May 11, 2011

# Consolidated Financial Results for the Year Ended March 31, 2011 【Japanese Standards】

**Summary of Quick Financial Announcement of Consolidated Financial Information For the Year Ended March 31, 2011.**

Company name：AUTOBACS SEVEN CO., LTD.
Code number：9832
(URL http://www.autobacs.co.jp/)
Company Representative：Setsuo Wakuda, Representative Director
Contact for further information：Yasuhiro Tsunemori, Director
Telephone：+81-3-6219-8829
Annual meeting of shareholders：June 23, 2011
Start of cash dividend payments: June 24, 2011
Supplementary materials prepared：Yes
Financial results information meeting held：Yes(for securities analysts and institutional investors, etc)

**1. Results for the year ended March 31, 2011 (From April 1, 2010 to March 31, 2011)**

(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 | |
|---|---|---|---|---|---|---|
| | | % | | % | | % |
| **Fiscal year ended March 31, 2011** | **236,350** | **1.5** | **11,988** | **17.9** | **13,060** | **11.1** |
| Fiscal year ended March 31, 2010 | 232,936 | (10.1) | 10,171 | 99.8 | 11,757 | 79.3 |

Note：Comprehensive income

**Fiscal year ended March 31, 2011 :5,972 million Yen (-2.2%)**

Fiscal year ended March 31, 2010：6,109 million Yen (-%)

| | Net income | | Basic net income per share(Yen) | Basic net income per share-diluted(Yen) |
|---|---|---|---|---|
| | | % | | |
| **Fiscal year ended March 31, 2011** | **6,179** | **5.4** | **177.97** | **-** |
| Fiscal year ended March 31, 2010 | 5,865 | - | 161.97 | - |

| | Net income to shareholders' equity | Ordinary income to total assets | Operating income to net sales |
|---|---|---|---|
| **Fiscal year ended March 31, 2011** | **%** <br> **4.1** | **%** <br> **6.2** | **%** <br> **5.1** |
| Fiscal year ended March 31, 2010 | 3.8 | 5.4 | - 4.4 |

Reference: Equity income on a affiliates :

**Fiscal year ended March 31, 2011 : 74 million Yen**

Fiscal year ended March 31, 2010 : 91 million Yen

**(2) Financial position:**

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

| | Total assets | Total net assets | Equity ratio | Net assets per share(Yen) |
|---|---|---|---|---|
| **Fiscal year ended March 31, 2011** | **207,794** | **147,962** | **%** <br> **71.0** | **4,307.43** |
| Fiscal year ended March 31, 2010 | 210,652 | 151,852 | 71.9 | 4,223.55 |

Reference : Owner’s equity

**Fiscal year ended March 31, 2011: 147,504 million Yen**

Fiscal year ended March 31, 2010 : 151,396 million Yen

**(3) Statements of cash flows:**

(Unit: Millions of Yen)

| | Operating activities | Investing activities | Financing activities | Ending balances of cash and cash equivalents |
|---|---|---|---|---|
| **Fiscal year ended March 31, 2011** | **15,375** | **(5,002)** | **%** <br> **(11,790)** | **52,316** |
| Fiscal year ended March 31, 2010 | 18,949 | (4,694) | (12,187) | 53,785 |

## 2.Dividends

Dividends per share (Yen)

| | First Quarter | Second Quarter | Third Quarter | Year-end |
|---|---|---|---|---|
| Fiscal year ended March 31, 2010 | - | 60.00 | - | 65.00 |
| **Fiscal year ended March 31, 2011** | - | **65.00** | **-** | **70.00** |
| Fiscal year ended March31,2012 (forecast) | - | 70.00 | - | 70.00 |

| | Full Year | Total Dividends Paid (Full Year) (Millions of Yen) | Payout Ratio (Consolidated) | Dividends paid/Net Assets (Consolidated) |
|---|---|---|---|---|
| | | | % | % |
| Fiscal year ended March 31, 2010 | 125.00 | 4,481 | 77.2 | 3.0 |
| **Fiscal year ended March 31, 2011** | **135.00** | **4,623** | **75.9** | **3.2** |
| Fiscal year ended March31, 2012 (forecast) | 140.00 | - | 65.7 | - |

## 3. Forecast for the fiscal year 2012 (from April 1, 2011 to March 31, 2012)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Basic net income per share (Yen) |
|---|---|---|---|---|---|---|---|---|---|
| | | % | | % | | % | | % | |
| **Semiannual** | **114,100** | **(0.8)** | **4,700** | **13.6** | **5,400** | **22.9** | **3,000** | **74.9** | **87.61** |
| **Annual** | **233,200** | **(1.3)** | **11,700** | **(2.4)** | **13,200** | **1.1** | **7,300** | **18.1** | **213.17** |

## 4.Other

**(1) Significant changes in subsidiaries during the year ended : None**

**(2) Changes in accounting principles, processes, disclosure methods, etc.**

1.Changes associated with revision in accounting standards : Yes

2.Other changes : None

**(3) Shares outstanding (common stock)**

1. Number of shares outstanding (including treasury stock)

**Fiscal year ended March 31, 2011 : 37,454,204 shares**

Fiscal year ended March 31, 2010 : 37,454,204 shares

2. Number of treasury stock at the end of period

**Fiscal year ended March 31, 2011： 3,209,982 shares**

Fiscal year ended March 31, 2010：1,608,348 shares

3. Average shares outstanding over period

**Fiscal year ended March 31, 2011：34,724,050 shares**

Fiscal year ended March 31, 2010：36,215,277 shares

## 5. Qualitative Information concerning Consolidated Business Results for the fiscal year ended March 31, 2011

(1) Descriptive analysis of the business results

**(i) Business results for the fiscal year under review**

**<Business practices implemented under the changing business environment>**

Domestic consumption of automotive goods and services during the consolidated fiscal year under review was encouraged by factors that lent more support than usual to demand, including an increase in the number of new automobiles sold thanks to the government's tax cuts and subsidies for eco-friendly automobiles, the extreme summer heat, and nationwide snowfalls in the winter. There were, however, factors that discouraged a recovery in consumption, such as a sharp decline in sales of ETC devices in contrast to the brisk sales in the previous year and the spending restraint in the wake of Great East Japan Earthquake.

