

## Consolidated Financial Results for the Three Months Ended June 30, 2010 【Japanese Standards】

### Summary of Quick Financial Announcement of Consolidated Financial Information for the First Quarter Ended June 30, 2010

Company name : AUTOBACS SEVEN CO., LTD.

Code number : 9832

(URL <http://www.autobacs.co.jp/>)

Headquarters : Tokyo, Japan

Company Representative : Setsuo Wakuda, Representative Director and Chief Executive Officer

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Telephone : +81-3-6219-8829

Stock exchange listings : Tokyo and Osaka

Submission of Quarterly Business Report: August 12 , 2010.

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, 2010 (From April 1, 2010 to June 30, 2010).

(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	
		%		%		%
<b>Three months ended June 30, 2010</b>	<b>59,024</b>	<b>(0.9)</b>	<b>2,102</b>	<b>0.8</b>	<b>2,212</b>	<b>(16.1)</b>
Three months ended June 30, 2009	59,538	(12.4)	2,085	-	2,635	349.2

	Net income		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
		%		
<b>Three months ended June 30, 2010</b>	<b>542</b>	<b>(37.9)</b>	<b>15.21</b>	<b>-</b>
Three months ended June 30, 2009	873	(70.2)	23.48	-

## (2) Financial position:

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

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
<b>Three months ended June 30, 2010</b>	<b>209,920</b>	<b>147,496</b>	<b>70.1</b> %	<b>4,175.29</b>
Fiscal year ended March 31, 2010	210,652	151,852	71.9	4,223.55

(Reference) Equity : **Three months ended June 30, 2010 : 147,057 million Yen**  
For the year ended March 31, 2010 : 151,396 million Yen

## 2.Dividends

	Dividends per share (Yen)			
	First Quarter	Second Quarter	Third Quarter	Year -end
<b>Fiscal year ended March 31, 2010</b>	-	<b>60.00</b>	-	<b>65.00</b>
Fiscal year ended March 31, 2011	-	-	-	-
Fiscal year ended March 31, 2011(forecast)	-	65.00	-	65.00

	Dividends per share	
	Annual	
<b>Fiscal year ended March 31, 2010</b>	<b>125.00</b>	
Fiscal year ended March 31, 2011	-	
Fiscal year ended March 31, 2011 (forecast)	130.00	

Note : Revision to quarterly dividend forecast : None

## 3. Forecast for the fiscal year 2010 (from April 1, 2010 to March 31, 2011)

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

	Net sales		Operating income		Ordinary income	
		%		%		%
Semiannual	111,000	(3.1)	4,200	(10.5)	5,200	(6.4)
Annual	225,900	(3.0)	10,600	4.2	12,400	5.5

  

	Net income		Basic net income per share(Yen)	
		%		
Semiannual	2,200	(18.3)	63.18	
Annual	6,100	4.0	175.18	

Note : Revision to quarterly consolidated performance forecast : None

#### 4. Other

- (1) Significant changes in subsidiaries during the first quarter : None

Note: This refers to the existence of changes to specific subsidiaries due to changes in the scope of consolidation in the period under review.

- (2) Simplified accounting treatment or special accounting treatment adopted : None

Note: This refers to the adoption of simplified accounting treatment or special accounting treatment for preparing quarterly consolidated financial statements.

- (3) Changes in accounting principles, processes, disclosure methods, etc.

1. Changes associated with revision in accounting standards : Yes

2. Other changes : None

Note: This refers to the existence of changes in accounting principles, processes disclosure method, etc., pertaining to the preparation of consolidated quarterly financial statements as stated in "Changes in Accounting Principles, Processes , Disclosure Methods, etc."

