July 31, 2013

Consolidated Financial Results for the Three Months Ended June 30, 2013【Japanese Standards】

Summary of Quick Financial Announcement of Consolidated Financial Information For the First Quarter Ended June 30, 2013.

Company name: AUTOBACS SEVEN CO., LTD.
Code number: 9832
(URL http://www.autobacs.co.jp/)
Headquarters: Tokyo, Japan
Company Representative: Setsuo Wakuda, Representative Director
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Stock exchange listing: Tokyo
Submission of Quarterly Business Report: August 7, 2013.
Start of cash dividend payments: -
Supplementary quarterly materials prepared: Yes
Quarterly results information meeting held: None

1. Results for the Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
(Note: Amounts less than 1 million Yen have been rounded down. A figure in ( ) indicates a loss or a negative figure.)

(1) Results of operations:
(Unit: Millions of Yen except for per share information, and % information which indicates increase or decrease( ).)

	Net sales		Operating income		Ordinary income	
Three months ended		%		%		%
June 30, 2013	**52,405**	**(9.7)**	**1,899**	**(9.2)**	**2,434**	**(1.5)**
Three months ended June 30, 2012	58,022	(2.2)	2,091	(34.7)	2,473	(36.4)

Note: Comprehensive income : **1,478 million yen for the three months ended June 30, 2013: 57.2 %**
939 million yen for the three months ended June 30, 2012: (56.8 %)

	Net income		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
Three months ended		%		
June 30, 2013	**1,262**	**(4.9)**	**13.68**	**-**
Three months ended June 30, 2012	1,326	(39.8)	13.82	-

The Company conducted a 1:3 stock split on common stock, with an effective date of April 1, 2013. Net income per share data has been calculated as if the stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Financial position:

(Unit: Millions of Yen except for per share information)

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
Three months ended June 30, 2013	**199,430**	**141,125**	% **70.5**	**1,533.47**
Fiscal year ended March 31, 2013	205,526	143,301	69.5	1,544.08

(Reference) Equity: **Three months ended June 30, 2013: 140,682 million Yen**

For the year ended March 31, 2013: 142,861 million Yen

The Company conducted a 1:3 stock split on common stock, with an effective date of April 1, 2013. Net assets per share data has been calculated as if the stock split was conducted at the beginning of the previous consolidated fiscal year.

2. Dividends

Dividends per share (Yen)

	First Quarter	Second Quarter	Third Quarter	Year -end	Annual
Fiscal year ended March 31, 2013	-	75.00	-	81.00	156.00
Fiscal year ended March 31, 2014	-	-	-	-	-
Fiscal year ended March 31, 2014 (forecast)	-	**27.00**	-	**27.00**	**54.00**

Note: Revisions to dividend forecasts published most recently: None

The Company conducted a 1:3 stock split on common stock, with an effective date of April 1, 2013. The total dividends data for the year ending March 31, 2013, is the actual amount prior to the common stock split.

3. Forecast for the fiscal year ending March 2014 (from April 1, 2013 to March 31, 2014)

(Unit: Millions of Yen, percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income	
		%		%		%
Semiannual	111,600	0.7	4,600	9.2	5,100	3.1
Annual	237,000	3.0	13,500	5.9	14,600	0.9

	Net income		Basic net income per share(Yen)
		%	
Semiannual	2,500	11.1	27.25
Annual	8,200	8.0	89.38

Note: Revisions to financial forecasts published most recently: None

4. Other

(1) Significant changes in scope of consolidation: None

(2) Adoption of special accounting policies for quarterly financial statements: None

(3) Changes in accounting policies, accounting estimation change and restatement
1. Changes due to changes in accounting standard: None
2. Changes due to changes in accounting standard except (3)-1.: Yes
(Change in inventory valuation)
Prior to April 1, 2013, the Companys' inventories held at stores were costed using the lower of cost, determined by the retail method, or net selling value.
Effective April 1, 2013, however, the Companys changed its method of costing for inventory to the lower of cost, determined by the average method, or net selling value.
This accounting policy change was reflected to the consolidated financial statements as of April, 2013. As a result, the effect of this change on inventories, cost of goods sold, operating income, ordinary income, income before income taxes and minority interests and per share information for the current quarter is minimal.
3. Changes due to accounting estimation change: None
4. Restatement: None
Changes subject to Article 10(3) of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.

