January 31, 2013

Consolidated Financial Results for the Nine Months Ended December 31, 2012【Japanese Standards】

Summary of Quick Financial Announcement of Consolidated Financial Information For the Third Quarter Ended December 31, 2012.

Company name：AUTOBACS SEVEN CO., LTD.
Code number：9832
(URL http://www.autobacs.co.jp/)
Headquarters：Tokyo, Japan
Company Representative：Setsuo Wakuda, Representative Director
Contact for further information：Masahiko Katsushima, Officer, Finance and Accounting
Telephone：+81-3-6219-8829
Stock exchange listings：Tokyo and Osaka
Submission of Quarterly Business Report：February 7, 2013.
Start of cash dividend payments：-
Supplementary quarterly materials prepared：Yes
Quarterly results information meeting held：None

1. Results for the Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)

(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	
		%		%		%
Nine months ended December 31, 2012	**182,873**	**(2.6)**	**11,324**	**(12.6)**	**12,522**	**(13.1)**
Nine months ended December 31, 2011	187,666	(0.0)	12,961	20.9	14,409	28.1

Note: Comprehensive income： **6,850 million yen for the nine months ended December 31, 2012: (11.5 %)**
7,742 million yen for the nine months ended December 31, 2011: 41.3 %

	Net income		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
		%		
Nine months ended December 31, 2012	**6,639**	**(19.5)**	**212.44**	**-**
Nine months ended December 31, 2011	8,245	40.7	246.66	-

(2) Financial position:

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

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
Nine months ended December 31, 2012	**224,738**	**140,958**	% **62.5**	**4,556.35**
Fiscal year ended March 31, 2012	217,948	146,193	66.8	4,461.28

(Reference) Equity : **Nine months ended December 31, 2012 : 140,523 million Yen**

For the year ended March 31, 2012 : 145,625 million Yen

2. Dividends

Dividends per share (Yen)

	First Quarter	Second Quarter	Third Quarter	Year -end	Annual
Fiscal year ended March 31, 2012	-	70.00	-	75.00	145.00
Fiscal year ended March 31, 2013	**-**	**75.00**	**-**	**-**	**-**
Fiscal year ended March 31, 2013 (forecast)	-	-	-	75.00	150.00

Note : Changes in dividends forecast for the fiscal year ending March 2013 as of December 31, 2012 : None

3. Forecast for the fiscal year ending March 2013 (from April 1, 2012 to March 31, 2013)

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

	Net sales	%	Operating income	%	Ordinary income	%
Annual	234,000	(1.4)	11,800	(14.0)	13,000	(15.1)

	Net income	%	Basic net income per share(Yen)
Annual	6,800	(19.1)	220.48

Note : Changes in forecast of consolidated operating results for the fiscal year ending March 2013 since the latest announcement : 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 : Yes

(Change in accounting policy which is difficult to distinguish from change in accounting estimate)

In the first quarter ended June 30, 2012, the Company and its domestic consolidated subsidiaries changed the depreciation method for tangible fixed assets except store buildings and structures acquired on or after April 1, 2012 in line with the revision of the Corporate Tax Act. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the current quarter is minimal.

2. Changes due to changes in accounting standard except (3)-1. : None
3. Changes due to accounting estimation change : Yes
4. Restatement : None

Changes subject to Article 10(5) 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)

Nine months ended December 31, 2012 : 32,650,035 shares
Fiscal year ended March 31, 2012 : 34,251,605 shares

2. Number of treasury stock at the end of period

Nine months ended December 31, 2012 : 1,808,897 shares
Fiscal year ended March 31, 2012 : 1,609,485 shares

3. Average shares outstanding over quarter

Nine months ended December 31, 2012 : 31,250,803 shares
Nine months ended December 31, 2011 : 33,427,997 shares

※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 nine months ended December 31, 2012

(1) Qualitative Information Concerning Consolidated Business Results

1. Business environment

Domestic consumption of automotive goods and services during the first nine months of the consolidated fiscal year under review witnessed growth in demand for automotive goods, including tires, wheels and car interior items. This growth was attributable to an increased number of new cars sold because of government subsidies for the purchase of fuel efficient cars that lasted until September. Even after the termination of the subsidies, demand for such goods as tires and wheel sets remained strong, given an increase in the number of new cars and the effects of cold weather nationwide. However, certain merchandise encountered a different business environment. This included car navigation devices and in-car tuners that faced a large reactionary decline in sales, contrary to the previous year's strong sales associated with the transfer to digital terrestrial TV broadcasting, and car navigation devices that saw a fall in average sales prices.

