Gulliver International Co., Ltd.

Consolidated Results

Third Quarter of the Fiscal Year Ending February 28, 2011

(Nine-month period ended November 30, 2010)

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, 2011

January 11, 2011

Gulliver International Co., Ltd.
Stock Code: 7599
http://www.glv.co.jp/
Chairman: Kenichi Hatori
Listed exchanges: Tokyo (1st Section)
Inquiries: Executive director: Yukihiro Yoshida
Telephone: +81 3 5208-5503
Scheduled date for the submission of the financial report: January 14, 2011
Scheduled date for distribution of dividends:－

1. Consolidated financial results for the Nine-month period ended November 30, 2010

1) Consolidated operating results

Millions of yen, rounded down

	Nine months ended November 30, 2010		Nine months ended November 30 2009	
		(% change)		(% change)
Sales	108,666	(6.6)	116,309	--
Operating income	6,008	(13.3)	6,927	--
Ordinary income	5,857	(11.9)	6,650	--
Net income	5,175	71.4	3,019	--
Earnings per share (¥)	¥561.97	--	¥331.94	--
Fully diluted earnings per share (¥)	¥561.70	--	--	--

Note: 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, 2010	As of February 28, 2010
Total assets	58,716	67,948
Net assets	24,925	16,393
Shareholders' equity ratio (%)	42.4%	24.1%
Shareholders' equity per share (¥)	¥2,458.36	¥1,794.18

Shareholders' equity: As of November 30, 2010: ¥24,919 million
As of February 28, 2010: ¥16,393 million

2. Dividends

Millions of yen, rounded down

	Fiscal year ended February 28, 2010	Fiscal year ending February 28, 2011	Fiscal year ending February 28, 2011 (Forecast)
Interim dividend per share (¥)	38.00	31.00	--
Year-end dividend per share (¥)	38.00	--	31.00
Annual dividend per share (¥)	76.00		62.00

Changes to the dividend forecast during the period: None

3. Consolidated financial forecasts for the fiscal year ending February 28, 2011(March 1, 2010 to February 28, 2011)

Millions of yen, rounded down

	FY ending February 28, 2011	
Sales	137,000	(8.0)
Operating income	6,000	13.6
Ordinary income	5,900	17.8
Net Income	4,700	--
Earnings per share (¥)	¥514.40	--

Notes: *Percentage figures for sales, operating income, etc. represent changes compared to the comparable period of the previous fiscal year.*
Changes to the consolidated financial forecast during the period: None

4. Other

1) Transfer of important subsidiaries during the period :No

2) Utilization of simplified method of accounting: Yes

3) Changes in accounting methods, procedures and presentation in the making of these financial statements (key items mentioned in Significant Items for the Preparation of Consolidated Financial Statements):

1. Changes following revisions to accounting standards: No
2. Other changes: Yes

4) Number of shares outstanding (ordinary shares)

1. Number of shares outstanding (including treasury shares):
   As of November 30, 2010: 10,688,800
   As of February 28, 2010: 10,688,800
2. Number of treasury shares:
   As of November 30, 2010: 551,955
   As of February 28, 2010: 1,551,926
3. Average number of shares during the period:
   Nine months ended November 30, 2010: 9,209,589
   Nine months ended November 30, 2009: 9,097,067

Notice regarding the appropriate use of the financial forecasts and other items

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.

1. Operating results

(1) Outline of consolidated operating results

Net sales for the first nine months of the consolidated fiscal year ending February 28, 2011 decreased 6.6% compared to the same period of the previous fiscal year. This was primarily the result of the reduction of Gulliver's financing business (due to other credit companies handling the majority of auto loans for used cars, initiated by Gulliver at the retail point of sale, since May 2010, and the removal of G-One Credit Services Co., Ltd. following the transfer of all outstanding shares), and a decline in cars traded at consolidated subsidiary G-Trading Co., Ltd.

