May 2, 2018

Consolidated Financial Results for the Year Ended March 31, 2018【Japanese GAAP】

Summary of Quick Financial Announcement of Consolidated Financial Information For the Year Ended March 31, 2018

Company name：AUTOBACS SEVEN CO., LTD.
Code number：9832
(URL http://www.autobacs.co.jp/)
Headquarters：Tokyo, Japan
Company Representative：Kiomi Kobayashi, Representative Director
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Telephone：+81-3-6219-8787
Stock exchange listing：Tokyo
Annual meeting of shareholders：June 21, 2018
Start of cash dividend payments：June 22, 2018
Submission of Annual Securities Report：June 22, 2018
Supplementary materials prepared：Yes
Financial results information meeting held：Yes(for securities analysts and institutional investors, etc)

1. Results for the year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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, 2018	**211,630**	**3.7**	**7,284**	**25.0**	**8,226**	**15.5**
Fiscal year ended March 31, 2017	204,033	(2.0)	5,829	(13.0)	7,120	(8.5)

Note: Comprehensive income：	**4,725 million yen for the year ended March 31, 2018：41.2%**
	3,345 million yen for the year ended March 31, 2017：(3.0 %)

	Profit attributable to owners of parent		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
		%		
Fiscal year ended March 31, 2018	**5,403**	**79.2**	**65.49**	-
Fiscal year ended March 31, 2017	3,015	(31.0)	36.00	-

	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended March 31, 2018	% **4.3**	% **4.5**	% **3.4**
Fiscal year ended March 31, 2017	2.3	4.0	2.9

Reference: Equity income on a affiliates :

For the year ended March 31, 2018 : 148million Yen

For the year ended March 31, 2017 : 7 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, 2018	**187,405**	**127,352**	% **67.7**	**1,537.59**
Fiscal year ended March 31, 2017	176,708	127,392	71.9	1,540.12

(Reference) Equity : **For the year ended March 31, 2018: 126,866 million Yen**

For the year ended March 31, 2017 : 127,078 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, 2018	**16,394**	**(2,915)**	**(5,840)**	**39,050**
Fiscal year ended March 31, 2017	9,488	(7,147)	(7,457)	31,388

2.Dividends

Dividends per share (Yen)

	First Quarter	Second Quarter	Third Quarter	Year-end	Full Year
Fiscal year ended March 31, 2017	-	30.00	-	30.00	60.00
Fiscal year ended March 31, 2018	**-**	**30.00**	**-**	**30.00**	**60.00**
Fiscal year ended March 31,2019 (forecast)	-	30.00	-	30.00	60.00

	Total Dividends Paid (Full Year) (Millions of Yen)	Payout Ratio (Consolidated)	Dividends paid/Net Assets (Consolidated)
		%	%
Fiscal year ended March 31, 2017	4,997	166.7	3.9
Fiscal year ended March 31, 2018	**4,952**	**91.6**	**3.9**
Fiscal year ended March 31,2019 (forecast)	-	72.8	-

3. Forecast for the fiscal year ending March 2019 (from April 1, 2018 to March 31, 2019)

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

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	215,000	1.6	9,000	23.6	10,000	21.6

	Profit attributable to owners of parent		Basic net income per share(Yen)
		%	
Annual	6,800	25.8	82.41

4.Other

(1) Significant changes in subsidiaries during the year ended ：None

(2) Changes in accounting policies, accounting estimation change and restatement

1. Changes due to changes in accounting standard ：None
2. Changes due to changes in accounting standard except (2)-1. ：None
3. Changes due to accounting estimation change ：None
4. Restatement ：None

(3) Shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

Fiscal year ended March 31, 2018 :84,050,105 shares

Fiscal year ended March 31, 2017 :84,050,105 shares

2. Number of treasury stock at the end of period

Fiscal year ended March 31, 2018 : 1,540,020 shares

Fiscal year ended March 31, 2017 : 1,538,020 shares

3. Average shares outstanding over period

Fiscal year ended March 31, 2018 : 82,511,064 shares

Fiscal year ended March 31, 2017 : 83,773,625 shares

※These financial results are not subject to audit by certified public accountants or auditing firms.

※Statement regarding the proper use of financial forecasts and other special remarks

(Statement regarding the proper use of financial forecasts)

These forecast performance figures are based on the information currently available to the Company's management and certain assumptions judged rational. Accordingly, these might be cases in which actual results materially differ from forecasts of this report.

