May 13, 2010

# Consolidated Financial Results for the Year Ended March 31, 2010

**Summary of Quick Financial Announcement of Consolidated Financial Information For the Year Ended March 31, 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
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Date of the Board of Directors' meeting for approval of annual accounts: May 13, 2010
Stock Exchange Listings: Tokyo and Osaka
Financial Report: June 25, 2010

1. Results for the year ended March 31 ,2010 (From April 1, 2009 to March 31, 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 | |
|---|---|---|---|---|---|---|
| | | % | | % | | % |
| **Fiscal year ended March 31, 2010** | **232,936** | **(10.1)** | **10,171** | **99.8** | **11,757** | **79.3** |
| Fiscal year ended March 31, 2009 | 259,144 | (2.7) | 5,090 | (26.6) | 6,556 | 8.2 |

| | Net income | | Basic net income per share(Yen) | Basic net income per share-diluted(Yen) |
|---|---|---|---|---|
| | | % | | |
| **Fiscal year ended March 31, 2010** | **5,865** | **-** | **161.97** | **-** |
| Fiscal year ended March 31, 2009 | (3,397) | - | (90.29) | - |

| | Net income to shareholders' equity | Ordinary income to total assets | Operating income to net sales |
|---|---|---|---|
| | % | % | % |
| **Fiscal year ended March 31, 2010** | **3.8** | **5.4** | **4.4** |
| Fiscal year ended March 31, 2009 | (2.1) | 2.9 | 2.0 |

Notes: Equity income on affiliates:
For the year ended March 31, 2010: 91 million Yen
(For the year ended March 31, 2009: 58 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, 2010** | **210,652** | **151,852** | % **71.9** | **4,223.55** |
| Fiscal year ended March 31, 2009 | 224,168 | 155,478 | 69.0 | 4,132.75 |

Note: Owner's equity
For the year ended March 31, 2010 :151,396 million Yen
For the year ended March 31, 2009 : 154,763 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, 2010** | **18,949** | **(4,694)** | **(12,187)** | **53,785** |
| Fiscal year ended March 31, 2009 | 7,027 | 4,542 | (9,258) | 51,748 |

2.Dividends

| | Dividends per share | | | (Yen) |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Year -end |
| Fiscal year ended March 31, 2009 | - | 50.00 | - | 50.00 |
| **Fiscal year ended March 31, 2010** | - | **60.00** | - | **65.00** |
| Fiscal year ended March 31, 2011 (forecast) | - | 65.00 | - | 65.00 |

| | Full Year | Total Dividends Paid (Full Year) (Millions of Yen) | Payout Ratio (Consolidated) | Dividends paid/Net Assets (Consolidated) |
|---|---|---|---|---|
| | | | % | % |
| Fiscal year ended March 31, 2009 | 100.00 | 3,745 | - | 2.4 |
| **Fiscal year ended March 31, 2010** | **125.00** | **4,481** | **77.2** | **3.0** |
| Fiscal year ended March 31, 2011 (forecast) | 130.00 | - | 76.4 | - |

3. Forecast for the fiscal year 2011 (from April 1, 2010 to March 31, 2011)
(Unit: Millions of Yen)

| | Net sales | | Operating income | | Ordinary income | |
|---|---|---|---|---|---|---|
| | | % | | % | | % |
| Second Quarter | 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) |
|---|---|---|---|
| | | % | |
| Second Quarter | 2,200 | (18.3) | 61.37 |
| Annual | 6,100 | 4.0 | 170.17 |

4. Other

(1) Significant changes in subsidiaries during the year ended (changes in certain subsidiaries resulting in a change in the consolidation scope) : Yes
Excluded consolidated company: 1 (AUTOBACS STRAUSS INC.)

(2) Changes in accounting principles, procedures disclosure methods, etc., pertaining to preparation of consolidated financial statements(Those to be stated as “Changes to the Basis of Presenting Consolidated Financial Statements”).
1. Changes associated with revision in accounting standards : None
2. Other changes: None

(3) Shares outstanding (common stock)
1. Common Stock Issued number of shares outstanding (including treasury stock)
**Fiscal year ended March 31, 2010: 37,454,204 shares**
Fiscal year ended March 31, 2009: 39,255,175 shares

2. Number of treasury stock at end of period
**Fiscal year ended March 31, 2010: 1,608,348 shares**
Fiscal year ended March 31, 2009: 1,807,153 shares

5. Qualitative Information concerning Consolidated Business Results for the fiscal year ended March 31, 2010

## (1) Descriptive analysis of the business results

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

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

During the fiscal year under review, the Japanese economy showed signs of benefiting from a recovery in consumption in certain industries, including the home appliance industry, reflecting the impact of stimulus measures taken by the government. However, with worsening deflation, in addition to a continued slump in consumer spending reflecting uncertainty over the prospects for employment and incomes, the operating environment of Japanese companies remained severe.

