August 10, 2009

Gulliver International Co., Ltd.

G-TRADING Co., Ltd. to become a wholly Owned Subsidiary of Gulliver International Co., Ltd. through a Share Exchanges

Tokyo, August 10, 2009 — Today, at meetings of their respective Boards of Directors, Gulliver International Co., Ltd. (“Gulliver”) and G-TRADING Co., Ltd. (G-Trading) resolved to conduct a share exchange (“the share exchange”) and entered into a share exchange agreement under which Gulliver will become the wholly-owning parent company of G-Trading effective December 1, 2009.

As a result of the share exchange, G-Trading will become a wholly owned subsidiary of Gulliver and as of the effective date of the share exchange G-Trading shares are scheduled to be de-listed from Jasdaq Securities Exchange, Inc. (Jasdaq Securities Exchange) on November 26, 2009 (final transaction date November 25, 2009).

1. Purpose of making G-TRADING a wholly owned subsidiary through a share exchange

(1) Purpose of the share exchange

Gulliver is striving to enhance the corporate value of the Gulliver group by promoting strategies for renewed growth while pursuing policies that aim to realize optimum cost structures and enhance efficiency. As part of these initiatives we are reviewing the management and operating structures of group companies and businesses with the aim of consolidating management resources, strengthening internal controls and reducing management cost. Exploring the reorganization of our subsidiaries has been one aspect of this process.

G-Trading was established through a joint investment between Gulliver and Fujiyama Trading Ltd. in April 2000 with the primary objective of buying and selling used trucks and buses, and in December 2004 it was listed on the Jasdaq Securities Exchange. Following a third party capital increase and allocation of shares to Gulliver in February 2009, Gulliver now holds 245,175 shares of G-Trading representing 81.73% of the total number of common shares issued and outstanding.

G-Trading’s business results have significantly deteriorate affected by reduced global credit and a market that has rapidly worsened since the middle of last year. Low market prices for used commercial vehicles due to a stagnant export market caused by the strong yen, resulted in reduction of inventory assets, and valuation losses, while an allowance for bad debts and foreign exchange losses on accounts receivable for Russian exports was also recorded along with additional losses on leases and fixed assets. As a result G-Trading recorded a net loss of ¥4,002 million in the fiscal year ended February 2009 and is suffering from excess indebtedness Consequently, we have doubts about the business as a going concern and are at a stage where we making notifications about this.

For the fiscal year ending February 2010, G-Trading forecasts a net loss of ¥175 million stemming from business a readjustment loss due to management streamlining, and additional foreign exchange losses representing a second consecutive term of losses. Assuming that business results are as previously forecasted, there will be two consecutive terms of losses and two consecutive terms of excessive indebtedness in violation of Chapter 2, Paragraph 1, Item 4 of the Jasdaq Securities Exchange Stock De-listing Standards.

Impacted by a variety of factors, G-Trading has focused all of its efforts on addressing its worsening results. On January 30, 2009 G-Trading issued a notification on “Personnel Reduction and other Streamlining Measures” followed by the June 4, 2009 notification on “Management Streamlining – Voluntary Retirement Initiatives, etc.” Further, G-Trading has implemented management improvement measures such as reducing sales expenses including a reduction of personnel expenses, reviewing staff allocations, reducing staff through voluntary early-retirement initiatives, and the closing or merging of sales branches.

Despite these efforts, the used commercial vehicle industry that G-Trading is a part of has been affected by the global economic crisis and we believe that the downturn will continue. Further, we have very little hope for sales to the Russian market, the primary export market for used commercial vehicles, due to a further rise in vehicle export taxes. Meanwhile, the economy is easily affected by the price of raw materials, including the price of crude oil, and we are anticipating negative growth. It will become increasingly difficult for G-Trading to improve their operating results or restructure their business by their own efforts if these various market challenges persist for the longer term.