2. Overview of the domestic retail business

Overall sales of the businesses of the AUTOBACS chain (including franchise outlets) in Japan for the first nine months of the consolidated fiscal year under review decreased 4.1% year on year on a same store basis and 1.6% year on year on a total store basis. Meanwhile, given the effects of store reforms and advanced customer service training, which the Group had been working on as initiatives in the AUTOBACS 2010 Medium-Term Business Plan, the number of customers visiting stores rose 0.9% on a same store basis.

In the automotive goods segment, sales of interior accessories, wheels, car washing items and other goods remained stable. This was a result of the initiative to strengthen promotional campaigns aimed at drivers who purchased cars to take advantage of the government subsidies for the purchase of fuel efficient cars. Meanwhile, sales of studless snow tires and wheels increased, reflecting the Group's initiatives to focus on customers' convenience by improving the lineup of such goods and offering the goods in a set unit in each store, as well as the favorable effects from cold weather and snowfall mainly in the Kanto region and other northern regions. Sales of goods related to smartphones—the number of users of which was rising—also remained steady as the Group strengthened the lineups of these goods. In car electronics, however, there was a drop in sales given a reactionary decline from last fiscal year's increase in demand for car navigation devices and in-car tuners because of the shift to digital terrestrial broadcasting, a lower price range for hot-selling navigation devices, and falling average sales prices due to price competition with car dealers and others. With these significant declines in sales, sales of automotive goods declined compared to the same period of the previous fiscal year.

In the statutory safety inspections and maintenance segment, sales for statutory safety inspections declined because of strong sales of new cars. However, the Group took an active initiative and, starting in April of this fiscal year, the statutory safety inspection contact center began full-scale operations, responding to telephone and internet inquiries from customers. As a result, the number of statutory safety inspections being carried out reached approximately 399,000 units, a 6.9% year on year increase. Sales of bodywork and painting services also increased, as an Auto Body Repair and Painting Center, which boasts sophisticated plating skills in addition to the bodywork and painting services to repair small scars and dents that the segment had been providing, was opened in three locations.

The automobile purchase and sales business segment saw steady sales of new cars associated with the government subsidies for the purchase of fuel efficient cars. However, the number of used cars sold to distributors declined, mainly due to a fall in used cars purchased in reaction to the strong demand in the previous year following the earthquake. As a result, the total number of vehicles sold was almost on a par with the same period of the previous fiscal year, an increase of 1.6%, to 12,659 units. Further, the number of Cars franchise stores increased from 175 stores as of the end of December 2011 to 235 stores as of the end of December 2012.

3. Consolidated business results

Consolidated sales during the first nine months of the fiscal year under review declined by 2.6% year on year, to 182,873 million yen, gross profit fell by 1.5%, to 58,899 million yen and selling, general, and administrative expenses increased by 1.5%, to 47,575 million yen, resulting in operating income of 11,324 million yen, down by 12.6%. Net non-operating income declined because there was a decrease in non-operating income as, this fiscal year, there was no insurance benefit as occurred last fiscal year. As a result, ordinary income fell by 13.1%, to 12,522 million yen. In addition, a loss on investment securities of 467 million yen and an impairment loss on fixed assets of 76 million yen related to stores were recorded as an extraordinary loss. Net income was 6,639 million yen declined by 19.5% year on year.

Results by business segment are as shown below.

<Non-consolidated>

Sales decreased by 3.7% year on year, to 152,757 million yen. In wholesale operations for franchise outlets, sales of car interior merchandise, tires and wheels increased, while sales of car electronics declined significantly. As a result, sales fell by 3.9% compared to the same period last year. In retail operations, sales decreased by 1.2% year on year, reflecting the decline in sales of car electronics, offsetting higher sales of vehicles. Gross profit fell by 1.6%, to 32,989 million yen, reflecting a significant decline in gross profit, given declines in sales of car electronics and other goods, although the gross profit margin was improving, reflecting the effects of procurement reform. Selling, general, and administrative expenses increased 0.9% year on year, to 20,764 million yen, as spending on advertising and sales promotions, which had been subject to self-restraint last year due to the impact of the earthquake, returned to a normal level in the first quarter of the fiscal year under review, and depreciation expenses of information systems and fees paid increased. As a result, operating income declined by 5.6% year on year, to 12,225 million yen.

