Gulliver International Co., Ltd.

Consolidated Results

Fiscal 2006
(March 1, 2006 to February 28, 2007)

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

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

Results for the fiscal year ended February 28, 2007

Gulliver International Co., Ltd. **April 18, 2007**

Stock Code: 7599 Listed exchanges: Tokyo (1st Section)
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Date of the meeting of the board of directors: April 18, 2007
U.S. GAAP: Not adopted

1. Consolidated financial results for the fiscal year ended February 28, 2007

1) Consolidated Operating Results

Millions of yen, rounded down

	Fiscal year ended February 28, 2007		Fiscal year ended February 28, 2006	
		(% change)		(% change)
Sales	182,166	(0.2)	182,649	16.5
Operating income	11,123	18.0	9,423	(7.8)
Ordinary income	10,998	17.2	9,382	(8.1)
Net income	6,566	48.5	4,421	(21.7)
Earnings per share (¥)	672.19	--	435.61	--
Fully diluted earnings per share (¥)	669.68	--	431.10	--
Return on equity (%)	37.5	--	27.4	--
Ratio of ordinary income to shareholders' equity (%)	25.9	--	25.5	--
Ratio of ordinary income to sales (%)	6.0	--	5.2	--

Notes:
1. Investment gains and losses under equity method: FY ended February 2007: ¥ -- million; FY ended February 2006: ¥ -- million
2. Average number of shares outstanding during FY ended February 2007: 9,768,287; FY ended February 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 previous fiscal year.

2) Financial Position (consolidated)

Millions of yen, rounded down

	As of February 28, 2007	As of February 28, 2006
Total assets	45,947	38,812
Net assets	19,303	16,011
Shareholders' equity ratio (%)	41.2	41.3
Shareholders' equity per share (¥)	1,936.38	1,623.01

Note:
Number of shares outstanding (consolidated) at end of period: FY ended February 2007: 9,779,343; FY ended February 2007: 9,865,317

3) Consolidated cash flows

Millions of yen, rounded down

	Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
Cash flow from operating activities	6,103	4,442
Cash flow from investing activities	(5,604)	(6,385)
Cash flow from financing activities	978	1,029
Cash and cash equivalents at end of period	4,855	3,374

4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 9; Number of non-consolidated subsidiaries under the equity method: 0; Number of affiliated companies under the equity method: 0

Changes in the scope of consolidation and companies accounted for by the equity method: Consolidated companies: new 2; excluded 0; Equity method: new 0; excluded 0

2. Forecasts for the fiscal year ending February 28, 2008 (March 1, 2007 to February 28, 2008) *Millions of yen, rounded down*

	Interim period ending August 31, 2007	FY ending February 29, 2008
Sales	90,000	194,400
Ordinary income	4,800	12,100
Net Income	2,550	6,500
Earnings per share (¥)	--	664.66

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 operating results

Gulliver operates 291 directly operated stores involved in the sale and purchase of cars (13 more than at the end of the previous fiscal year) and has 184 affiliated stores (33 fewer than at the end of the previous fiscal year). In total, Gulliver operates 475 stores (20 fewer than at the end of the previous fiscal year).

In our directly operated store operations, we have continued to open new stores and replace (relocate and rebuild) stores. We closed a number of stores in the first quarter of the year ending February 28, 2007, and in line with our policy we aim to increase the number of our stores.

In the fiscal year under review, there was an emphasis on efficient management and more effective investments in marketing activities were made compared to the end of the previous fiscal year. As regards personnel, we are implementing policies with an emphasis on efficiency through such initiatives as enhancing staff training and modifying our sales structure along with reducing the number of new hires. Further, although the number of cars handled at our directly operated stores declined slightly compared to the end of the previous fiscal year, our cost effectiveness improved based on the implementation of policies that emphasize efficiency. Also, at our affiliated stores, the number of cars handled per store is increasing despite a reduction in the number of stores.

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 through each of these channels has increased even where advertising-related expenses and cost of sales have been reduced.

The financial condition of our main consolidated subsidiaries is as follows. As regards G-Trading Co., Ltd., the second-hand truck, bus and construction vehicles purchase, sales and export company, the number of vehicles sold and revenues each increased steadily, however operating income was lower than in the previous fiscal year.

