

May 15, 2008

Summary of Quick Financial Announcement of Consolidated Financial Information For the Year Ended March 31, 2008

Company name : AUTOBACS SEVEN CO., LTD.

Code Number : 9832

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

Headquarters : Tokyo, Japan

Company Representative : Koichi Sumino, Representative Director and Chief Executive Officer

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Date of the Board of Directors' meeting for approval of annual accounts : May 15, 2008

Stock Exchange Listings : Osaka and Tokyo

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

1. Results for the year ended March 31, 2008 (From April 1, 2007 to March 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(.))

	Net sales		Operating income		Ordinary income	
Year ended		%		%		%
March 31, 2008	266,429	9.9	6,936	(43.2)	6,062	(62.9)
Year ended March 31, 2007	242,532	1.0	12,219	(10.4)	16,323	(3.5)

	Net income		Basic net income per share(Yen)	Basic net income per share-diluted(Yen)
Year ended		%		
March 31, 2008	1,467	(84.0)	38.37	38.33
Year ended March 31, 2007	9,165	16.6	239.01	238.34

	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Year ended	%	%	%
March 31, 2008	0.9	2.6	2.6
Year ended March 31, 2007	5.6	7.0	5.0

Notes: Equity income on affiliates : 54 million Yen
(For the year ended March 31, 2007 : 148 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)
Year ended			%	
March 31, 2008	234,126	165,205	70.2	4,298.70
Year ended				
March 31, 2007	240,627	168,650	69.8	4,394.15

Note: Owner's equity : 164,335 million Yen

(For the year ended March 31, 2007 : 167,994 million Yen)

(3) Statements of cash flows:

(Unit: Millions of Yen)

	Operating activities	Investing activities	Financing activities	Ending balances of cash and cash equivalents
Year ended				
March 31, 2008	(645)	(7,993)	(728)	49,637
Year ended				
March 31, 2007	17,215	(7,102)	(4,698)	59,226

2. Forecast for the fiscal year 2008 (from April 1, 2008 to March 31, 2009)

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
Second Quarter	136,700	2,000	2,500	3,000
Annual	282,000	7,000	9,000	6,100

Notes: The estimated net income per share for the year ending March 31, 2009 will be 159.56 yen.

3. Notes concerning the preparation of the consolidated financial statements for the year ended March 31, 2008.

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

(2) Accounting policies that differ from the fiscal year ended March 31, 2007 : Yes

Changes in accounting methods from most recent consolidated fiscal year.

Pursuant to an amendment to the Corporation Tax Law (Partial Revision of Income Tax Law, Law No.6 of March 30, 2007; Partial Revision of Income Tax Law Enforcement Ordinance, Cabinet Order No.83 of March 30, 2007), the treatment of depreciation on property, plant and equipment acquired after April 1, 2007, has been changed.

As a result, "Operating income", "Ordinary income" and "Net income" decrease 105 million yen compared with the previous policy respectively.

(3) Common Stock Issued

Number of shares outstanding (including treasury stock)

Fiscal year ended March 31, 2008 : 39,255,175 shares

Fiscal year ended March 31, 2007 : 39,255,175 shares

Number of treasury stock shares outstanding

Fiscal year ended March 31, 2008 : 1,026,005 shares

Fiscal year ended March 31, 2007 : 1,023,716 shares

1. RESULTS FOR THE YEAR ENDED MARCH 31, 2008 (FROM APRIL 1, 2007 TO MARCH 31, 2008)

(1) RESULTS OF OPERATIONS

During the fiscal year under review, the Japanese economy remained strong as a result of capital expenditures by private-sector companies enjoying robust performances. However, personal consumption did not manage a major resurgence, held back by soaring prices of crude oil, grains, and other raw materials, and the impact from the financial disturbances stemming from the subprime-lending crisis in the United States.

Although snowfalls during February 2008 on the Pacific Ocean side of Japan stimulated demand for studless tires and tire chains, auto parts and accessories sales remained severe, the result of anemic growth in the number of registered new cars and used cars, and the impact from soaring prices of gasoline and raw materials.

In response, the AUTOBACS Group continued to emphasize its three main business areas—namely auto parts and accessories sales, statutory safety inspections and maintenance services, and used car sales—to transform the existing auto parts and accessories sales business into a Total Car-Life Services business.

