

Gulliver International Co., Ltd.

Consolidated Results

First Quarter of the Fiscal Year Ending February 28, 2006

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 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)

First quarter results for the fiscal year ending February 28, 2006

Gulliver International Co., Ltd.

July 11, 2005

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1. Notes to the preparation of these financial statements

- i. Adoption of simplified accounting treatments: Partial use of the simple method
- ii. Differences in accounting treatments applied compared to previous consolidated fiscal year: None
- iii. Changes in the scope of consolidation and companies accounted for by the equity method compared to previous consolidated fiscal year: None

2. First quarter (March 1, 2005 to May 31, 2005) consolidated financial results for the fiscal year ending February 28, 2006

1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended May 31, 2005		Three months ended May 31, 2004		Fiscal Year ended February 28, 2005	
		(% change)		(% change)		(% change)
Sales	43,763	38.7	31,544	--	156,696	28.5
Operating income	2,205	11.9	1,970	--	10,229	33.7
Ordinary income	2,207	11.7	1,975	--	10,219	32.7
Net income	1,134	15.2	983	--	5,652	39.5
Earnings per share (¥)	113.22	--	97.17	--	548.86	--
Fully diluted earnings per share (¥)	111.72	--	94.34	--	537.88	--

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 May 31, 2005	As of May 31, 2004	As of February 28, 2005
	Total assets	35,791	26,440
Shareholders' equity	16,250	15,848	16,143
Equity ratio (%)	45.4%	59.9%	46.7%
Shareholders' equity per share (¥)	¥1,619.92	¥1,561.87	¥1,603.84
	Three months ended May 31, 2005	Three months ended May 31, 2004	Fiscal Year ended February 28, 2005
Consolidated cash flows			
Cash flow from operating activities	119	892	2,724
Cash flow from investing activities	(1,597)	(1,001)	(5,791)
Cash flow from financing activities	2,075	(421)	(1,427)
Cash and cash equivalents at end of period ...	4,728	8,094	4,130

3. Forecasts for the fiscal year ending February 28, 2006 (March 1, 2005 to February 28, 2006)

Millions of yen

	Interim	FY ending February 28, 2006
	Sales	79,600
Ordinary income	4,500	11,800
Net Income	2,500	6,550
Earnings per share (¥)	--	654.53

Please refer to subsequent pages of this report for further information regarding these results and forecasts.

Forecasts and forward-looking statements in this document are 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 economic conditions, legislative and regulatory developments, delay in new product or service launches, and pricing and product initiatives of competitors.

Operating Results and Financial Position

1. CONSOLIDATED OPERATING RESULTS

Compared to the end of the previous fiscal year the number of directly-managed Gulliver stores that handle the purchase and sale of cars (including home-visit purchase outlets) increased by four to 252 stores, franchise store numbers declined by eight to 241, thus the total number of stores declined by four to 493. New directly-owned stores were opened and/or relocated and as a result of an increase in the average number of customers per directly-owned store the number of cars purchased increased. Despite a decline in the number of franchise stores the number of cars handled per franchise store increased. The increase in the number of customers per store is partly the result of a rapid increase in customer awareness of the specialist car repurchase market as well as our active advertising and PR initiatives featuring the New York Yankees Japanese baseball star Hideki Matsui.

We are strengthening staff education, particularly for staff employed in directly-managed stores. In April 2005 we employed 149 new graduates and along with mid-career hires we are actively increasing employment along with the growth in store numbers. In addition to rapidly strengthen our business potential we are moving to enhance our strengths in sales and in management through a continued focus on a number of training programs including on-the job training.

On average a car bought by a Gulliver store is sold within 7-10 days via one of three sales routes: The Japan Nationwide Auction; a screen image sales system; or real time auction to used car dealers via the internet (GAO ! Auction) and sales volume through each route are strong. Consolidated subsidiary G-Trading Co., Ltd. (Listed on JASDAQ in November 2004) handles used trucks, buses and specialized vehicles and the number of vehicles handled by its 8 outlets is growing strongly. Gulliver's other two consolidated subsidiaries are the financial services company G-One Financial Services Co., Ltd. (name changed from E-Investment Co., Ltd. in October 2004) and Gulliver Europe Ltd. whose role is to diversify risk arising in our future business development. Our two non-consolidated subsidiaries are Hucobo Co., Ltd. (established in June 2004), which is mainly involved in the transportation of automobiles, and GULLIVER USA, INC. (established in November 2004), which is developing business in the purchase and sale of used cars in the U.S.

