



Consolidated Results

First Quarter of the Fiscal Year Ending February 29, 2012

(Three-month period ended May 31, 2011)

Gulliver International Co., Ltd.

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

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

First quarter results for the fiscal year ending February 29, 2012

June 30, 2011

Gulliver International Co., Ltd.

Stock Code: 7599

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

Chairman: Kenichi Hatori

Scheduled date for the submission of the financial report: July 15, 2011

Scheduled date for distribution of dividends: -

Appendix materials prepared to accompany this report: Yes

Investor conference call: None

Listed exchanges: Tokyo (1st Section)

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1. Consolidated financial results for the Three-months period ended May 31, 2011

1) Consolidated operating results

	Three months ended May 31, 2011		Three months ended May 31, 2010	
		(% change)		(% change)
Sales.....	37,141	(9.0)	40,828	8.9
Operating income	2,900	74.7	1,660	(39.2)
Ordinary income	2,903	79.9	1,613	(35.1)
Net income.....	1,529	165.8	575	(38.5)
Earnings per share (¥)	150.90	--	62.98	--
Fully diluted earnings per share (¥)	150.89	--	--	--

Millions of yen, rounded down

2) Financial position (Consolidated)

	As of May 31, 2011		As of February 28, 2011	
	Total assets	59,879		59,856
Net assets.....	25,790		24,891	
Shareholders' equity ratio (%).....	43.1		41.6	
Shareholders' equity per share (¥).....	2,543.23		2,454.79	

Millions of yen, rounded down

Shareholders' equity: As of May 31, 2011: ¥ 25,780 million
As of February 28, 2011: ¥24,883 million

2. Dividends

	Fiscal year ending		
	February 28, 2011	February 29, 2012	February 29, 2012(Forecast)
First Quarter dividend per share (¥)	--	--	--
Interim dividend per share (¥)	31.00	--	52.00
Third Quarter dividend per share (¥).....	--	--	--
Year-end dividend per share (¥)	62.00	--	52.00
Annual dividend per share (¥).....	93.00	--	104.00

Millions of yen, rounded down

Notes: Changes to the dividend forecast during the period: None

3. Consolidated financial forecasts for the fiscal year ending February 29, 2012(March 1, 2011 February 29, 2012)

	Interim period ending August 31, 2011		FY ending February 29, 2012	
		(% change)		(% change)
Sales.....	63,800	(12.4)	133,000	(6.4)
Operating income	3,100	(16.2)	6,600	(17.5)
Ordinary income	3,050	(15.1)	6,500	(16.9)
Net Income	1,670	(55.3)	3,500	(31.9)
Earnings per share (¥)	164.75		345.28	

Millions of yen, rounded down

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 (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): Yes

Exclusion: 2 companies: G-Trading Co., Ltd., G-Trading Rus LLC

Note: Indicates transfers of specified subsidiaries resulting in changes in the scope of consolidation during the period under review.

2) Adoption of special accounting procedures in the preparation of these financial statements: Yes

Note: Indicates adoption of simplified accounting methods or special accounting methods for the preparation of the quarterly financial statements.

3) Changes in accounting principles, procedures and presentation in the preparation of these financial statements:

(1) Changes in accordance with revision to accounting standards: Yes

(2) Other changes: none

(3) Changes in accounting estimates: none

(4) Restatement: none

Note: Indicates changes in principles, procedures and methods of presentation of accounting methods in the making of these financial statements.

4) Number of shares outstanding (ordinary shares)

(1). Number of shares outstanding (including treasury shares):

As of May 31, 2011: 10,688,800

As of February 28, 2011: 10,688,800

(2). Number of treasury shares:

As of May 31, 2011: 551,957

As of February 28, 2011: 551,954

(3). Average number of shares during the period:

Three months ended May 31, 2011: 10,136,846

Three months ended May 31, 2010: 9,136,868

Disclosure of status of quarterly report review procedures

This quarterly report is not subject to review under the Financial Instruments and Exchange Law, and at time of disclosure of this quarterly financial report the review procedures for quarterly securities reports as stipulated under the Financial Instruments and Exchange Law had not been completed.