Overview of Sales by Domestic Franchisees

Sales of auto parts and accessories by our franchise outlets in Japan remained strong during the year, helped by rises in the prices of tires accompanied with increased procurement costs and demand for studless tires. Sales of car electronics also stayed robust in the first half, helped by favorable sales of car navigation systems, including the releases of portable car navigation systems. By the second half, however, sales were down from the level of the previous year on overall falls in unit prices. Sales of car audio equipment and ETC equipment also decreased. As a result, sales of car electronics were down overall. Sales of engine oil and batteries increased by virtue of sales efforts to promote battery checks at stores and engine oil to member customers as well as rises in unit prices triggered by soaring prices of raw materials.

With respect to statutory safety inspection and maintenance services, among our franchise outlets, the number of shops with official certification increased to 265, from 237. Meanwhile, the Company sought to enhance its recognition in this sector through TV commercials and by obtaining car inspection reservations from member customers. As a result, the number of cars that the consolidated AUTOBACS Group stores inspected during the fiscal year increased by 52,000 units year on year, to 337,000 units.

For used car sales, we introduced a new system, called the “Sugogai” system, which promotes the purchase of used cars and boosts distribution and sales. We also began to introduce a new AUTOBACS CARS franchise chain agreement and used the media to advertise the new system. As a result, the number of purchases of used cars within the Group stores increased remarkably, rising 5,200 from the previous year to approx. 20,600 during the fiscal year under review.

With regard to the number of our stores in Japan, the Company opened one Super AUTOBACS store, three AUTOBACS stores, four AUTOBACS *Hashiriya Tengoku Secohan Ichiba* stores, two AUTOBACS EXPRESS stores, and two RICOLAND stores. The Company also turned three AUTOBACS stores into Super AUTOBACS stores, and scrapped, built, or relocated five AUTOBACS stores. We also closed three AUTOBACS stores and one AUTO HELLOES store. As a result, the number of stores increased by eight year on year, to 531 at the end of the fiscal year under review.

Overview of Overseas Business

Looking at our overseas business, in May 2007, AUTOBACS acquired the whole business of 89-store STRAUSS Discount AUTO, a chain operating auto parts stores in the United States. After the acquisition, we enriched the merchandise lineups and introduced our operating know-how to remodel those stores and to build our business base in the United States. In France, our eight stores, located in the Paris metropolitan area, improved their profitability as they succeeded in promoting the AUTOBACS brand. In November 2007, we opened AUTOBACS Aubergenville, our second franchisee in France. In China, AUTOBACS obtained its first certification, as a Japanese company, to retail auto parts and accessories on a franchise basis, and opened seven franchise outlets under agreements with local companies in six major cities, including Dalian and Hangzhou. At present, AUTOBACS operates 12 franchise outlets that carry out services, such as car washing and sheet metal work, as well as selling auto parts and accessories. AUTOBACS also operated stores in Taiwan, Thailand, and Singapore. In total, AUTOBACS's overseas business operated 117 stores at the end of the fiscal year under review.

Overview of Consolidated Results

On the basis of sales achieved by the stores described above, AUTOBACS Group's consolidated net sales increased by 9.9% year on year, to ¥266.429 billion. Gross profit also rose ¥8.108 billion from the year-ago period, to ¥82.852 billion, owing to an increase in gross profit on sales of engine oil, batteries, and tires in Japan and the rising proportion in sales of high-margin products, such as car exteriors in overseas business although the gross profit ratio on sales of car electronics products fell. Meanwhile, selling, general, and administrative expenses increased ¥13.391 billion year on year, to ¥75.915 billion, due to increases in the used car purchase system expense, POS system related expense, and employment and education related expenses spent in anticipation of mid-term growth in our business categories in Japan as well as increases in expenses with subsidiaries in Japan and overseas that were consolidated since this fiscal year.

As a result, operating income fell by ¥5.282 billion, or 43.2%, to ¥6.936 billion. Ordinary income decreased by ¥10.261 billion, or 62.9% year on year, to ¥6.062 billion owing to impacts from the disturbances from the subprime lending crisis in the financial market, which led to the posting of a non-operating loss of ¥4.326 billion on write-down of investment securities. Net income also declined by ¥7.698 billion, or 84.0%, to ¥1.467 billion mainly because of a loss of ¥578 million on

the disposition of investment securities and a loss of ¥404 million on the write-down of investment securities, both of which were posted as extraordinary losses.