Further, the gross profit margin declined in comparison to the previous fiscal year as a result of a decrease in highly profitable retail sales to regular consumers due to the effects of the eco-car subsidy system.

Sales, general and administrative expenses decreased compared to the interim period of the previous fiscal year due to streamlining of advertising expenses. An extraordinary gain of ¥1,157 million was recorded due to the profit generated from the transfer of G-One Credit Services Co., Ltd. shares.

Meanwhile, extraordinary losses of ¥1,739 million were recorded. Primary factors included expenses of ¥451 million recorded for provision for loses at affiliates arising from the reduction of G-Rental Co., Ltd. business (construction machinery rentals), a subsidiary of consolidated subsidiary G-Trading Co., Ltd., and ¥1,024 million in losses on business reorganization, including an ¥881 million expense following the withdrawal from a construction machinery business in Russia run by G-Trading Rus. LLC, a subsidiary of G-Trading Co., Ltd.

Corporate tax was reduced, mainly due to the following reasons. Upon the transfer of all outstanding shares of G-One Credit Services Co., Ltd., to SBI Holdings, Inc., losses recorded in previous fiscal years were for tax purposes offset by the extraordinary gain that occurred in the current period, while losses carried forward with respect to G-One Financial Services Co., Ltd., were included in taxable income for the current period. Furthermore, in August 2010, Gulliver International sold all outstanding shares of G-Trading Co., Ltd. to G-One Credit Services Co., Ltd. As a result of this transaction, the provisions recorded in previous fiscal years in respect of G-Trading Co., Ltd., were recognized as losses for tax purposes.

As a result of the factors noted above, and compared to the nine-month period of the previous fiscal year, consolidated net sales decreased 6.6% to ¥108,666 million, operating income decreased by 13.3% to ¥6,008 million, ordinary income decreased 11.9% to ¥5,857 million, while net income for the period was ¥5,175 million, up 71.4%.

Performance by segment

i. Sales of used automobiles

Net sales of used automobiles declined due to a decrease in the number of cars traded at consolidated subsidiary G-Trading Co., Ltd. Other factors leading to a decrease in sales included a decline of retail sales to regular consumers, which are highly profitable, due to effects of the eco-car subsidy system.

Among the stores involved in the sale and purchase of cars, as of November 30, 286 were directly managed Gulliver stores (1 more than at the end of the same period of the previous fiscal year and 2 less from the end of the previous fiscal year).

As a result of the above factors, consolidated net sales for the segment were ¥101,194 million, ¥6,135 million (5.7%) lower than in the third quarter of the previous fiscal year, and operating income decreased ¥1,850 million (23.4%), to ¥6,073 million.

ii. Financing business

Net sales from the financing business declined due to other credit companies handling the majority of auto loans for used cars, initiated by Gulliver at the retail point of sale, since May 2010, and the transfer of all outstanding shares in G-One Credit Services Co., Ltd.

The transfer of all outstanding shares in G-One Credit Services Co., Ltd. resulted in a reduction in selling expenses and general administrative expenses, while revenues from auto loans signed in previous fiscal years were recorded in the period under review, resulting in an increase in operating income.

Further, in line with the reduction in the number of loans, and the transfer of all outstanding shares in G-One Credit Services Co., Ltd., accounts receivable for the financing business decreased 47.1%, or ¥12,369 million, to ¥13,901 million compared to the end of the previous fiscal year.

Due to the above factors, consolidated net sales for the segment decreased 34.2%, or ¥2,099 million compared to the third quarter of the previous fiscal year to ¥4,039 million, while operating income increased 66.0%, or ¥499 million, to ¥1,256 million.

iii. Other businesses

As of November 30, 2010, the number of Gulliver franchised stores was 133 (6 more than at the end of the same period of the previous fiscal year, and 3 more than at the end of the previous fiscal year).

