October 30, 2015

Consolidated Financial Results for the Six Months Ended September 30, 2015 【Japanese Standards】

Summary of Quick Financial Announcement of Consolidated Financial Information For the Second Quarter Ended September 30, 2015.

Company name : AUTOBACS SEVEN CO., LTD.
Code number : 9832
(URL http://www.autobacs.co.jp/)
Headquarters : Tokyo, Japan
Company Representative : Setsuo Wakuda, Representative Director
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Telephone : +81-3-6219-8787
Stock exchange listing : Tokyo
Submission of Quarterly Business Report : November 6, 2015
Start of cash dividend payments : November 27, 2015
Supplementary quarterly materials prepared : Yes
Quarterly results information meeting held : Yes (for investors and analysts, etc.)

1. Results for the Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)
(Note: Amounts less than 1 million Yen have been rounded down. A figure in ( ) indicates a loss or a negative figure.)

(1) Results of operations:
(Unit: Millions of Yen except for per share information, and % information which indicates increase or decrease( ).)

	Net sales		Operating income		Ordinary income	
Six months ended September 30, 2015	**98,695**	**0.7** %	**2,496**	**391.5** %	**3,128**	**131.6** %
Six months ended September 30, 2014	98,042	(5.5)	507	(88.6)	1,350	(75.8)

Note: Comprehensive income : **795 million yen for the six months ended September 30, 2015 : (22.9) %**
1,032 million yen for the six months ended September 30, 2014 : (76.6) %

	Profit attributable to owners of parent		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
Six months ended September 30, 2015	**1,623**	**285.0** %	**19.00**	**-**
Six months ended September 30, 2014	421	(85.9)	4.79	-

(2) Financial position:

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

	Total assets	Total net assets	Equity ratio	Net assets per share (Yen)
			%	
Six months ended September 30, 2015	**178,510**	**131,633**	**73.6**	**1,563.21**
Fiscal year ended March 31, 2015	186,531	138,553	74.2	1,598.97

(Reference) Equity : **Six months ended September 30, 2015 : 131,332 million Yen**

For the year ended March 31, 2015 : 138,337 million Yen

2. Dividends

Dividends per share (Yen)

	First Quarter	Second Quarter	Third Quarter	Year -end	Annual
Fiscal year ended March 31, 2015	-	30.00	-	30.00	60.00
Fiscal year ended March 31, 2016	-	30.00	-	-	-
Fiscal year ended March 31, 2016 (forecast)	-	-	-	**30.00**	**60.00**

Note : Revisions to dividend forecasts published most recently : None

3. Forecast for the fiscal year ending March 2016 (from April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income	
		%		%		%
Annual	217,600	3.9	10,000	56.2	11,100	34.5

	Profit attributable to owners of parent		Basic net income per share(Yen)
		%	
Annual	6,800	47.5	80.94

Note : Revisions to financial forecasts published most recently : Yes

For further details, please refer to page 6, "Information on Future Forecasts Including Consolidated Financial Forecasts."

4. Other

(1) Significant changes in scope of consolidation : None

(2) Adoption of special accounting policies for quarterly financial statements : None

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

Note : For further details, please refer to page 7, "Matters Concerning Summary Information Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements."

(4) Shares outstanding (common stock)
1. Number of shares outstanding (including treasury stock)
Six months ended September 30, 2015 : 86,950,105 shares
Fiscal year ended March 31, 2015 : 89,950,105 shares

2. Number of treasury stock at the end of period
Six months ended September 30, 2015 : 2,935,059 shares
Fiscal year ended March 31, 2015 : 3,433,108 shares

3. Average shares outstanding over quarter
Six months ended September 30, 2015 : 85,462,162 shares
Six months ended September 30, 2014 : 87,992,978 shares

※Indication regarding the situation of quarterly review procedures
These financial results are not subject to the quarterly review procedures pursuant to the Financial Instruments and Exchange Act. At the time of the disclosure of the financial results, the procedures for reviewing quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

※Statement regarding the proper use of financial forecasts and other special remarks
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 November 2, 2015. The presentation material and video picture of the meeting will be uploaded as soon as possible on the Company's website afterwards.