Consolidated Sales Component and Percentage by Division

Divisions	FY 2007			FY 2008			Increase (mil.yen)	Increase (%)
	Amount (mil. yen)	Ratio (%)	No. of Stores	Amount (mil. yen)	Ratio (%)	No. of Stores		
Wholesale	138,586	57.1	388	145,072	54.4	403	6,486	4.7
Retail	100,151	41.3	150	117,182	44.0	245	17,030	17.0
Others	3,793	1.6	-	4,174	1.6	-	380	10.0
Total	242,532	100.0	538	266,429	100.0	648	23,897	9.9

Operational Review

a) Wholesale Operations

In our wholesale operations, sales to franchise outlets of car electronics, tires, wheels, and other auto parts and accessories decreased over the previous year. However, sales from wholesale operations increased by ¥6.486 billion, or 4.7% year on year, to ¥145.072 billion with the rising sales of used cars and motorcycles as well as the consolidation of PALSTAR K.K., a general engine oil distributor.

b) Retail Operations

Sales from retail operations were up ¥17.030 billion, or 17.0% year on year, to ¥117.182 billion. This reflected an increased number of stores of our subsidiaries in Japan, higher sales of services mainly on statutory safety inspection and maintenance, greater sales resulted from the acquired business of a chain operator of auto parts stores in the United States, and increased sales in stores in France.

c) Others

Sales from others increased ¥380 million, or 10.0% year on year, to ¥4.174 billion, because of rises in rental income and lease revenue.

Number of Stores by Store Format

[Domestic]

	FY 2007	new	S / B · R / L		close	FY 2008	Increase or decrease
			open	close			
AUTOBACS	402	3	5	8	3	399	3
Super AUTOBACS TYPE	6	-	-	-	-	6	-
Super AUTOBACS TYPE	64	1	3	-	-	68	4
AUTO HELLOES	11	-	-	-	1	10	1
AUTOBACS <i>Hashriya</i> <i>Tengoku Secohan Ichiba</i>	27	4	-	-	-	31	4
AUTOBACS EXPRESS	7	2	-	-	-	9	2
RICOLAND	6	2	-	-	-	8	2
Total	523	12	8	8	4	531	8

[Overseas]

	FY 2007	new	S / B · R / L		close	FY 2008	Increase or decrease
			open	close			
Taiwan	4	-	-	-	-	4	-
Singapore	1	-	-	-	-	1	-
Thailand	2	-	-	-	-	2	-
France	8	1	-	-	-	9	1
U.S.A.	1	89	-	-	1	89	88
China	5	7	-	-	-	12	7
Total	21	97	-	-	1	117	96

(2) OUTLOOK FOR FISCAL YEAR ENDING MARCH 31, 2009

AUTOBACS's business environment in the next consolidated fiscal year is foreseen to remain severe, primarily because of soaring prices of raw materials such as crude oil and grains, and an unstable world economy. Our auto parts and accessories sales business is also expected to face increasingly tough competition with auto dealers and other operators from different industries, while consumers are expected to spend less on automotive products.

In response, the AUTOBACS Group is determined to rebuild its business portfolio based on the new management policy described below, and to concentrate its resources in the core business areas, namely auto parts and accessories sales, statutory safety inspection and maintenance services, and used car sales, all of which are of our strengths. Optimizing this approach, we aim to expand revenues.

Out of auto parts and accessories sales, we will reinforce sales of tires, engine oil, and batteries, which enjoy sustained demand even in the depressed consumer propensity, to improve our sales share. We will also focus on aluminum wheels, car electronics accessories, rear monitor systems, rear camera systems, and consumables such as wiper blades and air-conditioning filters, targeting customers through the stores and car pits. Moreover, we will concentrate on selling baby seats and other items that are expected to have increasing sales opportunities with changes in car-seat regulations. We will expand the product range, to improve our gross profit ratio, which we handle through our supply chain management and category management.

For our statutory safety inspection and maintenance services, the Company will pursue the following strategies: to train workers so that they will become qualified engineers such as maintenance mechanics and inspectors, to increase the number of shops with official certification, and to introduce a vehicle diagnostics system that differentiates our service from those of our competitors, in anticipation of increasing the number of cars that undergo statutory safety inspection using the system.

For auto sales, the Company is promoting a new purchase system, called the "Sugogai" system, which facilitates the valuation and purchase of used cars. The new system will bolster customer recognition of AUTOBACS as a dealer in used cars, which will in turn contribute to revenues.

As a result of these initiatives, the Company expects to increase full-year consolidated performances in both sales and income. Specifically, we expect net sales to rise ¥15.570 billion, to ¥282 billion, operating income to increase ¥64 million, to ¥7.0 billion, ordinary income to move up ¥2.937 billion, to ¥9.0 billion, and net income to climb ¥4.632 billion, to ¥6.1 billion.

