July 31, 2012

Consolidated Financial Results for the Three Months Ended June 30, 2012 【Japanese Standards】

Summary of Quick Financial Announcement of Consolidated Financial Information For the First Quarter Ended June 30, 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
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Stock exchange listings: Tokyo and Osaka
Submission of Quarterly Business Report: August 7, 2012.
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, 2012 (From April 1, 2012 to June 30, 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	
		%		%		%
Three months ended June 30, 2012	**58,022**	**(2.2)**	**2,091**	**(34.7)**	**2,473**	**(36.4)**
Three months ended June 30, 2011	59,314	0.5	3,202	52.3	3,887	75.7

Note: Comprehensive income : **939 million yen for the three months ended June 30, 2012: (56.8 %)**
2,176 million yen for the three months ended June 30,2011: - %

	Net income		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
		%		
Three months ended June 30, 2012	**1,326**	**(39.8)**	**41.45**	**-**
Three months ended June 30, 2011	2,204	306.2	64.63	-

(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, 2012	**206,833**	**138,684**	**66.8** %	**4,435.28**
Fiscal year ended March 31, 2012	217,948	146,193	66.8	4,461.28

(Reference) Equity : **Three months ended June 30, 2012 : 138,212 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	-	-	-	-	-
Fiscal year ended March 31, 2013 (forecast)	**-**	**75.00**	**-**	**75.00**	**150.00**

Note : Changes in dividends forecast for the fiscal year ending March 2013 as of June 30, 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	%
Semiannual	116,300	1.4	6,200	0.5	7,100	(2.2)
Annual	242,500	2.2	14,500	5.7	15,900	3.9

	Net income	%	Basic net income per share(Yen)
Semiannual	4,200	(0.6)	134.78
Annual	9,500	13.1	304.86

Note : Changes in forecast of consolidated operating results for the fiscal year ending March 2013 as of June 30, 2012 : 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)

Three months ended June 30, 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

Three months ended June 30, 2012: 1,488,095 shares

Fiscal year ended March 31, 2012: 1,609,485 shares

3. Average shares outstanding over quarter

Three months ended June 30, 2012: 32,011,626 shares

Three months ended June 30, 2011: 34,109,725 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 three months ended June 30, 2012

(1) Qualitative Information Concerning Consolidated Business Results

1. Business environment

Domestic consumption of automotive goods and services during the first quarter of the consolidated fiscal year under review witnessed a difficult business environment overall as, although there was growth in demand for automotive goods and services due to an increased number of new cars sold because of government subsidies for the purchase of fuel efficient cars, a large reactionary decline emerged for merchandise that saw a significant expansion of demand during the last fiscal year following the shift to digital terrestrial broadcasting and the impact of the earthquake.

2. Overview of the domestic retail business

Overall sales of the businesses of the AUTOBACS chain in Japan decreased by 2.2% year on year on a same-store basis and decreased by 0.5% year on year on a total-store basis.

In the automobile goods segment, sales of interior accessories, tires and wheels and car washing items were positive as the result of good new car sales combined with promotional campaigns aimed at drivers who purchased either of new or used car. However, in car electronics, there was a steep 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 and a lower price range for hot-selling items. In addition, a reactionary decline occurred compared to last fiscal year's accelerated demand for tires ahead of a price increase and the increase in demand for safety merchandise due to the impact of the earthquake. Overall, sales of automotive goods and services declined compared to last year.

In the statutory safety inspections and maintenance segment, sales for statutory safety inspections declined because of strong sales of new cars. However, starting in April of this year, the statutory safety inspection contact center began full-scale operations, responding to telephone and Internet enquiries from customers, which resulted in statutory safety inspections being carried out on approximately 127,000 units, a 7.5% year on year increase.

The automobile purchase and sales business segment saw a decline in the number of cars purchased and used cars sold in reaction to the increase in used car demand last year following the earthquake but, because of positive new car sales, the total number of vehicles sold increased by 2.6% compared to the same period last year to 3,980 units. Further, the number of Cars franchise stores increased from 172 stores last fiscal year to 202 stores as of the end of June.