(4) Shares outstanding (common stock)
1. Number of shares outstanding (including treasury stock)
Three months ended June 30, 2013: 92,950,105 shares
Fiscal year ended March 31, 2013: 97,950,105 shares

2. Number of treasury stock at the end of period
Three months ended June 30, 2013: 1,208,965 shares
Fiscal year ended March 31, 2013: 5,428,003 shares

3. Average shares outstanding over quarter
Three months ended June 30, 2013: 92,294,830 shares
Three months ended June 30, 2012: 96,034,873 shares

The Company conducted a 1:3 stock split on common stock, with an effective date of April 1, 2013. Number of shares outstanding has been calculated as if the stock split was conducted at the beginning of the previous consolidated fiscal year.

※Indication regarding the situation of quarterly review procedures
These financial results are not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. At the time of the disclosure of the financial results, the procedures for reviewing quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

※Statement regarding the proper use of financial forecasts and other special remarks
These forecast performance figures are based on the information currently available to the Company's management and certain assumptions judged rational. Accordingly, these might be cases in which actual results materially differ from forecasts of this report.

5. Qualitative Information concerning Consolidated Business Results for the three months ended June 30, 2013

(1) Qualitative Information Concerning Consolidated Business Results

1. Business environment

Regarding the domestic consumption of automotive goods and services during the first three months of the consolidated fiscal year under review, bright signs were seen in economic conditions, reflecting the government's economic policy, but there was no increase in automobile sales or in the consumption of automotive goods. There was a reaction to an increase in the number of new cars sold in the previous year, attributable to the government subsidies for the purchase of fuel-efficient cars, and demand fell for goods closely related to the sale of new cars. Conditions were severe overall.

2. Overview of the domestic retail business

Overall sales for businesses in the AUTOBACS chain (including franchise outlets) in Japan for the first three months of the consolidated fiscal year under review declined by 9.3% year on year on a same-store basis and by 7.2% year on year on an overall store basis.

In the automotive goods segment, the Group adopted a policy to increase retail sales by enhancing its sales of tires. To achieve this goal, the Group improved its lineup of tires and its selling systems. However, demand for tire change did not rise as initially expected, and the time for changing from snow tires to ordinary tires was moved up to March in areas experiencing snowfall, except Hokkaido, while sales of certain fuel-efficient tires were brisk. As a result, tire sales decreased from the previous year. Sales of goods such as wheels, interior accessories, and car washing items, which had been brisk overall thanks to an increase in the number of new cars sold in the previous year, were stagnant. In addition, unit prices for car navigation devices continued to fall. These were major factors for the decline in sales.

In the statutory safety inspections and maintenance segment, the Group continued to take steps to strengthen its guidance, focusing on stores with low sales of statutory safety inspections. As a result, both the number and amount of sales remained steady, and the number of statutory safety inspections that were carried out increased by 4.2% year on year, to about 132,000.

In the automobile purchase and sales business segment, sales of new cars declined due to a reaction to the government subsidies for the purchase of fuel-efficient cars, which had been offered in the previous year. However, sales of used cars were brisk, as the Group continued to implement strong sales measures at stores. The number of cars purchased increased, reflecting the introduction of a new assessment system, and sales to used car dealers remained sizable. As a result, the total number of vehicles sold increased by 13.8% year on year, to 4,533. The number of CARS franchise stores rose from 244 as of the end of last fiscal year to 256 as of the end of June 2013.