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 ¥1.164 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 fiscal year under review decreased by 0.2% or ¥483 million compared to the previous fiscal year to ¥182,166 million and operating income increased 18.0% or ¥1,700 million to ¥11,123 million. Ordinary income increased 17.3% or ¥1,627 million to ¥11,009 million and net income increased 48.5% or ¥2,144 million to ¥6,566 million.

Performance by Segment

Sales of used automobiles

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

As a result, consolidated net sales decreased 0.2% or ¥358 million over the previous fiscal year to

¥173,289 million and operating income increased 31.3% or ¥3,580 million to ¥15,001 million.

Other businesses

Due to the decrease in the number of Gulliver affiliated stores compared to the previous fiscal year, revenue from this area of business decreased. However, as a result of developments at GAO! Auction and in the financing business, commissions and other revenues increased.

As a result, consolidated net sales decreased 1.3% (¥124 million) to ¥8,876 million and operating income decreased 20.0% (¥341 million) to ¥1,357 million.

(2) Financial position

For 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 positive figure of ¥1,481 million. The balance of cash and cash equivalents at the end of the period was ¥4,855 million.

Cash flow from operating activities

Cash and cash equivalents ("cash") generated from operating activities was ¥6,103 million.
Principal components of this included net income before adjustment for taxes of ¥11,149 million, a decrease in trade receivables of ¥2,825 million, and an increase in operating loans of ¥1,292 million.

Cash flow from investing activities

Net cash used in investing activities was ¥5,604 million. The principal factors contributing to this result were investments in the opening of new directly managed stores and in internal systems.

Cash flow from financing activities

Net cash from financing activities was ¥978 million. This was largely the result of an increase in short-term borrowings.

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

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Equity ratio (%)	62.6	59.3	46.7	41.3	41.2
Shareholders' equity to asset ratio by market price (%)	146.3	338.6	443.4	338.5	181.9
Debt redemption years (years)	0.2	0.1	1.4	2.1	2.3
Interest coverage ratio	447.6	604.2	207.9	141.3	93.6

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, 2008

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.

Consolidated forecasts for the fiscal year ending February 2008 are for net sales to increase 6.7% to ¥194,000 million, ordinary income to increase 10.0% to ¥12,100 million, and net income for the period to decrease 1.0% to ¥6,500 million.

Non-consolidated forecasts for the fiscal year ending February 2008 are for net sales to increase 5.8% to ¥176,200 million, ordinary income to increase 8.5% to ¥11,400 million, and net income to increase 8.1% to ¥6,100 million.

Note: The above figures do not include consumption tax.

Consolidated Balance Sheets

Millions of yen

	As of February 28, 2007		As of February 28, 2006	
ASSETS		%		%
Current assets				
Cash and deposits	4,855		3,374	
Accounts receivable	13,667		11,180	
Marketable securities	--		100	
Inventory	4,668		4,659	
Short-term loans receivable	1,571		--	
Deferred tax assets	445		468	
Others	1,743		1,393	
Allowance for doubtful accounts	(69)		(84)	
Total current assets	26,880	58.5	21,091	54.4
Fixed assets				
Tangible fixed assets				
Building and structures	9,911		8,433	
Accumulated depreciation	(2,079)		(1,621)	
Vehicles and transport equipment	42		16	
Accumulated depreciation	(15)		(10)	
Tools, fixtures and equipment	2,899		3,110	
Accumulated depreciation	(1,515)		(1,421)	
Land	327		327	
Construction in progress	116		409	
Total tangible fixed assets	**9,687**	**21.1**	**9,244**	**23.8**
Intangible fixed assets				
Goodwill	28		36	
Software	2,082		2,719	
Other	81		85	
Total intangible fixed assets	2,192	4.8	2,841	7.3
Investments and other assets				
Investment securities	96		199	
Shares of related companies	108		103	
Long-term loans receivable	13		18	
Deposits and guarantee money	3,749		3,052	
Construction cooperation fund	2,508		1,890	
Deferred tax assets	489		111	
Other	307		629	
Allowance for doubtful accounts	(74)		(371)	
Total investments and other assets	7,187	15.6	5,633	14.5
Total fixed assets	19,066	41.5	17,720	45.6
Total Assets	**45,947**	**100.0**	**38,812**	**100.0**

