Gulliver International Co., Ltd.

Consolidated Results

Interim period of the fiscal year ending February 28, 2007
(March 1, 2006 to August 31, 2006)

Gulliver International Co., Ltd.

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

Results for the interim period of the fiscal year ending February 28, 2007

Gulliver International Co., Ltd. **October 17, 2006**

Stock Code: 7599 Listed exchanges: Tokyo (1st Section)
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Date of the meeting of the board of directors: October 17, 2006
U.S. GAAP: Not adopted

1. Consolidated financial results for the interim period of the fiscal year ending February 28, 2007

1) Consolidated Operating Results

Millions of yen, rounded down

	Interim period ended August 31, 2006		Interim period ended August 31, 2005		Fiscal year ended February 28, 2006	
		% change)		(% change)		(% change)
Sales	87,999	1.4	86,783	31.1	182,649	
Operating income	4,463	27.8	3,490	(10.6)	9,423	
Ordinary income	4,414	27.4	3,463	(11.3)	9,382	
Net income	3,320	103.2	1,633	(25.4)	4,421	
Earnings per share (¥)	339.56	--	163.07	--	435.61	
Fully diluted earnings per share (¥)	337.56	--	161.08	--	431.10	

Notes:

1. Investment gains and losses under equity method: Interim period of FY ending February 28, 2007: ¥ -- million; Interim period of FY ended February 28, 2006: ¥ -- million; FY ended February 28, 2006
2. Average number of shares outstanding during Interim period of FY ending February 28, 2007: 9,778,218; Interim period of FY ended February 28, 2006: 10,017,053; FY ended February 28, 2006: 9,979,943
3. Differences in accounting treatments applied compared to previous consolidated fiscal year: Yes
4. 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 August 31, 2006	As of August 31, 2005	As of February 28, 2006
Total assets	40,381	34,336	38,812
Shareholders' equity	16,745	15,311	16,011
Equity ratio (%)	40.6	44.6	41.3
Shareholders' equity per share (¥)	1,680.60	1,539.49	1,623.01

Note:

Number of shares outstanding (consolidated) at end of period: Interim period of FY ending February 28, 2006: 9,747,607; Interim period of FY ended February 28, 2006: 9,945,687; FY ended February 28, 2006: 9,865,317

3. Consolidated cash flows

Millions of yen, rounded down

	Interim period ended August 31, 2006	Interim period ended August 31, 2005	Fiscal year ended February 28, 2006
Cash flow from operating activities	3,298	1,261	4,442
Cash flow from investing activities	(3,958)	(2,844)	(6,385)
Cash flow from financing activities	348	1,886	1,029
Cash and cash equivalents at end of period	3,064	4,599	3,374

4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 8; Number of non-consolidated subsidiaries under the equity method: 0; Number of affiliated companies under the equity method: 0;

5. Changes in the scope of consolidation and companies accounted for by the equity method

Companies newly consolidated: 2; Companies removed from consolidation: 0; Equity method companies newly consolidated: 0; Equity method companies newly excluded: 0

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

Millions of yen, rounded down

	FY ending February 28, 2007
Sales	205,400
Ordinary income	11,200
Net Income	5,700
Forecast annual dividend per share	584.75

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

2. Management Policy

1. Basic management policy

Gulliver has adopted 'Growing together' as its corporate philosophy and, under the principle of coexistence and mutual prosperity, the company is striving to become a corporation that is well regarded by community and society, as well as all those involved in the Group, including customers, employees, partners and shareholders. Under this philosophy, Group management is making every effort to create an attractive company that is worthy of support from customers. We also aim to bring about a revolution in the distribution of cars, and to support the 'car life' of our customers.

2. 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. Concretely, 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. 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.

4. Mid-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

5. 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 dominant 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.

