

Consolidated Financial Results for the Six Months Ended September 30, 2009

Summary of Quick Financial Announcement of Consolidated Financial Information For the First Half Ended September 30, 2009

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

Contact for further information: Hidehiro Ide, Director and Senior Executive Officer

Telephone: +81-3-6219-8829

Stock exchange listings: Tokyo and Osaka

Submission of Quarterly Business Report: November 13, 2009.

Adoption of accounting principles generally accepted in the U.S.A.: No

1. Results for the Six months ended September 30, 2009 (From April 1, 2009 to September 30, 2009).

(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	
		%		%		%
Six months ended September 30, 2009	114,546	(11.4)	4,692	-	5,556	290.3
Six months ended September 30, 2008	129,299	-	415	-	1,423	-

	Net income		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
		%		
Six months ended September 30, 2009	2,692	59.1	73.60	-
Six months ended September 30, 2008	1,692	-	44.75	-

(2) Financial position:

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

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
Six months ended September 30, 2009	207,951	151,082	72.3 %	4,193.73
Fiscal year ended March 31, 2009	224,168	155,478	69.0	4,132.75

(Reference) Equity: Six months ended September 30, 2009 : 150,332 million Yen
 For the year ended March 31, 2009 : 154,763 million Yen

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 ending March 31, 2010	-	60.00	-	-
Fiscal year ending March 31, 2010(forecast)	-	-	-	60.00

	Dividends per share	
	Annual	
Fiscal year ended March 31, 2009	100.00	
Fiscal year ending March 31, 2010	-	
Fiscal year ending March 31, 2010 (forecast)	120.00	

Note: Revision to quarterly dividend forecast: Yes

3. Forecast for the fiscal year 2010 (from April 1, 2009 to March 31, 2010)

(Unit: Millions of Yen)

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	231,300	(10.7)	9,700	90.6	10,900	66.2
	Net income		Basic net income per share(Yen)			
Annual	5,700	-	159.01			

Note: Revision to quarterly consolidated performance forecast : Yes

4.Other

- (1) Significant changes in subsidiaries during the second quarter (changes in certain subsidiaries resulting in a change in the consolidation scope): Yes
Excluded consolidated companies: 1 (AUTOBACS STRAUSS INC.)
- (2) Simplified accounting treatment or special accounting treatment for preparations of quarterly consolidated financial treatment: None
- (3) Changes in accounting principles, procedures disclosure methods, etc., pertaining to preparation of quarterly 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
- (4) Shares outstanding (common stock)
 1. Common Stock Issued
Number of shares outstanding (including treasury stock)
Second quarter ended September 30, 2009: 37,454,204 shares
Fiscal year ended March 31, 2009: 39,255,175 shares
 2. Number of treasury stock shares outstanding
Second quarter ended September 30, 2009: 1,607,240 shares
Fiscal year ended March 31, 2009: 1,807,153 shares
 3. Average shares outstanding over quarter
Second quarter ended September 30, 2009: 36,580,065 shares
Second quarter ended September 30, 2008: 37,810,305 shares

Qualitative Information and Financial Statements

1. Qualitative Information Concerning Consolidated Business Results

In the consolidated first half of the fiscal year under review, the Japanese economy continued to confront a severe economic environment. Consumer spending remained weak, reflecting concerns over the uncertain economic outlook, with reduced corporate earnings and a worsening employment and income environment, despite some signs of a recovery, reflecting the effects of government economic stimulus measures.

Although spending on eco-friendly vehicles increased, supported by the application of tax cuts and a subsidy system, purchase of automobiles was generally stagnant. In contrast, with the introduction of the partial cuts in expressway tolls and a subsidy system for the purchase of ETC equipment, demand for ETC equipment rose sharply, and the use of private cars for leisure was stimulated, which rose strongly the demand for consumable goods and merchandises associated with maintenance, with a growing tendency to extend the life of automobiles.