- (4) Shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

**First quarter ended June 30, 2010 : 37,454,204 shares**

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

2. Number of treasury stock at the end of period

**First quarter ended June 30, 2010 : 2,233,266 shares**

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

3. Average shares outstanding over quarter

**First quarter ended June 30, 2010 : 35,677,281 shares**

First quarter ended June 30, 2009 : 37,205,716 shares

- (5) Other Information

**Changes in Accounting Principles, Processes , Disclosures Methods , etc.**

**1. Application of Accounting Standards Related to Asset Retirement Obligations**

Effective the period under review, the Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31,2008 ) and "Application Guidance for Accounting Standard for Asset Retirement Obligations"(ASBJ Guidance No.21, March 31 ,2008). As a result of this change, "Gross profit" decreased by 6 million yen, "Operating income" and "Ordinary income" decreased by 22 million yen, and "Income before income taxes and minority interests" decreased by 1,188 million yen compared to the prior period. This amount of change in asset retirement obligations due to the application of these accounting standards was 1,736 million yen .

**2. Application of Accounting Standard for Business Combination**

Effective the period under review, the Company has applied "Accounting Standard for Business Combination" (ASBJ Statement No.21,December 26,2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, December 26 ,2008), "Partial Revision of Accounting Standard for R&D Expenses" (ASBJ Statement No.23, December 26, 2008), "Accounting Standard for Business Separation" (ASBJ Statement No.7 ,December 26,2008), "Accounting Standard for Equity Method" (ASBJ Statement No.16, announced December 26,2008), and "Accounting Standard for Business Separation and Application Guideline for Accounting Standard for Business Separation" (ASBJ Guidance No.10, December 26, 2008).

## 5. Qualitative Information on Consolidated Results for the First Quarter under Review

### (1) Qualitative Information Concerning Consolidated Business Results

During the first quarter under review, domestic automobile-related consumer spending remained weak. This reflected a strong consumer inclination toward saving and a significant reaction to last year's brisk sales of ETC devices, despite an increase in the number of new vehicle sales thanks to the government's initiatives of tax reductions and subsidies for eco-vehicles and a resultant rise in demand for automotive goods.

In the mainstay, namely AUTOBACS, Super AUTOBACS, and AUTO HELLOES store (including franchise outlets) in Japan, total sales of automotive goods and services, including statutory safety inspection and maintenance, declined by 3.7% and 3.8% respectively on same-store basis and total store basis from a year earlier. As to the sale of automotive goods and services, sales of tires and goods for maintenance—an area of particular focus for the Group—increased. In contrast, sales of car electronic goods, especially ETC devices were lower. AUTOBACS Chain continued to step up comprehensive measures for statutory safety inspection and maintenance. The number of vehicles for which AUTOBACS Chain carried out a statutory safety inspection rose by 14.4% from a year earlier, to 110,384 units. With respect to car sales and purchase business, the number of vehicles sold by franchise outlets (excluding vehicles sold for the auction of used vehicles) rose by 14.7% year on year, to 3,652 units, reflecting the continuous conduct of education at stores and an increase in the number of new vehicle sales.

The Group's consolidated sales for the first quarter under review declined by 0.9% from a year earlier, to 59,024 million yen. The gross margin rose by 0.2% year on year, to 17,982 million yen. Selling, general and administrative expenses increased by 0.1%, to 15,879 million yen. As a result, consolidated operating income rose by 0.8%, to 2,102 million yen. However, consolidated ordinary income declined by 16.1% from a year earlier, to 2,212 million yen, principally because of an increase in exchange losses. Extraordinary losses included 1,166 million yen, representing the effect of the application of the asset retirement obligation accounting standards, along with a special retirement allowance of 446 million yen, which was required due to the merger of a subsidiary, BRAIN-ING Co., Ltd. As a result, net income for the first quarter under review fell by 37.9% year on year, to 542 million yen.

With respect to the progress in the "AUTOBACS 2010 Medium-Term Business Plan, which commenced from the fiscal year under review, we focused on the specification of each theme and the arrangement of a schedule, and the responsible departments began to work on it. As to the lawsuit that was brought by AUTOBACS STRAUSS INC., etc. in the United States last December, at present, each party is submitting their claims to the court. Therefore, there is no particular disclosure to make.