Domestic store openings and closings resulted in a net increase of two stores, from 530 stores at the end of March to 532 stores as six new stores were opened, one store opened through scrap and build and one store closed. Moreover, AUTOBACS *Secohan Ichiba* has three in-shop facilities at stores in other business categories but, starting with this 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 2.2% to 58,022 million yen, gross profit fell by 4.5% to 17,728 million yen and selling, general and administrative expenses increased by 1.8% to 15,637 million yen, resulting in operating income of 2,091 million yen, down by 34.7%. 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 36.4% to 2,473 million yen. Net income fell by 39.8% to 1,326 million yen because an increase in the valuation allowance on losses carried forward by subsidiaries.

Results by business segment are as shown below.

<Non-consolidated>

Sales decreased by 3.3% to 48,863 million yen. In wholesale operations for franchise outlets, sales of car interior merchandise and motor sports goods increased but the decline in sales of tires and car electronics was bigger and sales fell by 3.5% compared to the same period last year.

In retail operations, there was an increase of one directly managed store that pushed up overall sales, but the decline in sales of car electronics and the decrease in sales from the closing of a used automotive goods store left sales even with last year for a change of 0.0%. Gross profit fell by 4.1% to 9,874 million yen as declining sales volumes of tires and car electronics reduced gross profit margins. Selling, general and administrative expenses increase by 2.0% year on year to 6,771 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 normal and the Company conducted sales campaigns aimed at new car buyers. As a result, operating income declined by 15.1% to 3,102 million yen.

<Domestic Store Subsidiaries>

Sales declined by 4.2% year on year to 18,461 million yen and the operating loss increased by 666 million yen compared to the same period last year to 723 million yen. This is largely due to the sharp decline in the sales of tires and car electronics compared to last year. On the one hand, selling, general and administrative expenses increased as store strengthened their sales promotions aimed new car buyers.

<Overseas Subsidiaries>

Sales fell by 16.0% year on year to 2,069 million yen and the operating loss widened by 64 million yen to 30 million yen. In addition to sluggish individual consumption in France because of the economic recession in Europe, sales declined because there was an increase in the number of stores that are not allowed to do business on Sunday. Despite efforts to control selling, general and administrative expenses, an operating loss was posted. In China, sales declined because the local subsidiary opened its third directly managed store and closed its first directly managed store in Shanghai while the cost of the new store increased expenses. As a result, an operating loss was posted, which is continuing from last year. Sales increased in Singapore and in Thailand but operating income was flat compared to a year ago.

<Subsidiaries for Car Goods Supply and Other>

Sales increased by 13.7% year on year to 3,750 million yen, due to higher wholesale sales of engine oil, engine oil additives and LED parts but an increase in distribution expenses compared to last year resulted in a 36.2% year on year decline in operating income to 49 million yen.

<Subsidiaries for Supporting Functions>

Sales increased by 3.2% year on year to 866 million yen and operating income increased by 6.6% year on year to 137 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 of the segments changed by 189 million yen to 443 million yen. The main reason for the increase or decrease starting with last fiscal year is largely a decline in unrealized profit on merchandise sold by the Company to its retail store subsidiaries.

The lawsuit filed in the US in December 2009 by AUTOBACS STRAUSS INC. et al is at the stage where all parties to the lawsuit have submitted their claims to the court and there are no particular items that need to be disclosed.

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

Looking at the progress of the major policies in the AUTOBACS 2010 Medium-Term Business Plan, in the reform of existing stores, the Group is working to further reform its sales floors by introducing successful examples to AUTOBACS stores that had their sales floors remodeled last year and, at the same time, reviewing store operations to both strengthen customer contact and make it more efficient. In order to maximize the effect of the sales floor remodeling, the Group is continuing to focus on educating store management and improving store staff service ability. In addition, the remodeling of the sales floor at Super AUTOBACS will begin this fiscal year. As for new stores, 30 new stores are planned for this fiscal year of which four have already been opened. In the development of the service business, Auto Body Repair and Painting Center were opened one in the Urayasu area of Chiba Prefecture in April of this year and one in the Toda area of Saitama Prefecture in May and these have begun to provide high quality bodywork and painting services. In addition, as part of a plan to improve profitability at store subsidiaries, a new team of specialists analyze the current state of subsidiary stores and propose policies for a reform plan.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets at the end of the first quarter under review decreased by 11,115 million yen, or 5.1% to 206,833 million yen, primarily reflecting increases in trade notes and accounts receivable and decreases in cash and deposits and accounts receivable-other.