6. Items relating to the parent company

None

3. Operating results and Financial Position

(1) Outline of consolidated interim operating results

Gulliver operates 278 directly operated stores involved in the sale and purchase of cars (14 more than at the end of the interim period of the previous fiscal year) and has 194 affiliated stores (36 fewer than at the end of the interim period of the previous fiscal year and 23 fewer than at the end of the previous fiscal year). In total, Gulliver operates 472 stores (22 fewer than at the end of the interim period of the previous fiscal year and 23 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 ending February 28, 2007, but the opening of new branches is continuing smoothly. In the interim period under review we restrained marketing costs and carried out effective marketing activities. Further, in order to address personnel issues, we are modifying our sales structure, enhancing staff training and taking other such initiatives. Addressing these key management issues allowed us to maintain the same levels of cars handled at our directly operated stores as the previous comparable period. At our affiliated stores, operations have gone generally according to plan and the number of cars handled per store is increasing, despite a reduction in the number of branches.

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 has increased at all of these channels.

There are currently eight consolidated subsidiaries of Gulliver International. Despite steadily increasing the number of vehicles sold by G-Trading Co., Ltd., the second-hand truck, bus and construction vehicles purchase, sales and export company revenues decreased from the previous comparable fiscal period.

We have been steadily increasing the operating base of the consolidated auto-loan and financial business company G-One Financial Services Co., Ltd through such steps as increasing the number of automobile loans sold. Further, as announced on July 11, 2006, an extraordinary gain of approximately ¥1.16 billion was recorded as a result of changes to the accounting treatment of automobile loans.

As a result of the factors noted above, consolidated net sales for the interim period under review increased 1.4% (¥1,215 million) to ¥87,999 million, and operating income increased 27.8%

(¥972 million) to ¥4,463 million. Ordinary income increased 27.4% (¥950 million) to ¥4,414 million and net income increased 103.2% (¥1,686) million to ¥3,320 million.

Performance by Segment

Sales of used automobiles

Our focus on improving efficiency has been a factor allowing us to maintain the same levels of cars handled at directly operated stores. The average unit sales price and gross profit margin per vehicle sold during the interim period under review increased. Further, SG&A expenses such as personnel and marketing costs have decreased.

As a result, consolidated net sales increased 1.3% (¥1,084 million) over the previous comparable period to ¥83,652 million and operating income increased 31.6% (¥1,544 million) to ¥6,422 million.

Other businesses

Due to the decrease in the number of Gulliver affiliated stores compared to the previous interim period, revenue from this area of business decreased. However, revenues increased in the financing business as a result of factors such as changes in the accounting policies regarding revenue from auto-loans.

As a result, consolidated net sales increased 3.1% (¥131 million) to ¥4,347 million and operating income decreased 20.2% (¥157 million) to ¥617 million.

(2) Financial position

For the interim period 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 ¥310 million. The balance of cash and cash equivalents at the end of the period was ¥3,064 million.

Cash flow from operating activities

Cash and cash equivalents ("cash") generated from operating activities was ¥3,298 million. Principal components of this included interim net income before adjustment for taxes of ¥5,291million, a change in trade receivables of ¥211 million, and a change of trade payables of ¥1,087 million.

Cash flow from investing activities

Net cash used in investing activities was ¥3,958 million. The principal factor contributing to this result was investment in the opening of new directly managed stores and in internal systems.

Cash flow from financing activities

Net cash used in financing activities was ¥348 million. This was the difference from ¥2,730 million through increased short-term borrowings and ¥2,079 billion expenditure on the purchase of treasury stock.

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

	Interim FY 2004	FY 2004	Interim FY 2005	FY 2005	Interim FY 2006
Equity ratio (%)	61.0	46.7	44.6	41.3	40.6
Shareholders' equity to asset ratio by market price (%)	438.5	443.4	357.7	338.5	230.5
Debt redemption years (years)	0.8	1.4	6.5	2.1	3.8
Interest coverage ratio	181.4	192.8	92.4	167.8	134.9

Notes:

1. Breakdown of each indicator
   Equity ratio = shareholders' equity/gross assets
   Shareholders' equity to asset ratio by market price = Total share value/gross 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. Total share value is calculated using the formula: closing share price at period end x number of shares in issuance (excluding treasury stock).

(3) Outlook for the fiscal year ending February 28, 2007

Gulliver intends to pursue higher profits through such measures as seeking to increase the number of vehicles handled (increasing customer numbers per store) and further implementing low cost operations.