In the car aftermarket industry in Japan, demand for electronic toll collection (ETC) equipment and merchandise for long-distance driving* increased, reflecting the introduction of the partial cuts in expressway tolls. However, with consumers continuing to be inclined to cut expenses, combined with a fall in sales prices, the industry continued to face a difficult operating environment.

Responding to these circumstances, the AUTOBACS Group pursued its Mid-term business plan, which focused on improving management efficiency and strengthening corporate governance. Accordingly, the Group has continued with its restructuring measures. Meanwhile, while the Group focused on offering a lineup of merchandise and appropriate prices to adapt to the rapidly changing consumer environment, it sought to strengthen its business foundations, particularly in the domestic franchise business, under the slogan of a "Return to the basics."

* Merchandise useful for long-distance driving: Cushions, digital audio FM transmitters, portable toilet, portable navigation systems, etc.

**<Overview of the domestic business>**

In the automotive goods and services business in the AUTOBACS Chain, including its domestic franchise outlets, the Company took steps to bolster sales of ETC equipment, which benefited from a strong increase in demand, and expand the sales space for equipment related to long-distance driving. It also launched promotional campaigns for tires and portable navigation systems using newspaper and television advertising. Moreover, by introducing private brands and exclusive merchandise, centering on tires and wheels, the Company strengthened its lineup of goods that meet consumer demands for low-end merchandise.

As a result of these initiatives, sales of ETC equipment, portable navigation systems, tires and wheels remained robust until the second quarter of the fiscal year under review. Starting the third quarter, however, sales of tires fell by 1.2% year on year, given delays in the arrival of the snowy season nationwide and lower unit prices, which offset higher demand for snow tires attributable to heavy snowfall in Western Japan. Sales of ETC equipment also began to decline from October, reflecting market saturation and consumers' hesitation to buy the equipment as they anticipated changes in highway policies following the inauguration of the new government. In the statutory safety inspection and maintenance services business, by regarding the trend to extend the life of automobiles as an opportunity to bolster sales, the Company conducted sales promotion activities in stores and advertised its services to members of the point-up card program by telephone. It also began selling a maintenance pack that combines a maintenance menu and merchandise. As a result of these initiatives, the number of cars that underwent statutory inspections at the Company's stores rose by 15.3% year on year, to 447,000 units. Consequently, total sales of automotive goods and services and statutory safety inspections and maintenance from the mainstay AUTOBACS, SUPER AUTOBACS, and AUTO HELLOES stores rose by 0.1% from the previous year on a total store basis, and declined by 0.4% on a same-store basis.

In the vehicle trading business, the number of vehicle sales of the AUTOBACS Chain including sales by franchise outlets to the Company fell by 8.9%, to 14,657 units. This decline mainly reflected the Company's initiative – starting the consolidated fiscal year under review – to scale back the number of outlets engaged in this business, and the liquidation of CARS Sapporo Co., Ltd. Starting the consolidated fiscal year under review, sales from the used-car auction was excluded from total sales. In addition to the above factors, the operating environment was challenging, as the price competitiveness of used cars declined with the introduction of the eco point system to new cars. In response, the Company took steps to strengthen the vehicle trading structure in each store and improve its training system. As a result, the number of vehicles sold of the CARS Chain (188 stores as at the end of March 2010) rose by 21.9% year on year on a same store basis.

With respect to store consolidation, the Group opened a total of three new stores, including the store transformation: two AUTOBACS stores, and one SUPER AUTOBACS store. Meanwhile, it closed a total of ten stores: four AUTOBACS stores, one SUPER AUTOBACS store, and five *Hashiriya Tengoku Secohan Ichiba* stores. The Group also relocated four AUTOBACS stores, and transferred one directly owned store of RICOLAND, the motorcycle goods store. As a result, the number of the Group's domestic stores as at the end of the consolidated fiscal year under review fell by eight stores from the previous fiscal year, to 511 stores.