Domestic store openings and closings resulted in a net increase of three stores, from 552 stores at the end of March to 555 stores as four new stores were opened, two stores opened through scrap and build and one store closed. Moreover, AUTOBACS Secohan Ichiba has five in-shop facilities at stores in other business categories but, from last fiscal year, these will no longer be included in the store count.

3. Consolidated business results

Group sales during the first quarter of the fiscal year under review declined by 9.7% to 52,405 million yen, gross profit fell by 3.9% to 17,040 million yen and selling, general and administrative expenses decreased by 3.2% to 15,141 million yen, resulting in operating income of 1,899 million yen, down by 9.2%. Non-operating income and expenses increased by 153 million due mainly to the decrease in foreign exchange loss. As a result, ordinary income fell by 1.5% to 2,434 million yen. In addition, an impairment loss on fixed assets of 135 million yen related to land and buildings of stores was recorded as an extraordinary loss. Net income fell by 4.9% to 1,262 million yen.

Results by business segment are as shown below.

<Non-consolidated>

Sales fell by 14.2% year on year, to 41,925 million yen. In wholesale operations for franchise outlets, oil, batteries, car, and fuel sales rose, yet could not offset the decline in car electronics sales. Tire and wheel sales also declined. Therefore, in wholesale operations for franchise outlets, sales declined by 13.4% year on year. In retail operations, sales declined by 38.8% year on year, reflecting stagnant sales for car electronics, tires and wheels, and the transfer of directly managed stores to domestic store subsidiaries. Gross profit decreased by 11.1% year on year, to 8,778 million yen, reflecting the drop in sales. However, the gross margin improved from 20.2% in the same period of the previous fiscal year to 20.9%, reflecting a change in the gross profit mix including a decrease in the sales ratio for car electronics, the improvement of purchasing conditions through the selection and reduction of suppliers. Selling, general and administrative expenses declined by 11.5% year on year, to 5,996 million yen, reflecting a drop in information system–related costs and operational costs for directly managed stores, and a drastic revision of advertising and sales promotion expenses. As a result, operating income decreased by 10.3% year on year, to 2,782 million yen.

<Domestic Store Subsidiaries>

Sales declined by 3.4% year on year, to 17,831 million yen, and operating loss improved by 72 million yen from the same period of the previous fiscal year, to 651 million yen. Sales declined year on year, reflecting a sharp decrease in the sales of tires and car electronics from the previous year despite a rise in sales thanks to the conversion of franchise outlets into subsidiaries and the transfer of directly managed stores. However, the gross margin improved, reflecting the improvement of the gross profit mix including a higher ratio of service sales, purchasing conditions through negotiations with suppliers, and a rise in the sales ratio of fuel-efficient tires with high gross profit. Selling, general and administrative expenses decreased. Although there was an increase, reflecting the conversion of franchise outlets into subsidiaries and the transfer of directly managed stores, a rise in total expenses was curbed thanks to a decline in personnel expenses, which was attributable to a reduction of store personnel, and sales promotion expenses.

<Overseas Subsidiaries>

Sales rose by 22.6% year on year, to 2,537 million yen. Operating loss improved by 22 million yen from the same period of the previous fiscal year, to 7 million yen. In France, sales on a euro basis declined, due to price competition with competitors in tires and car electronics amid the economic slowdown in the Eurozone. However, sales on a yen basis increased thanks to the appreciation of the euro. Operating loss improved due to the increased percentage of goods and services with high gross margin. In China, sales and operating loss improved as a result of efforts to promote the sale of maintenance goods such as car washing items, tires, and oil in two subsidiary managed stores. In Thailand, sales fell, reflecting a decline in the sales of services, which was attributable to a change in automobile regulations, and an operating loss was posted despite efforts to reduce expenses. In Singapore, sales and operating income remained almost on par with the previous year.

<Subsidiaries for Car Goods Supply and Other>

Sales increased by 1.6% year on year to 3,810 million yen, chiefly thanks to brisk wholesale sales of oil, etc. in Palster K. K., thereby increasing gross profit. As a result, operating income rose by 78.2% year on year, to 87 million yen.