Forecasts for the fiscal year ending February 28, 2007 are unchanged from those announced on April 18, 2006.

Consolidated forecasts for the fiscal year ending February 2007 are for net sales to increase 12.5% to ¥205,400 million, ordinary income to increase 19.4% to ¥11,200 million, and net income for the period to increase 28.9% to ¥5,700 million.

Non-consolidated forecasts for the fiscal year ending February 2007 are for net sales to increase 11.9% to ¥190,000 million, ordinary income to increase 15.4% to ¥11,700 million, and net income to increase 25.9% to ¥6,700 million.

Note: The above figures do not include consumption tax.

Consolidated Balance Sheets

Millions of yen

	As of August 31, 2006		As of August 31, 2005		As of February 28, 2006	
ASSETS		% of total		% of total		% of total
Current assets						
Cash and deposits	3,064		4,599		3,374	
Accounts receivable	10,886		6,848		11,180	
Marketable securities	--		--		100	
Inventory	4,811		5,621		4,659	
Deferred tax assets	695		457		468	
Others	2,745		2,038		1,393	
Allowance for doubtful accounts	(88)		(53)		(84)	
Total current assets	22,114	54.8	19,512	56.8	21,091	54.4
Fixed assets						
Tangible fixed assets						
Buildings and structures	7,494		5,756		6,812	
Vehicles and transport equipment	1,504		1,227		1,689	
Tools, fixtures and equipment	327		327		327	
Land	175		210		415	
Total tangible fixed assets	9,500	23.5	7,521	21.9	9,244	23.8
Intangible fixed assets						
Software	2,456		2,681		2,719	
Other	139		99		121	
Total intangible fixed assets	2,596	6.4	2,781	8.1	2,841	7.3
Investments and other assets						
Investment securities	98		270		199	
Deposits and guarantee money	3,340		2,365		3,052	
Construction cooperation fund	2,206		1,432		1,890	
Deferred tax assets	150		104		111	
Other	745		668		751	
Allowance for doubtful accounts	(372)		(320)		(371)	
Total investments and other assets	6,170	15.3	4,521	13.2	5,633	14.5
Total fixed assets	18,267	45.2	14,824	43.2	17,720	45.6
Total Assets	40,381	100.0	34,336	100.0	38,812	100.0

Consolidated Balance Sheets

Millions of yen

	As of August 31, 2006		As of August 31, 2005		As of February 28, 2006	
LIABILITIES		%		%		%
Current liabilities						
Accounts payable	2,512		2,993		3,501	
Short-term borrowing	12,230		8,250		9,350	
Accrued expenses	2,504		2,258		4,156	
Accrued corporate taxes	2,229		1,556		1,867	
Deposits received	540		703		462	
Reserve for bonuses	899		576		532	
Others	1,321		1,698		1,678	
Total current liabilities	22,238	55.1	18,036	52.5	21,549	55.5
Long-term liabilities						
Long-term borrowing	603		--		304	
Guarantee deposits received	793		643		594	
Total long-term liabilities	1,397	3.4	643	1.9	898	2.3
Total liabilities	23,636	58.5	18,680	54.4	22,448	57.8
MINORITY INTERESTS						
Minority interests	--	--	345	1.0	352	0.9
CAPITAL						
Paid-in capital	--	--	4,157	12.1	4,157	10.7
Capital surplus	--	--	4,032	11.8	4,032	10.4
Retained earnings	--	--	14,040	40.9	15,822	40.8
Unrealized gains and losses in other securities	--	--	50	0.1	67	0.2
Translation adjustments	--	--	(0)	(0.0)	(0)	(0.0)
Treasury stock *Note 1*	--	--	(6,969)	(20.3)	(8,067)	(20.8)
Total capital	--	--	15,311	44.6	16,011	41.3
Total Liabilities, Minority Interests and Shareholders' Equity	--	--	34,336	100.0	38,812	100.0
NET ASSETS						
Shareholders' equity						
Common stock	4,157	10.3	--	--	--	--
Capital surplus	4,032	10.0	--	--	--	--
Retained profit	18,060	44.7	--	--	--	--
Treasury stock	(9,873)	(24.4)	--	--	--	--
Total shareholders' equity	16,376	40.6	--	--	--	--
Valuation and differences due to foreign exchange						
Valuation difference on other marketable securities	7	0.0	--	--	--	--
Translation adjustments	(1)	(0.0)	--	--	--	--
Total valuation and differences due to foreign exchange	5	0.0	--	--	--	--
Minority interests	363	0.9	--	--	--	--
Total net assets	16,745	41.5	--	--	--	--
Total liabilities and other net assets	40,381	100.0	--	--	--	--