Outlook for fiscal year ending March 31, 2009

[Consolidated]

	FY 2008 (Results)		FY 2009 (Plan)		Increase (mil. yen)	Increase (%)
	Amount (mil. yen)	Ratio (%)	Amount (mil. yen)	Ratio (%)		
Net sales	266,429	100.0	282,000	100.0	15,570	5.8
Operating income	6,936	2.6	7,000	2.5	63	0.9
Ordinary income	6,062	2.3	9,000	3.2	2,937	48.5
Net income	1,467	0.6	6,100	2.2	4,632	315.8
Consolidated/non-consolidated ratio	0.46	-	0.69	-	-	-

[Non-consolidated]

	FY 2008 (Results)		FY 2009 (Plan)		Increase or decrease (mil. yen)	Increase (%)
	Amount (mil. yen)	Ratio (%)	Amount (mil. yen)	Ratio (%)		
Net sales	204,284	100.0	212,000	100.0	7,715	3.8
Operating income	10,443	5.1	8,200	3.9	2,243	21.5
Ordinary income	8,321	4.1	9,600	4.5	1,278	15.4
Net income	3,158	1.5	8,900	4.2	5,741	181.7

Number of Stores by Store Format (Outlook for fiscal year ending March 31, 2009)

[Domestic]

	FY 2008 (Results)	new	S / B · R / L		close	FY 2009 (Plan)	Increase or decrease
			open	close			
AUTOBACS	399	3	5	5	4	398	1
Super AUTOBACS TYPE	6	-	-	-	-	6	-
Super AUTOBACS TYPE	68	4	-	-	-	72	4
AUTO HELLOES	10	-	-	-	-	10	-
AUTOBACS <i>Hashriya Tengoku Secohan Ichiba</i>	31	2	-	-	-	33	2
AUTOBACS EXPRESS	9	1	-	-	-	10	1
RICOLAND	8	-	-	-	-	8	-
Total	531	10	5	5	4	537	6

[Overseas]

	FY 2008 (Results)	new	S / B · R / L		close	FY 2009 (Plan)	Increase or decrease
			open	close			
Taiwan	4	-	-	-	-	4	-
Singapore	1	1	-	-	-	2	1
Thailand	2	1	-	-	-	3	1
France	9	2	-	-	-	11	2
U.S.A.	89	1	-	-	-	90	1
China	12	1	-	-	-	13	1
Total	117	6	-	-	-	123	6

(3) FINANCIAL POSITION

Assets, Liabilities, and Net Assets

Assets at the end of the fiscal year under review decreased 2.7% year on year, or ¥6.501 billion, to ¥234.126 billion primarily due to some increases in current assets and fixed assets that resulted from our acquisition of 89 stores of a US chain operator of auto parts stores and its distribution center, but due to bigger falls that stemmed from posting the sale and write-down of marketable securities and investment securities.

Liabilities at the end of the fiscal year under review decreased 4.2%, or ¥3.056 billion, to ¥68.921 billion, primarily owing to increases in current liabilities and fixed liabilities resulting from the acquisition of the business in the United States as well as decreases in trade notes and accounts payable.

Net assets at the end of this fiscal year decreased 2.0%, or ¥3.445 billion, from the previous year, to ¥165.205 billion.

Cash Flows

The balance of cash and cash equivalents at the end of the fiscal year under review decreased ¥9.589 billion year on year and stood at ¥49.637 billion, reflecting cash of ¥645 million used in operating activities, cash of ¥7.993 billion used in investing activities, and cash of ¥728 million used in financing activities. Outlook of each cash flow and their major factors are described as follows:

a) Cash Flow from Operating Activities

Cash used in operating activities stood at ¥645 million (compared with cash provided of ¥17.215 billion in the last consolidated fiscal year). Principle factors included the posting of a ¥4.972 billion increase in income before income taxes and minority interests and of a ¥7.001 billion increase in depreciation and amortization, and more offset by decreases from changes in working capital (a ¥5.811 billion increase in receivables, a ¥1.952 billion increase in inventories, and a ¥8.757 billion decrease in payables), and the ¥6.416 billion payment of income taxes associated

with the Company's solid business performance for the last consolidated fiscal year.