**<Overview of the overseas business>**

The overseas business environment remained severe, with one store closed in France following the withdrawal from a franchise operation because of the sluggish French economy. As a result, sales decreased by 5.3% from the previous fiscal year in comparable store basis. In this environment, the Company provided guidance to stores to strengthen their services from the perspective of customers in the same manner as those in Japan, and reviewed store management. It also bolstered sales of essential goods and consumable goods, especially tires. Moreover, the Company took specific action to develop a store management system and reform its cost structure, including workforce downsizing at local companies.

In China, to redevelop its business model, the Company cancelled contracts with certain franchise outlets, and focused on reviewing the management structures of local subsidiaries, resulting in the closure of seven stores. As a result, net sales in China declined. As new initiatives, the Company began to develop a new store model by opening one direct owned store in Shanghai in March 2010.

In other regions in Asia (Thailand, Taiwan and Singapore), the Company took steps to control costs and bolster same-store sales, mainly by focusing on consumable goods such as tires, oil and batteries. As a result, the Company achieved its expected results.

**<Consolidated business results>**

The Group's consolidated sales for the fiscal year under review decreased by 26,207 million yen (10.1%) from the same period in the previous fiscal year, to 232,936 million yen.

In wholesale operations to franchise outlets, although sales of ETC equipment, car navigation systems and repair goods were strong, demand for wheels and motor sports goods was down, reflecting the economic slump and declining interest in cars among the younger generation. As a result, sales of wholesales operations declined by 5.9% from the previous fiscal year, to 132,389 million yen.

In retail operations, in step with the business restructuring program set out in it mid-term business plan, the Company withdrew from operations in the United States, transferred shares of subsidiaries in Taiwan, withdrew from the motorcycle-related goods retail business, and liquidated CARS Sapporo Co., Ltd. As a result, sales of retail operations declined. In Japan, sales of ETC equipment, oil and statutory safety inspections from subsidiary stores were strong, but sales of wheels, motor sports goods, and batteries were lower, on falling sales prices. Overseas, sales of overseas subsidiaries fell, primarily reflecting a cutback in the number of stores in France and China and the impact of exchange rate fluctuations. As a result, sales of retail operations declined by 15.5% from the previous fiscal year, to 96,813 million yen.

Gross profit fell by 7,197 million yen from a year earlier, to 73,996 million yen, mainly reflecting lower net sales, following business restructuring. However, the gross margin rose to 31.8%, up from 31.3% a year earlier. This improvement was mainly obtained by the impact of initiatives to further reduce sales costs in Japan, through measures such as streamlining the number of items of merchandise, a rise in the share of sales of ETC equipment and its installation charges, and the withdrawal from businesses with a poor gross margin.

Selling, general, and administrative expenses declined by 12,278 million yen, or 16.1%, from the previous year, to 63,825 million yen. This decline was mainly attributed by a fall in overall expenses, as a result of the streamlining of overseas subsidiaries and a reduction in expenses associated with information technology systems and advertising, offsetting an increase in expenses linked to the acquisition of stores from franchise outlets.

As a result, consolidated operating income rose by 5,080 million yen (99.8%) from the same period in the previous fiscal year, to 10,171 million yen. Consolidated ordinary income increased by 5,200 million yen (79.3%), to 11,757 million yen, primarily gained by a fall in the foreign exchange loss and the loss on revaluation of investment securities posted as non-operating expenses. This offset a decline in dividend income and interest income compared with the previous year. The Group also posted extraordinary income of 3,654 million yen from the reversal of the allowance for business restructuring following the private placement of all shares of AUTOBACS STRAUSS INC., and profits from the sales of those shares. Meanwhile, the Group recorded extraordinary losses of 4,986 million yen, primarily attributable to the transfer to an allowance for doubtful receivables following the

AUTOBACS STRAUSS INC. share placement, and impairment losses on fixed assets associated with Tama Driving School Co., Ltd., and Seibu Driving School Co., Ltd., as well as business restructuring expenses in France. As a result, net income for the fiscal year under review rose by 9,263 million from the previous fiscal year, to 5,865 million yen.

### (ii) Business Outlook

Despite the emergence of positive signs in consumer spending and the number of new car sales, mainly reflecting the impact of stimulus packages by the government, the business environment for the fiscal year ending March 2011 is expected to be difficult, with consumers likely to remain very price conscious. Moreover, with the anticipation of a fall in sales of ETC equipment that contributed to the Group's higher earnings for the consolidated fiscal year under review, the business environment surrounding the Company is expected to become increasingly severe.

