Gulliver International Co., Ltd.

Gulliver announces revisions to operating results forecasts

TOKYO, March 26, 2010 – In consideration of recent trends in its business performance, Gulliver International Co., Ltd. (“Gulliver”; TSE stock code 7599) today announced revisions to its forecast business results for the fiscal year ended February 28, 2010 (announced on September 29, 2009).

1. Results forecast revisions (March 1, 2009 to February 28, 2010)

(1) Consolidated full-year results forecast revisions

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	150,000	8,000	7,700	3,400	373.75
Revised forecasts (B)	149,000	5,400	5,100	600	65.81
Change (B – A)	(1,000)	(2,600)	(2,600)	(2,800)	—
Percentage change (%)	(0.7%)	(32.5%)	(33.8%)	(82.4%)	—
Reference: (Results for the fiscal year ended February 2009.)	163,669	3,905	2,635	(2,836)	(300.38)

(2) Non-consolidated full-year results forecast revisions

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	133,000	7,200	7,200	3,200	351.76
Revised forecasts (B)	136,300	5,300	5,300	2,000	219.37
Change (B – A)	3,300	(1,900)	(1,900)	(1,200)	—
Percentage change (%)	2.5%	(26.4%)	(26.4%)	(37.5%)	—
Reference: (Results for the fiscal year ended February 2009.)	139,572	4,327	3,983	(2,093)	(221.75)

2. Reasons for revisions

(1) Consolidated results forecast

In addition to the reasons for revisions to the non-consolidated results forecasts cited below in section (2), and as of the current fiscal year ended February 28, 2010, certain revisions have been made to accounting methods for consolidated subsidiary G-One Financial Services Co., Ltd., a financial services company, and its consolidated subsidiary G-One Credit Services Co., Ltd. (hereafter financial subsidiaries).

Previously, accounting methods recognized revenues derived from auto loans handled by financial subsidiaries as a lump sum of approximately 50% of the associated revenue upon creation of the auto loan contract. However, in light of consultations with auditors, we will adopt a more conservative approach to revenue and loss recognition and will change our accounting methods to record revenue based on periods (divided over accounting periods) and will no longer recognize revenue as a lump-sum.

Following this change to the accounting method and in comparison to use of the previous accounting method, operating income and ordinary income are each expected to be approximately ¥0.8 billion lower. Further, of profits recorded in previous years, an estimated amount of ¥1.1 billion, equivalent to the amount resulting from this change in accounting method will be recorded as an extraordinary loss. As a result, net income for the fiscal year ended February 28, 2010 is expected to be approximately ¥1.6 billion lower than if the previous accounting method had been used.

(2) Non-consolidated results forecast

Since its establishment, Gulliver has primarily focused on its business as a wholesale seller of used vehicles through used car auctions. However, over the past two fiscal years Gulliver has strengthened its more profitable retail business. As a result of a series of new services and promotions to strengthen the retail business, in the fiscal year ended February 2010 retail sales of used cars through Gulliver's directly managed stores dramatically increased by 38% over the previous fiscal year to about 40,400 cars, and profitability increased compared to the previous fiscal year. However, we did not achieve our plans for retail sales of 42,000 cars.

In the domestic market for new cars, and due to the effects of support measures such as the eco-car subsidy system (scheduled to end in September 2010), monthly sales of new cars compared to the same month of the previous fiscal year have been increasing since September 2009. In the used car market, however, the monthly number of registered used cars has decreased compared to the previous fiscal year impacted by the strength of the new car market and other factors. Further, demand for newer used cars has temporarily decreased, and at the same time used auto dealers appear to be withholding bids at used car auctions, and as a result, market prices for used cars, primarily those for newer used cars, are in a state of decline. For the used car market, promotions such as the eco-car subsidy system have had a greater effect than initially anticipated and as a result our profitability has declined.

As regards recording revenues for FLATY, a fixed-amount leasing plan for used cars launched in the current fiscal year ended February 2010, we had initially assumed that we would recognize revenues in a lump-sum in the same manner as for retail sales. However, effectively using the same approach as operating lease transactions, we have changed the accounting method to recognize revenue based on the sale price over the contractual period.

Further, we anticipate recording a ¥0.3 billion loss on disposal of fixed assets under extraordinary losses for the fourth quarter of the current fiscal year ended February 28, 2010.

3. Dividend forecast

Gulliver's basic policy concerning distribution of dividends emphasizes the importance of the dividend payout ratio and aims to distribute profit in accordance with operating results. Specifically, Gulliver targets a dividend payout ratio of about 30% of consolidated net income.

Dividend amounts for the current fiscal year ended February 2010 follow this basic policy and target, and the year-end dividend per share forecast remains unchanged at ¥38.00. This follows our policy of calculating the dividend payout ratio after excluding the effects on consolidated net income (amount of reduction) of the change in operating results due to the change in accounting method for financial subsidiaries, which was unexpected and temporary.

(Reference)

Operating results for the fiscal year ended February 28, 2010 and forecasts for the fiscal year ending February 28, 2011 are scheduled to be announced after 3 p.m. on Thursday, April 8, 2010.

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