

Gulliver International Co., Ltd.

Consolidated Results

First Quarter of the Fiscal Year Ending February 28, 2007

(Three-month period ended May 31, 2006)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions made and beliefs held by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions and the pricing and product initiatives of new and existing competitors.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

First quarter results for the fiscal year ending February 28, 2007

Gulliver International Co., Ltd.

July 11, 2006

Stock Code: 7599

Listed exchanges: Tokyo (1st Section)

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

Inquiries: Senior Managing Director: Ikuo Murata

President: Kenichi Hatori

Telephone: +81 3 5208-5503

1. Notes to preparation of these financial statements

1. Adoption of simplified accounting treatments: Yes (partial use of the simplified method)
2. Differences in accounting treatments applied compared to previous consolidated fiscal year: Yes
For further details regarding the differences in accounting treatments applied see page 8: Changes to Material Items Forming the Basis for the Preparation of the First Quarter Consolidated Financial Statements
3. Changes to scope of consolidation or equity method accounting: None

2. Consolidated financial results for the three month period ended May 31, 2006

1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended May 31, 2006		Three months ended May 31, 2005		Fiscal Year ended February 28, 2006	
		(% change)		(% change)		(% change)
Sales	44,292	1.2	43,763	38.7	182,649	16.5
Operating income	2,104	(4.5)	2,205	11.9	9,423	(7.8)
Ordinary income	2,089	(5.3)	2,207	11.7	9,382	(8.1)
Net income	2,040	79.9	1,134	15.2	4,421	(21.7)
Earnings per share (¥)	¥207.87	--	¥113.22	--	¥435.61	--
Fully diluted earnings per share (¥)	¥206.34	--	¥111.72	--	¥431.10	--

Notes to the preparation of these financial statements:

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

2) Financial Position (consolidated)

Millions of yen, rounded down

	As of May 31, 2006	As of May 31, 2005	As of February 28, 2006
Total assets	38,862	35,791	38,812
Shareholders' equity	15,475	16,250	16,011
Equity ratio (%)	39.9	45.4	41.3
Shareholders' equity per share (¥)	1,589.55	1,619.92	1,623.01

3) Consolidated cash flows

	Three months ended May 31, 2006	Three months ended May 31, 2005	Fiscal Year ended February 28, 2006
Cash flow from operating activities	1,464	119	4,442
Cash flow from investing activities	(2,610)	(1,597)	(6,385)
Cash flow from financing activities	747	2,075	1,029
Cash and cash equivalents at end of period	2,977	4,728	3,374

3. Forecasts for the fiscal year ending February 28, 2007 (March 1, 2006 to February 28, 2007)

Millions of yen

	Interim period ending August 31, 2006	FY ending February 28, 2007
Sales	94,800	205,400
Ordinary income	3,900	11,200
Net Income	2,400	5,700
Earnings per share (¥)	--	585.47

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

Operating results and financial position

Gulliver operates 268 directly operated stores involved in the purchase and sale of cars (10 fewer than at the end of the previous fiscal year) and has 203 affiliated stores (14 fewer than at the end of the previous fiscal year). In total, Gulliver operates 471 stores (24 fewer than at the end of the previous fiscal year). The number of directly operated store operations has decreased compared to the end of the previous fiscal year due to closures in the first quarter of the fiscal year ending February 28, 2007, but our previous policy of opening new branches and replacement stores (relocating or launching new stores) remains unchanged.

In the three months to May 31, 2006 we have cut back investments in marketing and implemented streamlined marketing activities. Further, regarding the personnel issues that we needed to address, we have made changes to our sales structure and have taken measures such as the strengthening of staff training. As a result of such measures emphasizing efficiency, the number of cars handled has remained at the same level as the same period of the previous fiscal year.

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 on-screen selling system 'Dophinnet', 3). GAO! Auction, the internet based real-time auction aimed at used car dealers. Sales from all three channels are currently performing well.

There are currently seven subsidiaries of Gulliver International. Details of the management status of G-Trading Co., Ltd., the second-hand truck, bus and construction vehicles purchase, sales and export company are as follows.

Domestically, we focused on gaining new medium and large-scale customers by utilizing the branch network that we expanded in the previous period, with the result that the number of cars handled increased steadily. Revenue, however, decreased slightly due to a reduction in the number of high-unit-price newer cars handled, and a more aggressive approach to purchasing activities that saw purchase prices increase slightly in order to secure new customers. In exports, where the impact of high oil prices in overseas markets is beginning to reduce, efforts were made to strengthen sales in areas showing signs of recovery. However, overall demand for commercial vehicles has not recovered and revenues decreased from the previous fiscal period.