In this business environment, the Group has developed the AUTOBACS 2010 Medium-Term Business Plan, aiming to increase store profitability and market share as the core of its business strategy. Its business practices during the fiscal year have followed this plan.

**<Overview of the domestic business>**

Overall sales of the businesses of the AUTOBACS chain (including franchise outlets) in Japan increased by 0.2% year on year on a same-store basis and remained unchanged (0.0% change) on a total-store basis. The total turnover of "automotive goods and services" and "statutory safety inspections and maintenance" combined in the core businesses declined year on year by 0.6%, both on a same-store basis and total store basis.

The "sale of automotive goods and services" segment placed priority on compensating for the decline in sales of ETC devices, which had sold well in the previous year, with growth in sales of tires and wheels. To this end, the segment increased its merchandise, strengthened the sales system at stores, and launched a promotional campaign using newspaper advertisements. Active merchandise procurement and sales activities to meet demand for new automobiles, which had increased thanks to the subsidies for eco-friendly automobiles, and demand for replacement with snow tires due to snowfalls resulted in an increase in the sales of tires and wheels. Among car electronics, fixed navigation devices sold well as a result of an increase in sales of new automobiles, while tuners for digital terrestrial broadcasting were in greater demand ahead of the end of analogue TV broadcasting in July 2011. In addition, the weather encouraged sales of batteries and tire chains. Meanwhile, sales of ETC devices dropped significantly in reaction to special demand in the previous fiscal year. As a result, sales of automotive goods and services were down by 1.1% year on year.

The "statutory safety inspections and maintenance" segment faced a difficult environment, in which demand for safety inspections declined with an increase in new automobiles sold by September and competition intensified. Nonetheless, promotional activities at the stores and phone calls made to members of the point-up card membership program to provide information, helped increase the number of automobiles receiving a safety inspection by 11.3% from a year earlier, to approximately 498,000 units (for all outlets combined).

The "automobile purchase and sales" segment achieved a year-on-year increase in the number of automobiles sold by 11.0% to approximately 16,000 units (excluding the sales for used-car auctions). This increase was a consequence of the demand for new automobiles created by subsidies for eco-friendly automobiles, information on automobiles provided on the company's website and other specialized websites, and the improved assessment and sale of used cars at stores under the direction of the head office.

The opening and closure of stores in Japan included the opening of four new AUTOBACS stores and one new AUTOBACS EXPRESS store, four store conversions to AUTOBACS stores, the opening and closure of 11 AUTOBACS stores through comprehensive restructuring and relocation, and the closure of four AUTOBACS *Hashiriya Tengoku Secohan Ichiba* stores. As a result, the total number of stores held by the AUTOBACS Group in Japan increased by two stores from the previous fiscal year to 513 stores.

**<Effect of the Great Eastern Japan Earthquake>**

Because of the Great East Japan Earthquake occurred on March 11, 2011, a total of 35 stores in Tohoku and Kanto Regions were not operating as of March 12. The buildings and facilities at Eastern Japan Logistics Center in Ichikawa, Chiba Prefecture, were damaged and operations were forced to cease. In response, the Group established a crisis management task force headed by the Chief Executive Officer immediately after the earthquake and began support for the disaster areas and efforts to resume operations.

As a result of the recovery efforts at the stores, two stores remain closed as of May 11, 2011. A logistics system that would not interrupt the store operation was promptly built by maximizing the operation at Western Japan Logistics Center in Miki, Hyogo Prefecture, which immediately began merchandise delivery to the stores in operation in East Japan. Eastern Japan Logistics Center was restored and the collection and delivery operation resumed on May 2, 2011.

The year-on-year change in sales at Group stores (all outlets) from March 11, 2011 to March 31, 2011 was a decline of 5.2 % on a same-store basis and 4.9% on a total store basis. Please refer to the description provided in the latter section for the effects of the amount of damage caused by the earthquake.

**<Consolidated business results>**

The Group's consolidated sales for the fiscal year under review increased by 1.5% from a year earlier, to 236,350 million yen. The gross margin rose by 2.4% year on year, to 75,739 million yen. Selling, general and administrative expenses were down by 0.1%, to 63,750 million yen. As a result, consolidated operating income climbed by 17.9%, to 11,988 million yen. Consolidated ordinary income increased by 11.1% from a year earlier, to 13,060 million yen, despite a fall in the gains of subsidiaries for supporting functions from outside the Group as part of non-operating income and an increase in exchange losses related to loans provided to overseas subsidiaries. As extraordinary gains, the Group recorded gains on the sale of fixed assets of 438 million yen and a reversal of the allowance for doubtful accounts of 515 million yen. Extraordinary losses included 1,166 million yen, representing the effect of the application of the accounting standard for asset retirement obligations, a special retirement allowance of 460 million yen required due to the merger of a subsidiary, BRAIN-ING Co., Ltd.. As a result, net income for the fiscal year under review was up by 5.4% year on year, to 6,179 million yen. The earthquake damage was 287 million yen for the selling, general and administrative expenses which mainly included earthquake related donations, and 386 million yen in extraordinary losses which included restoration of facilities and equipment.