Consolidated Statements of Income

Millions of yen

	March 1, 2006 to August 31, 2006	%	March 1, 2005 to August 31, 2005	%	March 1, 2005 To February 28, 2006	%
Sales	87,999	100.0	86,783	100.0	182,649	100.0
Cost of sales	67,822	77.1	66,359	76.5	139,371	76.3
Gross profit	20,177	22.9	20,424	23.5	43,278	23.7
Sales general and administrative expenses *Note 1*	15,714	17.8	16,934	19.5	33,855	18.5
Operating income	4,463	5.1	3,490	4.0	9,423	5.2
Non-operating income						
Interest received	1		1		1	
Dividends received	0		0		0	
Commissions received	4		3		16	
Other	32		34		103	
Total non-operating income	39	0.0	38	0.1	120	0.1
Non-operating expenses						
Interest paid	24		14		31	
New shares issuance expense	--		5		5	
Share re-issuing expense	7		--		--	
Addition to reserve for doubtful accounts	--		--		35	
Cancellation penalties	1		7		9	
Investment fund valuation loss	--		3		2	
Other	54		34		77	
Total non-operating expenses	88	0.1	65	0.1	161	0.1
Ordinary income	4,414	5.0	3,463	4.0	9,382	5.2
Extraordinary profit						
Gains on sales of fixed assets *Note 2*	--		--		3	
Reversals of reserve for doubtful accounts	--		45		45	
Insurance gains	--		2		6	
Reversal of bad debt reserve	3		24		--	
Unrealized profit on installment sales	1,164		--		--	
Other	--		1		1	
Total extraordinary profit	1,168	1.3	73	0.1	56	0.0
Extraordinary losses						
Loss on disposal of fixed assets *Note 2*	291		162		879	
Loss on cancellation of insurance contracts	--		119		121	
Other	--		--		--	
Total extraordinary losses	291	0.3	281	0.3	1,001	0.6
Income before taxes, etc.	5,291	6.0	3,255	3.8	8,437	4.6
Income tax, inhabitants tax and enterprise tax	2,183		1,522		3,935	
Corporate tax adjustment	(225)	2.2	95	1.9	66	2.2
Minority interests	13	0.0	3	0.0	14	0.0
Net income	3,320	3.8	1,633	1.9	4,421	2.4

Consolidated Statement of Surplus and Changes in Shareholders' Equity

Millions of yen

	March 1, 2006 to August 31, 2006	March 1, 2005 to August 31, 2005	March 1, 2005 to February 28, 2006
Capital Surplus			
Capital surplus at beginning of period	--	4,014	4,014
Increase in capital surplus			
Issuance of new shares through capital increase	--	17	17
Capital surplus at end of period	--	4,032	4,032
Retained earnings			
Retained earnings at beginning of period	--	13,668	13,668
Increase in retained earnings			
Net income for the period	--	1,633	4,421
Reduction in retained earnings			
Dividends	--	1,000	1,786
Directors' bonuses	--	94	94
Losses on disposal of treasury stock	--	167	387
Reduction resulting from new consolidation	--	0	0
Retained earnings at end of period	--	14,040	15,822

Changes in consolidated interim shareholders' equity

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 differences due to foreign exchange		
Balance as of February 28, 2006	67	(0)	67	352	16,364
Change during interim accounting period					
Surplus dividend				(5)	(824)
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)	16	(42)
Total change during interim accounting period	(59)	(1)	(61)	11	381
Balance as of August 31, 2006	7	(1)	5	363	16,745