As a result of the above factors in the first quarter of the current consolidated fiscal period, consolidated sales were ¥43,763 million, an increase of ¥12,219 million (38.7 %) compared to the first quarter of the previous fiscal year, operating income was ¥2,205 million, up ¥235 million (11.9%), ordinary income was ¥2,207 million, up ¥231 million (11.7%) and net income was ¥1,134 million, an increase of ¥150 million (15.2%) compared to the first quarter of the previous fiscal year.

2. FINANCIAL POSITION

Total assets increased by ¥1,262 million and shareholders' funds increased by ¥106 million during the first quarter compared to the end of the previous fiscal year.

Cash flows

During the first quarter of the fiscal year cash flow from operating activities and from financing activities were positive but cash flows from investing activities were negative. Overall, cash and cash equivalents increased by ¥597 million during the quarter to ¥4,728 million.

Cash flow from operating activities: In the first quarter there was a net positive cash flow from operating activities of ¥119 million, mainly as a result of income from the purchase and sale of cars.

Cash flow from investing activities: In the first quarter cash flow from investing activities was minus ¥1,597 million, mainly as a result of payments related to the opening of new directly-managed stores.

Cash flow from financing activities: Cash flow from financing activities in the first quarter was a net positive ¥2,075 million, mainly as a result of an increase in borrowings.

BUSINESS RESULTS FORECAST FOR THE FISCAL YEAR (March 1, 2005 – February 28, 2006)

As regards the business results for the first quarter we are making good progress towards our previously announced (April 19, 2005) forecast for the fiscal year.

Consolidated Balance Sheets

Millions of yen, rounded down

	As of May 31, 2005		As of February 28, 2005		As of May 31, 2004	
		% of total		% of total		% of total
ASSETS						
Current assets						
Cash and deposits	4,728		4,130		8,094	
Accounts receivable	7,994		10,015		3,034	
Marketable securities	--		--		238	
Inventory	6,058		4,555		3,698	
Deferred tax assets	529		549		524	
Others	1,197		1,813		1,405	
Allowance for doubtful accounts.....	(57)		(84)		(111)	
Total current assets	21,044	58.8	20,980	60.8	16,884	63.9
Fixed assets						
Tangible fixed assets						
Buildings and structures	5,441		5,340		3,619	
Tools, fixtures and equipment	1,197		1,099		722	
Land	327		327		327	
Other	521		260		81	
Total tangible fixed assets	7,486	20.9	7,026	20.4	4,750	18.0
Intangible fixed assets						
Software	2,395		2,187		1,444	
Other	101		103		105	
Total intangible fixed assets	2,497	7.0	2,290	6.6	1,549	5.8
Investments and other assets						
Investment securities	257		373		250	
Shares in affiliates	241		224		--	
Deposits and guarantee money	2,634		2,185		1,903	
Construction cooperation fund	1,226		960		570	
Deferred tax assets	142		135		189	
Others	581		668		614	
Allowance for doubtful accounts.....	(320)		(314)		(273)	
Total investment and other assets	4,763	13.3	4,231	12.2	3,254	12.3
Total fixed assets	14,747	41.2	13,548	39.2	9,555	36.1
Total Assets	35,791	100.0	34,529	100.0	26,440	100.0