<Subsidiaries for Supporting Functions>

Sales declined by 4.1% year on year, to 830 million yen. Operating income decreased by 6.8% year on year, to 127 million yen.

<Adjustments to consolidated operating income>

The adjustment to consolidated operating income, which is deducted from the total operating income for all segments, was almost on par with the previous year, amounting to 439 million yen. The main change in the consolidated adjustment from the previous fiscal year was an increase in unrealized gains, which were included in the quarter-end inventories sold by the Company to its domestic store subsidiaries.

4. Progress in the AUTOBACS 2010 Medium-Term Business Plan

The Group continued to take steps to improve the profitability of stores and increase its market share in the final year of the AUTOBACS 2010 Medium-Term Business Plan.

Looking at the progress of major policies, in the reform of existing stores, the Group strengthened its efforts to promote repeat customer visits by improving its merchandise lineup for tires and distributing checksheets to notify customers when to maintain their cars, along with maintaining and developing the sales floors built through remodeling. The Group also continued to focus on developing store human resources such as strengthening store managers' managerial abilities and training staff on merchandise and improving their skills.

Improving the profitability of domestic store subsidiaries was regarded as one of the most important issues for the fiscal year under review. The Group changed the personnel assignment for some of its stores at the end of last year, and inspected the effects of the new operation that were implemented in the fiscal year under review to improve the efficiency of operations. The Group will continue to improve the new operation and increase the number of stores adopting it.

With respect to the renovating of the sales floors at Super AUTOBACS stores, which began in the previous fiscal year, the sales floors for nine stores were renovated in the first quarter of the fiscal year under review, and a total of 28 stores were renovated.

Regarding new stores, four stores were opened in the first quarter of the fiscal year under review. Since April 2010, when the AUTOBACS 2010 Medium-Term Business Plan began, a total of 61 new stores have been opened.

In the development of multi channels and the service business, after opening a store in Rakuten Ichiba last year, the Group opened the AUTOBACS Store, an official online store, as part of Amazon.co.jp, a general online store. Its online booking service for oil change, which was introduced in all stores in the previous fiscal year, produced far greater results than the previous fiscal year. The Group will continue to take steps to increase customer convenience by improving the functions of smartphone applications and broadening its services.

(2) Review for Financial Condition

Assets at the end of the first quarter under review decreased by 6,095 million yen, or 3.0% to 199,430 million yen, primarily reflecting increases in trade notes and accounts receivable and decreases in accounts receivable-other.

Liabilities decreased by 3,920 million yen, or 6.3%, to 58,305 million yen, chiefly attributable to a rises in Trade notes and accounts payable-trade and decline in income taxes payable.

Net assets slipped by 2,175 million yen, or 1.5%, to 141,125 million yen, mainly as a result of the purchase of treasury stock and dividend payments from retained earnings.

(3) Information on future forecasts including consolidated financial results forecasts

There are no changes to the consolidated financial results forecast that was announced on May 9, 2013. We don't expect the future business environment to greatly improve from that of the first quarter of the fiscal year under review. However, the Group will aim to achieve the results forecast for the first six months and the full year by continuing to promote the sale of goods and services such as tires, wheels, oil, batteries, statutory safety inspections and maintenance services, and car sales. If a revision to the consolidated financial results forecast is necessary, we will disclose it in a timely and appropriate manner.

6. Consolidated Financial Statements

(1)Consolidated Balance Sheets

(Unit: Millions of Yen)

Assets	March 31, 2013 Amount	June 30, 2013 Amount
Current assets		
Cash and deposits	48,197	49,210
Trade notes and accounts receivable	24,748	25,914
Marketable securities	1,000	-
Inventories	16,576	16,289
Other current assets	36,908	31,570
Allowance for doubtful receivables	(228)	(224)
Total current assets	127,202	122,760
Fixed assets		
Tangible fixed assets		
Land	22,919	22,879
Other tangible fixed assets(net)	18,533	18,754
Total tangible fixed assets	41,453	41,634
Intangible fixed assets		
Goodwill	867	887
Other intangible fixed assets	4,591	4,436
Total intangible fixed assets	5,459	5,323
Investments		
Rental deposits	18,618	18,455
Other investments	16,792	11,370
Allowance for doubtful receivables	(3,999)	(113)
Total investments	31,411	29,712
Total fixed assets	78,324	76,670
Total assets	205,526	199,430