b) Cash Flows from Investing Activities

Cash used in investing activities stood at ¥7.993 billion (compared with cash used of ¥7.102 billion in the last consolidated fiscal year). Key factors included ¥7.666 billion in proceeds from the redemption and disposition of investment securities, and offset by ¥6.372 billion used for the acquisition of tangible and intangible fixed assets (except software) following the opening and renovation of stores in Japan and overseas, ¥3.379 billion for the acquisition of software following IT investments, and ¥2.799 billion for the acquisition of investment securities, as well as a ¥3.179 billion net decrease for the acquisition of business in the United States.

c) Cash Flows from Financing Activities

Cash used in financing activities were ¥728 million (compared with case used of ¥4.698 billion in the last consolidated fiscal year). This result was mainly attributable to ¥3.220 billion raised from long-term debt, ¥2.293 billion used to pay dividends, and ¥1.927 billion used to repay long-term debt.

Capital Expenditures

Capital Expenditures (Results)

(millions of yen)

	FY 2008 (Results)
New store openings	665
Store remodeling & repair	1,162
Land	962
IT systems	3,645
Leased assets	1,816
Other	1,499
Total	9,752
Depreciation	7,001

Capital Expenditures (Plan)

(millions of yen)

	FY 2009 (Plan)
New store openings, Store remodeling & repair	2,700
IT systems	3,200
Leased assets	1,400
Other	1,400
Total	8,700
Depreciation	7,850

(4) BASIC POLICY OF PROFIT SHARING AND DIVIDENDS FOR THE FISCAL YEAR ENDING MARCH 31, 2008 AND 2009

AUTOBACS's management recognizes that sharing returns with shareholders is one of its most important tasks. With a basic policy of consistently increasing returns to shareholders described in the New Mid-Term Business Plan (AUTOBACS BIG Plan) announced on May 15, 2008, the Company is seeking a 3% dividend on equity (DOE) for the fiscal year ending March 31, 2011, taking corporate performance and financial stability into account.

The Company forecasts a ¥70 year-end dividend per share (a ¥40 dividend increase over the previous year) for fiscal 2008, exceeding the year-end dividend forecast by ¥40. This is in addition to a ¥30 interim dividend per share (same as the previous year) already paid. As a result, the annual dividend becomes ¥100 per share (a ¥40 dividend increase over the previous year).

With respect to dividends for the next fiscal year, the Company plans to distribute a ¥50 interim dividend per share and a ¥50 year-end dividend, making a ¥100 annual dividend per share. The Company is determined to continue to distribute dividends on a consistent basis.

In addition, the Company announced flexible repurchasing of own shares for better capital efficiency in response to market trends.

Meanwhile, retained earnings are to be appropriated for the expansion and consolidation of store networks in Japan and overseas, for infrastructure development within the AUTOBACS Group, and for a range of capital measures to reinforce the profitability and financial efficiency and improve overall shareholder value.

2. MANAGEMENT POLICY

(1) BASIC POLICY OF CORPORATE MANAGEMENT

The AUTOBACS Group offers comprehensive automotive services to customers, with its missions of creating a utopia for automobile enthusiasts and turning drivers around the world into true auto fans.

With these concepts in mind, the AUTOBACS Group, as a developer of car-related lifestyles, is accelerating the transformation of its business into Total Car-Life services that offer customers the chance to get more out of their own vehicles. More specifically, the Group is creating synergy among auto parts and accessories sales, used car sales and statutory safety inspection and maintenance services.

To earn the support and trust from all stakeholders, including customers, shareholders, trade partners and employees, the Company has adopted a basic management policy that aims at continuously enhancing corporate value by building a solid business base, achieving improved performance, fulfilling social responsibility as a member of society, and strengthening corporate governance on a new management system, through employee education.

(2) TARGET OF MANAGEMENT INDEX

The AUTOBACS Group has identified return on equity (ROE) as the most important management index. To this end, the Group is boosting operating income by bettering profitability and striving to make asset and capital more efficient to enhance corporate value and attain the targeted ROE.

(3) MEDIUM- AND LONG-TERM CORPORATE MANAGEMENT STRATEGY

Our New Mid-Term Business Plan, called the AUTOBACS BIG Plan, was announced in May 2008. The Plan calls for “Enhancing Corporate Value--Improving Management Efficiency and Reinforcing Corporate Governance--.” Specifically, it aims to improve profitability by concentrating business resources on core business areas and making them more efficient, as well as targeting select business opportunities to build profit pillars for new medium- and long-term growth.