In this business environment, with a policy of "Taking actions that customers can support and trust," the Company will pursue the following five sales strategies, and strengthen its initiatives to expand its market share:

1. Create sales sites where customers can comfortably shop, and enhance productivity and efficiency.
2. Deal with customers in a pleasant manner, and provide the most appropriate proposals.
3. Attract customers from competitors, especially for tire sales.
4. Increase the number of goods customers purchase and the number of visits they make to stores.
5. Establish profitable structures by bolstering sales of statutory safety inspections, car sales, and consumable, maintenance and repair goods.

The Company will also continue to improve operation efficiency by reforming its procurement methods, streamlining costs, and taking steps to improve capital efficiency.

With respect to domestic store consolidation, the Company plans to open seven new stores, launch six stores through rebuilding or relocation, and close five stores. Overseas, it plans to open one store each in China and Thailand.

In addition to these initiatives, the Company expects that restructuring expenses recorded by a subsidiary in France will be lower than they were in the previous consolidated fiscal year. As a result, the Company expects lower sales and higher income for the next fiscal year, with consolidated net sales of 225,900 million yen, up by 7,036 million yen from the previous year, operating income of 10,600 million yen, rising by 428 million yen, ordinary income of 12,400 million yen, up by 642 million yen, and net income of 6,100 million yen, down by 234 million yen.

### (2) Basic policy for the distribution of profits and dividends for the current and next fiscal year

The Company regards the returning of profits to shareholders as one of its most important management issues. The Company has adopted a basic policy for the distribution of profits, in which it aims to continuously distribute dividends in a consistent manner, and flexibly acquire treasury stock with the target of a dividend-on-equity (DOE) ratio of 3%. The Company aims to achieve this by maintaining the necessary liquidity on hand for business operations and by taking into account its operating results and financial soundness.

The Company anticipates paying a year-end cash dividend of 65 yen per share, an increase of 15 yen from the previous year. With an interim dividend of 60 yen per share, this makes an annual dividend of 125 yen per share, for a DOE of 3.0%.

The Company expects to pay interim and year-end dividends of 65 yen per share each, making annual dividends of 130 yen per share, an increase of 5 yen from the current fiscal year.

## 6. Business Policy

### (1) Basic business policy of the Company

Since the opening of the first AUTOBACS store in 1974, the Company has sought to help its customers enjoy comfortable driving by consistently developing and refining the AUTOBACS franchise chain. This chain consists of domestic and overseas outlets that have concluded a franchise agreement with the AUTOBACS head office, as well as directly owned stores, and the Company itself.

While maintaining this founding philosophy, the Company has also adopted a business policy of "Constantly proposing a vehicle culture geared to customers, and creating a sound and comfortable automotive society." Under this policy, the AUTOBACS Group is united in its commitment to capturing the trust of customers who support AUTOBACS's corporate brand: "Anything about cars, you find at AUTOBACS."

The Company aims to continue strengthening the AUTOBACS franchise chain in the future, and will make ongoing improvements to its corporate governance and IR. The Company believes that by improving the transparency of management of the AUTOBACS Group, it will maximize the benefits for shareholders and other stakeholders.

Consequently, the Company strongly believes that the persons who determine the Company's financing and operating policies must understand the importance of mutual trust among the outlets of the AUTOBACS franchise chain, business partners, employees and other stakeholders. These persons must also have the intent and the ability to improve corporate value over the medium and long terms, and to bolster profits that are shared with the shareholders.

**(2) Target business indicators**

The AUTOBACS Group has adopted a set of key business indicators in its new medium-term business plan, which concludes in the fiscal year ending March 2014. Specifically, it aims to achieve an ROE of 7% or better, operating income of 16 billion yen and a DOE of 3.0%.

**(3) Medium-to-long term business strategies of the Company**

Looking at the automotive goods and services business in Japan, the Company expects that the automotive goods market is likely to continue to contract, reflecting a decline in the number of automobiles owned, a rising consciousness among consumers when it comes to cutting expenses, and the declining interest among young people in cars. Based on this anticipated business environment, the AUTOBACS Group has established a new medium-term business plan, "AUTOBACS 2010 Medium-term Business Plan," for the four years from the fiscal year ending March 2011 to the fiscal year ending March 2014. Based on this Group strategy, the Company will focus on bolstering its mainstay domestic AUTOBACS business. With these initiatives, it will aim to improve store profitability and the market share. Moreover, with its finance strategy, the Company will invest actively to execute its business strategy, seeking to generate operating cash flows, strengthen shareholder return and streamline assets. The Company aims to improve shareholder value with these actions.