Liabilities and Net assets	March 31, 2013 Amount	**June 30, 2013** **Amount**
Current liabilities		
Trade notes and accounts payable-trade	21,647	**22,985**
Short-term borrowings	2,124	**2,186**
Income taxes payable	2,578	**163**
Allowance for business restructuring	988	**191**
Other Allowances	465	**444**
Other current liabilities	17,216	**15,273**
Total current liabilities	45,020	**41,246**
Long-term liabilities		
Bonds	65	**50**
Long-term debt	6,083	**6,075**
Allowances	416	**359**
Asset retirement obligations	1,980	**2,006**
Other long-term liabilities	8,659	**8,567**
Total long-term liabilities	17,204	**17,059**
Total liabilities	62,225	**58,305**
Shareholders' equity		
Common stock	33,998	**33,998**
Capital surplus	34,278	**34,278**
Retained earnings	80,438	**72,605**
Treasury stock at cost	(7,230)	**(1,785)**
Total shareholders' equity	141,484	**139,096**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,271	**1,293**
Foreign currency translation adjustments	105	**292**
Total accumulated other comprehensive income	1,377	**1,586**
Minority interests	439	**442**
Total net assets	143,301	**141,125**
Total liabilities and net assets	205,526	**199,430**

(2) Consolidated Statements of Income and Comprehensive Income
(Unit: Millions of Yen)

	Three months ended June 30, 2012 Amount	**Three months ended June 30, 2013 Amount**
Net sales	58,022	**52,405**
Cost of goods sold	40,294	**35,365**
Gross profit	17,728	**17,040**
Selling, general and administrative expenses	15,637	**15,141**
Operating income	2,091	**1,899**
Non-operating income		
Interest income	36	**23**
Dividend income	26	**31**
Lease revenue-system equipment	289	**318**
Other non-operating income	784	**719**
Total non-operating income	1,136	**1,093**
Non-operating expenses		
Interest expenses	35	**24**
Equity in loss of affiliates	9	**15**
Lease cost-system equipment	283	**292**
Foreign exchange losses	135	**58**
Other non-operating expenses	289	**167**
Total non-operating expenses	754	**558**
Ordinary income	2,473	**2,434**
Extraordinary losses		
Impairment losses on fixed assets	-	**135**
Total extraordinary losses	-	**135**
Income before income taxes and minority interests	2,473	**2,299**
Income taxes		
Current	595	**66**
Deferred	571	**965**
Total income taxes	1,166	**1,031**
Income before minority interests	1,306	**1,268**
Minority interests in net income (losses)	(20)	**5**
Net income	1,326	**1,262**
Minority interests in net income (losses)	(20)	**5**
Income before minority interests	1,306	**1,268**
Other comprehensive income		
Valuation difference on available-for-sale securities	(98)	**21**
Foreign currency translation adjustment	(267)	**187**
Share of other comprehensive income of associates accounted for using equity method	(0)	**0**
Total other comprehensive income	(366)	**210**
Comprehensive income	939	**1,478**
Comprehensive income attributable to		
Owners of the parent	972	**1,471**
Minority interests	(32)	**7**

7. Notes in case significant changes were made to the amount of shareholders' equity

At the Board of Directors held on May 9, 2013, the Board approved the repurchase of common stock. From May 13, 2013 to June 30, 2013, Autobacs Seven Co., Ltd. repurchased 780,000 shares of common stock for 1,213 millions of Yen.

The Board also approved the cancelation 5,000,000 shares of treasury stock at the above Board of Directors and carried it out on May 16, 2013.