As a result of the factors noted above, consolidated net sales for the period under review increased 1.2% (¥528 million) to ¥44,292 million and operating income decreased 4.5% (¥101 million) to ¥2,104 million. Ordinary income decreased 5.3% (¥117 million) to ¥2,089 million and net income increased 79.9% (¥906 million) to ¥2,040 million as a result of changes in accounting treatments at subsidiaries.

Financial Position

In the first quarter of the fiscal year ending February 28, 2007, total assets increased ¥50 million and net assets declined from the previous fiscal year to ¥5536 million. (From this fiscal period

minority interests are considered to be part of net assets. If calculated using the same standards as the previous fiscal year the decrease compared to the end of the previous fiscal year would be ¥888 million.)

Cash flow

In the first quarter of the fiscal year ending February 28, 2007, cash flow from operating activities was positive and cash flow from investing activities was negative, while overall cash flow was a negative figure of ¥396 million. The balance of cash and cash equivalents as of the end of the period was ¥2,977 million.

Cash flow from operating activities

Cash generated from operating activities was ¥1,464 million. This was primarily due to an increase in operating revenue from the purchase and sale of cars.

Cash flow from investing activities

Net cash used in investing activities was ¥2,610 million. This was primarily due to investment in the opening of new directly operated stores.

Cash flow from financing activities

Net cash generated from financing activities was ¥747 million. This was primarily due to an increase in borrowings.

Qualitative information regarding forecasts

Due to changes to accounting treatments at G-One Financial Service Co., Ltd., the auto-loan and financial business company, we have adjusted net income forecasts for the interim period of the fiscal year ending February 28, 2007 to ¥2,400 million. Due to the possibility of the disposal of fixed assets in the second half of the year, consolidated net income forecasts for the period have remained unchanged. With regard to non-consolidated forecasts, we are making good progress towards achieving the forecasts previously announced on April 18, 2006.

Consolidated Balance Sheets

	<i>Millions of yen</i>					
	As of May 31, 2006		As of May 31, 2005		As of February 28, 2006	
ASSETS		% of total		% of total		% of total
Current assets						
Cash and deposits	2,977		4,728		3,374	
Accounts receivable	8,843		7,994		11,180	
Marketable securities	100		--		100	
Inventory	5,626		6,058		4,659	
Deferred tax assets	346		529		468	
Others	3,247		1,790		1,393	
Allowance for doubtful accounts	(86)		(57)		(84)	
Total current assets	21,054	54.2	21,044	58.8	21,091	54.4
Fixed assets						
Tangible fixed assets						
Buildings and structures	7,148		5,441		6,812	
Tools, fixtures and equipment	1,594		1,197		1,689	
Land	327		327		327	
Other	272		521		415	
Total tangible fixed assets	9,341	24.0	7,486	20.9	9,244	23.8
Intangible fixed assets						
Software	2,591		2,395		2,719	
Other	118		101		121	
Total intangible fixed assets	2,710	7.0	2,497	7.0	2,841	7.3
Investments and other assets						
Investment securities	191		257		199	
Shares of related companies	108		241		103	
Deposits and guarantee money	3,174		2,634		3,052	
Construction cooperation fund	1,962		1,226		1,890	
Deferred tax assets	112		142		111	
Others	567		581		648	
Allowance for doubtful accounts	(360)		(320)		(371)	
Total investments and other assets	5,756	14.8	4,763	13.3	5,633	14.5
Total fixed assets	17,808	45.8	14,747	41.2	17,720	45.6
Total Assets	38,862	100.0	35,791	100.0	38,812	100.0

Consolidated Balance Sheets

Millions of yen

		As of May 31, 2006	%	As of May 31, 2005	%	As of February 28, 2006	%
LIABILITIES			%		%		%
Current liabilities							
Accounts payable		2,860		4,610		3,501	
Short-term borrowing		13,060		6,950		9,350	
Accrued expenses		2,290		2,616		4,156	
Accrued corporate taxes		948		1,053		1,867	
Deposits received		891		770		462	
Reserve for bonuses		371		813		532	
Others		2,174		1,735		1,678	
Total current liabilities		22,597	58.1	18,550	51.8	21,549	55.5
Long-term liabilities							
Long-term debt		200		--		304	
Guarantee deposits received		589		643		594	
Total long-term liabilities		789	2.0	643	1.8	898	2.3
Total liabilities		23,387	60.1	19,193	53.6	22,448	57.8
MINORITY INTERESTS							
Minority interests		--	--	348	1.0	352	0.9
CAPITAL							
Paid-in capital		--	--	4,157	11.6	4,157	10.7
Capital surplus		--	--	4,032	11.3	4,032	10.4
Retained earnings		--	--	13,639	38.1	15,822	40.8
Unrealized gains and losses in other securities		--	--	1	0.0	67	0.2
Translation adjustments		--	--	--	--	(0)	(0.0)
Treasury stock		--	--	(5,580)	(15.6)	(8,067)	(20.8)
Total capital		--	--	16,250	45.4	16,011	41.3
Total Liabilities, Minority Interests and Shareholders' Equity		--	--	35,791	100.0	38,812	100.0
NET ASSETS							
Shareholders' equity							
Paid-in capital		4,157		--		--	-
Capital surplus		4,032		--		--	
Retained earnings		16,867		--		--	
Treasury shares		(9,998)		--		--	
Total shareholders' equity		15,058	38.8	--	--	--	--
Appraisal and translation differences							
Unrealized gains and losses in other securities		62		--		--	
Translation adjustments		2		--		--	
Total Appraisal and translation differences		65	0.2	--	--	--	--
Minority interests		351	0.9	--	--	--	--
Total capital		15,475	39.9	--	--	--	--
Total liabilities and capital		38,862	100.0	--	--	--	--