The Company expects to make capital outlays of approximately 30 billion yen over the next four years, opening new stores and renovating stores to reform sales sites as part of its efforts to execute the above business strategy.

With respect to shareholder returns, the Company has set a DOE of 3% as a target for the distribution of profits, and it will flexibly engage in share buybacks. It will also aim to improve assets and capital efficiency by developing an investment management structure that focuses on improving inventory efficiency and investment profitability.

## 5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

**Assets**

| | (March 31, 2009) Amount | **(March 31, 2010) Amount** |
|---|---|---|
| **Current assets** | | |
| Cash and deposits | 39,140 | **43,829** |
| Trade notes and accounts receivable | 23,645 | **23,256** |
| Lease investment assets | 16,295 | **14,594** |
| Marketable securities | 13,830 | **13,996** |
| Inventories | 21,200 | **16,711** |
| Deferred tax assets | 3,044 | **2,153** |
| Short-term loans | 381 | **297** |
| Accounts receivable-other | 17,682 | **17,440** |
| Other current assets | 2,429 | **1,894** |
| Allowance for doubtful receivables | (683) | **(293)** |
| Total current assets | 136,968 | **133,882** |
| **Fixed assets** | | |
| **Tangible fixed assets** | | |
| Buildings and structures | 33,835 | **33,765** |
| Accumulated depreciation | (21,698) | **(22,323)** |
| Building and structures (net of depreciation) | 12,136 | **11,442** |
| Machinery, equipment and vehicle | 5,445 | **5,193** |
| Accumulated depreciation | (4,092) | **(4,065)** |
| Machinery, equipment and vehicle (net of depreciation) | 1,352 | **1,128** |
| Tools, furniture and fixtures | 13,978 | **13,005** |
| Accumulated depreciation | (11,088) | **(10,749)** |
| Tools, furniture and fixtures( net of depreciation) | 2,890 | **2,255** |
| Land | 23,907 | **22,693** |
| Leased assets | 811 | **303** |
| Accumulated depreciation | (111) | **(20)** |
| Leased assets (net of depreciation) | 700 | **282** |
| Construction in progress | 5 | **73** |
| Total tangible fixed assets | 40,992 | **37,877** |
| **Intangible fixed assets** | | |
| Goodwill | 1,431 | **1,027** |
| Leased assets | - | **45** |
| Software | 7,128 | **5,366** |
| Other intangible fixed assets | 2,270 | **797** |
| Total intangible fixed assets | 10,830 | **7,237** |
| **Investments** | | |
| Investment securities | 5,277 | **3,829** |
| Long-term loans | 805 | **905** |
| Deferred tax assets | 6,955 | **5,123** |
| Rental deposits | 21,279 | **20,561** |
| Other investments | 1,709 | **5,341** |
| Allowance for doubtful receivables | (651) | **(4,108)** |
| Total investments | 35,376 | **31,653** |
| Total fixed assets | 87,199 | **76,769** |
| **Total assets** | 224,168 | **210,652** |

(Unit: Millions of Yen)