Consolidated Balance Sheets

Millions of yen

	As of February 28, 2007		As of February 28, 2006	
LIABILITIES		%		%
Current liabilities				
Accounts payable	3,303		3,501	
Short-term borrowing	13,590		9,350	
Accrued expenses	2,900		4,156	
Accrued corporate taxes	2,957		1,867	
Deposits received	809		462	
Reserve for bonuses	453		532	
Reserve for directors' bonuses	73		--	
Others	1,136		1,678	
Total current liabilities	25,224	54.9	21,549	55.5
Long-term liabilities				
Long-term borrowing	550		304	
Guarantee deposits received	869		594	
Total long-term liabilities	1,419	3.1	898	2.3
Total liabilities	26,646	58.0	22,448	57.8
MINORITY INTERESTS				
Minority interests	--	--	352	0.9
CAPITAL				
Paid-in capital	--	--	4,157	10.7
Capital surplus	--	--	4,032	10.4
Retained earnings	--	--	15,822	40.8
Unrealized gains and losses in other securities	--	--	67	0.2
Translation adjustments	--	--	(0)	(0.0)
Treasury stock *Note 1*	--	--	(8,067)	(20.8)
Total capital	--	--	16,011	41.3
Total Liabilities, Minority Interests and Shareholders' Equity	--	--	38,812	100.0
NET ASSETS				
Paid in capital	4,157	9.1	--	--
Capital surplus	4,032	8.8	--	--
Retained profit	20,283	44.1	--	--
Treasury stock	(9,540)	(20.8)	--	--
Total shareholders' equity	18,932	41.2	--	--
Valuation difference on other marketable securities	6	0.0		
Valuation and differences due to foreign exchange	(2)	0.0	--	--
Translation adjustments	3	0.0	--	--
Warrants for new shares	1	0.0	--	--
Minority interests	366	0.8	--	--
Total net assets	19,303	42.0	--	--
Total liabilities and net assets	45,947	100.0	--	--

Consolidated Statements of Income

Millions of yen

	March 1, 2006 to February 28, 2007	%	March 1, 2005 to February 28, 2006	%
Sales	182,166	100.0	182,649	100.0
Cost of sales	140,228	77.0	139,371	76.3
Gross profit	41,937	23.0	43,278	23.7
Sales general and administrative expenses *Note 1*	30,813	16.9	33,855	18.5
Operating income	11,123	6.1	9,423	5.2
Non-operating income				
Interest received	0		1	
Dividends received	1		0	
Commissions received	7		16	
Other	68		103	
Total non-operating income	79	0.0	120	0.1
Non-operating expenses				
Interest paid	65		31	
New shares issuance expense	7		5	
Addition to reserve for doubtful accounts	37		35	
Cancellation penalties	3		9	
Investment fund valuation loss	--		2	
Other	91		77	
Total non-operating expenses	204	0.1	161	0.1
Ordinary income	10,998	6.0	9,382	5.2
Extraordinary profit				
Gains on sales of fixed assets *Note 2*	--		3	
Gains on sale of investment securities	--		45	
Insurance gains	--		6	
Unrealized profit on installment sales	1,164		--	
Other	--		1	
Total extraordinary profit	1,164	0.6	56	0.0
Extraordinary losses				
Loss on disposal of fixed assets *Note 3*	689		879	
Impairment losses *Note 4*	278		--	
Loss on cancellation of insurance contracts	--		121	
Other	45		--	
Total extraordinary losses	1,013	0.5	1,001	0.6
Income before taxes, etc.	11,149	6.1	8,437	4.6
Income tax, inhabitants tax and enterprise tax	4,880		3,935	
Corporate tax adjustment	(313)		66	
Total taxes	4,566	2.5	4,002	2.2
Minority interests	16	0.0	14	0.0
Net income	**6,566**	**3.6**	**4,421**	**2.4**

Consolidated Statement of Surplus

	Millions of yen
	March 1, 2005 to February 28, 2006
Capital Surplus	
Capital surplus at beginning of period	4,014
Increase in capital surplus	
Issuance of new shares through capital	17
Gains on disposal of treasury stock	--
Total increase in capital surplus	17
Reduction in capital surplus	
Reduction in capital surplus	--
Capital surplus at end of period	4,032
Retained earnings	
Retained earnings at beginning of period	13,668
Increase in retained earnings	
Net income for the period	4,421
Reduction in retained earnings	
Dividends	1,786
Directors' bonuses	94
Losses on disposal of treasury stock	387
Reduction resulting from new consolidation	0
Total increase in retained earnings	2,267
Retained earnings at end of period	15,822

