

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2012 (Based on Japanese GAAP)

October 10, 2012

Company name Gulliver International Co., Ltd.
 Stock exchange listing Tokyo
 Stock Code 7599 URL <http://www.glv.co.jp>
 Representative Chairman Kenichi Hatori
 Inquiries Business Management Division Manager Masayuki Matsumoto TEL 03-5208-5503
 Scheduled date to file Quarterly Securities Report October 15, 2012
 Scheduled date to commence dividend payments November 12, 2012
 Preparation of supplementary material on quarterly earnings yes
 Holding of quarterly earnings performance review yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2012 (from March 1, 2012 to August 31, 2012)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2012	71,299	1.4	1,589	(66.0)	1,718	(63.2)	868	(71.2)
Six months ended August 31, 2011	70,318	(3.5)	4,668	26.2	4,670	30.0	3,009	(19.5)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended August 31, 2012	85.72	85.72
Six months ended August 31, 2011	296.92	296.88

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2012	50,064	27,747	55.4	2,737.06
As of February 29, 2012	54,643	27,292	49.9	2,692.16

2. Cash dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 29, 2012	-	74.00	-	41.00	115.00
Year ending February 28, 2013	-	41.00	-	-	-
Year ending February 28, 2013 (Forecast)	-	-	-	41.00	82.00

3. Forecast for the year ending February 28, 2013 (from March 1, 2012 to February 28, 2013)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	134,000	0.8	5,000	(20.0)	5,000	(20.9)	2,800	(26.0)	276.22

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2012
(changes in specified subsidiaries resulting in the change in scope of consolidation): no
- (2) Application of special accounting for preparing quarterly consolidated financial statements: yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- Changes in accounting policies due to revisions to accounting standards and other regulations: no
- Changes in accounting policies due to other reasons: no
- Changes in accounting estimates: no
- Restatement of prior period financial statements after error corrections: no

(4) Number of issued shares

Total number of issued shares at the end of the period (including treasury stock)

As of August 31, 2012	10,688,800 shares	As of February 29, 2012	10,688,800 shares
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Number of shares of treasury stock at the end of the period

As of August 31, 2012	551,971 shares	As of February 29, 2012	551,965 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2012	10,136,834 shares	Six months ended August 31, 2011	10,136,844 shares
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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.

Qualitative information on settlement of accounts for the second quarter

(1) Qualitative information on consolidated operating results

In the first six months of the fiscal year under review, the car sales volume at Gulliver's directly operated stores increased year on year. However, the profitability when Gulliver sold used cars wholesale to used-car sellers through used car auctions, declined due to the eco-car subsidies that the Japanese government provided to help consumers buy new cars.

Selling, general and administrative (SG&A) expenses increased due to higher personnel expenses and advertising expenditures made with a view to expanding the retail business in the future.

Consolidated subsidiary G-One Financial Services Co., Ltd. posted an operating loss of 15 million yen as operations have been scaled down. Accounts receivable (financial credit) of G-One Financial Services Co., Ltd. stood at 7,522 million yen as of the end of the first six months, down 2,133 million yen from the end of the previous fiscal year.

Due to the above, consolidated business results for the first six months were as follows: consolidated net sales were 71,299 million yen (up 1.4% from the same term last year), operating income was 1,589 million yen (down 66.0% from the same term last year), ordinary income was 1,718 million yen (down 63.2% from the same term last year) and net income was 868 million yen (down 71.2% from the same term last year).

(2) Qualitative information on consolidated financial position

Assets

Total assets at August 31, 2012 were 50,064 million yen, a decrease of 8.4% from February 29, 2012.

Current assets were 26,737 million yen, down 13.5% from the same date, mainly due to a decline in products.

Total noncurrent assets at August 31, 2012 decreased by 1.7% from February 29, 2012, to 23,326 million yen. This mainly reflected a decrease in long-term loans receivable due to the recovery of such loans.

Liabilities

Total liabilities at August 31, 2012 decreased by 18.4% from February 29, 2012 to 22,316 million yen.

Current liabilities at August 31, 2012 decreased by 0.6% from February 29, 2012 to 15,963 million yen. The primary contributing factors were decreases in accounts payable-trade and income taxes payable due to the payment of income taxes.

Total noncurrent liabilities at August 31, 2012 decreased by 43.7% from February 29, 2012 to 6,352 million yen. The major factor was a decrease due to repayment of long-term loans payable.

Net assets

Net assets at August 31, 2012 increased by 1.7% from February 29, 2012 to 27,747 million yen, mainly due to an increase in retained earnings accompanying the posting of net income.

(3) Outlook for the fiscal year ending February 28, 2013

There have been no changes made to the full-year consolidated results forecasts as announced in the Consolidated Results, First Quarter of the Fiscal Year Ending February 28, 2013 that was issued on July 10, 2012.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 29, 2012	As of August 31, 2012
Assets		
Current assets		
Cash and deposits	8,472	9,455
Notes and accounts receivable-trade	10,683	9,270
Merchandise	8,640	5,138
Deferred tax assets	1,320	1,278
Other	1,873	1,654
Allowance for doubtful accounts	(65)	(59)
Total current assets	30,925	26,737
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	11,901	12,116
Accumulated depreciation	(4,347)	(4,603)
Buildings and structures, net	7,553	7,513
Vehicles	370	291
Accumulated depreciation	(210)	(180)
Vehicles, net	160	110
Tools, furniture and fixtures	2,279	2,324
Accumulated depreciation	(1,830)	(1,877)
Tools, furniture and fixtures, net	448	447
Land	218	218
Construction in progress	22	810
Total property, plant and equipment	8,403	9,101
Intangible assets		
Goodwill	5	-
Software	939	901
Other	15	15
Total intangible assets	961	916
Investments and other assets		
Investment securities	14	14
Stocks of subsidiaries and affiliates	768	345
Long-term loans receivable	7,993	7,425
Lease and guarantee deposits	2,894	2,990
Construction assistance fund receivables	2,840	2,731
Deferred tax assets	235	245
Other	257	269
Allowance for doubtful accounts	(652)	(713)
Total investments and other assets	14,353	13,308
Total noncurrent assets	23,718	23,326
Total assets	54,643	50,064