In our domestic business, our top priority is improving profitability. This target is to be achieved when we successfully transform our existing auto parts and accessories stores into Total Car-Life service stores. To do this, we are determined to take the following actions: promote sales of tires, engine oil, batteries, and other high-margin goods; bolster statutory safety inspection and maintenance services; improve the sales ratio to member customers and cost effectiveness through improved customer relationship management; and quickly deploy the “Sugogai” system. In the meantime, we are seeking to improve the profitability of stores and to raise their market shares. More specifically, we aim to accelerate store openings as a result of developing new types of stores, and reviewing the store management system by area. We are reforming the formats of inactive stores or consolidating them. And we are rebuilding the area strategy by, for example, energizing existing stores through renovation, and relocating stores within the area by combining different store types that correspond to the characteristics of the area, competition environment, and strategic position.

As for our statutory safety inspection and maintenance services, we plan to increase the number of shops with official certification and the number of qualified inspectors. Moreover, for areas where it is difficult for shops to obtain official certification, we will seek to stimulate new demand for vehicle safety inspections by setting up Techno Cube facilities nearby with their own car pits and dedicated equipment. We will also stimulate demand for the buying and selling used cars by aggressively promoting vehicle diagnostics services and periodic vehicle safety inspections.

In dealing in used cars, we are stepping up our efforts in sales by focusing on our operating strengths: encouraging the introduction of an original vehicle evaluation and purchase system, called the “Sugogai” system, improving the training of store dealers, enforcing the headquarter initiative, differentiating ourselves from competitors by dealing in auto parts and accessories, making customized proposals, and adopting a transparent pricing system. We continue receiving better recognition of AUTOBACS through TV commercials and advertisements in the media.

Moreover, in our new efforts to offer better services to customers, AUTOBACS starts setting up a groupwide “Female Customer Project” in which our franchise partners also participate, in order to open new stores, to develop original products, and to continue attract a broader range of customers. The Company also bolsters customer management and single-item management by reforming the store POS system, and by investing aggressively in the distribution system for more efficient procurement and logistic processes, to make operations more efficient and to rebuild operating foundation.

As for its overseas business, the company takes careful measures to examine the medium- and long-term profitability and growth potential of operations, to reevaluate markets that are likely to contribute to revenue in the future, and to redefine business targets. Based on these assessments, we periodically continue to check the plans, the results and investment profoundly, to achieve profitability in those markets as quickly as possible.

In our New Mid-Term Business Plan, called the AUTOBACS BIG Plan, the Company is determined to improve corporate value on a sustained basis. To achieve this target, we must successfully rebuild our business portfolio, and improve medium- and long-term profitability and operational efficiency by concentrating our resources on our core business areas—namely auto parts and accessories sales, used car sales, and statutory safety inspection and maintenance services—as well as on selected business areas that are likely to become pillars for new growth in the future. We must also enhance asset efficiency and capital efficiency through advanced depreciation of business assets, and strengthen the corporate governance system, with a management system review.

Consolidated Balance Sheets

(Unit: Millions of Yen)

Assets

	(March 31, 2008)		(March 31, 2007)	
	Amount	Ratio	Amount	Ratio
		%		%
Current assets				
Cash and deposits	37,663		34,020	
Trade notes and accounts receivable	19,309		15,833	
Marketable securities	15,484		30,005	
Inventories	23,427		19,654	
Deferred tax assets	2,053		2,325	
Short-term loans	499		701	
Accounts receivable-other	17,073		14,922	
Other current assets	2,470		2,161	
Allowance for doubtful receivables	(574)		(359)	
Total current assets	117,406	50.1	119,264	49.6
Fixed assets				
Tangible fixed assets				
Buildings and structures	20,722		21,334	
Machinery, equipment and vehicle	1,577		1,214	
Tools, furniture and fixtures	5,687		4,713	
Land	25,069		23,512	
Construction in progress	709		1,150	
Total tangible fixed assets	53,767	23.0	51,925	21.6
Intangible fixed assets				
Goodwill	5,241		5,645	
Software	8,307		6,456	
Other intangible fixed assets	2,877		939	
Total intangible fixed assets	16,425	7.0	13,041	5.4
Investments				
Investment securities	16,143		29,369	
Long-term loans	1,011		1,245	
Deferred tax assets	6,269		2,496	
Rental deposits	21,805		21,884	
Other investments	2,115		2,088	
Allowance for doubtful receivables	(818)		(690)	
Total investments	46,526	19.9	56,395	23.4
Total fixed assets	116,719	49.9	121,362	50.4
Total assets	234,126	100.0	240,627	100.0