※Autobacs Seven Co.,Ltd. will be held the Analysts Meeting on May 2, 2018. The presentation material and video picture of the meeting will be uploaded as soon as possible on the Company's website afterwards.

5. Analysis of Business Results and Financial Position

(1) Explanation of Business Results

(i) Business Results

The Group reorganized its reportable segments in order to change the management of its resources allocation and business performance evaluation so that it is in line with the business segments set out in the 2017 Medium-Term Business Plan, which commences in the fiscal year ending March 2018.

Consolidated Profit and Loss

[Net sales and gross profit]

The Group's consolidated sales during the fiscal year under review increased by 3.7% year on year, to 211,630 million yen, and gross profit rose by 1.8% year on year, to 67,369 million yen.

[Selling, general, and administrative expenses and operating income]

Selling, general, and administrative expenses decreased by 0.4% year on year, to 60,085 million yen, resulting in operating income of 7,284 million yen, an increase of 25.0% from a year earlier.
The overall selling, general, and administrative expenses were reduced by the stock transfers of consolidated subsidiaries operating AUTOBACS chain stores in Japan. The selling, general, and administrative expenses of the subsidiaries in the stock transfer totaled 2,310 million yen for the fiscal year ended March 31, 2017. Other factors that significantly affected the results include a decrease in depreciation expenses for AUTOBACS chain store systems, an increase in personnel expenses due largely to performance-linked employee incentives.

[Non-operating income, non-operating expenses, and ordinary income]

Non-operating income reduced 5.0% year on year, to 2,991 million yen. Non-operating expenses rose 10.4% year on year, to 2,048 million yen, primarily as a result of an increase in loss on retirement of non-current assets related to logistics center facilities.
Consequently, ordinary income increased 15.5% year on year, to 8,226 million yen.

[Extraordinary income and loss]

Extraordinary income included gain on sales of investment securities of 1,477 million yen, extraordinary losses included in loss on liquidation of subsidiaries and associates associated chiefly with the sale of consolidated subsidiaries and impairment loss on stores and computer software of 1,449 million yen.

[Income taxes]

Income taxes increased 1,392 million yen to 2,869 million yen from the previous fiscal year. This was attributable mainly to a rise in income taxes – current associated with growth in profit before income taxes. It was also caused by a reduction of tax burden due to the post of income taxes – deferred associated chiefly with the stock transfer of consolidated subsidiaries.

[Profit attributable to owners of parent]

Profit attributable to owners of parent climbed 79.2% year on year, to 5,403 million yen. Net income per share stood at 65.49 yen. The ratio of net income to net sales rose from 1.5% in the previous fiscal year to 2.6% and return on equity (ROE) increased from 2.3% in the previous fiscal year to 4.3%.

Operating Results

[Domestic AUTOBACS Business]

Net sales in this segment decreased 0.5% year on year, to 178,608 million yen, due largely to the stock transfer of consolidated subsidiaries operating AUTOBACS chain stores to franchise outlets in February and April 2017. Gross profit declined 1.3% year on year, to 56,666 million yen, mainly as a result of reducing the Company's selling prices to stores. Selling, general, and administrative expenses decreased 6.6% year on year, to 40,119 million, owing to a decrease caused by business transfers of consolidated subsidiaries, which offset an increase in advertising for tire and car purchases and sales promotions related to safety inspections. As a result, segment profit grew 14.3% year on year, to 16,546 million yen.

For the fiscal year under review, total sales for the domestic business in the AUTOBACS chain (including franchise outlets) increased 1.3% year on year on a same-store basis and 1.3% year on year on an overall-store basis.

At domestic AUTOBACS chain stores, according to the slogan of "becoming a professional and friendly existence" under the 2017 Medium-Term Business Plan, the Company focused on the creation of new markets related to automobiles through the development of products and stores and the training of human resources.
During the fiscal year under review, the Company collected the opinions of customers who had visited its stores through the Customer Voice Program to improve customer service, assortments, facilities, etc. at each store. Meanwhile, the Company analyzed the status of customer service and improved operations such as personnel placement on the sales floor and time management. Additionally, the Company increased the number of product lines and improved the customer service systems in stores in response to the price increases of tires by domestic tire manufacturers, greater demand for studless tires due to snowfall, and growing demand for replacement with normal tires experienced in March 2018, which resulted in strong tire sales. Sales of dashcams increased thanks to growing public interest in dashcams since October 2017. Moreover, the Company expanded the product lines of AQ (Autobacs Quality), a private brand for car interiors and consumables, and JKM and GORDON MILLER, new brands that offer car-related lifestyles. It also developed products such as electric bicycles equipped with pedals and drones that can be enjoyed during an outing by car. In addition to these activities, the Company helped its franchise outlets increase their sales capacity by lowering the rate of the cost of goods they purchased from the Company in the fiscal year under review. As a result, the overall earning power of franchise outlets including the Company's subsidiaries improved.