**Liabilities and Net assets**

| | (March 31, 2009) Amount | **(March 31, 2010) Amount** |
|---|---|---|
| **Current liabilities** | | |
| Trade notes and accounts payable-trade | 16,457 | 15,807 |
| Short-term borrowings | 3,307 | 4,901 |
| Current portion of bond | 45 | 80 |
| Lease obligations | 1,405 | 57 |
| Accrued liabilities | 11,445 | 11,160 |
| Income taxes payable | 414 | 1,771 |
| Allowance for point card | 408 | 307 |
| Allowance for business restructuring | 4,826 | 1,324 |
| Other current liabilities | 6,531 | 6,110 |
| Total current liabilities | 44,842 | 41,521 |
| **Long-term liabilities** | | |
| Bonds | 140 | 140 |
| Long-term debts | 12,496 | 8,228 |
| Lease obligations | - | 811 |
| Deferred tax liabilities | 415 | 73 |
| Liability for retirement benefits | 134 | 109 |
| Accrued retirement benefits for directors and corporate auditors | 294 | 271 |
| Other long-term liabilities | 10,366 | 7,643 |
| Total long-term liabilities | 23,847 | 17,278 |
| Total liabilities | 68,689 | 58,799 |
| **Owners' equity** | | |
| Common stock | 33,998 | 33,998 |
| Capital Surplus | 34,511 | 34,278 |
| Retained earnings | 94,297 | 88,398 |
| Treasury stock, at cost | (8,000) | (5,402) |
| Total owners' equity | 154,807 | 151,273 |
| **Valuation and translation adjustments** | | |
| Net unrealized gains (losses) on available-for –sale securities | (217) | 107 |
| Foreign currency translation adjustments | 173 | 15 |
| Total valuation and translation adjustments | (44) | 122 |
| **Minority interests** | 715 | 456 |
| Total net assets | 155,478 | 151,852 |
| **Total liabilities and net assets** | 224,168 | 210,652 |

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

| | Fiscal year ended March 31, 2009 Amount | **Fiscal year ended March 31, 2010 Amount** |
|---|---|---|
| **Net sales** | 259,144 | 232,936 |
| Cost of goods sold | 177,950 | 158,940 |
| **Gross profit** | 81,193 | 73,996 |
| Selling, general and administrative expenses | 76,103 | 63,825 |
| **Operating income** | 5,090 | 10,171 |
| Non-operating income | | |
| Interest income | 322 | 200 |
| Dividend income | 347 | 29 |
| Equity income on affiliates | 58 | 91 |
| Commission income | 656 | 688 |
| Lease revenue-system equipment | 1,495 | 1,246 |
| Other non-operating income | 4,464 | 2,460 |
| Total non-operating income | 7,344 | 4,717 |
| Non-operating expenses | | |
| Interest expenses | 286 | 241 |
| Lease cost-system equipment | 1,532 | 1,458 |
| Loss on disposal of fixed assets | 266 | 146 |
| Loss on revaluation of investment securities | 1,334 | 126 |
| Foreign exchange loss | 860 | 96 |
| Other non-operating expenses | 1,597 | 1,059 |
| Total non-operating expenses | 5,878 | 3,130 |
| **Ordinary income** | 6,556 | 11,757 |
| Extraordinary gains | | |
| Gain on sales of fixed assets | 52 | 53 |
| Gain on sales of shares in affiliates | 28 | 218 |
| Reversal of allowance for doubtful accounts | - | 215 |
| Reversal of allowance for business restructuring | - | 3,436 |
| Provision for directors' retirement benefits | 90 | - |
| Effect of application of accounting standard for leased assets | 4,651 | - |
| Other extraordinary gains | - | 38 |
| Total extraordinary gains | 4,823 | 3,961 |
| Extraordinary losses | | |
| Loss on sales of fixed assets | 261 | 28 |
| Impairment losses on fixed assets | 5,289 | 630 |
| Loss on revaluation of investment securities | 201 | - |
| Loss on sales of investment securities | 3,792 | - |
| Loss on sales of shares in affiliates | 123 | 6 |
| Provision for doubtful accounts | - | 3,744 |
| Loss on arrangement of stores | 290 | 91 |
| Loss on business restructuring | 4,926 | 610 |
| Additional retirement benefits | 432 | - |
| Other extraordinary losses | - | 31 |
| Total extraordinary losses | 15,318 | 5,144 |
| **Income (loss) before income taxes and minority interests** | (3,937) | 10,574 |
| Income taxes | | |
| Current | 1,325 | 2,273 |
| Deferred | (1,862) | 2,344 |
| Total income taxes | (537) | 4,617 |
| Minority interests in net income (loss) | (3) | 91 |
| **Net income (loss)** | (3,397) | 5,865 |