Consolidated Statements of Cash flows

Millions of yen

	March 1, 2006 to August 31, 2006	March 1, 2005 to August 31, 2006	March 1, 2005 to February 28, 2006
I. Cash flow from operating activities			
Income before taxes, etc.	5,291	3,255	8,437
Depreciation	1,087	890	2,061
Increase (decrease) in reserve for bonuses	377	56	2
Increase (decrease) in allowance for doubtful accounts	5	(26)	47
Interest and dividends received	(2)	(1)	(1)
Interest paid	24	14	28
New share issuance expenses	--	5	5
Share reissuing expenses	7	--	--
Gain on sale of fixed assets	--	--	(3)
Loss on disposal of fixed assets	291	162	879
Gain on sale of investment securities	--	(45)	(45)
Payment of directors' bonuses	(73)	(94)	(94)
(Increase) decrease in accounts receivable	211	3,871	(660)
(Increase) decrease in inventory	(73)	(958)	(17)
Increase (decrease) in accounts payable	(1,087)	(2,334)	(1,079)
Increase (decrease) in accrued consumption tax	(294)	54	328
Other	(742)	(875)	(549)
Subtotal	5,023	3,976	9,339
Interest and dividends received	1	0	1
Interest paid	(24)	(13)	(26)
Corporate taxes paid	(1,700)	(2,701)	(4,871)
Cash flow from operating activities	3,298	1,261	4,442
II. Cash flow from investing activities			
Proceeds from sale/redemption of investment securities	100	212	212
Payments for acquisition of marketable securities	(2,494)	(1,092)	(3,032)
Proceeds from sale/redemption of marketable securities	0	0	7
Payments for acquisition of intangible fixed assets	(184)	(1,013)	(1,558)
Payments for acquisition of shares of affiliates	(5)	(10)	--
Amounts lent	(44)	(3)	(492)
Proceeds from repayment of loans	14	12	577
Increase (decrease) in short-term borrowing	(734)	8	(130)
Deposit and guarantee payments	(615)	(949)	(2,096)
Proceeds from transfer of operations	--	--	127
Other	5	(8)	1
Cash flow from investing activities	(3,958)	(2,844)	(6,385)
III. Cash flow from financing activities			
Net increase (decrease) in short term borrowings	2,730	4,300	5,687
Payment of long-term debt	(54)	--	(340)
Proceeds from long-term borrowings	500	--	200
Payments for acquisition of treasury stock	(2,079)	(1,545)	(2,974)
Proceeds from disposal of treasury stock	83	98	209
Expenditure on issuance of new shares	(7)	--	(5)
Proceeds from issuance of new shares	--	30	35
Payment of dividends	(818)	(1,000)	(1,786)
Payment of dividends to minority shareholders	(5)	--	--
Payments from minority shareholders	--	3	3
Cash flow from financing activities	348	1,886	1,029
IV. Accounting differences in cash and cash equivalents	0	(0)	1
V. (Decrease) increase in cash and cash equivalents	(310)	304	(913)
VI. Cash and cash equivalents at beginning of period	3,374	4,295	4,130
VII. Increase in cash and cash equivalents due to change in scope of consolidation	--	--	155
VIII. Cash and cash equivalents at end of period	3,064	4,599	3,374