Based on a recognition of these circumstances, we believe that Gulliver will be able to rapidly improve operating results and restructure the business of G-Trading by coordinating the management resources of both companies more closely than previously, as well as by consolidating the operating structure to allow rapid decision-making by G-Trading as a wholly owned subsidiary of Gulliver. Moreover, we believe that by taking these actions we can ensure the growth of the Gulliver Group.

To best handle these circumstances we believe it is essential to grasp business opportunities for G-Trading by dramatically increasing the amount of information on the acquisition and sales of used commercial vehicles, leveraging Gulliver's brand strength, the Gulliver website, the call center and other marketing infrastructure. In order to quickly and appropriately implement these measures, we believe that it is essential to make G-Trading a wholly owned subsidiary of Gulliver, thereby ensuring management flexibility. Through making G-Trading a wholly owned subsidiary we will be able to ensure financial stability, faster and more flexible business restructuring and will be able to set the business on a new and stable path. We believe that by receiving group financial and personnel resources to support their managerial, financial and other functions, G-Trading will be able to cope with these difficult circumstances once it is a wholly-owned element of the Gulliver group.

As previously stated, by making G-Trading a wholly owned subsidiary, Gulliver and G-Trading will improve G-Trading's business and will contribute to increase the corporate value of the Gulliver group. Having concluded that this is the optimal solution for the shareholders of both companies, a decision was made to implement a share exchange, and an agreement on the share exchange between the two companies has been concluded at board of directors meetings of each company held on August 10, 2009.

(2) Expected delisting and the reasons for it

As a result of the share exchange to be completed on 1st December 2009, Gulliver International will become the wholly-owning parent of G-Trading which will become a wholly owned subsidiary of Gulliver International and all shares in G-Trading listed on the Jasdaq Securities Exchange are scheduled be de-listed from that exchange on November 26, 2009 in accordance with Chapter 2, Paragraph 1, Item 14 of the Jasdaq Securities Exchange Stock De-listing Standards with the last day of trading in the shares scheduled to be November 25, 2009.

The aim of the share exchange is not, as mentioned in (1) above, merely the de-listing of G-Trading's shares from the Jasdaq Securities Exchange. Even after G-Trading's shares are de-listed, as Gulliver is listed on the Tokyo Stock Exchange, the ordinary shares in Gulliver allotted to G-Trading shareholders shall remain tradable on the exchange following the share exchange and therefore liquidity will continue to be provided to those shareholders who hold 14 or more shares in G-Trading. On the other hand, those shareholders holding less than 14 shares in G-Trading shall be allotted less than ten shares in Gulliver International, which is the minimum trading unit for Gulliver International shares. Shares numbering less than the minimum trading unit may not be sold on the exchange but, in response to shareholder requests it shall be possible for shareholders to make use of a system for purchasing further shares or disposing of shares by sale.

For details about such transactions, please refer to 2. (2) (Note 3). It shall be possible for holders of G-Trading shares to trade as previously in the G-Trading shares that they own on the Jasdaq Securities Exchange until the scheduled last day of trading in the shares which is November 25, 2009.

(3) Measures to be taken to ensure fairness of the share exchange ratio

In considering the share exchange, given that Gulliver International holds 245,175 shares in G-Trading (equivalent to a shareholding ratio of 81.73% of the total shares outstanding in the company) and in the interests of maintaining fairness, both companies have agreed, as stipulated in 2. (3), that third parties, independent of both companies, should make a calculation of the share exchange ratio and both companies have received reports from the third parties containing the results of the calculations made.

The two companies have conducted negotiations and discussions, on the basis of the results of the calculation carried out by the third parties, and have agreed to conduct the share exchange in accordance with the share exchange ratio agreed upon as a result of these negotiations and discussions. However, neither Gulliver International nor G-Trading has obtained an opinion on the fairness of the ratio (a ‘fairness opinion’) from any third party agent.

(4) Measures to avoid conflict of interest

Yukihiro Yoshida is a Director of G-Trading as well as an Executive Director of Gulliver and in order to avoid a conflict of interest, he did not participate in the deliberations and decision on the share exchange with G-Trading nor was he present for the debate and negotiations on G-Trading with Gulliver.