In the statutory safety inspection and maintenance services segment, the Company launched a project called AUTOBACS GUYS to advertise the technical capabilities and passion for automobile maintenance of the mechanics who actually work in the service bays of stores by featuring them as the symbol of "professional and friendly existence," and promoted statutory inspections through television commercials and in stores. It also implemented a program of developing and training mechanics with the cooperation of an external organization. Because the period after October 2017 coincided with the period in which the number of vehicles subject to statutory inspection decreased significantly, however, the number of vehicles that underwent statutory safety inspection and maintenance services fell by 1.9% year on year, to approximately 633,000 units.

In the automobile purchase and sales segment, a new main character for TV commercials was aired to promote benefits that would differentiate the Company's automobile purchase services. However, sales to used car dealers by means such as auto auctions decreased due to the transfer of personnel engaging in assessment for purchasing vehicles at some stores. As a result, sales of cars at Autobacs Cars franchise stores came to approximately 24,200 units, representing a year-on-year decrease of 11.6%.

As part of the store opening, Autobacs Fuchu was changed to Autobacs Garage Fuchu with a new business model providing an environment where customers with little knowledge of cars can enjoy shopping comfortably and receive the most suitable services. In addition, five Autobacs Mini stores were opened to provide car washes and introduction on statutory safety inspection services to customers in shopping malls.
Meanwhile, the Company launched the JACK & MARIE brand as Japan's first shop for a motorized lifestyle and the sale primarily of the Company's original goods on ZOZOTOWN, Japan's one of the largest online fashion shopping site, and in March it opened the first JACK & MARIE store, JACK & MARIE Bay Quarter Yokohama. The Company plans to increase the number of JACK & MARIE stores, develop merchandise for JKM and GORDON MILLER as brands derived from JACK & MARIE, and promote the sales of such merchandise at AUTOBACS group stores.

[Overseas Business]
For the fiscal year under review, sales for the Overseas Business increased by 20.0% year on year, to 9,503 million yen, and the segment loss was 537 million yen (segment loss in the previous year was 674 million yen). The retail and service business in France enjoyed a year-on-year increase in profit thanks to a trend toward a recovery in business confidence, a rise in sales from tires and services promoted through safety inspections, and a higher gross margin. In Singapore, sales grew, stemming largely from the opening of an in-store shop in a gas station in April 2017, and gross margin increased thanks to efforts to reduce merchandise costs, which resulted in an increase in operating income. In Thailand, newly opened small outlets and existing large outlets developed alliances and both sales and gross margin increased, which contributed to a reduced loss. In addition, the Company entered into a capital and business alliance with the leading local gas station chain, the PTG Group, and opened two stores on the premises of the PTG Group's stores.

As new businesses, the Company launched a service business for vehicles used for car sharing in Singapore and the wholesale of internally developed merchandise in Indonesia, Singapore, and Russia. In China, the Company is investing in a company operating a platform for the distribution and services of automotive goods and the manufacturing and sale of on-board aromatics to develop sales channels for the merchandise that the Company sells, and plans to also develop in-house merchandise.

[Cars, Dealers and BtoB Business]
For the fiscal year under review, sales for Cars, Dealers and the BtoB Business increased by 30.9% year on year, to 30,867 million yen, and the segment loss was 1,612 million yen (segment loss in the previous year was 589 million yen).

Although the number of used cars purchased rose with an increase in the number of used car stores directly operated by the Company, the segment loss increased as a result of a deficiency in the number of assessments and prior expenses incurred. Meanwhile, the Company commenced export to overseas companies to sell vehicles purchased in an effort to increase profit. The Company will transfer business of car purchase stores to domestic AUTOBACS business and plans to improve profitability by such measures as reducing unprofitable stores and increasing the business model that the Company will operate used cars purchase in the outlets operated by franchisees.

In the imported car dealer business, the number of stores increased after the Company acquired trade rights in Nerima-ku. The business has been growing steadily together with the existing stores in the Ikebukuro area, resulting in increased sales and profit.