(Unit: Millions of Yen)

Liabilities and Net assets

	(March 31, 2008)		(March 31, 2007)	
	Amount	Ratio	Amount	Ratio
		%		%
Current liabilities				
Trade notes and accounts payable-trade	17,716		25,497	
Short-term borrowings	2,667		2,196	
Current portion of bond	150		130	
Accrued liabilities	11,828		10,964	
Income taxes payable	2,205		3,426	
Allowance for point card	1,049		430	
Other current liabilities	7,952		6,235	
Total current liabilities	43,570	18.6	48,881	20.3
Long-term liabilities				
Bonds	85		235	
Zero coupon convertible bonds	-		270	
Long-term debts	14,934		13,608	
Deferred tax liabilities	415		396	
Liability for retirement benefits	102		108	
Accrued retirement benefits for directors and corporate auditors	425		427	
Provision for business restructuring	44		274	
Other long-term liabilities	9,343		7,775	
Total long-term liabilities	25,350	10.8	23,095	9.6
Total liabilities	68,921	29.4	71,977	29.9
Owners' equity				
Common stock	33,998	14.5	33,998	14.1
Capital Surplus	34,512	14.8	34,512	14.4
Retained earnings	102,247	43.7	103,075	42.8
Treasury stock, at cost	(5,541)	(2.4)	(5,534)	(2.3)
Total owners' equity	165,217	70.6	166,052	69.0
Valuation and translation adjustments				
Net unrealized losses on securities	(625)	(0.3)	1,935	0.8
Foreign currency translation adjustments	(256)	(0.1)	6	0.0
Total valuation and translation adjustments	(882)	(0.4)	1,942	0.8
Minority interests	869	0.4	655	0.3
Total net assets	165,205	70.6	168,650	70.1
Total liabilities and net assets	234,126	100.0	240,627	100.0

Consolidated Statements of Income
(Unit: Millions of Yen)

	Year ended March 31, 2008		Year ended March 31, 2007	
	Amount	Ratio	Amount	Ratio
		%		%
Net sales	266,429	100.0	242,532	100.0
Cost of goods sold	183,577	68.9	167,788	69.2
Gross profit	82,852	31.1	74,743	30.8
Selling, general and administrative expenses	75,915	28.5	62,524	25.8
Operating income	6,936	2.6	12,219	5.0
Non-operating income				
Interest income	477		395	
Dividend income	506		499	
Equity income on affiliates	54		148	
Rental income	74		47	
Commission Income	668		684	
Lease revenue-system equipment	1,070		885	
Other non-operating income	3,371		3,400	
Total non-operating income	6,221	2.3	6,062	2.5
Non-operating expenses				
Interest expenses	248		182	
Lease cost-system equipment	713		635	
Loss on disposal of fixed assets	104		153	
Write down of investment securities	4,326		-	
Other non-operating expenses	1,702		987	
Total non-operating expenses	7,096	2.6	1,958	0.8
Ordinary income	6,062	2.3	16,323	6.7
Extraordinary gains				
Gain on sale of fixed assets	-		50	
Reversal of allowance for business restructuring	186		396	
Profit on change of equity	-		72	
Reversal of allowance for doubtful receivables	-		445	
Total extraordinary gains	186	0.1	965	0.4
Extraordinary losses				
Loss on sale of fixed assets	-		64	
Impairment losses on fixed assets	109		222	
Write down of investment securities	404		-	
Loss on sale of investment securities	578		-	
Loss on arrangement of stores	160		213	
Loss on business restructuring	-		216	
Other extraordinary losses	23		22	
Total extraordinary losses	1,276	0.5	740	0.3
Income before income taxes and minority interests	4,972	1.9	16,549	6.8
Income taxes				
Current	5,222	2.0	6,314	2.6
Deferred	(1,787)	(0.7)	1,219	0.5
Total income taxes	3,434	1.3	7,534	3.1
Minority interests in net (income) loss	(70)	(0.0)	150	0.1
Net income	1,467	0.6	9,165	3.8

Consolidated Statement of Changes in Net assets

Year ended March 31, 2008 (from April 1, 2007 to March 31, 2008)

(Unit: Millions of Yen)