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

Amidst an economic environment marked by sluggish consumption stemming from the effects of the Great East Japan Earthquake, the number of cars sold at directly managed Gulliver stores remained on par with the same period of the previous fiscal year, however retail sales have declined. Meanwhile, profitability for the period has improved and continues to remain steady compared to a significant decline in profitability in the previous fiscal year from the effects of the eco-car subsidy system. Sales, general and administrative expenses decreased mainly due to the removal of G-One Credit Services Co., Ltd. from the scope of consolidation during the period due to the transfer outstanding shares. G-One Credit Services Co., Ltd. had been made a consolidated subsidiary in the first quarter of the previous fiscal year.

The number of directly managed Gulliver stores as of May 31, 2011 was 284 (4 less than at the end of the same period of the previous fiscal year and 2 less than at the end of the previous fiscal year), and the number of affiliate stores was 132 (2 more than the at the end of the same period of the previous fiscal year, and 3 less than at the end of the previous fiscal year).

Operating income at consolidated subsidiary G-One Financial Services Co., Ltd. declined ¥193 million to ¥273 million. Accounts receivable at the end of the period under review were ¥12,554 million, a decrease of ¥632 million compared to the end of the previous fiscal year.

An extraordinary loss of ¥332 million was recorded due to the adoption of Accounting Standards for Asset Retirement Obligations (ASB statement No. 18, March 31 2008) and Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008). The loss recorded due to the adoption of accounting standards for asset retirement obligations was already accounted for in the forecast for the current fiscal year. Further, an extraordinary loss of ¥100 million was recorded for damages relating to the Great East Japan Earthquake.

As a result of the factors noted above, and compared to the same period of the previous fiscal year, consolidated net sales decreased 9.0% to ¥37,141 million, operating income increased by 74.7% to ¥2,900 million, ordinary income increased 79.9% to ¥2,903 million, while net income for the period was ¥1,529 million, up 165.8% and as a result, the Company recorded higher earnings on lower revenues.

(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 increased 0.0% to ¥59,879 million.

Current assets decreased 0.7% to ¥36,066 million due to a decrease in products.

Fixed assets increased 1.3% to ¥23,812 million due to the adoption of accounting standards for asset retirement obligations.

Liabilities

Total liabilities at the end of the period under review decreased 2.5% to ¥34,089 million.

Current liabilities decreased 7.4% to ¥21,029 million, mainly due to a decrease in accounts payable.

Long-term liabilities increased 6.5% to ¥13,059 million primarily due to the adoption of accounting standards for asset retirement obligations.

Net assets

Total net assets at the end of the period under review increased 3.6% to ¥25,790 million due to an increase in retained profit following the recording of net income for the period.

(3) Outlook for the fiscal year ending February 29, 2012

There have been no changes made to the full-year consolidated results forecasts included in Financial Results Fiscal 2011 (March 1, 2010 to February 28, 2011) issued April 8, 2011.

2. Other information

Outline of changes to accounting procedures, principles and presentation

(1) Adoption of Accounting Standards for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method.

As of the period under review Accounting Standards for Equity Method of Accounting for Investments (ASBJ Statement No.16, March 10, 2008) and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24, March 10, 2008) have been adopted. This will have no effect on operating income, ordinary income, or net income before taxes.

(2) Adoption of Accounting Standards for Asset Retirement Obligations

As of the period under review Accounting Standards for Asset Retirement Obligations (ASB statement No. 18, March 31 2008) and Guidance on Accounting Standards for Asset Retirement Obligations (ASBJ Guidance No. 21 March 31, 2008) have been adopted. The resulting effect on operating income and ordinary income is minimal, and net income before taxes is ¥344 million lower. The effect on asset retirement liabilities following the adoption of these standards is ¥781 million.

