February 6, 2009

Consolidated Financial Results for the Nine Months ended December 31, 2008

Summary of Consolidated Financial Information for the Third Quarter ended December 31, 2008

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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Stock exchange listings : Tokyo and Osaka
Submission of Quarterly Business Report : February 13, 2009
Adoption of accounting principles generally accepted in the U.S.A.: No

1. Results for the nine months ended December 31, 2008 (From April 1, 2008 to December 31, 2008).
   (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( ) against previous year results.)

	Net sales	%	Operating income	%	Ordinary income	%
Nine months ended December 31, 2008	**209,766**	-	**6,118**	-	**7,109**	-
Nine months ended December 31, 2007	212,444	8.3	8,289	(32.3)	9,547	(40.0)

	Net income	%	Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
Nine months ended December 31, 2008	**1,103**	-	**29.29**	-
Nine months ended December 31, 2007	3,992	(53.7)	104.44	104.15

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

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
			%	
Nine months ended December 31, 2008	**253,873**	**159,626**	**62.6**	**4,241.54**
Fiscal year ended March 31 ,2008	234,126	165,205	70.2	4,298.70

(Reference) Equity : Nine months ended December 31, 2008 : 158,825 million Yen
For the year ended March 31, 2008 : 164,335 million Yen

2.Dividends

	Dividends per share			(Yen)
	First Quarter	Second Quarter	Third Quarter	Year -end
Fiscal year ended March 31, 2008	**-**	**30.00**	**-**	**70.00**
Fiscal year ended March 31, 2009	-	50.00	-	-
Fiscal year ended March 31, 2009 (forecast)	-	-	-	50.00

	Dividends per share
	Annual
Fiscal year ended March 31, 2008	**100.0**
Fiscal year ended March 31, 2009	-
Fiscal year ended March 31, 2009 (forecast)	100.0

Note : Revision to quarterly dividend forecast : None

3. Forecast for the fiscal year 2009 (from April 1, 2008 to March 31, 2009)
(Unit: Millions of Yen)

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	259,900	(2.5)	3,300	(52.4)	4,000	(34.0)

	Net income		Basic net income per share(Yen)
		%	
Annual	(1,200)	-	(32.05)

Note : Revision to quarterly consolidated performance forecast : Yes

4.Other

(1) Significant changes in subsidiaries during the third quarter (changes in certain subsidiaries resulting in a change in the consolidation scope) : None

(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 : Yes
2.Other changes : Yes

(4) Shares outstanding (common stock)
1. Common Stock Issued
Number of shares outstanding (including treasury stock)
Third quarter ended December 31,2008 : 39,255,175 shares
Fiscal year ended March 31, 2008 : 39,255,175 shares

2. Number of treasury stock shares outstanding
Third quarter ended December 31, 2008 : 1,810,044 shares
Fiscal year ended March 31, 2008 : 1,026,005 shares

3. Average shares outstanding over quarter
Third quarter ended December 31,2008 : 37,688,691 shares
Third quarter ended December 31,2007 : 38,230,642 shares

5. Qualitative Information concerning Consolidated Business Results for the Third Quarter ended December 31, 2008

In the consolidated third quarter period under review, the financial uncertainty that emerged from the United States became a global concern, and the Japanese economy weakened acutely as stock prices fell, and as corporate earnings and capital spending contracted. Consumer spending also stalled, as people became inclined to cut expenditures and concentrate on protecting their life-styles, concerned about the growing uncertainty imposed by the rapidly worsening employment and income environment.

In the car aftermarket industry, the operating environment has become extremely challenging since last autumn, as consumers increasingly focused on scaling back their spending on automobiles as a result of the surge in gasoline prices that lasted until last autumn, and also their expenditure has slowed on the back of the economic downturn. In addition, automobile manufacturers, who were heavily exposed to the brunt of the global economic downturn, rapidly scaled back their sales plans. Moreover, given the increasing tendency for automakers and dealers to step up their handling of automotive goods and services, the competitive environment has become intensified.

Responding to these circumstances, the AUTOBACS Group adopted a medium-term business plan to bolster its performance, improve its management efficiency and strengthen its corporate governance. The Group has been taking actions in line with this plan since then. Specifically, following a review of it business portfolio, which had expanded over the last several years, DIA BACS Co., Ltd., a consolidated subsidiary that managed oil sales and gasoline stands, was resolved to liquidate in December 2008, and the franchise business of RICOLAND, a retailer of motorcycle related goods, was transferred to the outside of the Group in January 2009. Moreover, in light of the severe deterioration of the business environment and the difficulty in continuing operations in the United States, the two U.S. subsidiaries were ceased the support from the Group so that they filed petitions under Chapter 11 in February 2009. The Group also sold investment securities that were less directly related to the business, as a means of improving its asset efficiency.