Results by business segment are as shown below.

#### <Non-Consolidated>

Sales declined by 2.1% from a year earlier, to 50,041 million yen. In the wholesale operations for franchise outlets, sales of tires, for which the sales of national brand tires were especially bolstered, car accessories and interiors and vehicles remained steady partly reflecting a rise in the number of new vehicle sales. However, sales declined by 1.5% year on year because of a fall in demand for ETC equipment and a delay in the supply of certain car navigation systems. In the retail operations, sales fell by 13.8% from a year earlier, reflecting the closure of directly managed second-hand automotive goods stores and the transfer of motorcycle goods business.

Gross profit declined by 2.9% year on year, to 9,702 million yen, given a fall in sales of ETC devices, while the gross margin improved with a rise in sales of tires from the previous year, and by a review of purchasing conditions for each item. Selling, general and administrative expenses increased by 3.7% from a year earlier, to 7,152 million yen, with the extension of sales promotion activities for automotive goods and services centering on tires. As a result, operating income decreased by 17.5% year on year, to 2,550 million yen.

#### <Domestic Store Subsidiaries>

Sales of tires, statutory safety inspections and maintenance services rose along with vehicle sales from a year earlier, while ETC-related sales fell. In addition, in April 2010 one franchise outlet was transformed into a subsidiary. As a result, sales rose by 2.0% year on year, to 19,034 million yen. The operating loss was reduced by 23 million yen, to 484 million yen, with an improved gross margin attributable to a rise in the sales ratio of tires, and statutory safety inspection and maintenance services.

<Overseas Subsidiaries>

Sales were down by 16.9% from a year earlier, to 1,997 million yen, principally due to the effect of exchange rate fluctuations. However, the operating loss was reduced by 169 million yen from a year earlier, to 45 million yen. As major reasons for this, in France, gross profit ratio were improved and operating loss was reduced thanks to the effect of the business structural reforms implemented last year. In China, despite sales decreased due to the closure of stores operated by franchisees, earnings increased with the opening of an experimental store.

<Subsidiaries for Car Goods Supply and Other>

Sales declined by 0.3% year on year, to 3,572 million yen, remaining close to the level of the previous year, as the exclusion of two driving school companies from consolidation last July offset a rise in the wholesales of oils. Operating income fell by 15.1%, to 100 million yen.

<Subsidiaries for Supporting Functions>

Sales declined by 12.6% year on year, to 3,109 million yen, mainly due to the change of AB System Solutions Ltd. from a subsidiary to an equity method company last October. Operating income decreased by 5.9%, to 228 million yen.

**6. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**  
(Unit: Millions of Yen)

<b>Assets</b>	<b>June 30, 2010</b> Amount	<b>March 31, 2010</b> Amount
<b>Current assets</b>		
Cash and deposits	44,589	43,829
Trade notes and accounts receivable	26,321	23,256
Marketable securities	12,108	13,996
Inventories	17,719	16,711
Other current assets	34,201	36,381
Allowance for doubtful receivables	(257)	(293)
Total current assets	134,681	133,882
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Land	21,717	22,693
Other tangible fixed assets(net)	15,014	15,183
Total tangible fixed assets	36,732	37,877
<b>Intangible fixed assets</b>		
Goodwill	964	1,027
Other intangible fixed assets	5,695	6,210
Total intangible fixed assets	6,660	7,237
<b>Investments</b>		
Rental deposits	20,424	20,561
Other investments	15,479	15,200
Allowance for doubtful receivables	(4,059)	(4,108)
Total investments	31,845	31,653
Total fixed assets	75,238	76,769
<hr/>		
<b>Total assets</b>	<b>209,920</b>	<b>210,652</b>

(Unit: Millions of Yen)

