

Gulliver International Co., Ltd.

Consolidated Results

Third Quarter of the Fiscal Year Ending February 28, 2007

(Nine-month period ended November 30, 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)

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

Gulliver International Co., Ltd.

January 9, 2007

Stock Code: 7599

Listed exchanges: Tokyo (1st Section)

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

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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 Consolidated Financial Statements
3. Changes to scope of consolidation or equity method accounting: Yes (One newly consolidated company TakeOff Co., Ltd.)

2. Consolidated financial results for the nine month period ended November 30, 2006

1) Consolidated Operating Results

	Nine months ended November 30, 2006		Nine months ended November 30, 2005		Fiscal Year ended February 28, 2006	
		(% change)		(% change)		(% change)
Sales	135,224	1.5	133,219	19.9	182,649	16.5
Operating income	7,718	30.3	5,920	(21.2)	9,423	(7.8)
Ordinary income	7,657	30.1	5,882	(21.5)	9,382	(8.1)
Net income	4,912	75.7	2,795	(31.8)	4,421	(21.7)
Net income per share (¥)	¥502.89	--	¥279.67	--	¥435.61	--
Net income per share (¥)(fully diluted)	¥500.20	--	¥276.55	--	¥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 November 30, 2006	As of November 30, 2005	As of February 28, 2006
Total assets	38,870	35,833	38,812
Net assets	17,583	15,772	16,011
Equity ratio (%)	44.3	44.0	41.3
Shareholders' equity per share (¥)	1,764.40	1,583.02	1,623.01

3) Consolidated cash flows

	Nine months ended November 30, 2006	Nine months ended November 30, 2005	Fiscal Year ended February 28, 2006
Cash flow from operating activities	5,074	3,578	4,442
Cash flow from investing activities	(4,567)	(5,655)	(6,385)
Cash flow from financing activities	(772)	2,607	1,029
Cash and cash equivalents at end of period	3,110	4,826	3,374

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

	Millions of yen
	FY ending February 28, 2007
Sales	205,400
Ordinary income	11,200
Net Income	5,700
Net income per share (¥)	584.19

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 283 directly operated stores involved in the purchase and sale of cars (15 more than in the comparable period of the previous fiscal year and 5 more than at the end of the previous fiscal year) and has 187 affiliated stores (32 fewer than in the comparable period of the previous fiscal year and 30 fewer than at the end of the previous fiscal year). In total, Gulliver operates 470 stores (17 fewer than in the comparable period of the previous fiscal year and 25 fewer than at the end of the previous fiscal year). Our policy of increasing the number of stores by opening new branches and replacing stores (relocating or launching new stores) remains unchanged.

In the period under review, compared to the first nine months of last fiscal year, we have cut back investments in marketing and implemented streamlined marketing activities. Further measures we have taken to promote efficiency include changes to our sales structure and the strengthening of staff training in addition to constraining the number of new hires.

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) On-screen selling system 'Dolphinnet', 3). GAO! Auction, the internet based real-time auction aimed at used car dealers. Despite curbing sales management expenses such as advertising, sales from all channels are currently performing well.

There are currently 9 subsidiaries of Gulliver International. Among these, the operating income of G-Trading Co., Ltd., the second-hand truck, bus and construction vehicles purchase, sales and export company, has declined from the previous comparable period despite a steady increase in revenues and the number of vehicles sold. Further, G-One Financial Service Co., Ltd., the auto-loan and financial business company, has increased the number of its auto-loans and is steadily strengthening its operating base. As announced on July 11, 2006, and following changes to the accounting method for auto-loan income, a special income of approximately ¥1,164 million has been recorded.

As a result of the factors noted above, consolidated net sales for the nine month period under review increased 1.5% (¥2,004 million) to ¥135,224 million compared to the first nine months of the previous fiscal year and operating income increased 30.3% (¥1,798 million) to ¥7,718 million. Ordinary income increased 30.1% (¥1,774 million) to ¥7,657 million and net income increased 75.7% (¥2,117 million) to ¥4,912 million.

Financial Position

At the end of the third quarter, compared to the end of the previous fiscal year total assets increased ¥57 million and net assets increased ¥1,571 million. (From this fiscal period minority interests have been included in net assets. If calculated using the same standards as in the previous fiscal year the increase in net assets compared to the end of the previous fiscal year would be ¥1,203 million.)