Results by business segment are as shown below.

**<Non-Consolidated>**

Sales rose by 2.0% from a year earlier, to 194,715 million yen. In wholesale operations for franchise outlets, sales climbed by 2.8% year on year, thanks to strong sales of tires, wheels, tire chains, tuners for digital terrestrial broadcasting, and automobiles, which outweighed a substantial decline in sales of ETC devices. In retail operations, sales were down by 10.0% from a year earlier, reflecting the closure of directly managed second-hand automotive goods stores and the transfer of the motorcycle goods business in the previous fiscal year, as well as a decline in sales of ETC devices. Gross profit increased by 3.7% year on year, to 40,626 million yen, as a result of higher sales of tires, wheels, and car exterior items, offsetting lower sales of ETC devices and second-hand automotive goods. Selling, general and administrative expenses were up by 0.8% from a year earlier, to 28,877 million yen, due primarily to expenses to support sales floor renovation and increased personnel expenses associated with the merger of the Group's subsidiary, BRAIN-ING Co., Ltd., in August 2010 despite significant efforts to reduce costs, including the concentration of expenses for sales promotion on tires and wheels. As a result, operating income was up by 11.5% year on year, to 11,749 million yen.

**<Domestic Store Subsidiaries>**

While sales at existing stores remained unchanged from the previous year, sales in this segment increased by 2.7% year on year, to 81,206 million yen, with the conversion of the franchise outlets to Group subsidiaries. The operating loss increased by 16 million yen, to 89 million yen, reflecting a fall in sales and installation services of ETC devices, reduced sales associated with the Great East Japan Earthquake, and expenses for active sales promotion activities, offsetting an improvement in the gross margin on tires and wheels that had sold well.

**<Overseas Subsidiaries>**

Sales were up by 4.0% from a year earlier, to 8,810 million yen, principally because of higher sales at existing stores, offsetting the effect of exchange rate fluctuations. The operating loss was reduced by 527 million yen from a year earlier, to 183 million yen. In addition, net income of 322 million yen was achieved, which suggests the effect of the measures to improve the overseas business. In France, the management team was reorganized in May 2010, and the operating income grew substantially thanks to an increase in the sales of tires and other consumables, expanded pit services, and the positive effect of snowfall, as well as cost reduction through organizational restructuring. In Singapore, steady economic growth and increased demand for automobile maintenance facilitated growth in sales and operating income. In Thailand, income remained close to the level of the previous year through cost controls, despite the decreased sales due to political upheavals and floods. Also in Thailand, a low-cost store specializing in the sale of tires opened in December. In China, despite a decline in wholesale with the closure of certain stores operated by franchisees, the operating loss was reduced with continued management streamlining and an increase in retail sales associated with the opening of stores operated by the Shanghai subsidiary of the Group.

**<Subsidiaries for Car Goods Supply and Other>**

Sales rose by 0.4% year on year, to 13,034 million yen, with an increase in the wholesale of oil despite the exclusion of two subsidiaries operating driving schools in July 2009 and Auto Refine Co., Ltd. in June 2010 from consolidation. Operating income in this segment declined by 18.0% year on year, to 233 million yen, primarily attributable to the effect of changes in the cost of goods sold in oil wholesale.

**<Subsidiaries for Supporting Functions>**

Sales declined by 51.0% year on year, to 6,180 million yen, and operating income fell by 34.4%, to 487 million yen, principally reflecting the change of AUTOBACS SYSTEM SOLUTIONS Co., Ltd. from a subsidiary to an equity method company in October 2009 and the merger of BRAIN-ING Co., Ltd. in August 2010. Sales in the management services, leasing business, and the financial insurance business for franchise companies constituting the main operations of this segment decreased with the liquidation of businesses and subsidiaries of the Group. Control of the expenses, however, has helped the profit remain generally in line with the plan.

**(ii) Business Outlook**

The outlook for the business environment in the next fiscal year is uncertain given concerns such as the soaring prices of crude oil and raw materials, weakened consumer confidence, and the adverse effect of power conservation associated with the Great East Japan Earthquake. Cancellation of the highway toll cap system will also influence conditions.

The Group will continue to execute its medium-term business plan, while promptly responding to changes in the short-term needs of the retail market. In particular, the Group will aim to increase earnings through measures such as: (1) additional reform of the sales floors; (2) continuous customer service reform; (3) increased sales in the tire and safety inspection segments; and (4) new stores opening in smaller markets in Japan the next fiscal year.

Looking at store openings and closures, the Group plans to open 31 new stores and reopen and close 10 existing stores through a comprehensive restructuring and relocation in Japan. Outside Japan, the Group plans to open one store each in China and Taiwan.