	Owners' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at the end of previous period	33,998	34,512	103,075	(5,534)	166,052	1,935	6	1,942	655	168,650
Change of items during the period										
Dividends from surplus			(2,294)		(2,294)					(2,294)
Net income			1,467		1,467					1,467
Purchase of treasury stock				(7)	(7)					(7)
Net changes of items other than owners' equity						(2,561)	(263)	(2,824)	213	(2,610)
Total change of items during the period	-	-	(827)	(7)	(834)	(2,561)	(263)	(2,824)	213	(3,445)
Balance at the end of the period	33,998	34,512	102,247	(5,541)	165,217	(625)	(256)	(882)	869	165,205

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

	Year ended March 31,	Year ended March 31,2007
	Amount	Amount
Operating Activities:		
Income before income taxes and minority interests	4,972	16,549
Depreciation	7,001	5,874
Impairment losses on fixed assets	109	222
Amortization of goodwill	460	596
Provision for business restructuring	(230)	(586)
Reversal of provision for doubtful receivables	344	(1,130)
Reversal of retirement benefits	(5)	(178)
Reversal of retirement benefits for directors and corporate auditors	(1)	(18)
Interest and dividend income	(983)	(894)
Interest expenses	248	182
Gain on foreign currency translation	(39)	(74)
Equity income on affiliates	(54)	(148)
Loss on sale or disposal of fixed assets	105	220
Write down of investment securities	578	-
Loss on sale of investment securities	4,731	-
Increase in trade notes and accounts receivable	(5,811)	(2,888)
Increase in inventories	(1,952)	(1,942)
(Decrease) increase in trade notes and accounts payable	(8,757)	8,651
Payment for bonuses for directors and corporate auditors	-	(128)
Others	4,222	(157)
Subtotal	4,939	24,149
Interest and dividend received	1,073	915
Interest paid	(242)	(173)
Taxes paid	(6,416)	(7,676)
Net cash (used in) provided by operating activities	(645)	17,215
Investing Activities:		
(Increase) decrease in time deposit	(472)	55
Payment for marketable securities	(499)	(12,999)
Proceeds from sale of marketable securities	1,000	20,300
Payment for tangible and intangible fixed assets other than software	(6,372)	(7,557)
Proceeds from sale of tangible and intangible fixed assets other than software	20	364
Payment for software development	(3,379)	(2,798)
Payment for investment securities	(2,799)	(9,456)
Proceeds from sale of investment securities	7,666	5,878
Cash of subsidiaries acquired	-	115
Cash of acquisition of business	(3,179)	-
Payment for loans	(398)	(1,136)
Collection of loans	830	1,100
Payment for rental deposits	(1,403)	(648)
Collection of rental deposits	375	389
Others	619	(708)
Net cash used in investing activities	(7,993)	(7,102)
Financing Activities:		
Increase (decrease) in short-term borrowings	505	(2,054)
Proceeds from long-term debt	3,220	3,000
Repayments of long-term debt	(1,927)	(1,693)
Purchase of treasury stock	(5)	(1,932)
Proceeds from issuance of subsidiary stock	189	78
Dividends paid	(2,293)	(2,075)
Others	(417)	(20)
Net cash used in financing activities	(728)	(4,698)
Effect of exchange rate changes on cash and cash equivalents	(221)	189
Net (decrease) increase in cash and cash equivalents	(9,589)	5,604
Cash and cash equivalents, beginning of year	59,226	53,622
Cash and cash equivalents, end of year	49,637	59,226

Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

Divisions	Year ended March 31, 2008		Year ended March 31, 2007		Increase or (decrease) Ratio
	Amount	Ratio %	Amount	Ratio %	
Wholesale	145,072	54.4	138,586	57.1	4.7
Retail	117,182	44.0	100,151	41.3	17.0
Others	4,174	1.6	3,793	1.6	10.0
Total	266,429	100.0	242,532	100.0	9.9

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

Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

Products	Year ended March 31, 2008		Year ended March 31, 2007		Increase or (decrease) Ratio
	Amount	Ratio %	Amount	Ratio %	
Tyres and wheels	52,485	19.7	50,878	21.0	3.2
Car electronics	66,900	25.1	68,903	28.4	(2.9)
Oil and batteries	25,456	9.5	17,686	7.3	43.9
Car exterior items	30,537	11.5	23,644	9.7	29.2
Car interior items	25,070	9.4	23,685	9.8	5.8
Motor sports	19,733	7.4	20,109	8.3	(1.9)
Services	18,065	6.8	14,343	5.9	25.9
Others	28,182	10.6	23,281	9.6	21.1
Total	266,429	100.0	242,532	100.0	9.9

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