumption Tax: As at right	Accounting Treatment of Consumption Tax: Tax Exclusion Method is applied in the accounting treatment of consumption tax. Further, provisional receipts of consumption tax are offset against provisional payments and shown under 'Others' in Current Liabilities	Accounting Treatment of Consumption Tax: Tax Exclusion Method is applied in the accounting treatment of consumption tax.

Changes to Material Items Forming the Basis for the Preparation of the Non-consolidated Financial Statements

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007
	<p>Accounting standards relating to impairment losses on fixed assets From the interim period of the fiscal year ended February 28, 2007 the 'Statement Regarding the Establishment of Accounting Policies for Impairment Loss on Fixed Assets' (Business Accounting Council, August 9, 2002) and 'Guidelines for the Application of Accounting Policies for Impairment Loss on Fixed Assets (Guideline for Application of Business Accounting Policies, Article 6; Business Accounting Council, October 31, 2003) have been applied as accounting standards relating to impairment loss. This change has not affected profits and losses.</p>	<p>Accounting standards relating to impairment losses on fixed assets From the fiscal year ended February 28, 2007 the 'Statement Regarding the Establishment of Accounting Policies for Impairment Loss on Fixed Assets' (Business Accounting Council, August 9, 2002) and 'Guidelines for the Application of Accounting Policies for Impairment Loss on Fixed Assets (Guideline for Application of Business Accounting Policies, Article 6; Business Accounting Council, October 31, 2003) have been applied as accounting standards relating to impairment loss. As a result of these changes, net income before taxes is ¥278 million lower compared to using the previous method.</p>
	<p>Accounting standards relating to presentation of net assets on balance sheets From the interim period of the fiscal year ended February 28, 2007, the 'Statement Regarding the Presentation of Net Assets on the Balance Sheet' (Business Accounting Council, December 9, 2005) and "Guidelines for the Application of Accounting Policies for the Presentation of Net Assets on the Balance Sheet' (Guidelines for the Application of Business Accounting Policies, Article 8; Business Accounting Council, December 9, 2005) have been applied. The equivalent amount previously recorded as 'Capital' is ¥18,101 million. Following changes to the regulations on financial statements, net assets on the interim balance sheet have been recorded in accordance with the revised regulations.</p>	<p>Accounting standards relating to presentation of net assets on balance sheets From the fiscal year ended February 28, 2007, the 'Statement Regarding the Presentation of Net Assets on the Balance Sheet' (Business Accounting Council, December 9, 2005) and "Guidelines for the Application of Accounting Policies for the Presentation of Net Assets on the Balance Sheet' (Guidelines for the Application of Business Accounting Policies, Article 8; Business Accounting Council, December 9, 2005) have been applied. The equivalent amount previously recorded as 'Capital' is ¥18,101 million. Following changes to the regulations on the financial statements, net assets on the balance sheet have been recorded in accordance with the revised regulations.</p>
		<p>Accounting standards relating to directors' bonuses Effective from the fiscal year ended February 28, 2006, Accounting Standards Board Statement No. 4, "Accounting Standards for Directors' Bonuses" issued by the Accounting Standards Board on November 29, 2005. The effect of this is a decrease of ¥73 million on each of operating income, ordinary income and net income before adjustment for income taxes.</p>
<p>Changes to the depreciation method of tangible fixed assets From the interim period of the fiscal year ending February 29, 2008, in accordance with the revision of Corporation Tax Law (Law Concerning the Partial Revision of Income Tax No. 6, issued on March 30, 2007 and Government Ordinance Concerning the Partial Revision of Corporation Tax Law Order No. 83, issued on March 30, 2007), the method of depreciation of tangible fixed assets acquired after April 1, 2007 has been revised. The effects of this change on operating income, ordinary income or net income before adjustment for income taxes is immaterial.</p>		

Changes to Presentation Method

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006
-----	<p>Presentation of interim balance sheets</p> <p>In the previous interim period 'Temporary loans to related companies', was recorded under 'Others' in 'Current assets', and 'Shares of affiliates', was recorded under 'Others' in 'Investments and Other Assets'. In this interim period as each was greater than 5% of total assets they have been recorded separately.</p> <p>At the end of the previous interim period, 'Temporary loans to related companies' was ¥100 million and 'Shares in affiliates' was ¥485 million.</p>