Cash flow

In the nine month period cash flow from operating activities was positive and cash flow from investing activities and financing activities were negative, resulting in cash and cash equivalents as of the end of the period of ¥3,110 million ¥263 million lower than at the end of the previous fiscal year.

Cash flow from operating activities

Cash generated from operating activities was ¥5,074 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 ¥4,567 million. This was primarily due to investment in the opening of new directly operated stores.

Cash flow from financing activities

Net cash used in financing activities was ¥772 million. This was primarily due to the acquisition of treasury stock.

Qualitative information regarding forecasts

With regard to the consolidated forecasts, we are making good progress towards achieving the forecasts previously announced.

Consolidated Balance Sheets

Millions of yen

	As of November 30, 2006		As of November 30, 2005		As of February 28, 2006	
ASSETS		% of total		% of total		% of total
Current assets						
Cash and deposits	3,110		4,826		3,374	
Accounts receivable.....	9,353		5,661		11,180	
Marketable securities	--		--		100	
Inventory	4,697		6,257		4,659	
Deferred tax assets.....	351		558		468	
Others	2,871		1,949		1,393	
Allowance for doubtful accounts	(85)		(69)		(84)	
Total current assets.....	20,299	52.2	19,184	53.5	21,091	54.4
Fixed assets						
Tangible fixed assets						
Buildings and structures.....	7,564		5,910		6,812	
Tools, fixtures and equipment.....	1,398		1,261		1,689	
Land.....	327		327		327	
Other.....	67		318		415	
Total tangible fixed assets	9,357	24.1	7,818	21.8	9,244	23.8
Intangible fixed assets						
Software.....	2,528		2,987		2,719	
Other.....	113		98		121	
Total intangible fixed assets	2,642	6.8	3,085	8.6	2,841	7.3
Investments and other assets						
Investment securities	99		319		199	
Shares of related companies	108		--		103	
Deposits and guarantee money	3,464		3,295		3,052	
Construction cooperation fund	2,470		1,636		1,890	
Deferred tax assets.....	157		96		111	
Others	659		749		648	
Allowance for doubtful accounts	(388)		(351)		(371)	
Total investments and other assets	6,571	16.9	5,745	16.0	5,633	14.5
Total fixed assets	18,570	47.8	16,649	46.5	17,720	45.6
Total Assets.....	38,870	100.0	35,833	100.0	38,812	100.0

Consolidated Balance Sheets

	<i>Millions of yen</i>					
	As of November 30, 2006		As of November 30, 2005		As of February 28, 2006	
		%		%		%
LIABILITIES						
Current liabilities						
Accounts payable	2,158		2,810		3,501	
Short-term borrowing	11,880		9,500		9,350	
Accrued expenses	2,235		2,294		4,156	
Accrued corporate taxes	1,267		677		1,867	
Deposits received	616		700		462	
Reserve for bonuses	348		970		532	
Others	1,330		1,932		1,678	
Total current liabilities	19,837	51.0	18,885	52.7	21,549	55.5
Long-term liabilities						
Long-term debt	578		200		304	
Guarantee deposits received	870		628		594	
Total long-term liabilities	1,449	3.7	828	2.3	898	2.3
Total liabilities	21,286	54.7	19,714	55.0	22,448	57.8
MINORITY INTERESTS						
Minority interests	--	--	346	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	--	--	14,304	39.9	15,822	40.8
Unrealized gains and losses in other securities	--	--	79	0.2	67	0.2
Translation adjustments	--	--	0	0.0	(0)	(0.0)
Treasury stock	--	--	(6,799)	(19.0)	(8,067)	(20.8)
Total capital	--	--	15,772	44.0	16,011	41.3
Total Liabilities, Minority Interests and Shareholders' Equity	--	--	35,833	100.0	38,812	100.0
NET ASSETS						
Shareholders' equity						
Paid-in capital	4,157	10.7	--		--	-
Capital surplus	4,032	10.4	--		--	
Retained earnings	18,794	48.4	--		--	
Treasury shares	(9,775)	(25.2)	--		--	
Total shareholders' equity	17,208	44.3	--	--	--	--
Appraisal and translation differences						
Unrealized gains and losses in other securities	8	0.0	--		--	
Translation adjustments	(1)	(0.0)	--		--	
Total Appraisal and translation differences	6	0.0	--	--	--	--
Minority interests	368	1.0	--	--	--	--
Total net assets	17,583	45.3	--	--	--	--
Total liabilities and net assets	38,870	100.0	--		--	