In addition to the above outlook, sales are expected to decline: (1) at the two stores where the restoration plan is still uncertain; (2) at the 202 stores in Tohoku and Kanto Regions where power-saving measures will be implemented; and (3) because of a lack of supply of merchandise in the next fiscal year in the wake of the earthquake. For these reasons, consolidated sales for the fiscal year are expected to decrease by 1.3% to 233,200 million yen. Further, operating income is estimated to be

11,700 million yen, down by 2.4%, with ordinary income at 13,200 million yen, up by 1.1%, in anticipation of an improvement in the gross margin resulting from supplier reform and increased expenses due primarily to sales floor renovation. Net income is forecast to increase by 18.1%, to reach 7,300 million yen, with no extraordinary losses expected such as those incurred in the previous consolidated fiscal year.

**(iii) Progress of the AUTOBACS 2010 Medium-Term Business Plan**

The Group has executed a number of initiatives including business and financial strategies and CSR activities, under the AUTOBACS 2010 Medium-Term Business Plan, which was announced in May 2010.

Although it is only the first year of the medium-term business plan, important measures such as the reform of existing stores and human resources reform and customer service education, which aim to radically strengthen domestic businesses, yielded results that exceeded the initial plan.

**<Business Strategy>**

The Group emphasized the strengthening of the domestic franchise business as a business strategy and sought to improve the profitability of the existing AUTOBACS stores.

While the initial plan for the reform of existing stores was to renovate 100 stores in the AUTOBACS format by the end of March 2011, progress was substantially faster than the plan and the renovation of 141 stores were completed.

The sales floor reform as part of the existing store reform aimed to create sales floors that would facilitate the selection and purchase of merchandise and services from the perspective of customers. Stores that had undergone the reform outperformed other stores in terms of sales figures, and customers, especially female and first-time visitors, made positive comments that the store was easy to use and they felt comfortable asking questions.

Human resources reform and customer service education were designed to provide customers with safety and reliability, while improving customer-service skills to facilitate a comfortable shopping experience. A specialized team was formed and provided, in most cases, store employees with customer-service training at locations across Japan. Approximately 3,750 employees completed the training, far exceeding the initial plan of 3,000. These trainees led the customer service training at each store to promote awareness of customer service in the entire store.

In efforts to open new stores, a team exclusively in charge of store cost savings was established and developed a cost-cutting plan. The results were applied one by one to new stores. A total of four new stores were established during the fiscal year ended March 31, 2011. The store model for new stores opening after the year ending March 31, 2012, will continue to be improved, by making the cost cutting plan more specific and applying to new stores the lessons learned by verifying the performance at the four stores already in operation as well as the outcomes of the reform at existing stores. The aim is to achieve the grand opening after the year ending March 31, 2013.

Other Group initiatives include good merchandise and services provided to customers at affordable prices, reductions in the cost of purchases through supplier reform aiming to improve store profitability, and strengthening of the safety inspection service and automobile sales to enhance the merchandise and services provided to customers.

Expenses were further controlled to improve the ability of the head office to act, and human resource development, including buyer training and level-specific training, was continued.

**<Financial Strategy>**

The Group's financial strategy was aimed at improving capital efficiency, and a total of 1.6 million shares of treasury stock were purchased for approximately 5,200 million yen based on a policy of increasing shareholder returns. The target consolidated ratio of dividend on equity (DOE) will be 3% and the dividend per share is planned at 135 yen, an addition of 10 yen to the dividend in the previous consolidated fiscal year.

**<CSR Activities>**

The Group has positioned CSR as an important management issue, and has developed a plan to reduce the environmental burden of the business, opened two environmentally friendly stores of AUTOBACS YAMATO KORIYAMA and AUTOBACS FUCHU, and held AUTOBACS Day at all member stores to clean up the neighborhood as a contribution to local communities.

The Group made a donation of 100 million yen through Japan Red Cross for victims of the Great East Japan Earthquake that struck on March 11, 2011, and provided relief supplies (approximately 39,000 car phone chargers and 5,000 inverters) to the disaster headquarters in the affected areas. In addition, each store in the AUTOBACS chain is continuing with fund-raising activities.

## 5.Consolidated Financial Statements

### (1)Consolidated Balance Sheets

(Unit: Millions of Yen)

| Assets | March 31,2010 Amount | March 31,2011 Amount |
|---|---|---|
| **Current assets** | | |
| Cash and deposits | 43,829 | 43,767 |
| Trade notes and accounts receivable | 23,256 | 22,977 |
| Investments in lease | 14,594 | 13,396 |
| Marketable securities | 13,996 | 13,348 |
| Inventories | 16,711 | 17,461 |
| Deferred tax assets | 2,153 | 1,937 |
| Short-term loans | 297 | 717 |
| Accounts receivable-other | 17,440 | 17,655 |
| Other current assets | 1,894 | 2,025 |
| Allowance for doubtful receivables | (293) | (256) |
| Total current assets | 133,882 | 133,031 |
| **Fixed assets** | | |
| **Tangible fixed assets** | | |
| Building and structures | 33,765 | 35,865 |
| Accumulated depreciation | (22,323) | (24,116) |
| Building and structures(net of depreciation) | 11,442 | 11,748 |
| Machinery, equipment and vehicle | 5,193 | 5,235 |
| Accumulated depreciation | (4,065) | (4,188) |
| Machinery, equipment and vehicle (net of depreciation) | 1,128 | 1,046 |
| Tools, furniture and fixtures | 13,005 | 13,014 |
| Accumulated depreciation | (10,749) | (10,953) |
| Tools, furniture and fixtures(net of depreciation) | 2,255 | 2,060 |
| Land | 22,693 | 21,695 |
| Leased assets | 303 | 314 |
| Accumulated depreciation | (20) | (37) |
| Leased assets (net of depreciation) | 282 | 276 |
| Construction in progress | 73 | 103 |
| Total tangible fixed assets | 37,877 | 36,931 |
| **Intangible fixed assets** | | |
| Goodwill | 1,027 | 913 |
| Leased assets | 45 | 32 |
| Software | 5,366 | 4,222 |
| Other intangible fixed assets | 797 | 769 |
| Total intangible fixed assets | 7,237 | 5,938 |
| **Investments** | | |
| Investment securities | 3,829 | 5,989 |
| Long-term loans | 905 | 315 |
| Deferred tax assets | 5,123 | 4,501 |
| Rental deposits | 20,561 | 19,997 |
| Other investments | 5,341 | 4,807 |
| Allowance for doubtful receivables | (4,108) | (3,718) |
| Total investments | 31,653 | 31,893 |
| Total fixed assets | 76,769 | 74,763 |
| **Total assets** | 210,652 | 207,794 |