Profits for the BtoB business decreased year on year, mainly due to a rise in the cost of oil purchased in the sale of automotive goods to home improvement retailers and higher logistics expenses despite an increase in e-commerce sales of motor sport-related products and sales of private-brand merchandise. The Company will aim to increase revenue by continuously developing merchandise that meets customer needs and improving its supply system.

(ii)Future Outlook
The automotive aftermarket industry is expected to continue to experience significant and rapid change, including expanding new markets such as the digitalization of automobiles and sharing services, mega trends such as the diffusion of electric vehicles and the development of automatic driving, intensifying competition with peers, car dealers and other industries such as online retailers and related companies, and changes in customer composition and diversifying needs due to the declining birthrate and aging population. In this environment, the Group will implement the 2017 Medium-Term Business Plan based on the recognition that the “turnaround in the competitive prowess of the domestic AUTOBACS Business” is the highest priority of the Group.
In the domestic AUTOBACS Business, we will respond to medium- to long-term changes in the business environment and provide the value of safety and reliability to meet demand for comfort in the use of cars, the value of experiencing outdoor activities enjoyed by using a car, and products and services that will help customers express themselves and increase satisfaction to meet demand for deriving greater joy from a car.
The Medium-Term Business Plan includes the rebuilding of the competitiveness of AUTOBACS Business by implementing strategies such as new business model development, new product development, and human resource development with the aim of providing these three values and becoming “Professional and Friendly existence” to customers.
In addition, we will work to develop our Overseas Business, Imported Car Dealer Business, BtoB Business, and the Online Business as future growth segments.
In the Overseas Business, we will develop business to increase earnings based on the two core pillars of the retail/services business and the wholesale business, which will entail partnerships with local companies.
In the Imported Car Dealer Business, we will seek to increase revenue by raising the number of vehicles sold, the service ratio, operational efficiency through inter-store cooperation, and the number of stores.
In the BtoB business, we will develop new businesses while also working to increase revenue from the wholesale of automotive goods and services.
In the online business, we will improve the existing online channel to increase revenue with a focus on tires as our core products and develop the channel as a platform that will help grow both BtoC and BtoB businesses in the future.
By implementing the strategies described above, we expect to achieve net sales of 215,000 million yen, an increase of 1.6% year on year, operating income of 9,000 million yen, an increase of 23.6% year on year,

ordinary income of 10,000 million yen, an increase of 21.6% year on year, and profit attributable to owners of parent of 6,800 million yen, an increase of 25.8% year on year for the next fiscal year.

(2) Analysis of financial position

(i) Status of balance sheet items

[Current assets]

Current assets increased 12,578 million yen from those at the end of the previous fiscal year, to 114,738 million yen. The last day of the previous fiscal year was a bank holiday, which caused the amount of money received to temporarily exceed the amount of money paid, and sales of investment securities resulted in an increase in cash and deposits.

[Property, plant, and equipment and intangible assets]

Property, plant, and equipment was reduced by 949 million yen from the end of the previous fiscal year, to 41,226 million yen. This was attributable chiefly to depreciation and the impairment of buildings and structures.

Intangible assets decreased by 547 million yen from the end of the previous fiscal year, to 6,050 million yen. Software impairment was a major contributor to this decrease.

[Investments and other assets]

Investments and other assets decreased 383 million yen from the end of the previous fiscal year, to 25,390 million yen. Key contributing factors included sales of investment securities, an increase in shares in affiliated companies due to business investments, and a decrease in long-term guarantee deposits associated with the refund of security deposits for logistics facilities.

[Current liabilities]

Current liabilities increased by 9,163 million yen from the end of the previous fiscal year, to 46,426 million yen. This was a result primarily of an increase in accounts payable – trade caused by a bank holiday that coincided with the last day of the previous fiscal year.

[Non-current liabilities]

Non-current liabilities increased by 1,574 million yen from the end of the previous fiscal year, to 13,626 million yen. This was attributable largely to an increase in long-term loans payable due to bank borrowings.

[Total net assets]

Total net assets decreased 39 million yen from the end of the previous fiscal year, to 127,352 million yen. This was mainly attributable to posted cumulative adjustments for employee retirement benefit of 692 million yen by introducing the system of second career support program.

[Total assets / Total liabilities and Total net assets]

Total liabilities increased by 10,697 million yen from the end of the previous fiscal year, to 187,405 million yen.