Consolidated Statements of Income

	March 1, 2006 to November 30, 2006		March 1, 2005 to November 30, 2005		<i>Millions of yen</i> March 1, 2005 to February 28, 2006	
		%		%		%
Sales	135,224	100.0	133,219	100.0	182,649	100.0
Cost of sales	104,391	77.2	101,909	76.5	139,371	76.3
Gross profit.....	30,832	22.8	31,310	23.5	43,278	23.7
Sales general and administrative expenses.....	23,113	17.1	25,390	19.1	33,855	18.5
Operating income	7,718	5.7	5,920	4.4	9,423	5.2
Non-operating income	69	0.1	65	0.1	120	0.1
Non-operating expenses	130	0.1	102	0.1	161	0.1
Ordinary income.....	7,657	5.7	5,882	4.4	9,382	5.2
Extraordinary profit.....	1,164	0.8	49	0.0	56	0.0
Extraordinary losses.....	578	0.4	365	0.3	1,001	0.6
Net income before taxes, etc.	8,243	6.1	5,566	4.1	8,437	4.6
Income tax, inhabitants tax and enterprise tax	3,199	2.4	2,780	2.1	3,935	2.2
Corporate tax adjustment.....	112	0.1	(17)	(0.0)	66	0.0
Minority interests	18	0.0	7	0.0	14	0.0
Net income	4,912	3.6	2,795	2.0	4,421	2.4

Changes in consolidated shareholders' equity
Millions of yen

	Shareholders' equity				Total shareholders' equity
	Capital	Capital surplus	Retained profit	Treasury stock	
Balance as of February 28, 2006	4,157	4,032	15,822	(8,067)	15,944
Change during the period					
Surplus dividend			(1,608)		(1,608)
Bonuses to directors through profit appropriation			(73)		(73)
Net income			4,912		4,912
Acquisition of treasury stock				(2,079)	(2,079)
Disposal of treasury stock			(258)	371	112
Changes to items other than shareholders' equity					
Total change during the period			2,971	(1,707)	1,263
Balance as of November 30, 2006	4,157	4,032	18,794	(9,775)	17,208

	Valuation and differences due to foreign exchange			Minority interests	Total net assets
	Valuation differences on other marketable securities	Translation adjustment account	Total valuation and translation differences		
Balance as of February 28, 2006	67	(0)	67	352	16,364
Change during the period					
Surplus dividend				(5)	(1,613)
Bonuses to directors through profit appropriation					(73)
Net income					4,912
Acquisition of treasury stock					(2,079)
Disposal of treasury stock					112
Changes to items other than shareholders' equity during the period	(59)	(1)	(60)	21	(38)
Total change during the period	(59)	(1)	(60)	15	1,219
Balance as of November 30, 2006	8	(1)	6	368	17,583