Operating income and revenues from consolidated subsidiary Hucobo Co., Ltd., a transport company, also decreased due to a decrease in the number of car orders and other factors.

As a result, consolidated net sales from Gulliver franchised stores decreased 6.6%, or ¥489 million to ¥6,887 million, and operating income decreased 11.0%, or ¥182 million, to ¥1,476 million.

(2) Financial position

Consolidated financial position and related analysis

Assets, liabilities and shareholders' equity

Note: Comparisons represent changes compared to the end of the previous fiscal year.

Assets

Total assets at the end of the period under review decreased 13.6% to ¥58,716 million.

Current assets decreased 31.8% to ¥34,223 million mainly due to a decrease in accounts receivable and inventories held for the purpose of sales.

Fixed assets increased 37.8% to ¥24,493 million as a result of an increase of long-term loans receivable, due to the simultaneous execution of loans along with the transfer of all outstanding shares in G-One Credit Services Co., Ltd.

Liabilities

Total liabilities at the end of the period under review decreased 34.5% to ¥33,791 million.

Current liabilities decreased 57.2% to ¥17,779 million due to the repayment of short-term borrowings and other factors.

Long-term liabilities increased 60.6% to ¥16,012 million due an increase in long-term lending and other factors.

Net assets

Total net assets at the end of the period under review increased 52.0% to ¥24,925 million due to an increase in retained profit following the recording of net income for the period. The equity ratio increased 18.3% to 42.4%.

Outlook for the fiscal year ending February 28, 2011

There have been no changes made to the full-year consolidated results forecasts as announced in the Consolidated Results, Second Quarter of the Fiscal Year Ending February 28, 2011 that was issued on October 8, 2010.

2. Other

(1) Transfer of important subsidiaries

Consolidated subsidiary G-One Credit Services Co., Ltd., has been removed from the scope of consolidation due to the transfer of all outstanding shares. Further, because the date of sale of all shares was June 1, 2010, the company is included in the consolidated statements of income and the consolidated statements of cash flow for the period between March 1 and May 31, 2010.

(2) Simple accounting procedures and specific accounting procedures

(1) Simple accounting methods

・Calculation methods for estimating loss on ordinary loans

Since there have been no significant change to the loan loss ratio and others calculated at the end of the previous consolidated fiscal year, these figures were used for the basis of calculations for the estimated loan loss and others at the end of the period under review.

・Calculation methods for depreciation allowance of fixed assets

For assets to which the declining balance method is applied, depreciation allowance is calculated by the amount distributed proportionally for that consolidated fiscal year.

・Evaluation of inventory assets

Calculations for inventory assets at the end of the interim period are based on a combination of a reduction of actual inventories and the actual inventory at the end of the previous consolidated fiscal year. Regarding the reduction in the book value of inventory assets, in respect of only those items where the decline in profitability is clear, we have estimated the net sale price and reduced the book value accordingly.

・Calculation methods for corporate and other taxes and deferred tax assets and liabilities

The calculation for corporate and other tax payments is limited to important increases or decreases and tax credit items. In cases where there have been significant change in the operating environment, etc., since the end of the previous consolidated fiscal year or other significant temporary changes, the results forecasts and tax planning used at the end of the previous consolidated fiscal year, including adjustments for the said significant changes, are used as the calculation method for evaluating the possibility of recovering deferred tax assets.

・Mutual debt and loans and elimination transactions among consolidated subsidiaries

In cases where the differences in amounts of the aforementioned credit and liabilities are clear, when the differences are within a reasonable scope, the amounts are not adjusted and the credit and liabilities are eliminated. When there are immaterial differences in transaction amounts, eliminations are made using methods such as matching the amount to that of the parent company.