| Liabilities and Net assets | March 31, 2010<br>Amount | March 31,2011<br>Amount |
|---|---|---|
| **Current liabilities** | | |
| Trade notes and accounts payable-trade | 15,807 | 15,307 |
| Short-term borrowings | 4,901 | 3,164 |
| Current portion of bond | 80 | 70 |
| Leased obligations | 57 | 62 |
| Accrued liabilities | 11,160 | 11,034 |
| Income taxes payable | 1,771 | 3,505 |
| Allowance for point card | 307 | 328 |
| Allowance for business restructuring | 1,324 | 1,101 |
| Allowance for loss disaster | - | 171 |
| Asset retirement obligations | - | 8 |
| Other current liabilities | 6,110 | 5,894 |
| Total current liabilities | 41,521 | 40,648 |
| **Long-term liabilities** | | |
| Bonds | 140 | 205 |
| Long-term debt | 8,228 | 8,481 |
| Leased obligations | 811 | 756 |
| Deferred tax liabilities | 73 | 89 |
| Accrued for retirement benefits | 109 | 127 |
| Accrued for directors' retirement benefits | 271 | 253 |
| Asset retirement obligations | - | 1,731 |
| Other long-term liabilities | 7,643 | 7,537 |
| Total long-term liabilities | 17,278 | 19,183 |
| Total liabilities | 58,799 | 59,832 |
| **Owners' equity** | | |
| Shareholders' equity | | |
| Common stock | 33,998 | 33,998 |
| Capital surplus | 34,278 | 34,278 |
| Retained earnings | 88,398 | 89,984 |
| Treasury stock at cost | (5,402) | (10,636) |
| Total owners' equity | 151,273 | 147,624 |
| **Valuation and translation adjustments** | | |
| Net unrealized gain on available-for-sale securities | 107 | 21 |
| Foreign currency translation adjustments | 15 | (141) |
| Total valuation and translation adjustments | 122 | (120) |
| **Minority interests** | 456 | 458 |
| Total net assets | 151,852 | 147,962 |
| **Total liabilities and net assets** | 210,652 | 207,794 |

**(2)Consolidated Statements of Income and Comprehensive Income**

| (Unit: Millions of Yen) | Fiscal year ended March 31, 2010 Amount | **Fiscal year ended March 31, 2011 Amount** |
|---|---|---|
| **Net sales** | 232,936 | **236,350** |
| Cost of goods sold | 158,940 | **160,611** |
| **Gross profit** | 73,996 | **75,739** |
| Selling, general and administrative expenses | 63,825 | **63,750** |
| **Operating income** | 10,171 | **11,988** |
| Non-operating income | | |
| Interest income | 200 | **162** |
| Dividend income | 29 | **40** |
| Equity in income on affiliates | 91 | **74** |
| Commission income | 688 | **748** |
| Lease revenue-system equipment | 1,246 | **1,163** |
| Other non-operating income | 2,460 | **2,062** |
| Total non-operating income | 4,717 | **4,252** |
| Non-operating expenses | | |
| Interest expenses | 241 | **189** |
| Lease cost-system equipment | 1,458 | **1,273** |
| Loss on disposal of fixed assets | 146 | **179** |
| Loss on valuation of investment securities | 126 | **-** |
| Foreign exchange losses | 96 | **413** |
| Other non-operating expenses | 1,059 | **1,124** |
| Total non-operating expenses | 3,130 | **3,181** |
| **Ordinary income** | 11,757 | **13,060** |
| Extraordinary gains | | |
| Gain on sales of fixed assets | 53 | **438** |
| Gain on sales of shares in affiliates | 218 | **7** |
| Reversal of allowance for doubtful accounts | 215 | **515** |
| Reversal of allowance for business restructuring | 3,436 | **136** |
| Other extraordinary gains | 38 | **-** |
| Total extraordinary gains | 3,961 | **1,098** |
| Extraordinary losses | | |
| Loss on sales of fixed assets | 28 | **8** |
| Impairment losses on fixed assets | 630 | **349** |
| Loss on sales of shares in affiliates | 6 | **-** |
| Provision for doubtful accounts | 3,744 | **-** |
| Loss on arrangement of stores | 91 | **285** |
| Loss on business restructuring | 610 | **-** |
| Special retirement benefits | - | **460** |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | **1,166** |
| Loss on disaster | - | **386** |
| Other extraordinary losses | 31 | **-** |
| Total extraordinary losses | 5,144 | **2,657** |
| **Income before income taxes and minority interests** | 10,574 | **11,501** |
| Income taxes | | |
| Current | 2,273 | **4,370** |
| Deferred | 2,344 | **905** |
| Total income taxes | 4,617 | **5,276** |
| Income before minority interests | - | **6,225** |
| Minority interests in net income | 91 | **45** |
| **Net income** | 5,865 | **6,179** |