Responding to this business environment, in the automotive goods and services business in the AUTOBACS Chain, including its franchise outlets in Japan, the Chain sought to ensure the availability of the highly popular ETC equipment, establish an efficient sales system, bolster sales of merchandises used for long-distance driving, and improve the lineup of private brands and exclusive merchandise. Sales of merchandises, including ETC equipment, car navigation devices, oil and car-wash goods, remained strong. In statutory safety inspection and maintenance services, taking advantage of rising demand for statutory safety inspections, the Company promoted its services to point-up card program members through telephone calls. As a result, the number of cars that the AUTOBACS Chain stores inspected rose by 15.4% year on year, to approximately 207,000 units. Consequently, total sales of automotive goods and services and statutory safety inspections and maintenance from AUTOBACS, SUPER AUTOBACS, and AUTO HELLOES, rose by 3.9% from the previous year on a total store basis, and were up by 3.1% on a same-store basis.

In the car sale and purchase business, the number of vehicle sales declined by reflecting the Group's initiative, starting the year under review, to scale back the number of outlets engaged in this business. The number of vehicle sales per store, in contrast, has risen, reflecting the Group's commitment to developing a successful business model for the AUTOBACS Chain by providing sales training at each store and adopting other measures. Vehicle sales of the AUTOBACS Chain that included sales by franchise outlets to the Company for the consolidated first half of the fiscal year under review fell by 26.2% year on year, to 8,222 units.

The Group's consolidated sales for the first half of the fiscal year under review fell by 11.4% year on year, to 114,546 million yen. With respect to wholesales operations that consist of sales to franchise outlets in Japan, sales of ETC equipment, oil and repair goods were robust, while sales of wheels and motor sports goods fell, reflecting the economic slump and the trend of young people losing interest in cars. Sales of tires also fell, primarily reflecting a surge in demand in the year-ago period in anticipation of a price hike, as well as the fall in unit prices recorded on the back of rising shares of private brands and exclusive merchandise. Sales of motorcycle goods declined, the result of the transfer of the franchise business, following the Company's execution of the mid-term business plan. In addition, sales of fuels fell, reflecting the liquidation of DIA BACS Co., Ltd., a joint venture, while sales of vehicles decreased on the Company's above-mentioned initiatives to reduce the number of stores engaged in the business. As a result of the above factors, sales of wholesales operations were down by 7.5% from the previous year, to 64,829 million. In retail operations, sales of automotive goods and services, such as ETC equipment, were strong, as was demand for statutory safety inspections from subsidiary stores in Japan. In its overseas operations, sales of overseas subsidiaries fell, primarily reflecting the economic slowdown in France, a cutback in the number of stores in China, and the impact of exchange rates. Moreover, with the adoption of the measures set out in the mid-term business plan, sales fell in the United States and Taiwan. Revenue from the motorcycle-related goods retail business also fell, while the liquidation of CARS Sapporo Co., Ltd. also negatively impacted on sales. As a result, sales from retail operations fell by 16.4% year on year, to 47,863 million yen.

Although gross profit fell, primarily as a result of the streamlining of operations, the gross margin rose to 31.7%, up from 30.6% a year earlier, mainly reflecting the impact of initiatives to further reduce sales

costs in Japan through measures such as streamlining the number of merchandises, a rise in the share of sales of ETC equipment and their installation charges, and the withdrawal from businesses with poor gross margins. Selling, general, and administrative expenses declined by 19.2% from the previous year, to 31,652 million, mostly because of a decline in overall expenses with the streamlining of overseas subsidiaries and other operations, as well as a reduction in IT system and advertising expenditures, along with other costs. The ratio of selling, general, and administrative expenses to sales also improved, rising to 27.6% from 30.3% a year earlier. As a result, consolidated operating income rose by 4,276 million yen year on year, to 4,692 million yen. Consolidated ordinary income jumped by 290.3% from the previous year, to 5,556 million yen, principally because of a lower loss on the revaluation of investment securities posted as a non-operating expense, offsetting a decline in dividend income and foreign exchange profit compared with the previous year. The Group also recorded extraordinary income of 3,897 million yen from the reversal of the allowance for business restructuring following the transfer of all shares of AUTOBACS STRAUSS INC. to third parties, and profits from the sales of those shares. Meanwhile, the Group recorded extraordinary losses of 4,482 million yen, primarily attributable to the transfer to an allowance for doubtful receivables following the transfer of all shares of AUTOBACS STRAUSS INC., and impairment losses on fixed assets associated with Tama Driving School Co., Ltd. and Seibu Driving School Co., Ltd. As a result, net income for the first half of the fiscal year under review rose by 59.1% from the previous year, to 2,692 million yen.