(2) Utilization of special accounting methods

No applicable items

(3) Accounting principles, procedures and presentation

Accounting methods for auto loan revenues

Previously, accounting methods used by consolidated subsidiary G-One Financial Services Co., Ltd., a financial services company, and consolidated subsidiary G-One Credit Services Co., Ltd., recorded revenues such as interest from unexpired periods during the contractual period. With regards to other parts of the contract, unobtainable income from full repayment before maturity or payment in subrogation were excluded and revenues from auto loan contracts were recorded as a lump sum. However, as of the current consolidated fiscal year, we have changed our accounting methods to record revenue based on the contract period and will no longer recognize such revenue as a lump-sum amount, and the respective expenses represented by commission payments are now also recorded based on the contract period.

In line with the above change, operating loans have been transferred to a trust subsidiary and trust beneficiary rights and shares issued and have been sold as collateralized assets. However, when these securitized assets are sold, the part of the assets that were sold at book value and the parts that we continue to hold are each valued at fair value and the accounting methods used have been changed to recognize the difference between the gains/losses on securitization and the book value allotted to assets sold.

As a result, accounting methods differ for the previous and current consolidated first quarter and interim periods. If the method currently used had been used in the second quarter period of the previous fiscal year, net sales and gross profit would each have been recorded as ¥302 million higher, and operating income, ordinary income, and net income before taxes would each have been recorded as ¥289 million higher. While if the method currently used had been used in the interim period of the previous fiscal year net sales and gross profit would each have been ¥808 million higher, and operating income, ordinary income, and net income before taxes would have been ¥773 million higher.

(4) Important events relating to the premise of a going concern

No applicable items

Consolidated Balance Sheets

Millions of yen

	As of November 30, 2010	As of February 28, 2010
Assets		
Current assets		
Cash and deposits	9,713	3,613
Trade notes and accounts receivable	16,140	30,287
Products	4,716	10,351
Operating loans	1,442	2,045
Deferred tax assets	1,296	942
Other	1,580	4,340
Allowance for doubtful accounts	(666)	(1,400)
Total current assets	34,223	50,179
Fixed assets		
Tangible fixed assets		
Buildings and structures	10,443	10,343
Depreciation	(3,624)	(3,356)
Buildings and structures (net)	6,818	6,986
Vehicles and transportation	579	336
Depreciation	(254)	(58)
Vehicles and transportation (net)	325	278
Tools, fixtures and equipment	2,454	2,686
Depreciation	(1,872)	(1,722)
Tools, fixtures and equipment (net)	581	964
Land	218	218
Construction in progress	49	270
Total tangible fixed assets	7,993	8,717
Intangible fixed assets		
Goodwill	32	48
Software	945	1,532
Other	17	18
Total intangible fixed assets	995	1,599
Investments and other assets		
Investment securities	14	14
Shares in affiliate companies	811	859
Long-term loans receivable	9,140	328
Deposits and guarantee money	2,922	3,055
Construction cooperation fund	2,871	2,955
Deferred tax assets	122	367
Others	382	525
Allowance for doubtful accounts	(760)	(654)
Total investments and other assets	15,504	7,452
Total fixed assets	24,493	17,769
Total Assets	58,716	67,948

Consolidated Balance Sheets

Millions of yen

	As of November 30, 2010	As of February 28, 2010
Liabilities		
Current liabilities		
Accounts payable	2,248	4,230
Short-term borrowing	6,546	26,159
Accrued expenses	2,314	3,032
Accrued corporate taxes	272	1,528
Deposits received	230	249
Reserve for bonuses	83	570
Reserve for product warranty	1,239	797
Reserve for loss on business liquidation	124	--
Others	4,718	5,020
Total current liabilities	17,779	41,587
Long-term liabilities		
Long-term borrowing	14,250	8,516
Long-term guarantee deposits received	824	877
Reserve for directors' retirement benefit	437	405
Negative goodwill	--	101
Reserve for loss on restructuring of affiliated company	492	57
Other	7	9
Total long-term liabilities	16,012	9,967
Total liabilities	33,791	51,555
Net assets		
Shareholders' equity		
Paid-in capital	4,157	4,157
Capital surplus	4,032	4,032
Retained profit	20,118	18,798
Treasury stock	(3,975)	(11,178)
Total shareholders' equity	24,332	15,810
Valuation difference on other marketable securities		
Translation adjustments	587	583
Total appraisal and translation differences	587	583
Share warrant	5	--
Total net assets	24,925	16,393
Total liabilities and net assets	58,716	67,948