2. Outline of the share exchange

(1) Share exchange schedule

Board of Director decision for share exchange: (both companies)	August 10, 2009 (Monday)
Signed share exchange agreement: (both companies)	August 10, 2009 (Monday)
Announcement of the extraordinary meeting of	August 14, 2009 (Friday) (scheduled)

shareholders record date: (both companies)	
Extraordinary meeting of shareholders record date: (both companies)	August 31, 2009 (Monday) (scheduled)
Extraordinary meeting of shareholders regarding the share exchange: (both companies)	October 21, 2009 (Wednesday) (scheduled)
Final trading day (G-Trading)	November 25, 2009 (Wednesday) (scheduled)*
Delisting day (G-Trading)	November 26, 2009 (Thursday) (scheduled)*
Share exchange scheduled date (effective date)	December 1, 2009 (Tuesday) (schedule)

*Note: Schedule is based on Jasdaq Securities Exchange notification "Scheduled day of implementation of fifth day settlement and ceasing of trading suspension period" dated April 8, 2009. However, in cases where cancellation of fifth day settlement is not as scheduled, shares will be de-listed on November 25, 2009 (final transaction date will be November 24, 2009).

(2) Content of the allotment related to the share exchange

Company name	Gulliver International Co., Ltd. (wholly-owning parent)	G-Trading Co., Ltd. (wholly-owned subsidiary)
Share exchange ratio	1	0.75

(Note 1) Share allotment ratio
0.75 of 1 ordinary share of Gulliver shall be allotted for every 1 ordinary share of G-Trading. However, no allotment shall be made in connection with the share exchange for the 245,175 ordinary shares in G-Trading that are held by Gulliver.

(Note 2) Number of shares to be delivered in connection with the share exchange
Gulliver International shall not issue any new shares in connection with this share exchange, but immediately prior to the effective date of the share exchange, it is scheduled that Gulliver shall deliver its treasury shares (ordinary shares) in a proportion of 0.75 to the total number of ordinary shares in G-Trading registered as being held by G-Trading shareholders on the shareholders' register of G-Trading.

(Note 3) Trading in lots of shares numbering less than the minimum trading unit
In accordance with this share exchange, shareholders holding lots of Gulliver International shares numbering less than the minimum trading unit shall retain the right to receive dividends paid by Gulliver International in proportion to the number of shares held on record dates occurring after the effective date of the share exchange but will not be able to sell lots of shares numbering less than the minimum trading unit on the exchange. Shareholders holding lots of shares numbering less than the minimum trading unit may make use of the system outlined below for dealing in shares in Gulliver International. Further details about this system are scheduled to be announced separately.

(1) System for purchasing further shares for lots of shares numbering less than the minimum trading unit (purchases to increase the number of shares to ten shares)
This system permits the purchase of additional shares in Gulliver so that shareholders holding shares numbering less than the minimum trading unit may combine the shares purchased with the shares numbering less than the minimum trading unit so as to increase the total to equal the minimum trading unit.

(2) System for disposing of lots of shares numbering less than the minimum trading unit by sale (buying in by Gulliver International)

This system permits the buying in by Gulliver of lots of shares numbering less than the minimum trading unit which cannot be sold on the exchange.

(Note 4) Trading in fractional shares amounting to less than one share
In this share exchange, shareholders receiving fractional shares amounting to less than one share in Gulliver International in the share exchange may, in accordance with the provisions of Company Law Article 234, combine these fractional shares and the total of such fractional shares (any amount of fractional shares amounting to less than one share in Gulliver from such totalling being discarded) will be sold and such shareholders allotted a sale consideration in proportion to their ownership of fractional shares thus disposed of.)

