



Consolidated Results

Second Quarter of the Fiscal Year Ending February 29, 2012

(Six-months period ended August 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)

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

September 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: October 14, 2011

Scheduled date for distribution of dividends: November 14, 2011

Appendix materials prepared to accompany this report: Yes

Investor conference call: None

Holding of earnings performance review: Yes(for analysts)

Listed exchanges: Tokyo (1st Section)

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1. Consolidated financial results for the Six-months period ended August 31, 2011

1) Consolidated operating results

	Six months ended August 31, 2011		Six months ended August 31, 2010	
		(% change)		(% change)
Sales.....	70,318	(3.5)	72,869	(3.9)
Operating income	4,668	26.2	3,700	(29.7)
Ordinary income	4,670	30.0	3,591	(28.5)
Net income.....	3,009	(19.5)	3,738	64.6
Earnings per share (¥)	296.92	--	409.19	--
Fully diluted earnings per share (¥)	296.88	--	--	--

Millions of yen, rounded down

2) Financial position (Consolidated)

	As of August 31, 2011	As of February 28, 2011
	Total assets	55,654
Net assets.....	27,268	24,891
Shareholders' equity ratio (%).....	49.0	41.6
Shareholders' equity per share (¥).....	2,689.88	2,454.79

Millions of yen, rounded down

Shareholders' equity: As of August 31, 2011: ¥27,266 million
As of February 28, 2011: ¥24,883 million

2. Dividends

	Fiscal year ended February 28, 2011	Fiscal year ending February 29, 2012	Fiscal year ending February 29, 2012(Forecast)
	First Quarter dividend per share (¥).....	--	--
Interim dividend per share (¥).....	31.00	74.00	--
Third Quarter dividend per share (¥).....	--	--	--
Year-end dividend per share (¥)	62.00	--	74.00
Annual dividend per share (¥).....	93.00	--	148.00

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)

	FY ending February 29, 2012	
		(%)
Sales.....	140,000	(1.4)
Operating income	8,000	0.0
Ordinary income	8,000	2.3
Net Income	5,000	(2.7)
Earnings per share (¥)	493.25	

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: None

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

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 August 31, 2011: 10,688,800

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

(2) Number of treasury shares:

As of August 31, 2011: 551,962

As of February 28, 2011: 551,954

(3) Average number of shares during the period:

Six months ended August 31, 2011: 10,136,844

Six months ended August 31, 2010: 9,136,865

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, retail sales through directly managed Gulliver stores declined compared to the interim period of the previous year, however the number of cars purchased have increased. Contributing to the number of cars purchased was our ability to establish well-timed purchase prices in conjunction with used car auction market rate increases from the effects of the Great East Japan Earthquake.

Meanwhile, profitability for the first quarter improved and continues to remain steady in the interim period compared to a significant decline in profitability in the first quarter of the previous fiscal year from the effects of the eco-car subsidy system.

In financing, operating income at consolidated subsidiary G-One Financial Services Co., Ltd. declined ¥364 million to ¥436 million since the previous period due to efforts to downsize the financing business. Accounts receivable in the financing business at the end of the period under review were ¥10,924 million, a decrease of ¥2,261 million compared to the end of the previous interim period. Extraordinary income of ¥779 million was recorded as a reversal of restructuring losses. The reversal concerns a portion of the restructuring losses recorded in fiscal year ended February 28, 2011 for plans to transfer or consolidate head office functions related to making Gulliver a group company, which were reviewed in light of recent power saving and other measures following the Great East Japan Earthquake.

Extraordinary losses were recorded due to the adoption of accounting standards for asset retirement obligations, and damages relating to the Great East Japan Earthquake.

As a result of the factors noted above, and compared to the interim period of the previous fiscal year, consolidated net sales decreased 3.5% to ¥70,318 million, operating income increased by 26.2% to ¥4,668 million, ordinary income increased 30.0% to ¥4,670 million, while net income for the period was ¥3,009 million, down 19.5% 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 decreased 7.0% to ¥55,654 million.

Current assets decreased 12.4% to ¥31,827 million due to a decrease in products.

Fixed assets increased 1.3% to ¥23,826 million due to the adoption of accounting standards for asset retirement obligations.

Liabilities

Total liabilities at the end of the period under review decreased 18.8% to ¥28,385 million.

Current liabilities decreased 24.3% to ¥17,187 million, mainly due to a decrease in accounts payable.

Long-term liabilities decreased 8.7% to ¥11,198 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 9.5% to ¥27,268 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 as announced in the forecast revisions issued on August 18, 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 ¥386 million lower. The effect on asset retirement liabilities following the adoption of these standards is ¥919 million.

Consolidated Balance Sheets

	<i>Millions of yen</i>	
	As of August 31, 2011	As of February 28, 2011
Assets		
Current assets		
Cash and deposits	7,789	8,896
Notes and accounts receivable-trade	12,159	16,979
Short-term investment securities	3,100	--
Merchandise	5,743	7,004
Operating loans	--	1,234
Deferred tax assets	1,279	1,151
Other	1,829	1,625
Allowance for doubtful accounts	-73	-552
Total current assets	31,827	36,338
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,097	10,133
Accumulated depreciation	-4,026	-3,670
Buildings and structures, net	7,071	6,462
Vehicles	412	557
Accumulated depreciation	-183	-290
Vehicles, net	228	267
Tools, furniture and fixtures	2,170	2,309
Accumulated depreciation	-1,754	-1,836
Tools, furniture and fixtures, net	415	472
Land	218	218
Construction in progress	411	13
Total property, plant and equipment	8,345	7,434
Intangible assets		
Goodwill	16	27
Software	861	909
Other	16	17
Total intangible assets	894	954
Investments and other assets		
Investment securities	14	14
Stocks of subsidiaries and affiliates	799	805
Long-term loans receivable	8,282	8,983
Lease and guarantee deposits	2,869	2,926
Construction assistance fund	2,761	2,814
Deferred tax assets	263	433
Other	212	251
Allowance for doubtful accounts	-616	-1,101
Total investments and other assets	14,586	15,128
Total noncurrent assets	23,826	23,517
Total assets	55,654	59,856