Consolidated Statements of Income

Millions of yen

	March 1, 2010 to November 30, 2010	March 1, 2009 to November 30, 2009
Sales	108,666	116,309
Cost of sales	81,098	83,558
Gross profit	27,568	32,751
Sales general and administrative expenses	21,559	25,824
Operating income	6,008	6,927
Non-operating income		
Interest received	76	6
Commissions received	10	8
Amortization of negative goodwill	9	28
Other	22	84
Total non-operating income	119	126
Non-operating expenses		
Interest paid	129	104
Exchange related loss	94	266
Other	46	32
Total non-operating expenses	270	403
Ordinary income	5,857	6,650
Extraordinary profit		
Gains from cancellation in the previous term	--	73
Gain on sales of investment securities	--	66
Reversal of allowance for doubtful accounts	20	18
Gain on sales of Stocks of affiliated companies	1,157	--
Others	49	41
Total extraordinary profit	1,227	200
Extraordinary losses		
Loss from cancellation in the previous term	--	381
Loss on disposal of fixed assets	231	660
Provision for loss on business of subsidiaries and affiliates	451	--
Loss from restructuring of operations	1,024	72
Others	31	78
Total extraordinary loss	1,739	1,192
Net income before taxes, etc	5,344	5,658
Income tax, inhabitants tax and enterprise tax	236	2,975
Corporate tax adjustment	(67)	(340)
Total corporate taxes	169	2,635
Gain from minority interests	--	3
Net income	5,175	3,019

Consolidated Statements of Income

Millions of yen

	September 1, 2010 to November 30, 2010	September 1, 2009 to November 30, 2009
Sales	35,797	40,505
Cost of sales	26,443	30,127
Gross profit	9,353	10,377
Sales general and administrative expenses	7,045	8,710
Operating income	2,308	1,667
Non-operating income		
Interest received	35	1
Commissions received	1	1
Amortization of negative goodwill	--	9
Other	3	18
Total non-operating income	41	31
Non-operating expenses		
Interest paid	49	30
Exchange related loss	32	29
Other	1	12
Total non-operating expenses	83	71
Ordinary income	2,265	1,627
Extraordinary profit		
Gains from cancellation in the previous term	--	39
Gain on sales of investment securities	--	44
Reversal of allowance for doubtful accounts	20	3
Gain on sales of Stocks of affiliated companies	--	--
Others	22	15
Total extraordinary profit	43	102
Extraordinary losses		
Loss from cancellation in the previous term	--	46
Loss on disposal of fixed assets	64	188
Provision of allowance for bad debts	(57)	--
Provision for loss on business of subsidiaries and affiliates	(40)	--
Loss from restructuring of operations	(8)	6
Others	7	28
Total extraordinary loss	(35)	269
Net income before taxes, etc	2,344	1,459
Income tax, inhabitants tax and enterprise tax	154	855
Corporate tax adjustment	753	(145)
Total corporate taxes	907	710
Gain from minority interests	--	0
Net income	1,436	748