The Group's consolidated sales for the first three quarters of the fiscal year under review declined by 1.3% from the same period in the previous fiscal year, to 209,766 million yen. In wholesale operations, the increase in sales of tires and wheels—an area of focus for the Group during the current term—as well as stronger sales of lubricant oil and batteries at higher unit prices, and of automobiles and fuels was unable to offset the decline in sales of car electronics, motor sports goods, and other automotive goods. As a result, overall sales decreased by 1.8% year on year. In retail operations, overseas sales rose in total, given an increase in the number of overseas stores, despite the sluggish performance of stores in the United States struggling in the face of the economic slowdown. Sales from domestic stores declined, primarily reflecting sluggish sales of car electronics and motor sports goods, despite strong sales of tires, wheels, lubricant oil and batteries, and robust service-related sales from statutory safety inspection and maintenance services. As a result, overall sales in retail operations, including both domestic and overseas operations, declined by 0.4% compared to a year earlier. Looking at gross profit, as sales increased at overseas subsidiaries, which sold many high-margin auto parts, the gross margin on retail operations rose. However, spending cutbacks by consumers and the miniaturization of automobiles in Japan resulted in a fall in the gross margin for overall automotive goods, services and sales of automobiles. As a result, gross profit fell by 1.2% from a year ago, to 64,068 million yen. Meanwhile, selling, general and administrative expenses increased by 2.5% year on year, to 57,949 million yen, despite efforts to reduce expenses. This reflected an increase in overall expenses, because of a rise in the number of stores both in Japan and overseas, intensified spending on tire sales advertising, and the deployment of the POS system which commenced from last the fiscal year. Consequently, consolidated operating income slipped by 26.2% from the same period in the previous fiscal year, to 6,118 million yen. Consolidated ordinary income declined by 25.5% from a year earlier, to 7,109 million yen, mainly due to a foreign exchange loss of 1,874 million yen and a 1,146 million yen loss on the revaluation of investment securities being posted as a non-operating expense. The Group also recorded extraordinary income of 4,651 million yen associated with a change in the accounting standard concerning lease transactions of buildings rented to franchisee corporations. Meanwhile, as a result of the asset streamlining initiatives adopted in line with the medium-term business plan, the Group recorded extraordinary losses, including a loss on sales of investment securities of 2,208 million yen, and a loss on the revaluation of investment securities of 1,771 million yen, reflecting the sales of shares, including Halfords Group plc. of the United Kingdom, and a fall in share prices. The Group also posted business restructuring expenses of 4,565 million yen associated with the withdrawal from the U.S. market. As a result, net income for the first three quarters under review was down by 72.4% year on year, to 1,103 million yen.

A business overview of each geographical division is provided below.

(i) Japan

Looking at sales of automotive goods and services at the AUTOBACS stores in Japan, the Group ran an intensive campaign for tire sales involving newspaper advertisements, strengthened its line-up of low-priced merchandises, including private brand merchandises, and bolstered its array of portable navigation systems, the market of which has been growing. Even in an environment in which consumers are scaling back their spending on automobiles, some merchandises generated robust sales. They included child safety seats associated with the mandatory use of safety belts in the rear seats of vehicles, safety hammers, reflecting the accidents of the severe rainstorms in last summer, and electronic toll collection (ETC) equipment, sales of which surged with the introduction of official measures to revitalize the domestic economy. However, given the limited snowfall since October, sales of merchandises for the winter season fell. Sales of other merchandises, including motor sport goods, car audio equipment and pre-installed car navigation systems all declined, reflecting sluggish demand.

In the field of statutory safety inspections and maintenance, the number of cars that underwent statutory inspections at our stores increased by 14.0% from a year earlier, to 268,622. This was because of the increase in the number of designated and certified statutory inspection store locations, sales promotion activities via nationwide TV advertisements, as well as the impact of telephone calls initiated on the whole Group.

Total sales of automotive goods and services and statutory safety inspections and maintenance from AUTOBACS, SUPER AUTOBACS and AUTO HELLOES, our mainstay stores in Japan, fell by 3.4% year-on-year on a same-store basis, and by 2.9% on an total store basis.