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

Item	March 1, 2006 – August 31, 2006	March 1, 2005 – August 31, 2005	March 1, 2005 – February 28, 2006
1.Items relating to the scope of consolidation	(1) Number of consolidated subsidiaries: 8 G Trading Co., Ltd. G One Financial Service Co., Ltd. Gulliver Europe Ltd. Hucobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus, Ltd. Carbross Co., Ltd. TAKEOFF Co., Ltd. (Change in scope of consolidation) Of the above Carbross Co., Ltd. has been included in the scope of consolidation as its importance to the financial statements increased in the interim period. Further, TAKEOFF Co., Ltd. was established in the interim period under review and has been included in the scope of consolidation. (2) Non-consolidated subsidiaries: Gulliver USA Inc., 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.	(1) Number of consolidated subsidiaries: 6 G Trading Co., Ltd. G One Financial Service Co., Ltd. Gulliver Europe Ltd. Hucobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus, Ltd. (Change in scope of consolidation) Of the above Hucobo Co., Ltd. has been included in the scope of consolidation as its importance to the financial statements increased in the interim period. Further, SAMURAI MOTORS CO. Ltd. and G-Bus, Ltd. were established in the interim period under review and have been included in the scope of consolidation. (2) Non-consolidated subsidiaries: Gulliver USA Inc., Carbross Co., Ltd. Reasons for exclusion from consolidation: Gulliver USA, Inc. and Carbross Co., Ltd, are small and their total assets, sales, net income and retained profit, etc. do not significantly affect the consolidated financial statements.	(1) Number of consolidated subsidiaries: 7 G Trading Co., Ltd. G One Financial Service Co., Ltd. Gulliver Europe Ltd. Hucobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus, Ltd. Carbross Co., Ltd. (Change in scope of consolidation) Of the above Hucobo Co., Ltd. has been included in the scope of consolidation as its importance to the financial statements increased in the fiscal year. Further, as SAMURAI MOTORS CO. Ltd., G-Bus, Ltd., and Carbross Co., Ltd. were established in the interim period under review, they have been included in the scope of consolidation (2) Non-consolidated subsidiaries: Gulliver USA Inc. 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.
2. Application of the equity method	Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA Inc. UG Powers Co., Ltd. As at right	Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA Inc. Carbross Co., Ltd. Reasons for not applying the equity method: The effect of the companies on net income and retained profit is immaterial and their overall importance is low.	Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA Inc. 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.

Item	March 1, 2006 – August 31, 2006	March 1, 2005 – August 31, 2005	March 1, 2005 – February 28, 2006
3. Items relating to the (interim) settlement dates of consolidated subsidiaries	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. In the case of TAKEOFF Co., Ltd., as the gap exceeds 3 months, consolidation is performed based on provisional statements.	Of the consolidated subsidiaries, Gulliver Europe Ltd. and SAMURAI MOTORS have a settlement date (December 31 and June 30 respectively) that differs from the Consolidated Settlement Date (end February). 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.	Of the consolidated subsidiaries, Gulliver Europe Ltd. has a settlement date (December 31) that differs from the Consolidated Settlement Date (end February). In preparing the Consolidated 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.
4. Items relating to accounting treatment (1) Valuation criteria and valuation methods for material assets	1. Marketable securities Bonds intended to be held to maturity: As at right 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. Those without a market value: As at right Shareholdings in subsidiaries: As at right 2. Derivatives As at right 3. Inventories A. Merchandise: Vehicles: As at right Other: As at right B. Supplies: As at right	1. Marketable securities Bonds intended to be held to maturity: Amortizing cost method (straight line) 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. Those without a market value: The cost method using the moving average method Shareholdings in subsidiaries: The cost method using the moving average method 2. Derivatives Market price method 3. Inventories A. Merchandise Vehicles: Actual cost method Other: Cost method under first in, first out method B. Supplies: Cost method under last purchase method	1. Marketable securities Bonds intended to be held to maturity: As at left 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. Those without a market value: As at left Shareholdings in subsidiaries: As at left 2. Derivatives As at left 3. Inventories A. Merchandise: Vehicles: As at left Other: As at left B. Supplies: As at left

Item	March 1, 2006 – August 31, 2006	March 1, 2005 – August 31, 2005	March 1, 2005 – February 28, 2006
(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 Vehicles and transportation equipment: 2-6 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 forinternal use (5 years) has been applied. (iii) Long Term Prepaid Expenses The Straight Line Method is applied	(i) Tangible Fixed Assets Declining Balance Method is applied. However, for buildings excluding attached equipment) acquired since April 1, 1998, the Straight Line Method has been applied. The useful lives are as follows: Buildings and Structures: 15 – 20 years Vehicles and transportation equipment: 2-6 years (ii) Intangible Fixed Assets As at left (iii) Long Term Prepaid Expenses As at left
(3) Treatment of deferred assets	New share issue expenses Expensed in their entirety at the time of expenditure	Share delivery expenses Expensed in their entirety at the time of expenditure	New share issue expenses Expensed in their entirety at the time of expenditure
(4) Criteria for recording material reserves	(i) Reserve for Doubtful Accounts As at right (ii) Reserve for Bonuses As at right	(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.	(i) Reserve for Doubtful Accounts As at left (ii) Reserve for Bonuses As at left