Consolidated Balance Sheets

	<i>Millions of yen</i>	
	As of August 31, 2011	As of February 28, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	2,153	3,806
Short-term loans payable	5,250	8,517
Accounts payable-other	2,087	2,278
Income taxes payable	2,042	918
Deposits received	206	416
Provision for bonuses	531	496
Provision for merchandise warranties	1,582	1,336
Provision for loss on business	--	1,016
Other	3,332	3,912
Total current liabilities	17,187	22,698
Noncurrent liabilities		
Long-term loans payable	9,000	11,000
Long-term guarantee deposited	802	816
Provision for directors' retirement	460	442
Asset retirement obligations	934	--
Other	0	6
Total noncurrent liabilities	11,198	12,265
Total liabilities	28,385	34,964
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	22,996	20,083
Treasury stock	-3,975	-3,975
Total shareholders' equity	27,210	24,297
Valuation and translation adjustments		
Foreign currency translation	56	586
Total valuation and translation	56	586
Subscription rights to shares	1	7
Total net assets	27,268	24,891
Total liabilities and net assets	55,654	59,856

Consolidated Statements of Income

	March 1, 2010 to August 31, 2010	<i>Millions of yen</i> March 1, 2011 to August 31, 2011
Net sales	72,869	70,318
Cost of sales	54,654	52,582
Gross profit	18,214	17,735
Selling, general and administrative expenses	14,514	13,067
Operating income	3,700	4,668
Non-operating income		
Interest income	41	67
Commission fee	8	--
Amortization of negative goodwill	9	--
Other	18	38
Total non-operating income	77	106
Non-operating expenses		
Interest expenses	79	90
Foreign exchange losses	62	1
Other	44	12
Total non-operating expenses	186	104
Ordinary income	3,591	4,670
Extraordinary income		
Reversal of allowance for doubtful accounts	--	86
Reversal for loss on business liquidation	--	779
Other	26	49
Total extraordinary income	1,183	915
Extraordinary loss		
Loss on disaster	--	106
Provision of allowance for doubtful accounts	57	--
Provision for loss on business of subsidiaries and affiliates	492	--
Loss on liquidation of business	1,033	--
Loss on adjustment for changes of counting standard for asset retirement obligations	--	360
Other	24	28
Total extraordinary losses	1,775	558
Income before income taxes and minority interests	3,000	5,027
Income taxes-current	82	1,975
Income taxes-deferred	-820	41
Total income taxes	-738	2,017
Income before minority interests	--	3,009
Minority interests in income	--	--
Net income	3,738	3,009
Net income	3,738	3,009

Consolidated Statements of Cash flows

	<i>Millions of yen</i>	
	March 1, 2010 to August 31, 2010	March 1, 2011 to August 31, 2011
I .Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,000	5,027
Depreciation and amortization	617	557
Amortization of goodwill	10	10
Amortization of negative goodwill	-9	--
Increase (decrease) in allowance for doubtful accounts	-151	-109
Increase (decrease) in provision for bonuses	33	37
Increase (decrease) in provision for directors' retirement benefits	21	17
Increase (decrease) in provision for product warranties	352	246
Interest and dividends income	-41	-67
Interest expenses	79	90
Foreign exchange losses (gains)	39	1
Loss on retirement of noncurrent assets	167	63
Loss (gain) on sales of stocks of subsidiaries and affiliates	-1,157	--
Reversal of loss on business liquidation	--	-779
Loss on liquidation of business	446	--
Loss on adjustment for changes of accounting standard for asset retirement obligations	--	360
Decrease (increase) in notes and accounts receivable-trade	4,500	4,106
Decrease (increase) in inventories	4,973	1,220
Decrease (increase) in operating loans receivable	376	1,234
Increase (decrease) in accrued consumption taxes	197	-272
Increase (decrease) in notes and accounts payable-trade	-1,618	-1,632
Other, net	-842	-765
Subtotal	10,994	9,347
Interest and dividends income received	40	71
Interest expenses paid	-79	-90
Income taxes paid	-1,210	-871
Net cash provided by (used in) operating activities	9,744	8,456
II .Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-729	-534
Purchase of intangible assets	-314	-171
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-109	--
Purchase of short-term investment securities	--	-3,100
Payments of loans receivable	-128	-57
Collection of loans receivable	3,757	274
Payments for lease and guarantee deposits	-57	-173
Proceeds from collection of lease and guarantee deposits	40	133
Payments of construction assistance fund receivables	-95	-65
Collection of construction assistance fund receivables	109	109
Payments into time deposits	--	-1,900
Other, net	13	1
Net cash provided by (used in) investing activities	2,485	-5,483

Consolidated Statements of Cash flows

	<i>Millions of yen</i>	
	March 1, 2010 to August 31, 2010	March 1, 2011 to August 31, 2011
III. Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-21,499	--
Proceeds from long-term loans payable	11,000	--
Repayment of long-term loans payable	-341	-5,266
Cash dividends paid	-346	-624
Other, net	-0	-0
Net cash provided by (used in) financing activities	-11,188	-5,890
IV. Effect of exchange rate change on cash and cash equivalents	-3	-0
V. Net increase (decrease) in cash and cash equivalents	1,037	-2,917
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	4,624	5,862

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 second 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'.