(Millions of yen)

As of February 29, 2012

As of August 31, 2012

	As of February 29, 2012	As of August 31, 2012
Liabilities		
Current liabilities		
Accounts payable-trade	2,912	1,815
Short-term loans payable	2,000	5,000
Accounts payable-other	2,130	1,650
Income taxes payable	2,532	759
Deposits received	232	109
Provision for bonuses	489	559
Provision for merchandise warranties	1,810	2,230
Other	3,951	3,839
Total current liabilities	16,060	15,963
Noncurrent liabilities		
Long-term loans payable	9,000	4,000
Long-term guarantee deposited	807	801
Provision for directors' retirement benefits	461	476
Asset retirement obligations	1,016	1,074
Other	5	-
Total noncurrent liabilities	11,290	6,352
Total liabilities	27,351	22,316
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	23,021	23,474
Treasury stock	(3,975)	(3,975)
Total shareholders' equity	27,235	27,688
Accumulated other comprehensive income		
Foreign currency translation adjustment	54	56
Total accumulated other comprehensive income	54	56
Subscription rights to shares	2	2
Total net assets	27,292	27,747
Total liabilities and net assets	54,643	50,064

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2011	Six months ended August 31, 2012
Net sales	70,318	71,299
Cost of sales	52,582	55,636
Gross profit	17,735	15,663
Selling, general and administrative expenses	13,067	14,073
Operating income	4,668	1,589
Non-operating income		
Interest income	67	64
Foreign exchange gains	-	0
Insurance income	8	63
Other	30	57
Total non-operating income	106	187
Non-operating expenses		
Interest expenses	90	54
Foreign exchange losses	1	-
Other	12	4
Total non-operating expenses	104	58
Ordinary income	4,670	1,718
Extraordinary income		
Reversal of allowance for doubtful accounts	86	-
Reversal of loss on business liquidation	779	-
Other	49	-
Total extraordinary income	915	-
Extraordinary loss		
Loss on retirement of noncurrent assets	63	45
Loss on disaster	106	-
Provision of allowance for doubtful accounts	-	64
Loss on adjustment for changes of accounting standard for asset retirement obligations	360	-
Other	28	10
Total extraordinary losses	558	120
Income before income taxes and minority interests	5,027	1,597
Income taxes-current	1,975	701
Income taxes-deferred	41	27
Total income taxes	2,017	728
Income before minority interests	3,009	868
Net income	3,009	868

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2011	Six months ended August 31, 2012
Income before minority interests	3,009	868
Other comprehensive income		
Foreign currency translation adjustment	1	1
Total other comprehensive income	1	1
Comprehensive income	3,011	870
Comprehensive income attributable to Comprehensive income attributable to owners of the parent	3,011	870

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2011	Six months ended August 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,027	1,597
Depreciation and amortization	557	554
Amortization of goodwill	10	5
Increase (decrease) in allowance for doubtful accounts	(109)	54
Increase (decrease) in provision for bonuses	37	69
Increase (decrease) in provision for directors' retirement benefits	17	15
Increase in provision for merchandise warranties	246	419
Interest and dividends income	(67)	(65)
Interest expenses	90	54
Foreign exchange losses (gains)	1	(1)
Loss on retirement of noncurrent assets	63	45
Reversal of loss on business liquidation	(779)	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	360	-
Decrease (increase) in notes and accounts receivable-trade	4,106	1,155
Decrease (increase) in inventories	1,220	3,496
Decrease (increase) in operating loans receivable	1,234	-
Increase (decrease) in accrued consumption taxes	(272)	261
Increase (decrease) in notes and accounts payable-trade	(1,632)	(1,097)
Other, net	(765)	(326)
Subtotal	9,347	6,240
Interest and dividends income received	71	346
Interest expenses paid	(90)	(54)
Income taxes paid	(871)	(2,365)
Net cash provided by (used in) operating activities	8,456	4,167
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(534)	(1,126)
Purchase of intangible assets	(171)	(210)
Purchase of short-term investment securities	(3,100)	-
Payments of loans receivable	(57)	(25)
Collection of loans receivable	274	583
Payments for lease and guarantee deposits	(173)	(101)
Proceeds from collection of lease and guarantee deposits	133	33
Payments of construction assistance fund receivables	(65)	(40)
Collection of construction assistance fund receivables	109	123
Payments into time deposits	(1,900)	-
Proceeds from withdrawal of time deposits	-	500
Other, net	1	(7)
Net cash provided by (used in) investing activities	(5,483)	(271)

(Millions of yen)

	Six months ended August 31, 2011	Six months ended August 31, 2012
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(5,266)	(2,000)
Cash dividends paid	(624)	(415)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(5,890)	(2,415)
Effect of exchange rate change on cash and cash equivalents	(0)	1
Net increase (decrease) in cash and cash equivalents	(2,917)	1,482
Cash and cash equivalents at beginning of period	8,869	7,945
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(89)	-
Cash and cash equivalents at end of period	5,862	9,428