<Domestic Store Subsidiaries>

Sales fell by 4.1% year on year, to 59,954 million yen, and the operating loss was 526 million yen. Sales declined because of the effect of sluggish sales of car electronics, although sales of interior accessories, studless snow tires and wheel sets were solid. Gross profit decreased not only in car electronics, but also other merchandise, such as oil and maintenance, whose sales were strong in the previous year. Selling, general, and administrative expenses were almost on a par with those for the previous fiscal year as a result of efforts to reduce expenses since the second quarter of the fiscal year under review, although expenses rose year on year in the first quarter because of a reaction to fewer expenses in the wake of the earthquake.

<Overseas Subsidiaries>

Sales fell by 7.4% year on year, to 6,480 million yen, and operating income decreased by 74.6%, to 18 million yen. In France, sales declined because there was an increase in the number of stores that were not allowed to do business on Sundays and sales of merchandise for winter remained sluggish, in addition to a slump in consumer spending because of the sluggish European economy. However, operating income increased year on year, reflecting the effect of initiatives to raise the ratio of sales of services and control expenses. In China, sales declined because the local subsidiary closed its first directly managed store in Shanghai, although it opened its third directly managed store. Meanwhile, an operating loss was recorded, reflecting the cost of opening the new store and the loss associated with the closure, despite company-wide cost cutting initiatives to offset stagnant sales. In Singapore, both sales and gross profit increased from the same period of the previous fiscal year, reflecting a new addition of sales from stores that were opened in the previous fiscal year and the effect of measures to boost sales of maintenance merchandise, such as tires and oil. Operating income also rose year on year, reflecting the effect of an initiative to control selling, general, and administrative expenses. In Thailand, although sales increased thanks to active sales promotion activities, especially for tires, an operating loss was posted due to increases in rents for stores and other expenses.

<Subsidiaries for Car Goods Supply and Other>

Although sales increased to 11,291 million yen by 12.9% year on year as Palster K.K., which operates distribution of oils increased its sales due to expansion of sales channel aggressively, and Yanaka Corporation, which operates auto body repair centers, became a consolidated subsidiary of the Group. However, operating income decreased by 7.0% year on year, to 185 million yen, on the strength of an increase in distribution and personnel expenses compared to last year.

<Subsidiaries for Supporting Functions>

Sales increased by 3.2% year on year, to 1,714 million yen, and operating income rose by 12.6% year on year, to 246 million yen, almost the same level as last year.

<Adjustment to consolidated operating income >

The adjustment to consolidated operating income that is deducted from the sum of the operating income for all segments changed by 343 million yen to 936 million yen. The main reason for the decrease in the consolidated adjustment from the previous fiscal year is a decline in inventories and fixed assets which were sold by the Company to its retail store subsidiaries, although the amortization of goodwill associated with making franchise outlets subsidiaries increased.

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

With respect to the AUTOBACS 2010 Medium-Term Business Plan, the Group believes that it is important to execute the plan steadily, even though the current business environment is difficult. Looking at the progress of major policies, in the reform of existing stores, the Group was taking steps to correct variations among stores in terms of the effect of the sales floor remodeling and to revamp customer service training on an ongoing basis. The Group also continued to focus on educating store management and improving store staff service ability. These efforts produced some positive effects, such as increases in the number of customers visiting stores and the number of new AUTOBACS members. In addition, the remodeling of the sales floor at Super AUTOBACS has begun this fiscal year, leveraging the know-how in reforming AUTOBACS stores, and 11 stores had already been remodeled by the end of the first half. The Group plans to complete the remodeling of all Super AUTOBACS stores at the end of the next fiscal year. As for new stores, 30 new stores are planned for this fiscal year, of which 25 have already been opened. The company implemented the development of low cost stores model and opened a few new stores of which investment costs, such as building and equipment, were reduced from the traditional one. In the development of multi-channels and the service business, a store was opened in the Rakuten Ichiba, an Internet shopping mall, and tablet terminals were introduced to improve convenience for customers and the operational efficiency of store staff. In addition, as a plan to improve profitability at store subsidiaries, stores were transferred to other store subsidiaries and franchise outlets, and subsidiaries were merged with other subsidiaries. Also, measures to improve business efficiency at subsidiary stores are constantly explored.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets at the end of the third quarter under review increased by 6,789 million yen, or 3.1% to 224,738 million yen, primarily reflecting increases in trade notes and accounts receivable and decreases in cash and deposits and accounts receivable-other.