| | Fiscal year ended March 31, 2010 Amount | **Fiscal year ended March 31, 2011 Amount** |
|---|---|---|
| **Minority interests in income** | - | **45** |
| **Income before minority interests** | - | **6,225** |
| **Other comprehensive income** | | |
| Valuation difference on available-for-sale securities | - | **(86)** |
| Foreign currency translation adjustments | - | **(168)** |
| Share of other comprehensive income of associates accounted for using equity method | - | **2** |
| Other comprehensive Income | - | **(252)** |
| Comprehensive Income | - | **5,972** |
| Comprehensive income attributable to | - | |
| Comprehensive income attributable to owners of the parent | - | **5,936** |
| Comprehensive income attributable to minority interests | - | **35** |

## (3)Consolidated Statements of Changes in assets

(Unit: Millions of Yen)

| | Fiscal year ended March 31, 2010 Amount | **Fiscal year ended March 31, 2011 Amount** |
|---|---|---|
| **Owners' equity** | | |
| **Common stock** | | |
| Balance at the end of previous period | 33,998 | 33,998 |
| Balance at the end of the period | 33,998 | 33,998 |
| **Capital surplus** | | |
| Balance at the end of previous period | 34,511 | 34,278 |
| Change of items during the period | | |
| Cancellation of treasury stock | (233) | - |
| Total changes of items during the period | (233) | - |
| Balance at the end of the period | 34,278 | 34,278 |
| **Retained earnings** | | |
| Balance at the end of previous period | 94,297 | 88,398 |
| Change of items during the period | | |
| Dividends from surplus | (4,023) | (4,556) |
| Net income | 5,865 | 6,179 |
| Change of scope of equity method | - | (37) |
| Cancellation of treasury stock | (7,740) | - |
| Total changes of items during the period | (5,898) | 1,585 |
| Balance at the end of the period | 88,398 | 89,984 |
| **Treasury stock** | | |
| Balance at the end of previous period | (8,000) | (5,402) |
| Change of items during the period | | |
| Purchase of treasury stock | (5,375) | (5,234) |
| Cancellation of treasury stock | 7,974 | - |
| Total changes of items during the period | 2,598 | (5,234) |
| Balance at the end of the period | (5,402) | (10,636) |
| **Total owners' equity** | | |
| Balance at the end of previous period | 154,807 | 151,273 |
| Change of items during the period | | |
| Dividends from surplus | (4,023) | (4,556) |
| Net income | 5,865 | 6,179 |
| Purchase of treasury stock | (5,375) | (5,234) |
| Change of scope of equity method | - | (37) |
| Total changes of items during the period | (3,533) | (3,649) |
| Balance at the end of the period | 151,273 | 147,624 |
| **Valuation and translation adjustments** | | |
| **Valuation different on available-for-sale securities** | | |
| Balance at the end of previous period | (217) | 107 |
| Change of items during the period | | |
| Net changes of items other than owners' equity | 325 | (86) |
| Total change of items during the period | 325 | (86) |
| Balance at the end of the period | 107 | 21 |

## (3)Consolidated Statements of Changes in assets

| (Unit: Millions of Yen) | Fiscal year ended March 31, 2010 Amount | **Fiscal year ended March 31, 2011 Amount** |
|---|---|---|
| **Foreign currency translation adjustments** | | |
| Balance at the end of previous period | 173 | 15 |
| Change of items during the period | | |
| Net change of items other than owners' equity | (158) | (156) |
| Total change of items during the period | (158) | (156) |
| Balance at the end of the period | 15 | (141) |
| **Total valuation and translation adjustments** | | |
| Balance at the end of previous period | (44) | 122 |
| Change of items during the period | | |
| Net change of items other than owners' equity | 167 | (243) |
| Total changes of items during the period | 167 | (243) |
| Balance at the end of the period | 122 | (120) |
| **Minority interests** | | |
| Balance at the end of previous period | 715 | 456 |
| Change of items during the period | | |
| Net change of items other than owners' equity | (259) | 1 |
| Total change of items during the period | (259) | 1 |
| Balance at the end of the period | 456 | 458 |
| **Total net assets** | | |
| Balance at the end of previous period | 155,478 | 151,852 |
| Change of items during the period | | |
| Dividends from surplus | (4,023) | (4,556) |
| Net income | 5,865 | 6,179 |
| Purchase of treasury stock | (5,375) | (5,234) |
| Change of scope of equity method | - | (37) |
| Net change of items other than owners' equity | (91) | (241) |
| Total change of items during the period | (3,625) | (3,890) |
| Balance at the end of the period | 151,852 | 147,962 |