Liabilities decreased by 3,605 million yen, or 5.0%, to 68,149 million yen, chiefly attributable to a rises in Trade notes and accounts payable-trade and decline in income taxes payable.

Net assets slipped by 7,509 million yen, or 5.1%, to 138,684 million yen, mainly as a result of the purchase of treasury stock and dividend payments from retained earnings.

(3) Qualitative Information Concerning Consolidated Business Forecasts

There is no change to the forecast announced on May 10, 2012. As for the future business environment, demand for automotive goods and services is forecast to decline with the conclusion of government subsidies for the purchase of fuel efficient cars. However, it is believed that demand for studless snow tires for a greater number of new cars will increase and that maintenance demand will emerge. In addition, climate change, changes in government policies, and other factors are likely to have an impact on demand for automotive goods and services so the forecast is that conditions will continue to be uncertain. With respect to future business results, taking the cumulative first quarter period into account, in addition to strengthening policies to increase sales and gross profit from second quarter onward, by reducing each and every expense, the Group aims to meet its full-year profit forecast. If it becomes necessary to adjust the business results forecast, appropriate disclosure will be made promptly.

6. Consolidated Financial Statements

(1)Consolidated Balance Sheets

(Unit: Millions of Yen)

Assets	March 31, 2012 Amount	June 30, 2012 Amount
Current assets		
Cash and deposits	50,959	45,822
Trade notes and accounts receivable	26,776	29,942
Marketable securities	8,922	4,626
Inventories	17,083	18,307
Other current assets	37,987	33,033
Allowance for doubtful receivables	(118)	(122)
Total current assets	141,611	131,610
Fixed assets		
Tangible fixed assets		
Land	22,793	22,793
Other tangible fixed assets(net)	16,730	16,927
Total tangible fixed assets	39,523	39,720
Intangible fixed assets		
Goodwill	764	819
Other intangible fixed assets	5,489	5,300
Total intangible fixed assets	6,253	6,120
Investments		
Rental deposits	19,221	19,264
Other investments	15,021	13,679
Allowance for doubtful receivables	(3,683)	(3,561)
Total investments	30,559	29,382
Total fixed assets	76,337	75,223
Total assets	217,948	206,833

Liabilities and Net assets	March 31, 2012 Amount	June 30, 2012 Amount
Current liabilities		
Trade notes and accounts payable-trade	24,342	28,054
Short-term borrowings	5,087	5,016
Income taxes payable	4,957	635
Allowance for business restructuring	1,089	1,056
Other Allowances	426	459
Other current liabilities	19,746	16,944
Total current liabilities	55,649	52,166
Long-term liabilities		
Bonds	135	120
Long-term debt	5,160	5,119
Allowances	324	365
Asset retirement obligations	1,801	1,839
Other long-term liabilities	8,683	8,538
Total long-term liabilities	16,105	15,983
Total liabilities	71,755	68,149
Owners' equity		
Shareholders' equity		
Common stock	33,998	33,998
Capital surplus	34,278	34,278
Retained earnings	83,074	76,479
Treasury stock at cost	(5,496)	(5,960)
Total owners' equity	145,854	138,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51	(46)
Foreign currency translation adjustments	(281)	(537)
Total accumulated other comprehensive income	(229)	(583)
Minority interests	567	471
Total net assets	146,193	138,684
Total liabilities and net assets	217,948	206,833

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: Millions of Yen)