5. Qualitative Information concerning Consolidated Business Results for the six months ended September 31, 2015

(1) Qualitative Information Concerning Consolidated Business Results

1. Business environment

Regarding the domestic economy during the first half of the consolidated fiscal year under review, corporate earnings, including exporting companies, were on course toward improvement on the back of a weak yen during the first half of the period, but uncertain conditions remained as a global economic slowdown, including that in China in the second half of the period, became conspicuous. As for domestic consumption of automotive goods and services, conditions were harsh, given the continued slump in sales of new and used cars, in part due to the impact of the hike in the light motor vehicle tax in April 2015.

2. Overview of the domestic retail business

Total sales for businesses in the AUTOBACS chain (including franchise outlets) in Japan for the first half of the consolidated fiscal year under review increased by 1.2% year on year on a same-store basis and by 2.0% year on year on an overall store basis.

The domestic AUTOBACS chain expanded the product lineup of the private brand AQ. (Autobacs Quality), which was launched last year, in categories including oil, tires and care interior items. It also launched a nationwide advertising campaign to enhance recognition of automobile purchase and sales and other activities, with an aim to being more supported and trusted than ever by all drivers in the three segments of: sales of automotive goods and services; statutory safety inspection and maintenance services; and automobile purchase and sales.

Sales of automotive goods and services increased as a result of reinforced sales of items including tires and drive recorders and also partly due to a rebound from the decline following the consumption tax hike the previous year, despite waning demand for car navigation devices, interior accessories and other merchandise due to sluggish domestic sales of vehicles.

In the statutory safety inspection and maintenance services segment, the number of vehicles that underwent statutory safety inspection and maintenance services increased by 10.7% year on year, to approximately 296,000. Unlike the conditions from a year earlier, this increase was a result of a rise in the number of vehicles subject to the statutory safety inspection and initiatives to promote inspections and maintenance by approaching customers in stores as well as taking appointments over the phone and the Internet.

In the automobile purchase and sales segment, sales to used car dealers, such as auto auctions, grew, owing to a substantial increase in the number of appraised and contracted vehicles for purchase as a result of nationwide TV ads launched during the period, in addition to an increase in the number of stores engaging in this business and improved activities conducted at each store. Sales of both new and used cars to consumers exceeded the results of the previous year, resulting in a year-on-year increase of 20.4% to approximately 12,800 units. The number of CARS franchise stores as of September 30, 2015, was 472, up from 451 as of the end of the previous fiscal year.

In terms of the number of domestic store openings and closings, nine new stores were opened, four stores were opened as a result of a scrap-and-build strategy and relocation and two stores were closed, resulting in an increase of seven stores, with the total number of stores rising from 584 as of the end of March 2015 to 591.

3. Consolidated business results

The Group's sales during the first half of the consolidated fiscal year under review increased by 0.7% year on year, to 98,695 million yen, gross profit grew by 5.0 % year on year, to 32,107 million yen, and selling, general, and administrative expenses decreased by 1.5% year on year, to 29,611 million yen, resulting in operating income of 2,496 million yen, an increase of 391.5% from a year earlier. Ordinary income rose by 131.6% year on year, to 3,128 million yen. As a result, profit attributable to owners of parent grew by 285.0% year on year, to 1,623 million yen.

Results by business segment are as shown below

<Non-consolidated>

Sales fell by 4.5% year on year, to 75,144 million yen. Wholesale sales declined as rationalizing of retail inventory of automotive goods at franchise outlets made headway, despite an increase in sales in areas including wholesale of cars. Gross profit declined by 1.4% year on year, to 15,778 million yen, reflecting the sales decline, although gross profit margin improved mainly as a result of initiatives in tires and wheels aimed at improving gross profit as well as reinforced car sales. Selling, general, and administrative expenses declined by 5.7% year on year, to 12,262 million yen as a result of reviewing advertising and sales promotions using mass media.