As a result, Retained earnings and Treasury stock at cost were decreased by 6,660 millions of Yen.

8. Segment Information

I Three months ended June 30, 2012

(1) Information about sales and profit (loss)

(Unit: Millions of Yen)

	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Net sales						
Sales to outside customers	35,555	18,307	2,013	1,884	260	58,022
Intersegment sales or transfers	13,307	153	56	1,865	605	15,988
Total	48,863	18,461	2,069	3,750	866	74,011
Net income (loss)	3,102	(723)	(30)	49	137	2,534

(2)Difference between operating income and Sum of operating income (loss) in reportable segments for the Three months ended June 30

(Unit: Millions of Yen)

Income	Amount
Total reportable segments	2,534
Inventories	(271)
Elimination of intersegment transaction	(118)
Amortization of goodwill	(97)
Fixed assets	60
Allowance for point card	(31)
Others	15
Operating income	2,091

(3)Impairment losses of assets, goodwill, and others, by reporting segment

Not applicable.

Ⅱ Three months ended June 30, 2013

(1) Information about sales and profit (loss)

(Unit: Millions of Yen)

	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Net sales						
Sales to outside customers	30,033	17,669	2,463	1,993	245	52,405
Intersegment sales or transfers	11,891	161	73	1,816	585	14,529
Total	41,925	17,831	2,537	3,810	830	66,935
Net income (loss)	2,782	(651)	(7)	87	127	2,339

(2)Difference between operating income and Sum of operating income (loss) in reportable segments for the Three months ended June 30

(Unit: Millions of Yen)

Income	Amount
Total reportable segments	2,339
Inventories	(395)
Elimination of intersegment transaction	(43)
Amortization of goodwill	(27)
Fixed assets	54
Allowance for point card	3
Others	(32)
Operating income	1,899

(3)Impairment losses of assets, goodwill, and others, by reporting segment

Not applicable.

9. Additional Information

(1)Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

	Three months ended June 30, 2013		
Divisions	Amount	Ratio	Year-on-Year Increase/Decrease Ratio
		%	%
Wholesale	30,083	57.4	86.6
Retail	21,452	40.9	95.8
Others (letting and hiring fee of leased object)	870	1.7	97.7
Total	52,405	100.0	90.3

Note: Consumption taxes are excluded from the above amounts.

(2)Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

Products	Three months ended June 30, 2013 Amount	Ratio	Year-on-Year Increase/Decrease Ratio
Wholesale		%	%
Tires and wheels	6,839	22.7	88.6
Car electronics	6,974	23.2	65.2
Oil and batteries	4,298	14.3	105.1
Car exterior items	2,894	9.6	98.1
Car interior items	3,349	11.1	91.5
Motor sports	1,891	6.3	90.5
Services	709	2.4	115.7
Others	3,124	10.4	106.8
Subtotal	30,083	100.0	86.6
Retail			
Tires and wheels	4,253	19.8	96.1
Car electronics	3,334	15.6	80.3
Oil and batteries	1,844	8.6	102.2
Car exterior items	2,514	11.7	101.2
Car interior items	2,440	11.4	100.0
Motor sports	1,360	6.3	94.8
Services	4,036	18.8	100.2
Others	1,666	7.8	103.8
Subtotal	21,452	100.0	95.8
Others (letting and hiring fee of leased object)	870	-	97.7
Total			
Tires and wheels	11,092	21.2	91.3
Car electronics	10,309	19.7	69.4
Oil and batteries	6,143	11.7	104.2
Car exterior items	5,409	10.3	99.5
Car interior items	5,790	11.0	94.9
Motor sports	3,252	6.2	92.2
Services	4,745	9.1	102.3
Others	5,661	10.8	104.4
Total	52,405	100.0	90.3

Notes: 1.Consumption taxes are excluded from the above amounts.

2.Others is consisted of revenue of Car sales, Used car goods sales and Royalty income .

3.The sales amount to application of equity method companies are in the wholesale.