Changes in consolidated shareholders' equity

For the fiscal year ended February 28, 2007

Millions of yen

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

	Valuation and differences due to foreign exchange			Warrants	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						6,566
Acquisition of treasury stock						(2,079)
Disposal of treasury stock						183
Changes to items other than shareholders' equity during the period	(60)	(2)	(63)	1	19	(42)
Total change during the period	(60)	(2)	(63)	1	13	2,939
Balance as of February 28, 2007	6	(2)	3	1	366	19,303

Consolidated Statements of Cash flows

Millions of yen

	March 1, 2006 to February 28, 2007	March 1, 2005 to February 28, 2006
I. Cash flow from operating activities		
Income before taxes, etc.	11,149	8,437
Depreciation	2,352	2,061
Increase (decrease) in reserve for bonuses	(68)	2
Increase (decrease) in allowance for doubtful accounts	(66)	47
Interest and dividends received	(2)	(1)
Interest paid	65	28
New share issuance expenses	7	5
Gain on sale of fixed assets	—	(3)
Loss on disposal of fixed assets	689	879
Impairment losses	278	—
Gain on sale of investment securities	—	(45)
Payment of directors' bonuses	(73)	(94)
(Increase) decrease in accounts receivable	(2,825)	(660)
(Increase) decrease in inventory	108	(17)
Increase (decrease) in accounts payable	444	(1,079)
Increase (decrease) in amount of operating loans	(1,292)	—
Increase (decrease) in accrued consumption tax	(177)	328
Other	(749)	(549)
Subtotal	9,838	9,339
Interest and dividends received	2	1
Interest paid	(65)	(26)
Corporate taxes paid	(3,671)	(4,871)
Cash flow from operating activities	6,103	4,442
II. Cash flow from investing activities		
Proceeds from sale of investment securities	100	212
Payments for acquisition of tangible fixed assets	(3,731)	(3,032)
Proceeds from sale of tangible fixed assets	1	7
Payments for acquisition of intangible fixed assets	(581)	(1,558)
Acquisition of shares of affiliates	(5)	—
Amounts lent	(61)	(492)
Proceeds from repayment of loans	6	577
Increase (decrease) in short-term borrowing	—	(130)
Deposit and guarantee payments	(1,327)	(2,096)
Proceeds from transfer of operations	—	127
Other	(5)	1
Cash flow from investing activities	(5,604)	(6,385)

Consolidated Statements of Cash flows

Millions of yen

	March 1, 2006 to February 28, 2007	March 1, 2005 to February 28, 2006
III. Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	4,190	5,687
Payment of long-term debt	(207)	(340)
Proceeds from long-term borrowings	500	200
Payments for acquisition of treasury stock	(2,079)	(2,974)
Proceeds from disposal of treasury stock	183	209
Payments for issuance of new shares	(7)	(5)
Proceeds from issuance of new shares	—	35
Payment of dividends	(1,608)	(1,786)
Payments of dividends to minority shareholders	(5)	—
Payments from minority shareholders	—	3
Other	13	—
Cash flow from financing activities	978	1,029
IV. Translation difference related to (Decrease) increase in cash and cash equivalents	3	1
V. (Decrease) increase in cash and cash equivalents	1,481	(913)
VI. Cash and cash equivalents at beginning of period	3,374	4,130
VII. Increase in cash and cash equivalents from changes in the scope of consolidation	—	155
VIII. Cash and cash equivalents at end of period	4,855	3,374

Material Items Forming the Basis for the Preparation of the Consolidated Financial Statements for Fiscal Year Ended February 28, 2007