(3)Consolidated Statements of Changes in Net assets

(Unit: Millions of Yen)

| | Fiscal year ended March 31, 2009 Amount | **Fiscal year ended March 31, 2010 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 | 34,512 | 34,511 |
| Disposal of treasury stock | (0) | - |
| Cancellation of treasury stock | - | (233) |
| Total change of items during the period | (0) | (233) |
| Balance at the end of the period | 34,511 | 34,278 |
| **Retained earnings** | | |
| Balance at the end of previous period | 102,247 | 94,297 |
| Dividends from surplus | (4,549) | (4,023) |
| Net income or net loss | (3,397) | 5,865 |
| Change in consolidation scope | (3) | - |
| Cancellation of treasury stock | - | (7,740) |
| Total change of items during the period | (7,950) | (5,898) |
| Balance at the end of the period | 94,297 | 88,398 |
| **Treasury stock** | | |
| Balance at the end of previous period | (5,541) | (8,000) |
| Purchase of treasury stock | (2,469) | (5,375) |
| Disposal of treasury stock | 10 | - |
| Cancellation of treasury stock | - | 7,974 |
| Total change of items during the period | (2,459) | 2,598 |
| Balance at the end of the period | (8,000) | (5,402) |
| **Total owners' equity** | | |
| Balance at the end of previous period | 165,217 | 154,807 |
| Dividends from surplus | (4,549) | (4,023) |
| Net income or net loss | (3,397) | 5,865 |
| Purchase of treasury stock | (2,469) | (5,375) |
| Disposal of treasury stock | 9 | - |
| Change in consolidation scope | (3) | - |
| Total change of items during the period | (10,410) | (3,533) |
| Balance at the end of the period | 154,807 | 151,273 |
| **Valuation and translation adjustments** | | |
| **Net unrealized gain on available-for-sale securities** | | |
| Balance at the end of previous period | (625) | (217) |
| Net change of items other than owners' equity | 407 | 325 |
| Total change of items during the period | 407 | 325 |
| Balance at the end of the period | (217) | 107 |
| **Foreign currency translation adjustments** | | |
| Balance at the end of previous period | (256) | 173 |
| Net change of items other than owners' equity | 430 | (158) |
| Total change of items during the period | 430 | (158) |
| Balance at the end of the period | 173 | 15 |
| **Total valuation and translation adjustments** | | |
| Balance at the end of previous period | (882) | (44) |
| Net change of items other than owners' equity | 837 | 167 |
| Total change of items during the period | 837 | 167 |
| Balance at the end of the period | (44) | 122 |
| **Minority interests** | | |
| Balance at the end of previous period | 869 | 715 |
| Net change of items other than owners' equity | (154) | (259) |
| Total change of items during the period | (154) | (259) |
| Balance at the end of the period | 715 | 456 |

(3)Consolidated Statements of Changes in Net assets

| | Fiscal year ended March 31, 2009 Amount | **Fiscal year ended March 31, 2010 Amount** |
|---|---|---|
| **Total net assets** | | |
| Balance at the end of previous period | 165,205 | **155,478** |
| Dividends from surplus | (4,549) | **(4,023)** |
| Net income or net loss | (3,397) | **5,865** |
| Purchase of treasury stock | (2,469) | **(5,375)** |
| Disposal of treasury stock | 9 | **-** |
| Change in consolidation scope | (3) | **-** |
| Net change of items other than owners' equity | 683 | **(91)** |
| Total change of items during the period | (9,726) | **(3,625)** |
| Balance at the end of the period | 155,478 | **151,852** |