Item	March 1, 2006 – August 31, 2006	March 1, 2005 – August 31, 2005	March 1, 2005 – February 28, 2006
(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	(i) Method of Hedge Accounting As at right (ii) Hedging Tools and Hedge Target As at right (iii) Hedging Policy As at right (iv) Method of evaluating hedge effectiveness As at right	(i) Method of Hedge Accounting According to Deferred Hedge Treatment (ii) Hedging Tools and Hedge Target Hedging Tools – Interest Rate Swaps Hedge Target – Interest on borrowings (iii) Hedging Policy Interest Rate Swap transactions are entered into for the purpose of hedging the risk of interest rate fluctuation on borrowings and entered into only for the target obligations. (iv) Method of evaluating hedge effectiveness The target cumulative market fluctuation of the hedge target and the hedge tool are compared during the period from the initiation of the hedge to the time of assessing the effectiveness and the evaluation is made based on the variance of the two values.	(i) Method of Hedge Accounting As at left (ii) Hedging Tools and Hedge Target As at left (iii) Hedging Policy As at left (iv)Method of evaluating hedge effectiveness As at left
(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	Cash on hand, deposits that can be withdrawn on demand, and short term investments that are easily convertible into cash and that have low risk of fluctuation in value and whose maturities are 3 months or less at the date of acquisition.	As at left

Changes in Accounting Treatment

March 1, 2006 – August 31, 2006	March 1, 2005 – August 31, 2005	March 1, 2005 – February 31, 2006
Accounting standards relating to impairment losses on fixed assets From the interim period of the fiscal year ending 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.	——————	——————
Accounting treatments relating to income generated through autoloans Previously, in respect of autoloans at the consolidated subsidiary G-One Financial Service 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.	——————	——————
Accounting standards relating to presentation of net assets on balance sheets From the interim period of the fiscal year ending 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.	——————	——————

March 1, 2006 – August 31, 2006	March 1, 2005 – August 31, 2005	March 1, 2005 – February 31, 2006
Partial revision of accounting standards relating to the reduction of treasury stock and reserves From the interim period of the fiscal year ending February 28, 2007, the 'Statement Regarding Accounting Policies for the Reduction of Treasury Stock and Reserves' (Business Accounting Council, December 27, 2005 Article No. 1) and 'Guidelines for the Application of Accounting Policies for the Reduction of Treasury Stock and Reserves' (Guidelines for the Application of Business Accounting Policies, Article 2; Business Accounting Council, December 27, 2005). This change has not affected profits and losses. Following changes to the regulations on financial statements, net assets on the interim balance sheet have been recorded in accordance with the revised regulations.	———————	———————

Additional information

March 1, 2006 – August 31, 2006	March 1, 2005 – August 31, 2005	March 1, 2005 – February 31, 2006
———————	**Treatment of the tax based on business size portion of corporate taxes in the statements of income** Following the promulgation of 'Treatment of the tax based on business size portion of corporate taxes in the Statements of Income' (February 13, 2004, Corporate Accounting Standards Committee Practice Report 12), from this accounting period the proportionate amounts of corporation tax on value added and capital have been included in Selling, General and Administrative expenses. As a result Selling, General and Administration expenses increased by ¥58 million and operating income, ordinary income and income before taxes, etc. each decreased by ¥58 million.	**Treatment of the tax based on business size portion of corporate taxes in the statements of income** Following the promulgation of 'Treatment of the tax based on business size portion of corporate taxes in the Statements of Income' (February 13, 2004, Corporate Accounting Standards Committee Practice Report 12), from this accounting period the proportionate amounts of corporation tax on value added and capital have been included in Selling, General and Administrative expenses. As a result Selling, General and Administration expenses increased by ¥126 million and operating income, ordinary income and income before taxes, etc. each decreased by ¥126 million.