Item	March 1, 2006 – February 28, 2007	March 1, 2005 - February 28, 2006
1.Items relating to the scope of consolidation	(1) Number of consolidated subsidiaries: 9 G Trading Co., Ltd. G One Financial Service Co., Ltd. Gulliver Europe Ltd. Hakobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus., Ltd. Carbross Co., Ltd. TAKEOFF Co., Ltd. G-Trading Rus LLC (Change in scope of consolidation) Of the above TAKEOFF Co., Ltd. has been included in the scope of consolidation following the new acquisition of shares during the fiscal year and G-Trading Rus LLC was established during the fiscal year and included in consolidation. (2) Non-consolidated subsidiaries: Gulliver USA Inc. Reasons for exclusion from consolidation: As at right	1) Number of consolidated subsidiaries: 7 G Trading Co., Ltd. G One Financial Service Co., Ltd. Gulliver Europe Ltd. Hakobo Co., Ltd. SAMURAI MOTORS CO. Ltd. G-Bus., Ltd. Carbross Co., Ltd. (Change in scope of consolidation) Of the above Hakobo Co., Ltd. has been included in the scope of consolidation as its importance to the financial statements has increased. Further, as SAMURAI MOTORS CO. Ltd., G-Bus., Ltd., and Carbross Co., Ltd. were all established in the year 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	There are no non-consolidated subsidiaries or affiliates to which the equity method is applied Non-consolidated subsidiaries and affiliates to which the equity method is not applied: Gulliver USA Inc. UG Powers Co., Ltd. Reasons for not applying the equity method: As at right	There are no non-consolidated subsidiaries and affiliates to which the equity method is applied Non-consolidated subsidiaries and affiliate companies 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.
3. Items relating to the (interim) settlement days of consolidated subsidiaries	Of the consolidated subsidiaries, Gulliver Europe Ltd., SAMURAI MOTORS, TAKEOFF Co., Ltd. and G-Trading Rus LLC have a settlement date (August 31) that differs from the consolidated settlement date (end February). Since the gap between the Consolidated Financial Statements settlement dates for Gulliver Europe Ltd., SAMURAI MOTORS, TAKEOFF Co., Ltd. and G-Trading Rus LLC does not exceed 3 months, consolidation is performed based on the said subsidiary's financial statements. For material transactions occurring between the settlement dates necessary consolidation adjustments are made. Since the settlement date for TAKEOFF Co., Ltd, exceeds 3 months, consolidation is performed based on the said subsidiary's provisional settlement as of the date of the financial report.	Of the consolidated subsidiaries, Gulliver Europe Ltd., SAMURAI MOTORS and TAKEOFF Co., Ltd, have a settlement date (December 31) that differs from the Consolidated Settlement Date (end February). The gap in Gulliver Europe Ltd., SAMURAI MOTORS's 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	1. Marketable securities	1. Marketable securities

and valuation methods for material assets	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 net assets 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	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
(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 for internal use (5 years) has been applied. (iii) Long Term Prepaid Expenses The Straight Line Method is applied
(3) Treatment of deferred assets	Share acquisition expenses Expensed in their entirety at the time of expenditure	-----------
(4) Criteria for recording material reserves	(i) Reserve for Doubtful Accounts To prepare for the losses occurring from bad debts, with respect to general claims the actual bad debt to loan rate is applied. Specific claims, such as those where there are concerns on the probability of recovery, are assessed on an individual basis and estimated unrecoverable amounts are recorded. (ii) Reserve for Bonuses To prepare for the payment of bonuses to employees, amounts are recorded based on the estimated payment amount. (iii) Bonuses for directors As at right	(i) Reserve for Doubtful Accounts As at right (ii) Reserve for Bonuses As at right (iii) Bonuses for directors Amount based on forecasted provisional amount in preparation for payment of bonuses for directors. （Accounting standards related to Bonuses for directors） Effective from the fiscal year ended February 28, 2006, Accounting Standards Board Statement No. 4, “Accounting Standards for Directors’ Bonuses” issued by the Accounting Standards Board on November 29, 2005. The effect of this is a decrease of ¥73 million on each of operating income, ordinary income and net income before adjustment for income taxes.

(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.
(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 Swap 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.
(7) Other material items in the preparation of the 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.
5. Items relating to the valuation of assets and liabilities of consolidated subsidiaries	As at right	The Market Value Method is used for the valuation of all assets and liabilities of consolidated subsidiaries.
6. Items relating to the amortization of the consolidation adjustment account	As at right	Amortization of the consolidation adjustment account is conducted in equal installments over a period of up to 20 years based on a rational assessment of the period over which the benefits of contributory factors will be realized. Further, when the amounts are small, a onetime amortization is conducted in the consolidated financial year.
7. Items relating to the appropriation of profits	------------------	In respect of the appropriation of profits of consolidated subsidiaries the Consolidated Statement of Surplus is based on confirmed profit appropriation during the consolidated fiscal year.
8. Definition of cash in the consolidated statements of cash flow	As at right	Cash on hand, deposits that can be withdrawn as needed, 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.