Consolidated Balance Sheets

	<i>Millions of yen, rounded down</i>					
	As of May 31, 2005		As of February 28, 2005		As of May 31, 2004	
		% of total		% of total		% of total
LIABILITIES						
Current liabilities						
Accounts payable	4,610		5,734		2,792	
Short-term borrowing	6,950		3,950		750	
Accrued expenses	2,616		2,272		1,955	
Accrued corporate taxes	1,053		2,677		1,248	
Deposits received	770		767		813	
Reserve for bonuses	813		519		786	
Others	1,735		1,513		1,423	
Total current liabilities	18,550	51.8	17,435	50.5	9,768	36.9
Long-term liabilities						
Guarantee deposits received	643		621		647	
Total long-term liabilities	643	1.8	621	1.8	647	2.5
Total liabilities	19,193	53.6	18,056	52.3	10,415	39.4
MINORITY INTERESTS						
Minority interests	348	1.0	328	1.0	175	0.7
CAPITAL						
Paid-in capital	4,157	11.6	4,139	12.0	3,956	15.0
Capital surplus	4,032	11.3	4,014	11.6	3,886	14.7
Retained earnings	13,639	38.1	13,668	39.6	9,870	37.3
Unrealized gains and losses in other securities	1	0.0	10	0.0	12	0.0
Treasury stock	(5,580)	(15.6)	(5,689)	(16.5)	(1,877)	(7.1)
Total capital	16,250	45.4	16,143	46.7	15,848	59.9
Total Liabilities, Minority Interests and Shareholders' Equity	35,791	100.0	34,529	100.0	26,440	100.0

Consolidated Statements of Income

Millions of yen, rounded down

	March 1, 2005 to May 31, 2005		March 1, 2004 to May 31, 2004		March 1, 2004 to February 28, 2005	
		% of total		% of total		% of total
Sales.....	43,763	100.0	31,544	100.0	156,696	100.0
Cost of goods sold	33,317	76.1	23,759	75.3	118,089	75.4
Gross profit on sales	10,445	23.9	7,785	24.7	38,607	24.6
Sales, general & administrative expenses ...	8,240	18.9	5,814	18.5	28,377	18.1
Operating income	2,205	5.0	1,970	6.2	10,229	6.5
Non-operating income.....	21	0.0	25	0.1	53	0.0
Non-operating expenses.....	19	0.0	19	0.0	64	0.0
Ordinary income	2,207	5.0	1,975	6.3	10,219	6.5
Extraordinary income	38	0.1	--	--	90	0.1
Extraordinary losses	78	0.2	1	0.0	251	0.2
Income before taxes, etc.	2,167	4.9	1,973	6.3	10,058	6.4
Income tax, inhabitants tax and enterprise tax	994	2.3	1,077	3.4	4,402	2.8
Corporate tax adjustment	19	0.0	(111)	(0.3)	(81)	(0.0)
Minority interest	19	0.0	22	0.1	84	0.0
Net income for the period	1,134	2.6	983	3.1	5,652	3.6

Consolidated Statements of Cash flows

	<i>Millions of yen</i>		
	March 1, 2005 to May 31, 2005	March 1, 2004 to May 31, 2004	March 1, 2004 to February 28, 2005
I. Cash flow from operating activities			
Income before taxes, etc.....	2,167	1,973	10,058
Depreciation.....	414	235	1,383
Increase (decrease) in reserve for bonuses.....	293	405	139
Increase (decrease) in allowance for doubtful accounts.....	(21)	23	37
Interest and dividends received.....	(0)	(3)	(5)
Interest paid.....	6	2	12
New share issuance expenses.....	--	--	7
Gain on sale of fixed assets.....	--	(0)	--
Loss on disposal of fixed assets.....	78	1	247
Gain on sale of investment securities.....	(15)	--	--
Payment of directors' bonuses.....	(94)	(83)	(83)
Increase (decrease) in accounts receivable.....	2,149	2,300	(4,757)
Increase (decrease) in inventory.....	(1,490)	(1,724)	(2,559)
Increase (decrease) in accounts payable.....	(984)	60	2,657
Increase (decrease) in accrued consumption tax.....	(87)	(204)	(200)
Other.....	361	262	54
Subtotal.....	2,776	3,251	6,990
Interest and dividends received.....	0	4	6
Interest paid.....	(6)	(2)	(14)
Corporate taxes paid.....	(2,650)	(2,360)	(4,257)
Cash flow from operating activities.....	119	892	2,724
II. Cash flow from investing activities			
Proceeds from sale of marketable securities.....	--	--	228
Payments for purchase of investment of securities.....	--	--	(100)
Proceeds from sale of investment securities.....	115	--	--
Payments for acquisition of tangible fixed assets.....	(642)	(403)	(3,565)
Proceeds from sale of tangible fixed assets.....	0	0	0
Payments for acquisition of intangible fixed assets.....	(446)	(301)	(1,322)
Acquisition of shares of affiliates.....	(17)	--	(224)
Amounts lent.....	(293)	(4)	(105)
Proceeds from repayment of loans.....	355	36	118
Increase (decrease) in short-term borrowing.....	(19)	(18)	(14)
Deposit and guarantee payments.....	(650)	(310)	(832)
Proceeds from repayment of investments.....	--	--	26
Other.....	(0)	(0)	(0)
Cash flow from investing activities.....	(1,597)	(1,001)	(5,791)
III. Cash flow from financing activities			
Net increase (decrease) in short term borrowings.....	3,000	200	3,400
Payment of installment obligations.....	--	(0)	--
Payments for acquisition of treasury stock.....	--	--	(4,512)
Proceeds from disposal of treasury stock.....	40	132	491
Proceeds from issuance of new shares.....	35	3	367
Payment of dividends.....	(1,000)	(757)	(1,341)
Payments from minority shareholders.....	--	--	167
Cash flow from financing activities.....	2,075	(421)	(1,427)
IV. (Decrease) increase in cash and cash equivalents.....	597	(530)	(4,494)
V. Cash and cash equivalents at beginning of period.....	4,130	8,624	8,624
VI. Cash and cash equivalents at end of period.....	4,728	8,094	4,130