Liabilities increased by 12,024 million yen, or 16.8%, to 83,779 million yen, chiefly attributable to increase of trade notes and accounts payable-trade and a decline in income taxes payable.

Net assets slipped by 5,234 million yen, or 3.6%, to 140,958 million yen, mainly as a result of the purchase of treasury stock and dividend payments from retained earnings.

6. Consolidated Financial Statements

(1)Consolidated Balance Sheets

(Unit: Millions of Yen)

Assets	March 31, 2012 Amount	**December 31, 2012** **Amount**
Current assets		
Cash and deposits	50,959	**42,458**
Trade notes and accounts receivable	26,776	**38,623**
Marketable securities	8,922	**2,505**
Inventories	17,083	**20,781**
Accounts receivable-other	19,955	**25,828**
Other current assets	18,032	**17,520**
Allowance for doubtful receivables	(118)	**(122)**
Total current assets	141,611	**147,596**
Fixed assets		
Tangible fixed assets		
Land	22,793	**22,919**
Other tangible fixed assets(net)	16,730	**18,422**
Total tangible fixed assets	39,523	**41,341**
Intangible fixed assets		
Goodwill	764	**868**
Other intangible fixed assets	5,489	**4,783**
Total intangible fixed assets	6,253	**5,651**
Investments		
Rental deposits	19,221	**18,693**
Other investments	15,021	**15,182**
Allowance for doubtful receivables	(3,683)	**(3,727)**
Total investments	30,559	**30,148**
Total fixed assets	76,337	**77,141**
Total assets	217,948	**224,738**

Liabilities and Net assets	March 31, 2012 Amount	**December 31, 2012** **Amount**
Current liabilities		
Trade notes and accounts payable-trade	24,342	**39,645**
Short-term borrowings	5,087	**4,091**
Income taxes payable	4,957	**1,489**
Allowance for business restructuring	1,089	**1,141**
Other Allowances	426	**475**
Other current liabilities	19,746	**20,434**
Total current liabilities	55,649	**67,278**
Long-term liabilities		
Bonds	135	**85**
Long-term debt	5,160	**5,346**
Allowances	324	**425**
Asset retirement obligations	1,801	**1,960**
Other long-term liabilities	8,683	**8,684**
Total long-term liabilities	16,105	**16,501**
Total liabilities	71,755	**83,779**
Shareholders' equity		
Common stock	33,998	**33,998**
Capital surplus	34,278	**34,278**
Retained earnings	83,074	**79,488**
Treasury stock at cost	(5,496)	**(7,228)**
Total shareholders' equity	145,854	**140,536**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51	**92**
Foreign currency translation adjustments	(281)	**(106)**
Total accumulated other comprehensive income	(229)	**(13)**
Minority interests	567	**435**
Total net assets	146,193	**140,958**
Total liabilities and net assets	217,948	**224,738**

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

	Nine months ended December 31, 2011 Amount	**Nine months ended December 31, 2012 Amount**
Net sales	187,666	**182,873**
Cost of goods sold	127,851	**123,973**
Gross profit	59,815	**58,899**
Selling, general and administrative expenses	46,853	**47,575**
Operating income	12,961	**11,324**
Non-operating income		
Interest income	123	**105**
Dividend income	35	**41**
Equity in income on affiliates	72	**38**
Lease revenue-system equipment	915	**892**
Foreign exchange gains	-	**204**
Other non-operating income	2,278	**1,766**
Total non-operating income	3,425	**3,048**
Non-operating expenses		
Interest expenses	125	**99**
Lease cost-system equipment	956	**854**
Foreign exchange losses	261	**-**
Other non-operating expenses	632	**896**
Total non-operating expenses	1,976	**1,851**
Ordinary income	14,409	**12,522**
Extraordinary losses		
Loss on sales of fixed assets	29	**-**
Impairment losses on fixed assets	33	**79**
Loss on sales of investment securities	-	**467**
Loss on arrangement of stores	51	**-**
Total extraordinary losses	115	**546**
Income before income taxes and minority interests	14,294	**11,975**
Income taxes		
Current	5,965	**4,825**
Deferred	63	**529**
Total income taxes	6,028	**5,354**
Income before minority interests	8,266	**6,620**
Minority interests in net income (losses)	20	**(18)**
Net income	8,245	**6,639**
Minority interests in net income (losses)	20	**(18)**
Income before minority interests	8,266	**6,620**
Other comprehensive income		
Valuation difference on available-for-sale securities	(105)	**42**
Foreign currency translation adjustment	(420)	**188**
Share of other comprehensive income of associates accounted for using equity method	1	**(2)**
Total other comprehensive income	(523)	**229**
Comprehensive income	7,742	**6,850**
Comprehensive income attributable to		
Owners of the parent	7,737	**6,854**
Minority interests	4	**(4)**