(3) Basis for calculating allotments made in accordance with the share exchange

(1) Basis for calculation

In the interests of maintaining fairness and reasonableness in the share exchange ratio used in the share exchange, both companies have individually requested estimates for appropriate share exchange ratios from third party agents independent of both companies with Gulliver appointing Ichiyoshi Securities Co., Ltd. (hereinafter referred to as 'Ichiyoshi Securities') and G-Trading appointing Daiwa Institute of Research Ltd. (hereinafter referred to as 'DIR') as their third party agents.

The conclusions of the estimates of the third party agents are as follows.
Ichiyoshi Securities has taken into consideration the share price history of the ordinary shares in Gulliver listed on the Tokyo Stock Exchange and the provisions of the market price method (taking into account terms and conditions on the basis of the average closing price for the period between (1) the closing price on the record date of August 5, 2009 and (2) the closing price on July 10, 2009 being the day following the date of the announcement of Gulliver's 1st Quarter financial results for the term ending February 2010) and also conducted a discounted cash flow calculation-based analysis (hereinafter referred to as a 'DCF' analysis) so as to reflect the outlook for the future operations of the company in its valuation.
Ichiyoshi Securities has taken into consideration the share price history of the ordinary shares in G-Trading listed on the Jasdaq Securities Exchange and the provisions of the market price method (taking into account terms and conditions on the basis the average closing price for the period between the (1) the closing price on the record date of August 5, 2009 and (2) the closing price on July 10, 2009 being the day following the date of the announcement of G-Trading's 1st Quarter financial results for the term ending February 2010) and also conducted a discounted cash flow calculation-based analysis (hereinafter referred to as a 'DCF' analysis) so as to reflect the outlook for the future operations of the company in its valuation.

The valuation ranges for the results of these valuation methodologies, on the basis of setting the value of the share price relative to one share in Gulliver International, are shown in the following table.

Method adopted	Share exchange ratio range
Market price method	0.691～0.790
DCF method	0.740～0.845

Ichiyoshi Securities prepared its calculation of the share exchange ratio using information provided by both companies and information generally disclosed to the public, on the assumption that all the materials and information used were perfectly complete and accurate, but make no guarantee as to the completeness or accuracy of such information. Moreover, concerning the assets and liabilities of both companies and their affiliated companies (including contingent liabilities), Ichiyoshi Securities has not, in the course of its analysis or valuation of the separate assets and liabilities of each company, independently valued, assessed or estimated the individual assets and liabilities of each company nor made any request to any third party agent to conduct any such valuation, assessment or estimation. In addition, regarding information relating to the financial forecasts for Gulliver and G-Trading, these forecasts were made on the basis of reasonable assumptions reflecting the best estimates that could be made at the time by Gulliver and G-Trading given the information available to them when the forecasts were made.

The earnings plans provided by Gulliver and G-Trading to Ichiyoshi Securities for the purposes of providing a basis for the DCF method analysis envisage a period of strong earnings growth. The basis for this is that Gulliver is endeavoring to strengthen its used car retail business with ordinary consumers and has incorporated a projection for earnings growth from this area on the assumption that retail sales volumes for used cars can be expected to rise and so Gulliver is anticipating a large increase in earnings for the term ending February 2011 compared with its forecast for operating profits of ¥5 billion projected for the current term ending February 2010. Moreover, G-Trading is incorporating the possibility of earnings expansion in its profit plans thanks to improved efficiency due to cost cutting and other measures and so it anticipates that profits will rise in the term ending February 2011 from a projected operating profit of ¥150 million for the term ending February 2010 and that profits in the subsequent term ending February 2012 will expand yet further.

On the other hand, Ichiyoshi Securities is not expressing any opinion about the fairness of share exchange ratio for the share exchange in results of the calculation of the share exchange ratio it has provided.

DIR has conducted a market price method valuation of the prices of the ordinary shares of both companies: the ordinary shares of Gulliver listed on the Tokyo Stock Exchange and the ordinary shares of G-Trading listed on the Jasdaq Securities Exchange. Moreover, in addition to the market price valuation of both companies' shares, DIR has also conducted a DCF method valuation taking into account the necessity of doing an analysis from the perspective of future cash flows.