## (4)Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

| | Fiscal year ended March 31,2010 Amount | Fiscal year ended March 31,2011 Amount |
|---|---|---|
| **Operating Activities:** | | |
| Income before income taxes and minority interests | 10,574 | 11,501 |
| Depreciation | 4,932 | 4,562 |
| Impairment losses on fixed assets | 630 | 349 |
| Amortization of goodwill | 274 | 235 |
| Increase (decrease) in provision for business restructuring | (3,501) | (223) |
| Increase (decrease) in allowance for doubtful accounts | 3,076 | (424) |
| Increase (decrease) in provision for retirement benefits | (77) | (43) |
| Increase (decrease) in provision for retirement benefits for directors and corporate auditors | (23) | (17) |
| Interest and dividend income | (230) | (203) |
| Interest expenses | 241 | 189 |
| Loss (gain) on foreign currency translation | (9) | 1 |
| Equity (income)loss on affiliates | (91) | (74) |
| Loss on adjustment for change of accounting standard for asset retirement obligations | - | 1,166 |
| Loss (gain) on sales or disposal of fixed assets | 122 | (249) |
| Loss (gain) on sales of investment in securities | (212) | (7) |
| Loss (gain) on revaluation of investment securities | 126 | - |
| Decrease (increase) in trade notes and accounts receivable | (1,224) | 584 |
| Decrease (increase) in investments in lease | 1,078 | 1,365 |
| Decrease (increase) in inventories | 1,808 | (486) |
| Increase (decrease) in trade notes and accounts payable | (330) | (677) |
| Other | 1,355 | 357 |
| Subtotal | 18,520 | 17,906 |
| Interest and dividend received | 256 | 234 |
| Interest paid | (234) | (201) |
| Income taxes refund (paid) | 407 | (2,565) |
| Net cash provided by (used in) operating activities | 18,949 | 15,375 |
| **Investing Activities:** | | |
| Decrease (increase) in time deposit | (1,714) | 632 |
| Purchase of short-term investment securities | (1,996) | (5,291) |
| Proceeds from sales and redemption of securities | 2,000 | 2,009 |
| Payment for tangible and intangible fixed assets | (3,061) | (3,187) |
| Proceeds from sales of intangible fixed assets and intangible fixed assets | 599 | 1,431 |
| Purchase of investment securities | (396) | (2,574) |
| Proceeds from sales and redemption of investment securities | 1,187 | 2,157 |
| Cash of acquisition of business | (593) | - |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | - | (257) |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | (833) | (9) |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | 335 | - |
| Payment of loans receivable | (620) | (140) |
| Collection of loans | 731 | 305 |
| Payment for rental deposits | (909) | (953) |
| Collection of rental deposits | 434 | 564 |
| Others | 143 | 311 |
| Net cash provided by (used in) investing activities | (4,694) | (5,002) |

## (4)Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

| | Fiscal year ended March 31,2010 Amount | **Fiscal year ended March 31,2011 Amount** |
|---|---|---|
| **Financing Activities:** | | |
| Net increase (decrease) in short-term borrowings | (81) | **78** |
| Proceeds from long-term debt | 350 | **3,180** |
| Repayments of long-term debt | (2,942) | **(5,278)** |
| Purchase of treasury stock | (5,373) | **(5,232)** |
| Dividends paid | (4,022) | **(4,554)** |
| Others | (117) | **18** |
| Net cash provided by (used in) financing activities | (12,187) | **(11,790)** |
| Effect of exchange rate changes on cash and cash equivalents | (30) | **(52)** |
| Net increase (decrease) in cash and cash equivalents | 2,036 | **(1,469)** |
| Cash and cash equivalents, beginning of the year | 51,748 | **53,785** |
| **Cash and cash equivalents, end of the year** | 53,785 | **52,316** |

### 6. Segment Information
### (1)Outlines reportable segment

| | Non-consolidated | Domestic Store Subsidiaries | Overseas Subsidiaries | Subsidiaries for Car Goods Supply and Other | Subsidiaries for Supporting Functions |
|---|---|---|---|---|---|
| Automotive goods | Wholesale・Retail | Retail | Wholesale・Retail | Wholesale | - |
| Safety inspection and maintenance services | Wholesale・Retail | Retail | Retail | - | - |
| The automobile purchase and sales business | Wholesale・Retail | Retail | - | - | - |
| Others | Lease business | - | - | - | Lease business・Others |

Note：Others of subsidiaries for supporting functions are loan credit business , nonlife insurance agency and office work representation business.

### (2)Segment sales ,income(loss),assets and others
Fiscal year ended March 31,2011
(Unit: Millions of Yen)

| | Non-consolidated | Domestic Store Subsidiaries | Overseas Subsidiaries | Subsidiaries for Car Goods Supply and Other | Subsidiaries for Supporting Functions | Total |
|---|---|---|---|---|---|---|
| Net sales | | | | | | |
| Sales to outside customers | 140,231 | 80,512 | 8,655 | 5,977 | 973 | 236,350 |
| Intersegment sales or transfers | 54,483 | 694 | 154 | 7,057 | 5,206 | 67,596 |
| Total | 194,715 | 81,206 | 8,810 | 13,034 | 6,180 | 303,947 |
| Net income (loss) | 11,749 | (89) | (183) | 233 | 487 | 12,196 |
| Segment assets | 207,298 | 22,094 | 9,281 | 3,649 | 16,570 | 258,893 |
| Other items | | | | | | |
| Depreciation and amortization | 1,846 | 332 | 267 | 30 | 20 | 2,496 |

### (3)Reconcilisation of published figures and aggregated of reportable operating segment

**(Adjustment)** (Unit: Millions of Yen)

| Net sales | Fiscal year ended March 31,2010 | Fiscal year ended March 31,2011 |
|---|---|---|
| Total reportable operating segments | 304,067 | 303,947 |
| Elimination of intersegment transaction | (71,130) | (67,596) |
| Net sales | 232,936 | 236,350 |