Notes

(Related to the consolidated balance sheets)

As of August 31, 2006	As of August 31, 2005	As of February 28, 2006
*1 Total accumulated depreciation of tangible fixed assets: ¥3,411 million	*1 Total accumulated depreciation of tangible fixed assets: ¥2,974 million	*1 Total accumulated depreciation of tangible fixed assets: ¥3,053 million

(Related to the consolidated statements of income) *(Millions of yen)*

March 1, 2006 – August 31, 2006		March 1, 2005 – August 31, 2005		March 1, 2005 – February 28, 2006	
1. Principal components of SGA expenses		1. Principal components of SGA expenses		1. Principal components of SGA expenses	
Advertising	2,309	Advertising	2,975	Advertising	6,300
Contracting fees	876	Contracting fees	857	Contracting fees	1,839
Salaries	4,137	Salaries	4,151	Salaries	8,178
Bonuses	235	Bonuses	337	Bonuses	723
Transfer to reserve for doubtful accounts	--	Transfer to reserve for doubtful accounts	--	Transfer to reserve for doubtful accounts	12
Transfer to reserve for bonuses	886	Transfer to reserve for bonuses	852	Transfer to reserve for bonuses	546
Depreciation	1,087	Depreciation	890	Depreciation	2,064
Rent	2,138	Rent	1,688	Rent	3,540
2. Components of gains on sales of fixed assets.		2. Components of gains on sales of fixed assets.		2. Components of gains on sales of fixed assets.	
―――――――		―――――――		Buildings and structures	--
				Vehicles and transportation equipment	--
				Tools & equipment	3
				Total	3
3. Components of losses on disposal of fixed assets		3. Components of losses on disposal of fixed assets		2. Components of losses on disposal of fixed assets	
Buildings and structures	205			Buildings and structures	699
Vehicles and transportation	12			Vehicles and transportation	0
Tools & equipment	18	Buildings and structures	143	Tools & equipment	50
Software	40	Vehicles and transportation	0	Construction in progress	51
Long-term prepaid expenses	5	Tools & equipment	18	Software	80
Others	8	Total	162	Long-term prepaid expenses	0
Total	291			Total	879

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

Dividends

Amount of dividends paid

Resolution	Share category	Total dividend (*millions of yen*)	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 (*millions of yen*))	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, 2006 – August 31, 2006	March 1, 2006 – August 31, 2005	March 1, 2004 - February 28, 2005
(1) Relationship between period end cash and cash equivalents and cash recorded in the balance sheet	(1) Relationship between period end cash and cash equivalents and cash recorded in the balance sheet	(1) Relationship between period end cash and cash equivalents and cash recorded in the balance sheet
Cash and deposit accounts 3,064 Securities account -- Cash and cash equivalents 3,064	Cash and cash deposit accounts 4,599 Securities accounts -- Cash and cash equivalents 4,599	Cash and cash deposit accounts 3,374 Securities accounts -- Cash and cash equivalents 3,374 (2) Breakdown of assets and liabilities increased through transfer of operations Brain Trust Co., Ltd. (as of January 31, 2006) Current assets 158 Fixed assets 49 Total assets 208 Current liabilities 138 Long-term liabilities 56 Total liabilities 195 Value of transfer of operation: ¥13 million

4. Segment Information

Segment information by business type

Interim period of the fiscal year ending February 28, 2007 (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	83,852	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.

Interim period of the fiscal year ended February 28, 2006 (March 1, 2005 to August 31, 2005)

Millions of yen

	Trading of used cars	Other business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	82,567	4,215	86,783	--	86,783
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	82,567	4,215	86,783		86,783
Operating expenses	77,689	3,440	81,130	2,162	83,293
Operating income	4,878	774	5,652	(2,162)	3,490

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.
Franchising	Royalties arising out of franchise agreements and fees for the provision of training etc., intermediation in buying and selling of used automobiles and services included in other businesses, such as financial businesses.

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

Millions of yen

	Trading of used cars	Other business	Total	Elimination/ All company	Consolidated
Sales					
(2) 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. 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.

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

Millions of yen

	March 1, 2006 to August 31, 2006	March 1, 2005 to August 31, 2006	March 1, 2005 to February 28, 2006	Principal content
Amount of operating expense which cannot be allocated to a segment	2,576	2,162	3,696	Expenses relating to 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.