(ii) Cash flow

Net cash provided by operating activities was 16,394 million yen, a year-on-year increase of 6,906 million yen. This was a result mainly of year-on-year growth of profit before income taxes to 3,780 million yen, a reduction of income taxes paid to 2,503 million yen, and an increase in working capital caused by the last of the previous fiscal year falling on a bank holiday.

Net cash used by investing activities was 2,915 million yen, a year-on-year decrease of 4,232 million yen. The Company increased spending of 1,572 for acquiring the shares of affiliated companies, however income increased 2,572 million yen by selling of investment securities.

Net cash provided by financing activities was 5,840 million yen, a year-on-year decrease of 1,616 million yen, caused primarily by decrease 2,711 million yen in spending by acquiring of treasury stock.

6.Consolidated Financial Statements

(1)Consolidated Balance Sheet

(Unit: Millions of Yen)

	March 31, 2017 Amount	**March 31, 2018 Amount**
Assets		
Current assets		
Cash and deposits	31,520	**39,069**
Notes and accounts receivable - trade	20,032	**23,600**
Lease investment assets	9,125	**8,250**
Merchandise	15,317	**16,419**
Deferred tax assets	2,287	**3,042**
Short-term loans receivable	40	**72**
Accounts receivable - other	20,863	**21,972**
Income taxes receivable	503	**32**
Other	2,538	**2,369**
Allowance for doubtful accounts	(70)	**(92)**
Total current assets	102,159	**114,738**
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,170	**39,644**
Accumulated depreciation	(27,791)	**(27,544)**
Buildings and structures, net	13,379	**12,099**
Machinery, equipment and vehicles	5,863	**7,388**
Accumulated depreciation	(2,806)	**(2,995)**
Machinery, equipment and vehicles, net	3,057	**4,392**
Tools, furniture and fixtures	11,358	**10,370**
Accumulated depreciation	(9,339)	**(8,805)**
Tools, furniture and fixtures, net	2,019	**1,564**
Land	22,188	**22,627**
Leased assets	569	**625**
Accumulated depreciation	(176)	**(207)**
Leased assets, net	392	**418**
Construction in progress	1,140	**124**
Total property, plant and equipment	42,176	**41,226**
Intangible assets		
Goodwill	853	**1,170**
Software	3,371	**2,602**
Other	2,372	**2,276**
Total intangible assets	6,597	**6,050**
Investments and other assets		
Investment securities	7,273	**8,409**
Long-term loans receivable	1,177	**712**
Deferred tax assets	796	**1,035**
Guarantee deposits	15,357	**14,181**
Other	1,240	**1,106**
Allowance for doubtful accounts	(70)	**(54)**
Total investments and other assets	25,774	**25,390**
Total non-current assets	74,548	**72,667**
Total assets	176,708	**187,405**

(Millions of yen)

	March 31, 2017 Amount	**March 31, 2018 Amount**
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,838	**20,710**
Short-term loans payable	5,969	**3,252**
Lease obligations	230	**169**
Accounts payable - other	11,489	**12,626**
Income taxes payable	473	**3,014**
Provision for point card certificates	477	**237**
Other	5,783	**6,413**
Total current liabilities	37,263	**46,426**
Non-current liabilities		
Long-term loans payable	679	**2,190**
Lease obligations	1,404	**1,285**
Deferred tax liabilities	588	**530**
Provision for directors' retirement benefits	98	**76**
Net defined benefit liability	129	**1,051**
Asset retirement obligations	2,285	**2,110**
Other	6,865	**6,381**
Total non-current liabilities	12,052	**13,626**
Total liabilities	49,315	**60,052**
Net assets		
Shareholders' equity		
Capital stock	33,998	**33,998**
Capital surplus	34,299	**34,298**
Retained earnings	59,188	**59,639**
Treasury shares	(2,769)	**(2,773)**
Total shareholders' equity	124,717	**125,163**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,025	**1,924**
Foreign currency translation adjustment	335	**470**
Remeasurements of defined benefit plans	—	**(692)**
Total accumulated other comprehensive income	2,360	**1,703**
Non-controlling interests	314	**486**
Total net assets	127,392	**127,352**
Total liabilities and net assets	176,708	**187,405**