In the area of car sales and purchases, the number of vehicle sales rose by 12.9% from a year earlier, to 16,622. This increase (including sales from franchisee corporations to the Company) was attributable to the growing number of stores adopting the "Sugokai" used-car purchase system, which was introduced in the fiscal year ended March 2008, and the use of television advertising to increase recognition. However, given sluggish sales in both the new and used car markets, the Group's vehicle sales have also begun to slow down since last autumn.

As a result, the AUTOBACS Group's consolidated domestic sales, which consist of wholesale sales (primarily to franchise stores) and retail sales of directly managed and subsidiary stores, stood at 188,582 million yen. Operating income in Japan reached 8,533 million yen, even after reflecting the increase in sales promotion expenses for tires and system-related expenses.

(ii) Overseas

In North America, the Group focused on strengthening the line-up of low-price merchandises and replacement parts at Strauss Discount Auto, an auto goods and services specialty chain it operates on the East Coast of the United States, to improve the quality of the stores and bolster their sales. As a result, consolidated same-store sales continued to grow on a year-on-year basis during the first half of the fiscal year under review.

Subsequently, however, sales growth slowed, reflecting the economic downturn starting in the fall. On the West Coast, despite the opening of Super AUTOBACS Covina store near Los Angeles, sales remained weak, attributable to high gasoline prices, sluggish consumer demand, and the declining ability of commercial facilities, in which Covina operated, to attract customers. As a result, net sales in the North America segment stood at 12,333 million yen, and the operating loss amounted to 1,888 million yen, reflecting the higher costs associated with opening new stores. As described above, the Group's two subsidiaries in the U.S. filed petition under Chapter 11 in February 2009.

In Europe, the Group expanded its operations by opening the AUTOBACS Wittenheim, AUTOBACS Saint Maximin and AUTOBACS Villebon stores in France as the third, fourth and fifth franchise stores. Thanks to growing recognition of AUTOBACS and the improvement of sales sites, sales augmented steadily. As a result, net sales for Europe stood at 6,404 million yen. The operating loss improved to 342 million yen, owing to a higher gross margin following the revision of unit sales prices, and cuts in selling, general, and administrative expenses.

In Asia, same-store sales from Thailand, Singapore, and Taiwan were strong. The Group opened AUTOBACS Chaeng Wattana store in Thailand and AUTOBACS UBI store in Singapore. In China, the local franchise opened AUTOBACS BEIJING HUAXIANG store. Although sales from China rose significantly from the previous year, same-store sales slowed given the slowdown in economic growth. As a result, net sales for Asia stood at 2,909 million yen, and the operating loss was 184 million yen, reflecting the higher costs of business development, including the opening of new stores.

6.Cosolidated Financial Statements

(1)Consolidated Balance Sheets
(Unit: Millions of Yen)

Assets	December 31, 2008 Amount	March 31, 2008 Amount
Current assets		
Cash and deposits	41,353	37,663
Trade notes and accounts receivable	42,402	19,309
Marketable securities	6,392	15,484
Inventories	25,711	23,267
Other current assets	43,188	22,256
Allowance for doubtful receivables	(163)	(574)
Total current assets	158,885	117,406
Fixed assets		
Tangible fixed assets		
Land	24,225	25,069
Other fixed assets (net)	17,757	28,697
Total tangible fixed assets	41,983	53,767
Intangible fixed assets		
Goodwill	4,272	5,241
Other intangible fixed assets	9,877	11,184
Total intangible fixed assets	14,150	16,425
Investments		
Rental deposits	21,450	21,805
Other investments	18,035	25,539
Allowance for doubtful receivables	(632)	(818)
Total investments	38,853	46,526
Total fixed assets	94,987	116,719
Total assets	253,873	234,126

(Unit: Millions of Yen)

Liabilities and Net assets	December 31, 2008 Amount	March 31, 2008 Amount
Current liabilities		
Trade notes and accounts payable-trade	41,983	17,716
Short-term borrowings	3,590	2,667
Accounts Income Taxes	400	2,205
Allowances	391	1,049
Other current liabilities	20,664	19,931
Total current liabilities	67,030	43,570
Long-term liabilities		
Bonds	50	85
Long-term debt	13,008	14,934
Allowances	422	528
Provision for business restructuring	4,597	44
Other long-term liabilities	9,137	9,758
Total long-term liabilities	27,216	25,350
Total liabilities	94,246	68,921
Owners' equity		
Common stock	33,998	33,998
Capital surplus	34,512	34,512
Retained earnings	98,762	102,247
Treasury stock at cost	(8,008)	(5,541)
Total owners' equity	159,264	165,217
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	(179)	(625)
Foreign currency translation adjustments	(260)	(256)
Total valuation and translation adjustments	(439)	(882)
Minority interests	800	869
Total net assets	159,626	165,205
Total liabilities and net assets	253,873	234,126