	Three months ended June 30, 2011 Amount	**Three months ended June 30, 2012 Amount**
Net sales	59,314	**58,022**
Cost of goods sold	40,758	**40,294**
Gross profit	18,556	**17,728**
Selling, general and administrative expenses	15,353	**15,637**
Operating income	3,202	**2,091**
Non-operating income		
Interest income	37	**36**
Dividend income	21	**26**
Equity in income on affiliates	9	**-**
Lease revenue-system equipment	300	**289**
Other non-operating income	1,040	**784**
Total non-operating income	1,408	**1,136**
Non-operating expenses		
Interest expenses	42	**35**
Equity in loss of affiliates	-	**9**
Lease cost-system equipment	294	**283**
Foreign exchange losses	103	**135**
Other non-operating expenses	282	**289**
Total non-operating expenses	723	**754**
Ordinary income	3,887	**2,473**
Extraordinary losses		
Impairment losses on fixed assets	15	**-**
Total extraordinary losses	15	**-**
Income before income taxes and minority interests	3,872	**2,473**
Income taxes		
Current	1,666	**595**
Deferred	(7)	**571**
Total income taxes	1,659	**1,166**
Income before minority interests	2,213	**1,306**
Minority interests in net income (losses)	8	**(20)**
Net income	2,204	**1,326**
Minority interests in net income (losses)	8	**(20)**
Income before minority interests	2,213	**1,306**
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	**(98)**
Foreign currency translation adjustment	(34)	**(267)**
Share of other comprehensive income of associates accounted for using equity method	0	**(0)**
Total other comprehensive income	(36)	**(366)**
Comprehensive income	2,176	**939**
Comprehensive income attributable to		
Owners of the parent	2,174	**972**
Minority interests	1	**(32)**

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 June 30, 2012, Autobacs Seven Co., Ltd. repurchased 1,480,000 shares of common stock for 5,927 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 Three months ended June 30, 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	36,066	19,063	2,426	1,521	236	59,314
Intersegment sales or transfers	14,455	209	37	1,778	603	17,084
Total	50,522	19,272	2,463	3,300	839	76,398
Net income (loss)	3,653	(57)	34	76	128	3,835

(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	3,835
Inventories	(436)
Elimination of intersegment transaction	(133)
Amortization of goodwill	(19)
Fixed assets	(12)
Allowance for point card	8
Others	(40)
Operating income	3,202

(3)Impairment losses of assets, goodwill, and others, by reporting segment
Not applicable.

II 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.

9. Additional Information

(1)Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

	Three months ended June 30,2012		
Divisions	Amount	Ratio	Year-on-Year Increase/Decrease Ratio
		%	%
Wholesale	34,749	59.9	99.2
Retail	22,382	38.6	95.4
Others (letting and hiring fee of leased object)	891	1.5	106.4
Total	58,022	100.0	97.8

Note: Consumption taxes are excluded from the above amounts.

(2)Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

	Three months ended June 30,2012		
Products	Amount	Ratio	Year-on-Year Increase/Decrease
Wholesale		%	%
Tires and wheels	7,720	22.2	89.8
Car electronics	10,698	30.8	94.4
Oil and batteries	4,089	11.8	108.0
Car exterior items	2,950	8.5	99.6
Car interior items	3,659	10.5	116.4
Motor sports	2,091	6.0	115.0
Services	613	1.8	109.2
Others	2,926	8.4	103.8
Subtotal	34,749	100.0	99.2
Retail			
Tires and wheels	4,427	19.8	97.5
Car electronics	4,155	18.6	81.2
Oil and batteries	1,804	8.0	97.1
Car exterior items	2,485	11.1	95.5
Car interior items	2,439	10.9	108.6
Motor sports	1,435	6.4	103.6
Services	4,027	18.0	102.1
Others	1,606	7.2	90.9
Subtotal	22,382	100.0	95.4
Others (letting and hiring fee of leased object)	891	-	106.4
Total			
Tires and wheels	12,148	20.9	92.5
Car electronics	14,853	25.6	90.3
Oil and batteries	5,894	10.2	104.4
Car exterior items	5,435	9.4	97.7
Car interior items	6,098	10.5	113.2
Motor sports	3,526	6.1	110.1
Services	4,640	8.0	103.0
Others	5,424	9.3	100.0
Total	58,022	100.0	97.8

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.