(2)Consolidated Statement of Income and Comprehensive Income

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2017 Amount	**Fiscal year ended March 31, 2018 Amount**
Net sales	204,033	**211,630**
Cost of sales	137,871	**144,260**
Gross profit	66,162	**67,369**
Selling, general and administrative expenses	60,332	**60,085**
Operating profit	5,829	**7,284**
Non-operating income		
Interest income	67	**76**
Dividend income	95	**105**
Share of profit of entities accounted for using equity method	7	**148**
Commission fee	394	**359**
Lease revenue-system equipment	1,019	**716**
Insurance income	92	**130**
Other	1,471	**1,453**
Total non-operating income	3,147	**2,991**
Non-operating expenses		
Interest expenses	35	**40**
Lease cost-system equipment	935	**864**
Loss on retirement of non-current assets	143	**257**
Other	741	**885**
Total non-operating expenses	1,856	**2,048**
Ordinary profit	7,120	**8,226**
Extraordinary income		
Gain on sales of investment securities	−	**1,477**
Total extraordinary income	−	**1,477**
Extraordinary losses		
Loss on valuation of investment securities	−	**133**
Loss on retirement of non-current assets	209	**−**
Impairment loss	2,161	**480**
Loss on liquidation of subsidiaries and associates	−	**835**
Loss on sales of shares of subsidiaries	274	**−**
Total extraordinary losses	2,645	**1,449**
Profit before income taxes	4,474	**8,255**
Income taxes - current	1,359	**3,456**
Income taxes - deferred	117	**(586)**
Total income taxes	1,477	**2,869**
Profit	2,997	**5,385**
Profit attributable to		
Profit attributable to owners of parent	3,015	**5,403**
Loss attributable to non-controlling interests	(17)	**(18)**
Other comprehensive income		
Valuation difference on available-for-sale securities	538	**(107)**
Foreign currency translation adjustment	(180)	**142**
Remeasurements of defined benefit plans, net of tax	−	**(692)**
Share of other comprehensive income of entities accounted for using equity method	(9)	**(2)**
Total other comprehensive income	347	**(660)**
Comprehensive income	3,345	**4,725**
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,368	**4,746**
Comprehensive income attributable to non-controlling interests	(22)	**(20)**

(3)Consolidated Statement of Changes in equity

Fiscal year ended March 31,2017

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,998	34,299	67,125	(5,976)	129,447
Changes of items during period					
Dividends of surplus			(5,042)		(5,042)
Profit attributable to owners of parent			3,015		3,015
Purchase of treasury shares				(2,715)	(2,715)
Retirement of treasury shares			(5,910)	5,910	－
Disposal of treasury shares		0		12	12
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	－	0	(7,937)	3,207	(4,729)
Balance at end of current period	33,998	34,299	59,188	(2,769)	124,717

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	1,491	516	2,008	292	131,747
Changes of items during period					
Dividends of surplus					(5,042)
Profit attributable to owners of parent					3,015
Purchase of treasury shares					(2,715)
Retirement of treasury shares					－
Disposal of treasury shares					12
Change in ownership interest of parent due to transactions with non-controlling interests					(0)
Net changes of items other than shareholders' equity	533	(181)	352	22	374
Total changes of items during period	533	(181)	352	22	(4,354)
Balance at end of current period	2,025	335	2,360	314	127,392

Fiscal year ended March 31,2018

(Unit: Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	33,998	34,299	59,188	(2,769)	124,717
Changes of items during period					
Dividends of surplus			(4,952)		(4,952)
Profit attributable to owners of parent			5,403		5,403
Purchase of treasury shares				(4)	(4)
Retirement of treasury shares					―
Disposal of treasury shares				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	―	(1)	451	(3)	445
Balance at end of current period	33,998	34,298	59,639	(2,773)	125,163

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,025	335	―	2,360	314	127,392
Changes of items during period						
Dividends of surplus						(4,952)
Profit attributable to owners of parent						5,403
Purchase of treasury shares						(4)
Retirement of treasury shares						―
Disposal of treasury shares						0
Change in ownership interest of parent due to transactions with non-controlling interests						(1)
Net changes of items other than shareholders' equity	(100)	135	(692)	(657)	171	(485)
Total changes of items during period	(100)	135	(692)	(657)	171	(39)
Balance at end of current period	1,924	470	(692)	1,703	486	127,352