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

Assets	September 30, 2009	March 31, 2009
	Amount	Amount
Current assets		
Cash and deposits	42,247	39,140
Trade notes and accounts receivable	22,686	23,645
Marketable securities	10,556	13,830
Inventories	18,459	21,200
Other current assets	36,649	39,833
Allowance for doubtful receivables	(345)	(683)
Total current assets	130,253	136,968
Fixed assets		
Tangible fixed assets		
Land	21,977	23,907
Other tangible fixed assets (net)	15,583	17,085
Total tangible fixed assets	37,561	40,992
Intangible fixed assets		
Goodwill	1,218	1,431
Other intangible fixed assets	6,739	9,399
Total intangible fixed assets	7,958	10,830
Investments		
Rental deposits	20,994	21,279
Other investments	15,893	14,748
Allowance for doubtful receivables	(4,708)	(651)
Total investments	32,178	35,376
Total fixed assets	77,698	87,199
<hr/>		
Total assets	207,951	224,168

(Unit: Millions of Yen)

Liabilities and Net assets	September 30, 2009 Amount	March 31, 2009 Amount
Current liabilities		
Trade notes and accounts payable-trade	13,904	16,457
Short-term borrowings	2,705	3,307
Income taxes payable	2,755	414
Allowance for business restructuring	1,244	4,826
Other allowances	418	408
Other current liabilities	15,374	19,427
Total current liabilities	36,402	44,842
Long-term liabilities		
Bonds	90	140
Long-term debt	11,259	12,496
Allowances	373	429
Other long-term liabilities	8,743	10,781
Total long-term liabilities	20,466	23,847
Total liabilities	56,869	68,689
Owners' equity		
Common stock	33,998	33,998
Capital surplus	34,277	34,511
Retained earnings	87,377	94,297
Treasury stock at cost	(5,399)	(8,000)
Total owners' equity	150,254	154,807
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	21	(217)
Foreign currency translation adjustments	57	173
Total valuation and translation adjustments	78	(44)
Minority interests		
Total net assets	151,082	155,478
Total liabilities and net assets	207,951	224,168

(2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Six months ended September 30, 2008 Amount	Six months ended September 30, 2009 Amount
Net sales	129,299	114,546
Cost of goods sold	89,708	78,202
Gross profit	39,590	36,344
Selling, general and administrative expenses	39,174	31,652
Operating income	415	4,692
Non-operating income		
Interest income	180	109
Dividend income	266	12
Equity in income on affiliates	-	33
Lease revenue-system equipment	759	631
Other non-operating income	2,853	1,729
Total non-operating income	4,059	2,516
Non-operating expenses		
Interest expenses	136	110
Equity in loss of affiliates	18	-
Loss on revaluation of investment securities	1,146	84
Lease cost-system equipment	806	625
Other non-operating expenses	942	830
Total non-operating expenses	3,050	1,651
Ordinary income	1,423	5,556
Extraordinary gains		
Effect of application of accounting standard for leased assets	4,651	-
Reversal of allowance for business restructuring	-	3,582
Other extraordinary gains	554	315
Total extraordinary gains	5,206	3,897
Extraordinary losses		
Impairment losses on fixed assets	1,300	447
Reversal of allowance for doubtful receivables	-	3,776
Other extraordinary losses	153	258
Total extraordinary losses	1,453	4,482
Income before income taxes and minority interests	5,176	4,972
Income taxes		
Current	1,217	2,672
Deferred	2,273	(452)
Total income taxes	3,491	2,220
Minority interests in net (loss) income	(6)	60
Net income	1,692	2,692