<Domestic Store Subsidiaries>

Sales grew by 5.9% to 32,315 million yen, while operating loss improved by 1,211 million yen year on year, to 1,186 million yen. The increased sales were attributable to a rise in sales associated with the transfer of stores from franchise companies, a rise in sales of automotive goods such as tires in the form of a rebound from the reduced sales following the consumption tax hike the previous year, and growth in sales from statutory safety inspection and maintenance services as well as automobile purchase and sales as a result of improved promotional activities in these segments. Gross profit grew primarily as a result of initiatives aimed at improving the gross profit margin, in addition to an increase in sales of tires and other items. Selling, general, and administrative expenses remained at around the same level as in the previous year as a result of a cut in costs from efforts made in reducing sales promotion expenses and other controllable expenses, which offset an increase in expenses associated with the transfer of stores from franchise companies.

<Overseas Subsidiaries>

Sales fell by 5.1% year on year, to 4,973 million yen, and operating income returned to positive territory to total 116 million yen (as opposed to an operating loss of 68 million yen a year earlier). Looking at the state of each country on a local currency basis, France was profitable at the operating income level following reinforced sales of high profit margin items, such as oil, and services, along with efforts made to improved gross profit and revitalize inventory. In Thailand, sales decreased as a result of the closure of unprofitable stores in the previous year while one store was opened in April, but the level of operating loss declined due to a higher gross profit margin as sales discounts were kept in check and due to cost-cutting efforts. In Singapore, operating income remained largely unchanged from the previous year as a result of solid sales of services. In China, operating income improved in part due to the effect of cost cuts and a strong performance by the trading business in automotive goods. In Malaysia, where the first store was opened by the local subsidiary in May, initiatives were implemented to raise the level of recognition among customers.

<Subsidiaries for Car Goods Supply and other>

Sales increased by 33.9% year on year to 10,150 million yen, while operating loss totaled 66 million yen (operating income of 37 million yen a year earlier). Sales increased for Autoplatz K.K., an authorized BMW dealership, and Autoplatz Motors, an authorized MINI dealership, which were made subsidiaries of the Company in April. However, a decline in the wholesale of existing automotive goods, in addition to an increase in expenses associated with the start of EC business, resulted in operating loss.

<Subsidiaries for Supporting Functions>

Sales rose by 8.0% year on year, to 1,662 million yen, primarily due to an increase in sales from the lease of store equipment to franchise companies, while operating income fell by 8.8% year on year, to 217 million yen.

<Adjustments to Consolidated Operating Income>

The adjusted amount from the aggregate amount of the operating income of all segments to the consolidated operating income decreased by 207 million yen from the same period of the previous fiscal year, to 100 million yen. This was mainly attributable to the decreased unrealized profits for the products wholesaled from the Company to the domestic store subsidiaries.

4. Progress of the 2014 Medium-term Business Plan

In the domestic AUTOBACS business, expanding the number of maintenance members and securing appointments for statutory safety inspection services were positioned as the most important measures, with the Company and franchise outlets sharing targets as well as initiatives, along with making preparations ahead of the year-end selling season when demand is at its peak.

Regarding expanding the number of maintenance members, the Company is promoting maintenance membership to point card members as well as creating a sales floor area for selling maintenance cards. As for securing appointments for statutory safety inspection services, the Company has worked on strengthening initiatives for the chain as a whole, by not only launching sales campaigns aimed at customers, but also holding a contest for franchise outlets to compete in securing appointments. Further, in terms of measures aimed at raising the level of convenience, the Company is working on initiatives for the entire chain, such as by increasing the number of stores that offer a tire storage service, in addition to all stores accepting same-day appointments via a phone call for an oil change.

As for improving the profitability of store subsidiaries, the Company started promoting stronger management of selling prices and inventory aimed toward higher gross profit this fiscal year under review, which substantially contributed to an improvement in the gross profit margin in the first half of the fiscal year.

(2) Qualitative Information Concerning Consolidated Financial Position

Assets as of the end of the first half of the consolidated accounting period under review declined by 4.3% or 8,021 million from the end of the previous consolidated accounting period, to 178,510 million yen. This was primarily due to a decline in cash and deposits as well as accounts receivable-other amid an increase in notes and accounts receivable-trade as well as inventories.