(4)Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Fiscal year ended March 31, 2017 Amount	**Fiscal year ended March 31, 2018 Amount**
Cash flows from operating activities		
Profit before income taxes	4,474	**8,255**
Depreciation	4,167	**4,031**
Impairment loss	2,161	**480**
Amortization of goodwill	217	**100**
Provision for business restructuring	(76)	**―**
Increase (decrease) in allowance for doubtful accounts	(251)	**3**
Increase (decrease) in provision for directors' retirement benefits	10	**(21)**
Increase (decrease) in net defined benefit liability	10	**(77)**
Interest and dividend income	(163)	**(182)**
Insurance income	(92)	**(130)**
Interest expenses	35	**40**
Share of loss (profit) of entities accounted for using equity method	(7)	**(148)**
Loss (gain) on sales and retirement of non-current assets	354	**248**
Loss (gain) on sales of investment securities	(0)	**(1,477)**
Loss (gain) on sales of shares of subsidiaries	274	**―**
Loss on liquidation of subsidiaries and associates	―	**835**
Loss (gain) on valuation of investment securities	―	**133**
Decrease (increase) in notes and accounts receivable - trade	(2,129)	**(4,796)**
Decrease (increase) in lease investment assets	458	**653**
Decrease (increase) in inventories	1,433	**(1,847)**
Increase (decrease) in notes and accounts payable - trade	(178)	**7,795**
Other, net	1,700	**2,851**
Subtotal	12,399	**16,746**
Interest and dividend income received	180	**203**
Interest expenses paid	(36)	**(41)**
Proceeds from insurance income	92	**130**
Income taxes paid	(3,147)	**(643)**
Net cash provided by (used in) operating activities	9,488	**16,394**
Cash flows from investing activities		
Payments into time deposits	(306)	**(85)**
Proceeds from withdrawal of time deposits	619	**201**
Purchase of property, plant and equipment and intangible assets	(4,842)	**(3,587)**
Proceeds from sales of property, plant and equipment and intangible assets	53	**23**
Purchase of investment securities	(194)	**(578)**
Proceeds from sales and redemption of investment securities	―	**2,572**
Payments for transfer of business	―	**(445)**
Proceeds from transfer of business	―	**145**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,603)	**(291)**
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(42)	**(68)**
Purchase of shares of subsidiaries and associates	(334)	**(1,907)**
Payments of loans receivable	(1,000)	**(8)**
Collection of loans receivable	63	**601**
Payments for guarantee deposits	(358)	**(194)**
Proceeds from collection of guarantee deposits	638	**933**
Other, net	160	**(224)**
Net cash provided by (used in) investing activities	(7,147)	**(2,915)**

	Fiscal year ended March 31, 2017 Amount	**Fiscal year ended March 31, 2018 Amount**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	610	**(754)**
Proceeds from long-term loans payable	340	**2,100**
Repayments of long-term loans payable	(883)	**(2,392)**
Purchase of treasury shares	(2,712)	**(1)**
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1)	**(25)**
Cash dividends paid	(5,041)	**(4,952)**
Other, net	231	**186**
Net cash provided by (used in) financing activities	(7,457)	**(5,840)**
Effect of exchange rate change on cash and cash equivalents	(73)	**23**
Net increase (decrease) in cash and cash equivalents	(5,190)	**7,661**
Cash and cash equivalents at beginning of period	36,579	**31,388**
Cash and cash equivalents at end of period	31,388	**39,050**

7. Segment Information

(1)Outlines reportable segment

The Company's reporting segments are the components of the Company about which separate financial information is available. These segments are subject to periodic examination to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The companies are engaged in wholesale and retail sales of automotive goods and services both in Japan and overseas; automobile purchase and sales; statutory safety inspection and maintenance services; imported car dealership. The companies also provide the AUTOBACS chain with store leasing service. The Group has three reporting segments: “Domestic AUTOBACS Business,” “Overseas Business,” and “Used Car Buying, Car Dealer and BtoB Business.”

“Domestic AUTOBACS Business” is engaged in whole sale of automotive goods such as Tires and Wheels, Car Electronics to its franchise companies in Japan. It also provides the AUTOBACS chain with store leasing service. Furthermore, it is engaged in sale and installation services of automotive goods, maintenance services, statutory safety inspection, automobile purchase from and sales to domestic customers.

“Overseas Business” is engaged in sale and installation services of automotive goods and maintenance services to overseas customers. It also exports automotive goods to overseas franchise companies and other retail companies.

“Used Car Buying, Car Dealer and BtoB Business” is engaged in retail sale of imported car to domestic customers. It also engaged in purchase secondhand cars from domestic customers and selling off its to the auto-auction market of an automobile and secondhand car dealers. Moreover, it is engaged in whole sale of automotive goods to domestic DIY stores.

Starting from the first quarter ended June 30, 2017, the Company changed its reportable segments because the Company changed management unit to allocate resources and assess performance according to the “2017 Medium-Term Business Plan” (from April 1, 2017 to March 31, 2020).
Segment information for the year ended March 31, 2017 was prepared based on the changed reportable segment.