The market price valuation method has taken the record date of August 5, 2009 and used (1) the closing prices and (2) VWAPs (volume-weighted average prices) for both Gulliver and G-Trading for two periods: (1) from the July 9, 2009 announcement of both Gulliver International and G-Trading's 1st Quarter financial results for the term ending February 2010 to the record date of August 5, 2009 (from July 10, 2009 to August 5, 2009); and (2) the record date of August 5, 2009.

The valuation ranges for the results of these valuation methodologies, on the basis of setting the value of the share price relative to one share in Gulliver International, are shown in the following table.

Method adopted	Share exchange ratio range
Market price method	0.669～0.811
DCF method	0.706～0.976

DIR prepared its calculation of the share exchange ratio using information provided by both companies and information generally disclosed to the public, on the assumption that all the materials and information used were perfectly complete and accurate, but make no guarantee as to the completeness or accuracy of such information. Moreover, concerning the assets and liabilities of both companies and their affiliated companies (including contingent liabilities), DIR has not, in the course of its analysis or valuation of the separate assets and liabilities of each company, independently valued, assessed or estimated the individual assets and liabilities of each company nor made any request to any third party agent to conduct any such valuation, assessment or estimation. In addition, regarding information relating to the financial forecasts for Gulliver and G-Trading, these forecasts were made on the basis of reasonable assumptions reflecting the best estimates that could be made at the time by Gulliver and G-Trading given the information available to them when the forecasts were made.

The earnings plans provided by Gulliver and G-Trading to DIR for the purposes of providing a basis for the DCF method analysis envisage a period of strong earnings growth. The basis for this is that Gulliver is endeavoring to strengthen its used car retail business with ordinary consumers and has incorporated a projection for earnings growth from this area on the assumption that retail sales volumes for used cars can be expected to rise and so Gulliver is anticipating a large increase in earnings for the term ending February 2011 compared with its forecast for operating profits of ¥5 billion projected for the current term ending February 2010. Moreover, G-Trading is incorporating the possibility of earnings expansion in its profit plans thanks to improved efficiency due to cost cutting and other measures and so it anticipates that profits will rise in the term ending February 2011 from a projected operating profit of ¥150 million for the term ending February 2010 and that profits in the subsequent term ending February 2012 will expand yet further.

On the other hand, DIR is not expressing any opinion about the fairness of share exchange ratio for the share exchange in results of the calculation of the share exchange ratio it has provided.

(2) Calculation details

As outlined above, both Gulliver and G-Trading relied upon third party agents for the calculation of the share exchange ratio to be used for the share exchange and based their discussions on a serious consideration of the results of the third party agents' calculations. Moreover, given the aim of making G-Trading a wholly-owned subsidiary of Gulliver and in the interests of being fair to G-Trading's shareholders, and as a result of discussions and negotiations conducted by the two companies on the basis of these assumptions, both companies held Board of Directors meetings on August 10, 2009 which decided on and finalized the share exchange ratio and concluded a share exchange contract accordingly.

(3) Relationships with the agents who conducted the estimates

There are no interests at stake or any relationships which should be disclosed regarding the share exchange between Ichiyoshi Securities, which Gulliver requested to conduct its estimate, and the relevant persons responsible of either Gulliver or G-Trading.

Moreover, there are no interests at stake or any relationships which should be disclosed regarding the share exchange between DIR, which G-Trading requested to conduct its estimate, and the relevant persons responsible of either Gulliver International or G-Trading.

(4) Dealings related to warrants and warrant bonds of the wholly-owned subsidiary

company created by the share exchange
Concerning the warrants and warrant bonds issued by G-Trading, informal consent has been obtained that all such rights pertaining to warrant holders will be relinquished prior to the effective date of the share exchange. Furthermore, G-Trading has not issued any warrant bonds.

(Note) This release is a partial English translation of the original, Japanese-language release.