**(Adjustment)** (Unit: Millions of Yen)

| Income | Fiscal year ended March 31,2010 | Fiscal year ended March 31,2011 |
|---|---|---|
| Total reportable operating segments | 10,781 | 12,196 |
| Depreciation of goodwill | (320) | (152) |
| Inventories | (83) | (66) |
| Fixed assets | 192 | (60) |
| Allowance for point card | 91 | (24) |
| Elimination of intersegment transaction | (327) | 188 |
| Others | (163) | (91) |
| Operating income | 10,171 | 11,988 |

**(Adjustment)** (Unit: Millions of Yen)

| Assets | Fiscal year ended March 31,2010 | Fiscal year ended March 31,2011 |
|---|---|---|
| Total reportable operating segments | 262,674 | 258,893 |
| Elimination of intersegment transaction | (44,630) | (43,936) |
| Fixed assets | (3,560) | (3,886) |
| Depreciation of goodwill | (3,531) | (3,554) |
| Inventories | (1,221) | (1,255) |
| Investments in associates accounted for using equity method | 782 | 780 |
| Others | 140 | 553 |
| Total assets | 210,652 | 207,794 |

| Other items | Total reportable operating segments | | Adjustment | | Consolidated total | |
|---|---|---|---|---|---|---|
| | Fiscal year ended March 31,2010 | Fiscal year ended March 31,2011 | Fiscal year ended March 31,2010 | Fiscal year ended March 31,2011 | Fiscal year ended March 31,2010 | Fiscal year ended March 31,2011 |
| Depreciation | 2,812 | 2,496 | 1,423 | 1,409 | 4,236 | 3,906 |

Note : The amount of the adjustment of other items is chiefly amount of the adjustment on consolidated financial statements by the lease dealings between segments.

## 7.Other

### (1)Consolidated Sales Component and Percentage By Division

(Unit: Millions of Yen)

| Divisions | Fiscal year ended March 31,2010 Amount | Ratio | Fiscal year ended March 31,2011 Amount | Ratio | Year-on -year Increase/Decrease Ratio |
|---|---|---|---|---|---|
| | | % | | % | % |
| Wholesale | 132,389 | 56.8 | 134,689 | 57.0 | 101.7 |
| Retail | 96,813 | 41.6 | 98,162 | 41.5 | 101.4 |
| Others (letting and hiring fee of leased object) | 3,733 | 1.6 | 3,498 | 1.5 | 93.7 |
| Total | 232,936 | 100.0 | 236,050 | 100.0 | 101.5 |

Note : Consumption taxes are excluded from the above amounts.

**(2)Consolidated Sales Component and Percentage by Product Category**

(Unit: Millions of Yen)

| Products | Fiscal year ended March 31, 2010 Amount | Ratio | Fiscal year ended March 31, 2011 Amount | Ratio | Year-on-year Increase/Decrease |
|---|---|---|---|---|---|
| Wholesale | | % | | % | % |
| Tires and wheels | 30,142 | 22.8 | 31,850 | 23.7 | 105.7 |
| Car electronics | 41,624 | 31.5 | 39,372 | 29.2 | 94.6 |
| Oil and batteries | 15,895 | 12.0 | 16,057 | 11.9 | 101.0 |
| Car exterior items | 12,071 | 9.1 | 12,693 | 9.4 | 105.2 |
| Car interior items | 12,039 | 9.1 | 12,408 | 9.2 | 103.1 |
| Motor sports | 8,643 | 6.5 | 8,059 | 6.0 | 93.2 |
| Services | 2,012 | 1.5 | 1,897 | 1.4 | 94.3 |
| Others | 9,961 | 7.5 | 12,351 | 9.2 | 124.0 |
| Subtotal | 132,389 | 100.0 | 134,689 | 100.0 | 101.7 |
| Retail | | | | | |
| Tires and wheels | 17,811 | 18.4 | 19,565 | 19.9 | 109.8 |
| Car electronics | 22,369 | 23.1 | 20,476 | 20.9 | 91.5 |
| Oil and batteries | 8,350 | 8.6 | 8,508 | 8.7 | 101.9 |
| Car exterior items | 10,278 | 10.6 | 11,174 | 11.4 | 108.7 |
| Car interior items | 9,031 | 9.3 | 9,131 | 9.3 | 101.1 |
| Motor sports | 6,733 | 7.0 | 6,391 | 6.5 | 94.9 |
| Services | 14,844 | 15.3 | 15,608 | 15.9 | 105.2 |
| Others | 7,394 | 7.7 | 7,305 | 7.4 | 98.8 |
| Subtotal | 96,813 | 100.0 | 98,162 | 100.0 | 101.4 |
| Others (letting and hiring fee of leased object) | 3,733 | - | 3,498 | - | 93.7 |
| Total | | | | | |
| Tires and wheels | 47,953 | 20.6 | 51,415 | 21.8 | 107.2 |
| Car electronics | 63,993 | 27.5 | 59,848 | 25.3 | 93.5 |
| Oil and batteries | 24,246 | 10.4 | 24,565 | 10.4 | 101.3 |
| Car exterior items | 22,350 | 9.6 | 23,868 | 10.1 | 106.8 |
| Car interior items | 21,070 | 9.0 | 21,540 | 9.1 | 102.2 |
| Motor sports | 15,376 | 6.6 | 14,451 | 6.1 | 94.0 |
| Services | 16,856 | 7.2 | 17,505 | 7.4 | 103.9 |
| Others | 21,089 | 9.1 | 23,155 | 9.8 | 109.8 |
| Total | 232,936 | 100.0 | 236,350 | 100.0 | 101.5 |

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.