Liabilities declined by 2.3% or 1,101 million yen, to 46,876 million yen compared with the end of the previous fiscal year. This was mainly attributable to an increase in notes and accounts payable – trade and a decline in accounts payable – other.

Net assets declined by 5.0% or 6,919 million yen from the end of the previous fiscal year, to 131,633 million yen. This was mainly due to a decline in the purchase of the Company's own treasury shares and a decline in dividends from retained earnings.

State of Cash flow

Regarding cash and cash equivalents as of the end of the first half of the fiscal year under review, cash and cash equivalents (hereinafter referred to as "funds") declined by 7,434 million yen from the end of the previous fiscal year, to 34,783 million yen.

The main factors behind the cash flow conditions during the first half of the consolidated fiscal year were as follows.

(Cash flows from operating activities)

Cash flows from operating activities resulted in fund inflows of 4,270 million yen (fund inflows of 4,494 million yen at the end of the first half of the previous fiscal year) primarily due to 3,128 million yen in quarterly income before income taxes and minority interests, a fall of 2,782 million yen in trade notes and accounts receivable, and a payment of income taxes totaling 1,714 million yen.

(Cash flows from investment activities)

Cash flows from investment activities resulted in fund outflows of 3,440 million (fund outflows of 1,414 million yen at end of the first half of the previous fiscal year) mainly as outflows of 3,605 million yen were posted from acquiring property, plant and equipment and intangible assets as well as outflows of 368 million yen from payments into time deposits, despite proceeds of 541 million yen from the withdrawal of time deposits.

(Cash flows from financial activities)

Cash flows from financial activities resulted in fund outflows of 8,240 million yen (fund outflows of 8,528 million yen at the end of the first half of the previous fiscal year) primarily due to outflows of 5,247 million yen from the acquisition of the Company's own treasury shares, dividend payments of 2,597 million yen and repayment of long-term loans payable of 2,241 million yen.

(3) Information on Future Forecasts Including Consolidated Financial Forecasts

Regarding the earnings forecasts for the full fiscal year announced on May 8, 2015, the Group only revised the net sales forecast following the results of the first half of the consolidated fiscal year under review. As a result, consolidated net sales are expected to decline by 4,100 million yen, to 217,600 million yen, while operating income is projected at 10,000 million yen, ordinary income at 11,100 million yen and net income at 6,800 million yen. Operating income, ordinary income and net income for the second half of the fiscal year under review has remained unchanged because the business environment for the second half (third and fourth quarters) is not expected to change substantially from that projected at the beginning of the fiscal year.

The Group aims to achieve the earnings forecasts for the full year by steadily implementing various measures included in the 2014 Medium-Term Business Plan, for which the revised version was unveiled on July 30, 2015. The Company will disclose any revisions to earnings when necessary in an appropriate and swift manner.

Matters Concerning Summary Information

Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements:

(Changes in Accounting Principles)

(Application of "Revised Accounting Standard for Business Combinations," etc.)

The Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013,) etc. from the first three months of the consolidated fiscal year under review. As a result, the method of recording the amount difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under continuing control of the Company was entered in capital surplus and costs associated with the acquisition of shares are now treated as expenses in the consolidated fiscal year in which they are incurred.

In addition, for business combinations carried out on or after the beginning of the first three months of the consolidated fiscal year under review, the allocation of the cost of acquisitions, as determined after review of provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place.

Additionally, the Company has changed the method of presenting consolidated quarterly net income and moved "Minority interests" to "Non-controlling interests". To reflect these changes, the Company has reclassified its quarterly consolidated financial statements for the first half of the previous fiscal year and consolidated financial statements for the previous fiscal year.

In the Consolidated Statements of Cash Flows in the first half of the consolidated fiscal year under review, the cash flow related in "Payments or Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation" is included in "Cash flows from financing activities" , and the cash flow related in costs associated with "Purchase of shares of subsidiaries result in change in scope of consolidation" or "Payments or Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation" are included in "Cash flows from operating activities".