<b>Liabilities and Net assets</b>	<b>June 30, 2010 Amount</b>	<b>March 31, 2010 Amount</b>
<b>Current liabilities</b>		
Trade notes and accounts payable-trade	19,080	15,807
Short-term borrowings	4,622	4,901
Income taxes payable	658	1,771
Allowance for business restructuring	1,192	1,324
Other allowances	244	307
Other current liabilities	17,590	17,408
Total current liabilities	43,387	41,521
<b>Long-term liabilities</b>		
Bonds	260	140
Long-term debt	8,148	8,228
Allowances	371	380
Asset retirement obligations	1,714	-
Other long-term liabilities	8,542	8,528
Total long-term liabilities	19,036	17,278
Total liabilities	62,424	58,799
<b>Owners' equity</b>		
Common stock	33,998	33,998
Capital surplus	34,278	34,278
Retained earnings	86,611	88,398
Treasury stock at cost	(7,479)	(5,402)
Total owners' equity	147,408	151,273
<b>Valuation and translation adjustments</b>		
Net unrealized gain on available-for-sale securities	3	107
Foreign currency translation adjustments	(354)	15
Total valuation and translation adjustments	(350)	122
<b>Minority interests</b>		
Total net assets	147,496	151,852
<b>Total liabilities and net assets</b>	<b>209,920</b>	<b>210,652</b>

**(2) Consolidated Statements of Income**

(Unit: Millions of Yen)

	Three months ended June 30, 2009 Amount	Three months ended June 30, 2010 Amount
<b>Net sales</b>	59,538	59,024
Cost of goods sold	41,583	41,042
<b>Gross profit</b>	17,955	17,982
Selling, general and administrative expenses	15,869	15,879
<b>Operating income</b>	2,085	2,102
Non-operating income		
Interest income	53	39
Dividend income	12	19
Equity in income on affiliates	0	-
Lease revenue-system equipment	316	289
Foreign exchange gain	133	-
Other non-operating income	931	841
Total non-operating income	1,446	1,189
Non-operating expenses		
Interest expenses	61	53
Equity in loss of affiliates	-	22
Loss on revaluation of investment securities	63	-
Lease cost-system equipment	314	289
Foreign exchange losses	-	214
Other non-operating expenses	457	500
Total non-operating expenses	895	1,080
<b>Ordinary income</b>	2,635	2,212
Extraordinary gains		
Gain from sale of fixed assets	-	431
Reversal of allowance for doubtful accounts	-	223
Reversal of allowance for business restructuring	3,514	74
Other extraordinary gains	235	-
Total extraordinary gains	3,750	729
Extraordinary losses		
Impairment losses on fixed assets	447	129
Reversal of allowance for doubtful receivables	4,009	-
Loss on arrangement of stores	-	268
Special retirement expenses	-	446
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	1,166
Total extraordinary losses	4,457	2,009
<b>Income before income taxes and minority interests</b>	1,929	932
Income taxes		
Current	2,030	628
Deferred	(997)	(240)
Total income taxes	1,033	387
Income before minority interests	-	544
Minority interests in net income (loss)	22	2
<b>Net income</b>	873	542