Changes in Accounting Treatment

March 1, 2006 – February 28, 2007	March 1, 2005 - February 28, 2006
Accounting standards relating to impairment losses on fixed assets As 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. As a result of this change, and in comparison to previous accounting methods, there is a ¥278 million decrease in net income before taxes.	――――――
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 ¥547 million compared to the previous method, and net income before adjustment for income taxes has increased ¥1,711 million.	――――――
Accounting standards relating to presentation of net assets on balance sheets From 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 ¥18,936 million. Following changes to the regulations on financial statements, net assets on the balance sheet have been recorded in accordance with the revised regulations.	
Accounting standards relating to directors' bonuses	――――――
From the fiscal year ending February 28, 2007, the 'Accounting Standard Regarding Directors' Bonuses' (Business Accounting Council, November 11, 2005, Article No. 4) has been applied. As a result of both ordinary income and net income before adjustment for income taxes have each decreased ¥73 million.	

Method of presentation of current assets

March 1, 2006 – February 28, 2007	March 1, 2005 - February 28, 2006
In the previous consolidated fiscal year, ‘operating loans’ were included in ‘other’ among current assets. In this consolidated fiscal year, as these exceed 1% of total assets that are listed separately. At the end of consolidated fiscal year February 28, 2006 ‘operating loans’ were ¥215 million.	――――――

Additional information

March 1, 2006 – February 28, 2007	March 1, 2005 - February 28, 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 ¥126 million and operating income, ordinary income and income before taxes, etc. each decreased by ¥126 million.	――――――

Notes

(Related to the consolidated balance sheets)

February 28, 2007	February 28, 2006
------------------	1 Number of treasury shares held: The number of Gulliver shares held by consolidated companies is as follows: Ordinary shares: 823,000 shares

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

March 1, 2006 – February 28, 2007		March 1, 2005 - February 28, 2006	
1. Principal components of SGA expenses		1. Principal components of SGA expenses	
Advertising	4,619	Advertising	6,300
Contracting fees	1,785	Contracting fees	1,839
Salaries	8,066	Salaries	8,178
Bonuses	1,314	Bonuses	1,641
Transfer to reserve for doubtful accounts	7	Transfer to reserve for doubtful accounts	13
Transfer to reserve for bonuses	448	Transfer to reserve for bonuses	546
Transfer to directors' bonuses	73	Depreciation	2,064
Depreciation	2,352	Rent	3,540
Rent	4,405		
2. Components of gains on sales of fixed assets.		2. Components of gains on sales of fixed assets.	
————————		Buildings and structures	--
		Tools & equipment	3
		Vehicles and transportation equipment	--
		Total	3
3. Components of losses on disposal of fixed assets		3. Components of losses on disposal of fixed assets	
Buildings and structures	325	Buildings and structures	699
Tools & equipment	54	Vehicles and transportation	0
Software	108	Tools & equipment	50
Long-term prepaid expenses	0	Construction in progress	51
Restoration expenses	191	Software	80
Other	8	Long-term prepaid expenses	0
Total	689	Total	879

<table>
<tr><th>March 1, 2006 – February 28, 2007</th><th>March 1, 2005 - February 28, 2006</th></tr>
<tr><td>
4 Impairment losses

During the fiscal year ended February 28, 2007, the Group recognized impairment losses on the following group assets

(1) Assets for which impairment losses recorded
<table>
<tr><th>Place</th><th>Usage</th><th>Type</th><th>Amount</th></tr>
<tr><td>Chiyoda-ku, Tokyo</td><td>Other businesses</td><td>Software</td><td>273</td></tr>
<tr><td>Chiyoda-ku, Tokyo</td><td>Other businesses</td><td>Tools & equipment</td><td>4</td></tr>
</table>

(2) Details of recognition of impairment losses
For certain businesses in ‘other businesses’ where the initially expected business has been cancelled or suspended and there is no future use for the asset, impairment losses have been recognized.

(3) Method of grouping assets
According to the Group’s application of accounting for impaired assets, the minimum cash flow generating unit is mainly a store. For unutilized assets, the individual assets are grouped.