Consolidated Balance Sheets

	<i>Millions of yen</i>	
	As of May 31, 2011	As of February 28, 2011
Assets		
Current assets		
Cash and deposits.....	13,304	8,896
Trade notes and accounts receivable	14,173	16,979
Products	4,677	7,004
Short-term loans receivable	1,047	1,234
Deferred tax assets.....	1,402	1,151
Other.....	1,550	1,625
Allowance for doubtful accounts	(90)	(552)
Total current assets.....	36,066	36,338
Fixed assets		
Tangible fixed assets		
Buildings and structures	10,586	10,133
Depreciation	(3,809)	(3,670)
Buildings and structures (net)	6,776	6,462
Vehicles and transportation	426	557
Depreciation.....	(180)	(290)
Vehicles and transportation (net).....	246	267
Tools, fixtures and equipment.....	2,302	2,309
Depreciation	(1,860)	(1,836)
Tools, fixtures and equipment (net)	442	472
Land.....	218	218
Construction in progress	174	13
Total tangible fixed assets	7,858	7,434
Intangible fixed assets		
Goodwill	21	27
Software	866	909
Other.....	16	17
Total intangible fixed assets	904	954
Investments and other assets		
Investment securities	14	14
Shares in affiliate companies	803	805
Long-term loans receivable	8,421	8,983
Deposits and guarantee money	2,914	2,926
Construction cooperation fund	2,790	2,814
Deferred tax assets.....	560	433
Others.....	234	251
Allowance for doubtful accounts	(689)	(1,101)
Total investments and other assets.....	15,050	15,128
Total fixed assets.....	23,812	23,517
Total Assets	59,879	59,856

Consolidated Balance Sheets

	<i>Millions of yen</i>	
	As of May 31, 2011	As of February 28, 2011
Liabilities		
Current liabilities		
Accounts payable	2,383	3,806
Short-term borrowing	8,516	8,517
Accrued expenses	2,217	2,278
Accrued corporate taxes	1,347	918
Deposits received	254	416
Reserve for bonuses	38	496
Reserve for product warranty	1,473	1,336
Provision for loss on business liquidation	498	1,016
Others	4,299	3,912
Total current liabilities	21,029	22,698
Long-term liabilities		
Long-term borrowing	11,000	11,000
Long-term guarantee deposits received .	819	816
Reserve for directors' retirement benefit	451	442
Asset retirement obligations	784	--
Other	3	6
Total long-term liabilities	13,059	12,265
Total liabilities	34,089	34,964
Net assets		
Shareholders' equity		
Paid-in capital	4,157	4,157
Capital surplus	4,032	4,032
Retained profit	21,516	20,083
Treasury stock	(3,975)	(3,975)
Total shareholders' equity	25,730	24,297
Valuation difference on other marketable securities		
Translation adjustments	50	586
Total appraisal and translation differences	50	586
Subscription rights to shares	10	7
Total net assets	25,790	24,891
Total liabilities and net assets	59,879	59,856

Consolidated Statements of Income

	March 1, 2010 to May 31, 2010	March 1, 2011 to May 31, 2011
<i>Millions of yen</i>		
Sales	40,828	37,141
Cost of sales	31,509	27,739
Gross profit	9,319	9,402
Sales general and administrative expenses	7,658	6,502
Operating income	1,660	2,900
Non-operating income		
Interest received	3	34
Commissions received	6	--
Amortization of negative goodwill	9	--
Foreign exchange gains	--	6
Other	5	15
Total non-operating income	24	56
Non-operating expenses		
Interest paid	40	46
Exchange related loss	3	--
Other	27	6
Total non-operating expenses	70	53
Ordinary income	1,613	2,903
Extraordinary profit		
Reversal of allowance for doubtful accounts	--	25
Others	9	1
Total extraordinary profit	9	27
Extraordinary losses		
Loss on disposal of fixed assets	107	6
provision of allowance for bad debts	12	--
Loss on disaster	--	100
Loss on adjustment for changes of accounting standard for asset retirement obligations	--	332
Others	4	26
Total extraordinary loss	125	466
Net income before taxes, etc.	1,498	2,463
Income tax, inhabitants tax and enterprise tax	940	1,311
Corporate tax adjustment	(17)	(377)
Total corporate taxes	922	934
Gain from minority interests	--	1,529
Minority interests in income	--	--
Net income	575	1,529