(2)Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment
The accounting treatment methods for the Company’s reporting segments have been prepared in accordance with accounting policies used for preparation of the consolidated financial statements.

(3)Segment sales ,income(loss),assets and others

Fiscal year ended March 31,2017

(Unit : Millions of Yen)

	Reportable segments				Others (Note1)	Total	Reconciling items (Note2)	Amounts shown on the consolidated financial statements (Note3)
	Domestic AUTOBACS Business	Overseas Business	Used Car Buying, Car Dealer and BtoB Business	Total Reportable segments				
Sales								
Revenues from external customers	179,141	7,715	16,212	203,068	964	204,033	-	204,033
Transactions with other segments	413	202	7,371	7,987	770	8,757	(8,757)	-
Net sales	179,554	7,917	23,583	211,055	1,734	212,790	(8,757)	204,033
Operating profit (loss)	14,472	(674)	(589)	13,208	43	13,252	(7,423)	5,829
Segment assets	126,922	5,874	11,875	144,672	1,826	146,499	30,209	176,708
Other items								
Depreciation	3,330	238	136	3,706	2	3,708	227	3,936
Amortization of goodwill	112	48	56	217	-	217	-	217
Share of associates accounted for using equity method	1,596	511	-	2,107	-	2,107	64	2,172
Increase in property and equipment and intangible assets	3,711	420	406	4,538	-	4,538	304	4,842

Notes:

1. "Others" is a business segment which is not included in reportable segments such as lease business operated by subsidiary and etc.
2. The details of "Reconciling items" are as follows:
 (1) The amount (7,423) million yen of "Reconciling items" of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
 (2) The amount 30,209 million yen of "Reconciling items" of Segment assets is the corporate administrative assets such as cash and deposits which are not belong to each reportable segment.
 (3) At Other items, the amount 227 million yen of "Reconciling items" of Depreciation is the depreciation for the corporate administrative assets. The amount 64 million yen of "Reconciling items" of Share of associates accounted for using equity method is the investment amount to the affiliated company which is not belong to each reportable segment. the amount 304 million yen of "Reconciling items" of Increase in property and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.
3. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

Fiscal year ended March 31, 2018

(Unit : Millions of Yen)

	Reportable segments				Others (Note1)	Total	Reconciling items (Note2)	Amounts shown on the consolidated financial statements (Note3)
	Domestic AUTOBACS Business	Overseas Business	Used Car Buying, Car Dealer and BtoB Business	Total Reportable segments				
Sales								
Revenues from external customers	177,886	9,156	23,601	210,643	986	211,630	-	211,630
Transactions with other segments	722	346	7,265	8,335	667	9,002	(9,002)	-
Net sales	178,608	9,503	30,867	218,978	1,653	220,632	(9,002)	211,630
Operating profit (loss)	16,546	(537)	(1,612)	14,396	61	14,458	(7,174)	7,284
Segment assets	122,503	8,634	17,926	149,064	1,708	150,772	36,633	187,405
Other items								
Depreciation	2,945	281	347	3,574	1	3,576	230	3,807
Amortization of goodwill	-	59	40	100	-	100	-	100
Share of associates accounted for using equity method	1,783	488	1,851	4,123	-	4,123	67	4,191
Increase in property and equipment and intangible assets	2,540	296	449	3,286	-	3,286	301	3,587

Notes:

1. "Others" is a business segment which is not included in reportable segments such as lease business operated by subsidiary and etc.
2. The details of "Reconciling items" are as follows:
   (1) The amount (7,174) million yen of "Reconciling items" of Operating profit (loss) is the corporate administrative expense which is not allocable to each reportable segment.
   (2) The amount 36,633 million yen of "Reconciling items" of Segment assets is the corporate administrative assets such as cash and deposits which are not belong to each reportable segment.
   (3) At Other items, the amount 230 million yen of "Reconciling items" of Depreciation is the depreciation for the corporate administrative assets. The amount 67 million yen of "Reconciling items" of Share of associates accounted for using equity method is the investment amount to the affiliated company which is not belong to each reportable segment. the amount 301 million yen of "Reconciling items" of Increase in property and equipment and intangible assets is the mainly amount of capital investment for the corporate administrative assets.
3. Operating profit (loss) corresponds to Operating profit in the Consolidated Statements of Income and Comprehensive Income.

8.Subsequent Events

Not applicable.