**(3) Consolidated Statements of Cash Flows**  
(Unit: Millions of Yen)

	Three months ended June 30, 2009 Amount	Three months ended June 30, 2010 Amount
<b>Operating Activities:</b>		
Income before income taxes and minority interests	1,929	932
Depreciation	1,252	1,133
Impairment losses on fixed assets	447	129
Amortization of goodwill	168	40
Increase (decrease) in allowance for doubtful accounts	3,979	(80)
Interest and dividend income	(65)	(58)
Interest expenses	61	53
Loss (gain) on foreign currency translation	(4)	1
Increase (decrease) in provision for business restructuring	(3,514)	(132)
Equity (income)loss on affiliates	(0)	22
Loss on adjustment for changes of accounting standard for	-	1,166
Loss(gain) on revaluation of investment in securities	63	-
Decrease (increase) in trade notes and accounts	(4,288)	(264)
Decrease (increase) in investments in lease	766	432
Decrease (increase) in inventories	(497)	(917)
Increase (decrease) in trade notes and accounts payable	4,544	3,357
Others	80	(445)
Subtotal	4,922	5,369
Interest and dividend received	209	85
Interest paid	(80)	(67)
Taxes paid	(415)	(1,627)
Net cash provided by (used in) operating	4,636	3,760
<b>Investing Activities:</b>		
Payment for marketable securities	(1,996)	-
Payment for tangible and intangible fixed assets	(489)	(502)
Proceeds from sales of intangible fixed assets and intangible fixed assets	-	1,413
Proceeds from redemption of investment securities	0	2,000
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)
Payment of loans receivable	(120)	-
Collection of loans	85	83
Others	194	(433)
Net cash provided by (used in) investing activities	(3,160)	2,294
<b>Financing</b>		
Net increase (decrease) in short-term loans payable	(70)	(11)
Repayments of long-term debt	(544)	(985)
Purchase of treasury stock	(3,173)	(2,077)
Dividends paid	(1,873)	(2,330)
Others	(508)	220
Net cash provided by (used in) financing activities	(6,169)	(5,183)
Effect of exchange rate changes on cash and cash equivalents	18	(112)
Net increase (decrease) in cash and cash equivalents	(4,675)	758
Cash and cash equivalents, beginning of the period/ year	51,748	53,785
<b>Cash and cash equivalents, end of the period</b>	47,073	54,544

## 7. Segment Information

### (1) Overview of Business 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

### (2) Segment sales and Income (Loss)

First quarter Ended June 30, 2010

(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	36,332	18,906	1,933	1,606	245	59,024
Intersegment sales or transfers	13,709	127	64	1,966	2,864	18,732
Total	50,041	19,034	1,997	3,572	3,109	77,757
Net income (loss)	2,550	(484)	(45)	100	228	2,350

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

(Unit: Millions of Yen)

Income(adjustment)	Amount
Total reportable operating segments	2,350
Inventories	(306)
Depreciation of goodwill	(33)
Elimination of intersegment transaction	(28)
Allowance for point card	56
Fixed assets	65
Others	(0)
Operating income	2,102

## 8.Additional Information

(1)Consolidated Sales Component and Percentage by Division  
(Unit: Millions of Yen)

Divisions	June 30 , 2010		Year-on-Year
	Amount	Ratio	Increase/Decrease
		%	Ratio
Wholesale	35,074	59.4	99.4
Retail	23,047	39.1	98.9
Others	902	1.5	94.3
Total	59,024	100.0	99.1

(2) Consolidated Sales Component and Percentage by Product Category  
 (Unit: Millions of Yen)

Products	June 30 , 2010		Year-on-Year Increase/Decrease
	Amount	Ratio	
Wholesale		%	%
Tyres and wheels	6,879	19.6	105.3
Car electronics	12,474	35.5	90.5
Oil and batteries	3,987	11.4	102.3
Car exterior items	2,949	8.4	99.8
Car interior items	3,255	9.3	103.2
Motor sports	2,135	6.1	97.3
Services	550	1.6	121.0
Others	2,842	8.1	123.4
Subtotal	35,074	100.0	99.4
Retail			
Tyres and wheels	4,126	17.9	104.7
Car electronics	5,121	22.2	87.5
Oil and batteries	1,857	8.1	100.2
Car exterior items	2,453	10.6	102.7
Car interior items	2,365	10.3	102.2
Motor sports	1,570	6.8	98.5
Services	3,797	16.5	106.6
Others	1,755	7.6	97.9
Subtotal	23,047	100.0	98.9
Others (letting and hiring fee of leased object)	902	-	94.3
Total			
Tyres and wheels	11,005	18.6	105.1
Car electronics	17,596	29.8	89.6
Oil and batteries	5,844	9.9	101.6
Car exterior items	5,402	9.2	101.1
Car interior items	5,621	9.5	102.8
Motor sports	3,705	6.3	97.8
Services	4,348	7.4	108.2
Others	5,500	9.3	108.8
Total	59,024	100.0	99.1