Additional Information

From the first quarter of the current fiscal year the proportionate amounts of corporation tax on value added and capital have been included in Selling, General and Administrative expenses. This follows the promulgation from March 31, 2004 of the Partial Revisions to the Law Concerning Regional Tax.¹ As a result Selling, General and Administration expenses increased by ¥28 million and operating income, ordinary income and income before taxes, etc. each decreased by ¥28 million.

Segment Information

Segment information by business type

First quarter of fiscal year ending February 28, 2006 (March 1, 2005 to May 31, 2005)

Millions of yen

	Trading of used cars	Franchise business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	41,650	2,113	43,763	0	43,763
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	41,650	2,113	43,763	0	43,463
Operating expenses	39,211	1,375	40,587	970	41,557
Operating income	2,438	738	3,176	(970)	2,205

First quarter of fiscal year ended February 28, 2005 (March 1, 2004 to May 31, 2004)

Millions of yen

	Trading of used cars	Franchise business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	29,448	2,094	31,543	0	31,544
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	29,448	2,094	31,543	0	31,544
Operating expenses	27,662	894	28,557	1,016	29,573
Operating income	1,786	1,199	2,986	(1,016)	1,970

¹ (2003 Article 9) For fiscal years commencing on or after April 1, 2004, along with the introduction of the tax system based on business size '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).

Fiscal year ending February 28, 2005 (March 1, 2004 to February 28, 2005)

Millions of yen

	Trading of used cars	Franchise business	Total	Elimination/ All company	Consolidated
Sales					
(1) Sales to external customers	148,131	8,564	156,696	--	156,696
(2) Inter-segmental sales or transfers	--	--	--	--	--
Total	148,131	8,564	156,696	--	156,696
Operating expenses	135,438	7,167	142,605	3,860	146,466
Operating income	12,693	1,396	14,090	(3,860)	10,229

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

These classifications apply to the fiscal periods March 1, 2005 to May 31, 2005; March 1, 2005 to May 31, 2004; and March 1, 2004 to February 28, 2005.

Business Classification	Principal Product Name or Service Name
Used Car Sales	Purchase and sales of used automobiles through directly operated outlets and the like
Franchising	Royalties arising out of franchise agreements and fees for the provision of training etc., and intermediation in buying and selling of used automobiles

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

Millions of yen

	March 1, 2005 to May 31, 2005	March 1, 2004 to May 31, 2004	March 1, 2004 to February 28, 2005
Amount of unallocated operating expenses included in elimination or total company item	970	1,016	3,860
Principal content	Expenses relating to head office administration at the parent company		

Segment information by geographical location

For the first quarter of the current consolidated fiscal year and for the previous fiscal year consolidated subsidiaries were located overseas but as over 90% of sales for each segment were in Japan segment information by geographical location has been omitted.

Overseas sales

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