Consolidated Statements of Cash flows

Millions of yen

	March 1, 2006 to November 30, 2006	March 1, 2005 to November 30, 2005	March 1, 2005 to February 28, 2006
I. Cash flow from operating activities			
Income before taxes, etc.	8,243	5,566	8,437
Depreciation	1,691	1,437	2,061
Increase (decrease) in reserve for bonuses	(173)	440	2
Increase (decrease) in allowance for doubtful accounts	17	21	47
Interest and dividends received	(2)	(1)	(1)
Interest paid	45	22	28
New share issuance expenses	7	5	5
Gain on sale of fixed assets	--	--	(3)
Loss on disposal of fixed assets	578	244	879
Gain on sale of investment securities	--	(45)	(45)
Payment of directors' bonuses	(73)	(94)	(94)
Increase (decrease) in accounts receivable	1,721	5,701	(660)
Increase (decrease) in inventory	49	(1,634)	(17)
Increase (decrease) in accounts payable	(1,308)	(2,382)	(1,079)
Increase (decrease) in operational loans receivable	(1,006)	--	--
Increase (decrease) in accrued consumption tax	(260)	187	328
Other	(729)	(998)	(549)
Subtotal	8,799	8,470	9,339
Interest and dividends received	2	1	1
Interest paid	(45)	(21)	(26)
Corporate taxes paid	(3,681)	(4,871)	(4,871)
Cash flow from operating activities	5,074	3,578	4,442
II. Cash flow from investing activities			
Proceeds from sale of investment securities	100	212	212
Payments for acquisition of tangible fixed assets	(3,136)	(2,033)	(3,032)
Proceeds from sale of tangible fixed assets	0	0	7
Payments for acquisition of intangible fixed assets	(475)	(1,520)	(1,558)
Payments for acquisition of shares of affiliates	(5)	(19)	--
Amounts lent	(56)	(291)	(492)
Proceeds from repayment of loans	4	68	577
Increase (decrease) in short-term borrowing	--	16	(130)
Deposit and guarantee payments	(1,004)	(2,080)	(2,096)
Proceeds from transfer of operations	--	--	127
Other	4	(7)	1
Cash flow from investing activities	(4,567)	(5,655)	(6,385)
III. Cash flow from financing activities			
Net increase (decrease) in short term borrowings	2,480	5,550	5,687
Repayment of long-term loans	(57)	--	(340)
Proceeds from long-term loans	378	200	200
Payments for acquisition of treasury stock	(2,079)	(1,545)	(2,974)
Proceeds from disposal of treasury stock	112	155	209
Payments for issuance of new shares	(7)	--	--
Proceeds from issuance of new shares	--	30	35
Payment of dividends	(1,608)	(1,786)	(1,786)
Payment of dividends to minority shareholders	(5)	--	--
Payments from minority shareholders	--	3	3
Other	14	--	--
Cash flow from financing activities	(772)	2,607	1,029
IV. Cash and cash equivalents currency translation differences ..	1	(0)	1
V. (Decrease) increase in cash and cash equivalents	(263)	531	(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	--	164	155
VIII. Cash and cash equivalents at end of period	3,110	4,826	3,374

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

March 1, 2006 – November 30, 2006	March 1, 2005 – November 30, 2005	March 1, 2005 – February 28, 2006
<p>Accounting standards relating to the impairment of fixed assets</p> <p>From the period under review, 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, in respect of auto-loans 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 auto-loan.</p> <p>We made this change as most of the costs associated with auto-loan 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.</p> <p>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.</p> <p>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 period under review, 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 ¥17,215 million. Following changes to the regulations on the interim financial statements, net assets on the third quarter balance sheet have been recorded in accordance with the revised regulations.</p>	_____	_____

Segment Information

Segment information by business type

Third quarter of the fiscal year ending February 28, 2007 (March 1, 2006 to November 30, 2006)

Millions of yen

	Trading of used cars	Other businesses	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	128,631	6,592	135,224	--	135,224
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	128,631	6,592	135,224	--	135,224
Operating expenses	118,242	5,461	123,703	3,801	127,505
Operating income	10,388	1,131	11,520	(3,801)	7,718

Note:

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 businesses	Royalties arising out of franchise agreements and fees for the provision of training etc., intermediation in buying and selling of used automobiles, and fees from other businesses such as the financing business

3. Amounts and main details for the item Elimination/ All company are as follows:

	Third quarter of the fiscal year ended February 28, 2006	Main details
Amount included in Elimination/ All company that could not be included elsewhere	¥3,801	Expense related to Parent Company's head office management department.

Third quarter of the fiscal year ended February 28, 2006 (March 1, 2005 to November 30, 2005)
Millions of yen

	Trading of used cars	Franchise business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	126,704	6,514	133,219	0	133,219
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	126,704	6,514	133,219	0	133,219
Operating expenses	118,820	5,128	123,948	3,351	127,299
Operating income	7,884	1,386	9,270	(3,350)	5,920

Note:

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

- Amounts and main details for the item Elimination/ All company are as follows:

	Third quarter of the fiscal year ended February 28, 2006	Main details
Amount included in Elimination/ All company that could not be included elsewhere	¥3,351	Expense related to Parent Company's head office management department.

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

Note:

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. 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 businesses	Royalties arising out of franchise agreements and fees for the provision of training etc., intermediation in buying and selling of used automobiles, and investments from other businesses such as the financing business

3. Amounts and main details for the item Elimination/ All company are as follows:

	Third quarter of the fiscal year ended February 28, 2006	Main details
Amount included in Elimination/ All company that could not be included elsewhere	¥3,696	Expense related to Parent Company's head office management department.

Segment information by geographical location

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