Consolidated Statements of Income

Millions of yen

	March 1, 2006 to May 31, 2006		March 1, 2005 to May 31, 2005		March 1, 2005 to February 28, 2006	
		%		%		%
Sales	44,292	100.0	43,763	100.0	182,649	100.0
Cost of sales	34,314	77.5	33,317	76.1	139,371	76.3
Gross profit.....	9,978	22.5	10,445	23.9	43,278	23.7
Sales general and administrative expenses.....	7,873	17.7	8,240	18.9	33,855	18.5
Operating income	2,104	4.8	2,205	5.0	9,423	5.2
Non-operating income	21	0.0	21	0.0	120	0.1
Non-operating expenses	36	0.1	19	0.0	161	0.1
Ordinary income	2,089	4.7	2,207	5.0	9,382	5.2
Extraordinary profit	1,181	2.7	38	0.1	56	0.0
Extraordinary losses	169	0.4	78	0.2	1,001	0.6
Net income before taxes, etc.	3,102	7.0	2,167	4.9	8,437	4.6
Income tax, inhabitants tax and enterprise tax.....	932	2.1	994	2.3	3,935	2.2
Corporate tax adjustment	124	0.3	19	0.0	66	0.0
Minority interests	4	0.0	19	0.0	14	0.0
Net income	2,040	4.6	1,134	2.6	4,421	2.4

Consolidated Statements of Cash flows

Millions of yen

	March 1, 2006 to May 31, 2006	March 1, 2005 to May 31, 2005	March 1, 2005 to February 28, 2006
I. Cash flow from operating activities			
Income before taxes, etc.	3,102	2,167	8,437
Depreciation	535	414	2,061
Increase (decrease) in reserve for bonuses	(140)	293	2
Increase (decrease) in allowance for doubtful accounts	(8)	(21)	47
Interest and dividends received	(0)	(0)	(1)
Interest paid	9	6	28
New share issuance expenses	--	--	5
Gain on sale of fixed assets	--	--	(3)
Loss on disposal of fixed assets	169	78	879
Gain on sale of investment securities	--	(15)	(45)
Payment of directors' bonuses	(73)	(94)	(94)
Increase (decrease) in accounts receivable	1,948	2,149	(660)
Increase (decrease) in inventory	(960)	(1,490)	(17)
Increase (decrease) in accounts payable	(520)	(984)	(1,079)
Increase (decrease) in accrued consumption tax	(251)	(87)	328
Other	(297)	361	(549)
Subtotal	3,509	2,776	9,339
Interest and dividends received	0	0	1
Interest paid	(9)	(6)	(26)
Corporate taxes paid	(2,036)	(2,650)	(4,871)
Cash flow from operating activities	1,464	119	4,442
II. Cash flow from investing activities			
Proceeds from sale of investment securities	--	115	212
Payments for purchase of marketable securities	(1,866)	(642)	(3,032)
Proceeds from sale of marketable securities	0	0	7
Payments for acquisition of intangible fixed assets	(123)	(446)	(1,558)
Payments for acquisition of shares of affiliates	--	(17)	--
Amounts lent	(35)	(293)	(492)
Proceeds from repayment of loans	13	355	577
Increase (decrease) in short-term borrowing	(393)	(19)	(130)
Deposit and guarantee payments	(199)	(650)	(2,096)
Payments for acquisition in shares of subsidiaries	5	--	--
Proceeds from transfer of operations	--	--	127
Other	(0)	(0)	1
Cash flow from investing activities	(2,610)	(1,597)	(6,385)
III. Cash flow from financing activities			
Net increase (decrease) in short term borrowings	3,660	3,000	5,687
Repayment of long-term loans	(54)	--	(340)
Proceeds from long-term loans	--	--	200
Payments for acquisition of treasury stock	(2,079)	--	(2,974)
Proceeds from disposal of treasury stock	45	40	209
Proceeds from issuance of new shares	--	35	35
Payment of dividends	(824)	(1,000)	(1,786)
Payments from minority shareholders	--	--	3
Cash flow from financing activities	747	2,075	1,029
IV. Cash and cash equivalents currency translation differences.	0	--	1
V. (Decrease) increase in cash and cash equivalents	(396)	597	(913)
VI. Cash and cash equivalents at beginning of period	3,374	4,130	4,130
VII. Increase in cash and cash equivalents from change in scope of consolidation	--	--	155
VIII. Cash and cash equivalents at end of period	2,977	4,728	3,374