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

At the Board of Directors held on May 10, 2012, the Board approved the repurchase of common stock. From May 11, 2012 to August 8, 2012, Autobacs Seven Co., Ltd. repurchased 1,800,000 shares of common stock for 7,193 millions of Yen.

The Board also approved the cancelation 1,601,570 shares of treasury stock at the above Board of Directors and carried it out on May 17, 2012.

As a result, Retained earnings and Treasury stock at cost were decreased by 5,463 millions of Yen.

8. Segment Information

I Nine months ended December 31, 2011

(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	113,662	61,845	6,818	4,614	726	187,666
Intersegment sales or transfers	44,989	695	183	5,388	1,813	53,070
Total	158,652	62,541	7,001	10,002	2,539	240,737
Net income	12,953	674	73	199	340	14,242

(2)Difference between operating income and Sum of operating income (loss) in reportable segments for the Nine months ended December 31

(Unit: Millions of Yen)

Income	Amount
Total reportable segments	14,242
Inventories	(693)
Elimination of intersegment transaction	(343)
Allowance for point card	(83)
Amortization of goodwill	(58)
Fixed assets	(37)
Others	(63)
Operating income	12,961

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

Not applicable.

Ⅱ Nine months ended December 31, 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	110,754	59,459	6,293	5,611	753	182,873
Intersegment sales or transfers	42,003	495	186	5,679	1,809	50,173
Total	152,757	59,954	6,480	11,291	2,563	233,047
Net income (loss)	12,225	(526)	18	185	358	12,261

(2)Difference between operating income and Sum of operating income (loss) in reportable segments for the Nine months ended December 31

(Unit: Millions of Yen)

Income	Amount
Total reportable segments	12,261
Inventories	(501)
Elimination of intersegment transaction	(323)
Amortization of goodwill	(241)
Allowance for point card	(43)
Fixed assets	153
Others	20
Operating income	11,324

(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)

	Nine months ended December 31, 2012		
Divisions	Amount	Ratio	Year-on-Year Increase/Decrease Ratio
		%	%
Wholesale	107,718	58.9	98.0
Retail	72,483	39.6	96.5
Others (letting and hiring fee of leased object)	2,672	1.5	104.1
Total	182,873	100.0	97.4

Note : Consumption taxes are excluded from the above amounts.

(2)Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

	Nine months ended December 31, 2012		
Products	Amount	Ratio	Year-on-Year Increase/Decrease Ratio
Wholesale		%	%
Tires and wheels	30,272	28.1	102.6
Car electronics	24,635	22.9	80.0
Oil and batteries	13,721	12.7	108.7
Car exterior items	10,932	10.2	102.1
Car interior items	10,700	9.9	114.2
Motor sports	6,245	5.8	106.1
Services	2,009	1.9	110.2
Others	9,199	8.5	99.8
Subtotal	107,718	100.0	98.0
Retail			
Tires and wheels	16,796	23.2	102.8
Car electronics	12,272	16.9	78.3
Oil and batteries	6,218	8.6	97.3
Car exterior items	7,810	10.8	97.4
Car interior items	7,315	10.1	106.8
Motor sports	4,575	6.3	100.2
Services	12,421	17.1	102.4
Others	5,071	7.0	98.4
Subtotal	72,483	100.0	96.5
Others (letting and hiring fee of leased object)	2,672	-	104.1
Total			
Tires and wheels	47,069	25.7	102.6
Car electronics	36,908	20.2	79.4
Oil and batteries	19,940	10.9	104.9
Car exterior items	18,742	10.2	100.1
Car interior items	18,016	9.9	111.0
Motor sports	10,821	5.9	103.5
Services	14,431	7.9	103.4
Others	16,942	9.3	100.0
Total	182,873	100.0	97.4

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.