(2)Consolidated Statements of Income

(Unit: Millions of Yen)

	Nine months ended December 31, 2008 Amount
Net sales	209,766
Cost of goods sold	145,697
Gross profit	64,068
Selling, general and administrative expenses	57,949
Operating income	6,118
Non-operating income	
Interest income	249
Dividend income	280
Equity in Earning of Affiliates	35
Lease revenue - system equipment	1,128
Other non-operating income	4,620
Total non-operating income	6,314
Non-operating expenses	
Interest expenses	235
Loss on revaluation of investment securities	1,146
Lease cost - system equipment	1,174
Foreign exchange loss	1,874
Other non-operating expenses	893
Total non-operating expenses	5,324
Ordinary income	7,109
Extraordinary gains	
Gain on sale of property	31
Effect of application of accounting standard for leased assets	4,651
Other extraordinary gains	551
Total extraordinary gains	5,234
Extraordinary losses	
Loss on revaluation of investment in securities	1,771
Loss on sale of investment in securities	2,208
Impairment losses on fixed assets	1,300
Loss on business restructuring	4,565
Other extraordinary losses	167
Total extraordinary losses	10,013
Income before income taxes	2,330
Income taxes - current	2,052
Income taxes - deferred	(825)
Total Income Taxes	1,227
Minority interests in net loss	(0)
Net income	1,103

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

	Nine months ended December 31, 2008 Amount
Operating Activities:	
Income before income taxes	2,330
Depreciation	4,602
Impairment Loss on fixed assets	1,300
Amortization of goodwill	283
Allowance for business restructuring	4,553
(Decrease) in allowance for doubtful account	(595)
Interest and dividend income	(530)
Interest expenses	235
Gain on foreign currency translation	(260)
Equity in loss of affiliates	(35)
Effect of application of accounting standard for leased assets	(4,651)
Loss on sales of investments in securities	2,208
Loss on revaluation of investment insecurities	2,917
Increase in trade notes and accounts receivable	(27,072)
Increase in lease investment assets	(859)
Increase in inventories	(2,747)
Increase in trade notes and accounts payable	24,685
Others	(146)
Subtotal	6,219
Interest and dividend received	593
Interest paid	(230)
Taxes paid	(3,791)
Net cash provided by operating activities	2,791
Investing Activities:	
Proceeds from sales of marketable securities	500
Payment for tangible and intangible fixed assets	(4,329)
Disposition of investment securities	6,488
Cash of subsidiaries acquired	(236)
Payment for loans	(251)
Collection of loans	399
Others	523
Net cash provided by investing activities	3,094
Financing Activities:	
Net decrease in short - term borrowings	(254)
Proceeds from long - term debt	400
Repayments of long - term debt	(1,319)
Purchase of treasury stock	(2,455)
Dividends paid	(4,548)
Others	(42)
Net cash used in financing activities	(8,221)
Effect of exchange rate changes on cash and cash equivalents	(281)
Net decrease in cash and cash equivalents	(2,616)
Cash and cash equivalents, beginning of year	49,637
Cash and cash equivalents, end of period	47,020

7.Segment Information

(1) Geographical Segments

Nine months ended December 31,2008 (Unit: Millions of Yen)

	Japan	North America	Europe	Asia	Total	Elimination or Corporate	Consolidated
Sales							
(1)Sales to outside customers	188,211	12,333	6,404	2,817	209,766	-	209,766
(2)Intersegment sales	370	-	-	92	462	(462)	-
Total	188,582	12,333	6,404	2,909	210,228	(462)	209,766
Operating income (loss)	8,533	(1,888)	(342)	(184)	6,118	-	6,118

Notes： 1.The classification of overseas sales area segments is made accounting to geographical distances.
2.Countries /regions in the regional segmentation above
North America：U.S.A
Europe：France
Asia：China , Taiwan , Thailand and Singapore

(2) Sales to Foreign Customers

Nine months ended December 31,2008 (Unit: Millions of Yen)

	North America	Europe	Asia	Total
Sales to foreign customers	12,333	6,404	2,420	21,158
Consolidated sales				209,766
Sales to foreign customers as a percentage to consolidated sales	% 5.9	% 3.1	% 1.2	% 10.1

Note：“Sales to Foreign Customers “ represents net sales and other operating revenue of consolidated subsidiaries in countries and areas outside of Japan.