(4) Method for calculating recoverable value
The group’s recoverable amount is calculated based on the useful value using estimates of future cash flows.
</td><td></td></tr>
</table>

(Changes to shareholders' equity and other items)

Consolidated fiscal year March 1, 2006 to February 28, 2007

1. Number and types of shares issued (thousands of shares) as of fiscal year ended February 28, 2006

	Number of shares at end of previous fiscal year	Increase	Decrease	Number of shares at end of current fiscal year
Shares outstanding				
Ordinary shares	10,688,800	—	—	10,688,800
Total	10,688,800	—	—	10,688,800
Treasury stock				
Ordinary shares	823	143	58	909
Total	823	143	58	909

(Note) 1. The increase of 143,000 in ordinary shares of treasury stock results form a market purchase authorized by a decision by the board of directors.
2. The 58,000 decrease in ordinary shares of treasury stock is a result of stock options exercised.

2. Information on new share warrants at end of fiscal year ended February 28, 2007 *(Millions of yen)*

Segment	Breakdown of new share warrants	Type of shares received upon exercising new share warrants	Balance at end of fiscal year
Consolidated subsidiary	Stock options as new share warrants	—	1
Total		—	1

3. Items related to dividends

(1) Dividend payments

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (yen)	Date of record	Effective date
May 24, 2006 Regular shareholders' meeting	Ordinary shares	818	83.00	February 28, 2006	May 24, 2006
October 17, 2006 Meeting of the board of directors	Ordinary shares	789	81.00	August 31, 2006	November 14, 2006

(2) Of dividends for which the record date is in the current fiscal year, those for which the effective date is in the following fiscal year.

Resolution	Type of shares	Total dividends (Millions of yen)	Source of capital	Dividend per share (yen)	Date of record	Effective date
May 23, 2007 Regular shareholders' meeting	Ordinary shares	909	Retained earnings	93.00	February 28, 2007	May 23, 2007

Notes related to the Consolidated Statements of Cash Flows *(Millions of yen)*

<table>
<tr><th>March 1, 2006 – February 28, 2007</th><th>March 1, 2005 - February 28, 2006</th></tr>
<tr><td>1. Balance of cash and cash equivalents and other items at end of term
Cash and deposits account 4,855
Cash and cash equivalents 4,855</td><td>1. Balance of cash and cash equivalents and other items at end of term
Cash and deposits account 3,374
Cash and cash equivalents 3,374

2. Breakdown of major items of increase in assets and liabilities resulting from business transfer

Brain Trust Co., Ltd.（January 31, 2006）
Current assets 158
Fixed assets 49
Total assets 208
Current liabilities 138
Fixed liabilities 56
Total liabilities 195

Consideration upon transfer of business (unpaid） 13</td></tr>
</table>

4. Segment Information

Segment information by business type

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

Millions of yen

	Trading of used cars	Other business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	173, 289	8,876	182,166	--	182,166
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	173, 289	8,876	182,166	--	182,166
Operating expenses	158,288	7,518	165,807	5,235	171,042
Operating income	15,001	1,357	16,358	(5,235)	11,123
Assets, Depreciation, Impairment losses and Capital Expenditure					
Assets	31,221	12,821	44,043	1,904	45,947
Depreciation	1,395	396	1,792	559	2,352
Impairment losses	--	278	278	--	278
Capital expenditure	2,562	191	2,754	323	3,078

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

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

Millions of yen

	Previous fiscal year	**Current fiscal year**	**Principal content**
Amount of operating expense which cannot be allocated	5,235	3,696	Expenses relating to head office administration at the parent company
Amount of assets included in “Eliminations or Total Company” item	1,904	10,184	Expenses related to management of surplus funds and head office administration at the parent company.

Segment information by geographical location

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

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					
Sales to external customers	173, 648	9,001	182,649	--	182,649
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
Assets	24,411	4,187	28,628	10,184	38,812
Depreciation	1,127	235	1,363	701	2,064
Capital expenditure	2,546	416	2,963	2,595	5,558

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, 2004 to February 28, 2005	**March 1, 2005 to February 28, 2006**	**Principal content**
Amount of operating expense which cannot be allocated	3,860	3,696	Expenses relating to head office administration at the parent company
Amount of assets included in "Eliminations or Total Company" item	7,879	10,184	Expenses related to management of surplus funds and head office administration at the parent company.