Notes to Interim Balance Sheet

As of August 31, 2007	As of August 31, 2006	As of February 28, 2007						
<p>*1 Total accumulated depreciation of tangible fixed assets:</p> <p style="text-align: right;">¥4,072 million</p>	<p>*1 Total accumulated depreciation of tangible fixed assets:</p> <p style="text-align: right;">¥3,387 million</p> <p>*2 Total lending limit and lending balance: In order to enable greater Group-wide efficiency in fund procurement and operations, Gulliver provides funding to its subsidiaries and affiliates. The total lending limit and lending balance amounts are given below.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Total lending limit</td> <td style="text-align: right;">¥8,500 million</td> </tr> <tr> <td><u>Lending balance</u></td> <td style="text-align: right;"><u>¥6,500 million</u></td> </tr> <tr> <td>Difference</td> <td style="text-align: right;">¥1,999 million</td> </tr> </table> <p>The abovementioned operations are carried out based on the financial position and fund management of each company; lending operations will not necessarily be implemented to the full amount.</p>	Total lending limit	¥8,500 million	<u>Lending balance</u>	<u>¥6,500 million</u>	Difference	¥1,999 million	<p>*1 Total accumulated depreciation of tangible fixed assets:</p> <p style="text-align: right;">¥3,576 million</p>
Total lending limit	¥8,500 million							
<u>Lending balance</u>	<u>¥6,500 million</u>							
Difference	¥1,999 million							

Notes to Interim Statements of Income

March 1, 2007 – August 31, 2007	March 1, 2006 – August 31, 2006	March 1, 2006 – February 28, 2007												
*1 Main non-operating income	*1 Main non-operating income	*1 Main non-operating income												
Interest received 37	Interest received 5	Interest received 15												
*2 Main non-operating expenses	*2 Main non-operating expenses	*2 Main non-operating expenses												
Interest paid 35	Interest paid 16	Interest paid 46												
*3 Main extraordinary income	*3 -----	*3 -----												
Funds returned from the cancellation of insurance contracts 20														
*4 Main non-operating expenses	*4 -----	*4 -----												
Loss on retirement of fixed assets 168														
Impairment losses from subsidiaries 129														
*5 Depreciation	*5 Depreciation	*5 Depreciation												
Tangible fixed assets 679	Tangible fixed assets 672	Tangible fixed assets 1,493												
Intangible fixed assets 337	Intangible fixed assets 391	Intangible fixed assets 784												
		*6 Impairment losses												
		During the fiscal year ended February 28, 2007, the Group recognized impairment losses on the following group assets												
		(1) Assets for which impairment losses recorded												
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Place</th> <th style="text-align: center;">Usage</th> <th style="text-align: center;">Type</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Chiyoda-ku Tokyo</td> <td style="text-align: center;">Other businesses</td> <td style="text-align: center;">Software</td> <td style="text-align: center;">¥273 million</td> </tr> <tr> <td style="text-align: center;">Chiyoda-ku Tokyo</td> <td style="text-align: center;">Other businesses</td> <td style="text-align: center;">Tools & equipment</td> <td style="text-align: center;">¥4 million</td> </tr> </tbody> </table>	Place	Usage	Type	Amount	Chiyoda-ku Tokyo	Other businesses	Software	¥273 million	Chiyoda-ku Tokyo	Other businesses	Tools & equipment	¥4 million
Place	Usage	Type	Amount											
Chiyoda-ku Tokyo	Other businesses	Software	¥273 million											
Chiyoda-ku Tokyo	Other businesses	Tools & equipment	¥4 million											
		(2) Details of recognition of impairment losses												
		For certain businesses in 'other businesses' where the initially expected business has been cancelled or suspended and there is no future use for the asset, impairment losses have been recognized.												
		(3) Method of grouping assets												
		According to the Group's application of accounting for impaired assets, the minimum cash flow generating unit is mainly a store. For unutilized assets, the individual assets are grouped.												
		(4) Method for calculating recoverable value												
		The group's recoverable amount is calculated based on future cash flows discounted 3.15%.												

Change in shareholders' equity for the interim period

March 1, 2007 – August 31, 2007

Category and number of treasury shares in issuance

Thousands of shares

	No. of shares at the end of the previous fiscal year	Increase in number of shares during the interim period	Decrease in number of shares during the interim period	Number of shares at the end of the interim period
Ordinary shares	909	200	17	1,091
Total	909	200	17	1,091

Notes:

1. The increase in number of treasury shares was the result of a decision by the board of directors to acquire 200 thousand shares
2. The decrease in the number of shares was the result of the exercise of warrants for 17 thousand shares

March 1, 2006 – August 31, 2006

Category and number of treasury shares in issuance

Thousands of shares

	No. of shares at the end of the previous fiscal year	Increase in number of shares during the interim period	Decrease in number of shares during the interim period	Number of shares at the end of the interim period
Ordinary shares	823	143	26	941
Total	823	143	26	941

Notes:

1. The increase in number of treasury shares was the result of a decision by the board of directors to acquire 143 thousand shares
2. The decrease in the number of treasury shares was the result of the exercise of warrants for 26 thousand shares

March 1, 2006 – February 28, 2007

Category and number of treasury shares in issuance

Thousands of shares

	No. of shares at the end of the previous fiscal year	Increase in number of shares during the interim period	Decrease in number of shares during the interim period	Number of shares at the end of the interim period
Ordinary shares	823	143	58	909
Total	823	143	58	909

Notes:

1. The increase in number of treasury shares was the result of a decision by the board of directors to acquire 143 thousand shares
2. The decrease in the number of treasury shares was the result of the exercise of warrants for 26 thousand shares