## (4)Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

| | Fiscal year ended March 31,2009 Amount | **Fiscal year ended March 31,2010 Amount** |
|---|---|---|
| **Operating Activities:** | | |
| Income (loss) before income taxes and minority interests | (3,937) | **10,574** |
| Depreciation | 5,984 | **4,932** |
| Impairment losses on fixed assets | 5,289 | **630** |
| Amortization of goodwill | 362 | **274** |
| Increase (decrease) in provision for business restructuring | 4,782 | **(3,501)** |
| Increase (decrease) in allowance for doubtful accounts | (56) | **3,076** |
| Increase (decrease) in provision for retirement benefits | 17 | **(77)** |
| Increase (decrease) in provision for retirement benefits for directors and corporate auditors | (131) | **(23)** |
| Interest and dividend income | (670) | **(230)** |
| Interest expenses | 286 | **241** |
| Loss (gain) on foreign currency translation | 82 | **(9)** |
| Equity loss (income) on affiliates | (58) | **(91)** |
| Effect of application of accounting standard for leased assets | (4,651) | **-** |
| Loss gain on sales or disposal of fixed assets | 487 | **122** |
| Loss (gain) on sales of investment in securities | 3,886 | **(212)** |
| Loss (gain) on revaluation of investment in securities | 1,535 | **126** |
| Decrease (increase) in trade notes and accounts receivable | (3,517) | **(1,224)** |
| Decrease (increase) in investments in lease | (839) | **1,078** |
| Decrease (increase) in inventories | 1,888 | **1,808** |
| Increase (decrease) in trade notes and accounts payable | (890) | **(330)** |
| Others | 1,240 | **1,355** |
| Subtotal | 11,089 | **18,520** |
| Interest and dividend received | 732 | **256** |
| Interest paid | (289) | **(234)** |
| Income taxes paid | (4,504) | **407** |
| Net cash provided by (used in) operating activities | 7,027 | **18,949** |
| **Investing Activities:** | | |
| Decrease (increase) in time deposit | 136 | **(1,714)** |
| Purchase of short –term investment securities | - | **(1,996)** |
| Proceeds from sales and redemption of securities | 500 | **2,000** |
| Payment for tangible and intangible fixed assets | (4,869) | **(3,061)** |
| Proceeds from sales of tangible and intangible fixed assets | 202 | **599** |
| Purchase of investment securities | (0) | **(396)** |
| Proceeds from sales and redemption of investment securities | 8,058 | **1,187** |
| Cash of acquisition of business | - | **(593)** |
| Payments for acquisition of subsidiaries' stock resulting from change in the scope of consolidation | (236) | **-** |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation | - | **(833)** |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | - | **335** |
| Payment for loans | (251) | **(620)** |
| Collection of loans | 575 | **731** |
| Payment for rental deposits | (852) | **(909)** |
| Collection of rental deposits | 396 | **434** |
| Others | 883 | **143** |
| Net cash provided by (used in) investing activities | 4,542 | **(4,694)** |

| | Fiscal year ended March 31,2009 Amount | **Fiscal year ended March 31,2010 Amount** |
|---|---|---|
| **Financing Activities:** | | |
| Increase (decrease) increase in short-term borrowings | (558) | **(81)** |
| Proceeds from long-term debt | 480 | **350** |
| Repayments of long-term debt | (1,890) | **(2,942)** |
| Purchase of treasury stock | (2,457) | **(5,373)** |
| Dividends paid | (4,547) | **(4,022)** |
| Others | (285) | **(117)** |
| Net cash provided by (used in) financing activities | (9,258) | **(12,187)** |
| Effect of exchange rate changes on cash and cash equivalents | (200) | **(30)** |
| Net increase (decrease) in cash and cash equivalents | 2,111 | **2,036** |
| Cash and cash equivalents, beginning of year | 49,637 | **51,748** |
| **Cash and cash equivalents, end of year** | 51,748 | **53,785** |

6.Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

| Divisions | Fiscal year ended March 31,2009 Amount | Ratio | **Fiscal year ended March 31,2010 Amount** | **Ratio** | Increase or (decrease) Ratio |
|---|---|---|---|---|---|
| | | % | | **%** | % |
| Wholesale | 140,741 | 54.3 | **132,389** | **56.8** | (5.9) |
| Retail | 114,600 | 44.2 | **96,813** | **41.6** | (15.5) |
| Others | 3,802 | 1.5 | **3,733** | **1.6** | (1.8) |
| Total | 259,144 | 100.0 | **232,936** | **100.0** | (10.1) |

Note: "Others" is consisted of revenue of Lease.

Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

| Products | Fiscal year ended March 31,2009 Amount | Ratio | **Fiscal year ended March 31,2010 Amount** | **Ratio** | Increase or (decrease) Ratio |
|---|---|---|---|---|---|
| | | % | | **%** | % |
| Tyres and wheels | 52,587 | 20.3 | **47,953** | **20.6** | (8.8) |
| Car electronics | 63,707 | 24.6 | **63,993** | **27.5** | 0.4 |
| Oil and batteries | 26,334 | 10.2 | **24,246** | **10.4** | (7.9) |
| Car exterior items | 28,458 | 11.0 | **22,350** | **9.6** | (21.5) |
| Car interior items | 23,673 | 9.1 | **21,070** | **9.0** | (11.0) |
| Motor sports | 17,382 | 6.7 | **15,376** | **6.6** | (11.5) |
| Services | 18,472 | 7.1 | **16,856** | **7.2** | (8.7) |
| Others | 28,528 | 11.0 | **21,089** | **9.1** | (26.1) |
| Total | 259,144 | 100.0 | **232,936** | **100.0** | (10.1) |

Note: "Others" is consisted of revenue of Car sales, Lease and others.