(3) Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	Six months ended September 30, 2008 Amount	Six months ended September 30, 2009 Amount
Operating Activities:		
Income before income taxes and minority interests	5,176	4,972
Depreciation	2,998	2,454
Impairment losses on fixed assets	1,300	447
Amortization of goodwill	199	205
Provision for business restructuring	-	(3,582)
Increase (decrease) in allowance for doubtful accounts	(600)	3,728
Interest and dividend income	(447)	(121)
Interest expenses	136	110
Loss (gain) on foreign currency translation	(368)	(8)
Equity loss (income) on a affiliates	18	(33)
Effect of application of accounting standard for leased Assets	(4,651)	-
Loss (gain) on revaluation of investment securities	1,146	84
Decrease (increase) in trade notes and accounts receivable	1,184	2,725
Decrease (increase) in lease investment assets	(1,037)	298
Decrease (increase) in inventories	(2,329)	(29)
Increase (decrease) in trade notes and accounts payable	622	(2,265)
Others	(3,812)	(1,546)
Subtotal	(463)	7,442
Interest and dividend received	488	133
Interest paid	(138)	(109)
Income taxes refund (paid)	(2,061)	1,029
Net cash provided by (used in) operating activities	(2,174)	8,495
Investing Activities:		
Payment for marketable securities	-	(1,996)
Proceeds from sales of marketable securities	500	-
Payment for tangible and intangible fixed assets	(3,724)	(1,031)
Disposition of investment securities	3,445	300
Payments for acquisition of subsidiaries' stock resulting from change in the scope of consolidation	(236)	-
Payments for sales of subsidiaries' stock resulting from change in the scope of consolidation	-	(833)
Proceeds from sales of subsidiaries' stock resulting from change in the scope of consolidation	-	203
Payment for loans	(230)	(120)
Collection of loans	291	310
Others	440	(839)
Net cash provided by (used in) investing activities	487	(4,007)
Financing Activities:		
Increase (decrease) in short-term borrowings	(315)	(81)
Proceeds form long-term debt	400	250
Repayments of long-term debt	(954)	(2,008)
Purchase of treasury stock	(2,454)	(5,371)
Dividends paid	(2,674)	(1,871)
Others	(32)	(59)
Net cash provided by (used in) financing activities	(6,031)	(9,142)
Effect of exchange rate changes on cash and cash equivalents	47	(28)
Net increase (decrease) in cash and cash equivalents	(7,671)	(4,683)
Cash and cash equivalents, beginning of the period	49,637	51,748
Cash and cash equivalents, end of the period	41,966	47,065

6. Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

Divisions	September 30, 2008		September 30, 2009		Increase or (decrease) Ratio
	Amount	Ratio	Amount	Ratio	
		%		%	%
Wholesale	70,071	54.2	64,829	56.6	(7.5)
Retail	57,257	44.3	47,863	41.8	(16.4)
Others	1,970	1.5	1,853	1.6	(5.9)
Total	129,299	100.0	114,546	100.0	(11.4)

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

Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

Products	September 30, 2008		September 30, 2009		Increase or (decrease) Ratio
	Amount	Ratio	Amount	Ratio	
		%		%	%
Tyres and wheels	23,864	18.5	20,644	18.0	(13.5)
Car electronics	33,184	25.7	35,009	30.6	5.5
Oil and batteries	12,928	10.0	11,977	10.5	(7.4)
Car exterior items	13,514	10.5	10,133	8.8	(25.0)
Car interior items	12,541	9.7	10,959	9.6	(12.6)
Motor sports	8,725	6.7	7,313	6.4	(16.2)
Services	9,472	7.3	8,386	7.3	(11.5)
Others	15,066	11.6	10,122	8.8	(32.8)
Total	129,299	100.0	114,546	100.0	(11.4)

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