Changes to Material Items Forming the Basis for the Preparation of the First Quarter Consolidated Financial Statements

March 1, 2006 – May 31, 2006	March 1, 2005 – May 31, 2005	March 1, 2005 – February 28, 2006
<p>Accounting standards relating to the impairment of fixed assets</p> <p>From the first quarter of the fiscal year ending February 28, 2007, we have applied the 'Accounting Standards for Impairment of Fixed Assets' (issued by the Accounting Standards Board of Japan on August 9, 2002) and the Financial Accounting Standards Implementation Guidance No. 6, 'Implementation Guidance for Accounting Standards for Impairment of Fixed Assets' (issued by the Accounting Standards Board of Japan on October 31, 2003). This change has had no material effect on profit and loss statements.</p>	_____	_____
<p>Accounting treatments relating to income generated through auto-loans</p> <p>Previously, a deferred accounting method for the unpaid portion of the loan was employed for income generated through auto-loans at the consolidated subsidiary G-One Financial Service Co., Ltd. However, from the current fiscal period, we have begun to employ a method which makes a one-time calculation of the unpaid portion at the time of signing of the loan contract, excluding income related to procurement rates and foreseeable loss arising from early repayment or subrogated performance. In order to make loan contracts signed in the previous year conform to this method, the balance of unpaid loans from the end of the fiscal year ended February 28, 2006, excluding income related to procurement rates and foreseeable loss arising from early repayment or subrogated performance, has been recorded as extraordinary profit.</p> <p>We made this change based on the expertise and internal data we have accumulated based on the auto-loans business, and we believe that the relating of income generated through auto-loans to expenses (rebates) arising at the time of the signing of the contract better reflects actual operating conditions.</p> <p>As a result of this change, net sales, gross profit on sales, operating income and ordinary income have increased ¥208 million compared to the previous method, and net income before adjustment for income taxes has increased ¥1,372 million.</p>	_____	_____

4. Segment Information

Segment information by business type

First quarter of the fiscal year ending February 28, 2007 (March 1, 2006 to May 31, 2006)

Millions of yen

	Trading of used cars	Other businesses	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	42,017	2,274	44,292	--	44,292
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	42,017	2,274	44,292	--	44,292
Operating expenses	38,923	1,972	40,896	1,291	42,187
Operating income	3,093	302	3,396	(1,291)	2,104

Note:

1. Method of business classification: Businesses have been classified according to the classification used in calculating sales.

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 businesses	Royalties arising out of franchise agreements and fees for the provision of training etc., and intermediation in buying and selling of used automobiles

First quarter of the fiscal year ended February 28, 2006 (March 1, 2005 to May 31, 2005)

Millions of yen

	Trading of used cars	Franchise business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	41,650	2,113	43,763	0	43,763
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	41,650	2,113	43,763	0	43,763
Operating expenses	39,211	1,375	40,587	970	41,557
Operating income	2,438	738	3,176	(970)	2,205

Note:

1. Method of business classification: Businesses have been classified according to the classification used in calculating sales.

Business Classification	Principal Product Name or Service Name
Used Car Sales	Purchase and sales of used automobiles through directly operated outlets and the like
Franchising	Royalties arising out of franchise agreements and fees for the provision of training etc., and intermediation in buying and selling of used automobiles

Fiscal year ended February 28, 2006 (March 1, 2005 to February 28, 2006)

Millions of yen

	Trading of used cars	Other businesses	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	173,648	9,001	182,649	--	182,649
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	173,648	9,001	182,649	--	182,649
Operating expenses	162,227	7,302	169,529	3,696	173,226
Operating income	11,420	1,698	13,119	(3,696)	9,423

Notes:

1. Method of business classification: Businesses have been classified according to the classification used in calculating sales.

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 businesses	Royalties arising out of franchise agreements and fees for the provision of training etc., and intermediation in buying and selling of used automobiles

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

Millions of yen

	March 1, 2006 to May 31, 2006	March 1, 2005 to May 31, 2005	March 1, 2005 to February 28, 2006
Amount of unallocated operating expenses included in elimination or total company item	1,291	970	3,696
Principal content	Expenses relating to head office administration at the parent company		

Segment information by geographical location

For the first quarter of the current consolidated fiscal year and for the previous fiscal year consolidated subsidiaries were located overseas, but as over 90% of sales for each segment were in Japan segment

information by geographical location has been omitted.

Overseas sales

For the first quarter 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.