Consolidated Statements of Cash flows

Millions of yen

	March 1, 2010 to November 30, 2010	March 1, 2009 to November 30, 2009
I. Cash flow from operating activities		
Income before taxes, etc.	5,344	5,658
Depreciation	906	1,264
Amortization of goodwill	15	20
Amortization of negative goodwill	(9)	(28)
Increase (decrease) in allowance for doubtful accounts	(209)	162
Increase (decrease) in reserve for bonuses	(451)	(472)
Increase (decrease) in reserve for directors' retirement benefit	31	29
Increase (decrease) in reserve for product warranty	502	139
Interest and dividends received	(76)	(6)
Interest paid	129	104
Gain (loss) on foreign exchange	65	266
Loss on disposal of fixed assets	231	660
Loss (gain) on sales of stocks of subsidiaries and affiliates	(1,157)	--
Loss on liquidation of business	423	--
(Increase) decrease in accounts receivable	4,227	(10,130)
(Increase) decrease in inventory assets	5,648	(346)
(Increase) decrease in operating loans	603	127
Increase (decrease) in accrued consumption tax	283	120
Increase (decrease) in accounts payable	(1,724)	254
Increase (decrease) in accrued expenses	882	792
Other	(489)	1,433
Subtotal	15,178	48
Interest and dividends received	77	5
Interest paid	(129)	(99)
Corporate taxes paid	(1,213)	(1,669)
Cash flow from operating activities	13,912	(1,713)
II. Cash flow from investing activities		
Payments for acquisition of tangible fixed assets	(934)	(537)
Payments for acquisition of intangible fixed assets	(366)	(726)
Purchase of investment securities	--	(14)
Proceeds from sales of investment securities	--	167
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(109)	--
Payments of loans receivable	(949)	--
Collection of loans receivable	4,942	--
Payments for deposits and guarantee	(64)	(63)
Proceeds from repayment of deposits and guarantee	56	138
Payments for construction cooperation fund	(95)	(179)
Proceeds from repayment of construction cooperation fund	168	159
Other	13	16
Cash flow from investing activities	2,661	(1,039)
III. Cash flow from financing activities		
Net increase (decrease) in short term borrowings	(24,499)	383
Proceeds from long-term loans	11,000	5,000
Repayment of long-term loans	(379)	(3,929)
Proceeds from sales of treasury stock	4,038	--
Cash dividends paid	(617)	(332)
Other	(0)	0
Cash flow from financing activities	(10,458)	1,121
IV. Cash and cash equivalents currency translation differences	(15)	0
V. (Decrease) increase in cash and cash equivalents	6,099	(1,630)
VI. Cash and cash equivalents at beginning of period	3,586	4,215
VII. Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	--	(761)
VIII. Cash and cash equivalents at end of period	9,686	1,823

4. Assumptions related to going concern

No applicable items

5. Segment Information

Segment information by business type

Third quarter of the fiscal year ended February 28, 2010 (March 1, 2009 to November 30, 2009) *Millions of yen*

	Used car sale	Financial business	Other businesses	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	105,948	5,034	5,325	116,309	--	116,309
(2) Inter-segmental sales or transfers	1,380	1,104	2,050	4,535	(4,535)	--
Total	107,329	6,139	7,376	120,845	(4,535)	116,309
Operating income	7,924	757	1,658	10,340	(3,412)	6,927

Third quarter of the fiscal year ending February 28, 2011 (March 1, 2010 to November 30, 2010) *Millions of yen*

	Used car sale	Financial business	Other businesses	Total	Elimination/ All company	Consolidated
Sales						
(1) Sales to external customers	100,585	3,079	5,000	108,666	--	108,666
(2) Inter-segmental sales or transfers	608	959	1,886	3,454	(3,454)	--
Total	101,194	4,039	6,887	112,120	(3,454)	108,666
Operating income	6,073	1,256	1,476	8,807	(2,798)	6,008

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 such as through directly operated stores
Financing business	Consolidated subsidiary G-One Financial Services Co., Ltd. provides auto loans and other financing services.
Other businesses	Provision of services for franchises involved in the management of Gulliver, for the sale and purchase of cars, and stores established with graphic sales systems.

Segment information by geographical location

For the Third quarter of the current consolidated fiscal year over 90% of sales were from Japan and therefore segment information by geographical location has been omitted.

Overseas sales

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