Consolidated Statements of Cash flows

	<i>Millions of yen</i>	
	March 1, 2010 to May 31, 2010	March 1, 2011 to May 31, 2011
I. Cash flow from operating activities		
Income before taxes, etc.	1,498	2,463
Depreciation	317	273
Amortization of goodwill	5	5
Amortization of negative goodwill.....	(9)	--
Increase (decrease) in allowance for doubtful accounts	10	(19)
Increase (decrease) in reserve for bonuses.....	(531)	(455)
Increase (decrease) in reserve for directors' retirement benefit.....	15	8
Increase in reserve for product warranty	217	136
Interest and dividends received.....	(3)	(34)
Interest paid.....	40	46
Gain (loss) on foreign exchange	(2)	(6)
Loss on disposal of fixed assets.....	107	6
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	--	332
(Increase) decrease in accounts receivable.....	(250)	1,837
(Increase) decrease in inventory assets.....	4,966	2,294
(Increase) decrease in operating loans	119	186
Increase (decrease) in accrued consumption tax.....	260	(91)
Increase (decrease) in accounts payable.....	(1,140)	(1,403)
Increase (decrease) in accrued expenses	993	997
Other	1,899	(433)
Subtotal	8,515	6,147
Interest and dividends received.....	2	33
Interest paid.....	(35)	(46)
Corporate taxes paid.....	(1,454)	(834)
Cash flow from operating activities	7,028	5,299
II. Cash flow from investing activities		
Payments for acquisition of tangible fixed assets.....	(421)	(217)
Payments for acquisition of intangible fixed assets.....	(218)	(88)
Amounts lent	(80)	(52)
Proceeds from repayment of loans	18	131
Payments for deposits and guarantee.....	(35)	(45)
Proceeds from repayment of deposits and guarantee	27	19
Payments for construction cooperation fund	(51)	(30)
Collection of construction assistance fund receivables	--	55
Other	54	7
Cash flow from investing activities.....	(708)	(221)
III. Cash flow from financing activities		
Net increase (decrease) in short term borrowings	(6,392)	--
Repayment of long-term loans	(37)	--
Payments for purchases of treasury stock	(0)	(0)
Payment of dividends	(317)	(581)
Cash flow from financing activities.....	(6,748)	(581)
IV. Cash and cash equivalents currency translation		
Differences.....	(2)	0
V. (Decrease) increase in cash and cash equivalents	(430)	4,497
VI. Cash and cash equivalents at beginning of period.....	3,586	8,869
VII. Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation.....	--	(89)
VIII. Cash and cash equivalents at end of period.....	3,156	13,277

Segment information

Segment information has been omitted since Gulliver Group only conducts the sales of used automobiles and related business, which together comprise a single segment.

(Additional information)

As of the first quarter of the current fiscal year, the Accounting Standards for Disclosure about Segments of an Enterprise and Related Information (ASBJ statement No. 17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008) have been applied. Previously, segment information was disclosed in three segments—Sales of used automobiles, Financing business, and Other businesses. However, as a result of a decrease in the significance of the financing business following Group restructuring, and the revisions to the Accounting Standards for Disclosures about Segments of an Enterprise and Related Information, we have decided to consolidate the Group's entire business activity under the segment 'Sales of used automobiles and related businesses'.