The Company has applied these standards in accordance with the transitional treatment prescribed in Section 58-2 (4) of the Business Combinations Accounting Standard, Section 44-5 (4) of the Consolidated Financial Statements Accounting Standard, and Section 57-4 (4) of the Business Divestitures Accounting Standard, and will continue to apply these standards from the beginning of the first three months of the consolidated fiscal year into the future.

The effect of these changes in accounting standards on the quarterly consolidated financial statements for the first half of the consolidated fiscal year under review was not material.

(Changes in Accounting Policies which are difficult to distinguish from changes in Accounting Estimates)

(Changes in the depreciation method of property, plant and equipment)

The Company and its domestic consolidated subsidiaries had formerly depreciated property, plant and equipment (exclude from lease assets) using the declining-balance method. However, starting from the first three months of the consolidated fiscal year under review, the Company and its domestic consolidated subsidiaries have changed the depreciation method to the straight-line method.

In the first year of our "2014 Medium-Term Business Plan", the Company has revised future usage of property, plant and equipment with taking the opportunity afforded by changing the style of launching a store coping with changes in the business environment and renovation the distribution facilities and etc.. In accordance with the result of this consideration, this change in the depreciation method that using straight-line method would better reflect the actual status of the usage of property, plant and equipment and allocate the acquisition cost to the useful life.

As a result, gross profit for the first half of the consolidated fiscal year under review, increased by 97 million yen, and operating income, ordinary income and income before income taxes and minority interests increased by 412 million yen, respectively, as compared with the figures calculated using the previous method.

6. Consolidated Financial Statements

(1)Consolidated Balance Sheets

(Unit: Millions of Yen)

Assets	March 31, 2015 Amount	**September 30, 2015** **Amount**
Current assets		
Cash and deposits	42,744	**35,148**
Notes and accounts receivable - trade	18,665	**20,712**
Inventories	16,798	**17,719**
Accounts receivable-other	19,718	**15,087**
Other	15,582	**16,061**
Allowance for doubtful accounts	(85)	**(84)**
Total current assets	113,425	**104,645**
Non-current assets		
Property, plant and equipment		
Land	22,073	**22,439**
Other, net	17,732	**19,656**
Total property, plant and equipment	39,806	**42,096**
Intangible assets		
Goodwill	740	**950**
Other	5,730	**5,221**
Total intangible assets	6,470	**6,171**
Investments and other assets		
Guarantee deposits	17,015	**16,729**
Other	10,111	**9,183**
Allowance for doubtful accounts	(296)	**(315)**
Total investments and other assets	26,830	**25,597**
Total non-current assets	73,106	**73,865**
Total assets	186,531	**178,510**

Liabilities and Net assets	March 31, 2015 Amount	**September 30, 2015 Amount**
Current liabilities		
Notes and accounts payable - trade	12,814	**14,439**
Short-term loans payable	2,927	**2,238**
Accounts payable - other	11,213	**8,766**
Income taxes payable	1,876	**1,639**
Provision for business restructuring	81	**81**
Other provision	521	**525**
Other	5,095	**5,161**
Total current liabilities	34,530	**32,851**
Non-current liabilities		
Long-term loans payable	2,197	**2,917**
Provision	88	**84**
Net defined benefit liability	82	**120**
Asset retirement obligations	2,154	**2,242**
Other	8,924	**8,660**
Total non-current liabilities	13,447	**14,025**
Total liabilities	47,978	**46,876**
Shareholders' equity		
Capital stock	33,998	**33,998**
Capital surplus	34,278	**34,299**
Retained earnings	72,859	**66,899**
Treasury shares	(5,699)	**(5,962)**
Total shareholders' equity	135,436	**129,235**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,224	**1,463**
Foreign currency translation adjustment	676	**634**
Total accumulated other comprehensive income	2,901	**2,097**
Non-controlling interests	215	**300**
Total net assets	138,553	**131,633**
Total liabilities and net assets	186,531	**178,510**

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

	Six months ended September 30, 2014 Amount	**Six months ended September 30, 2015 Amount**
Net sales	98,042	**98,695**
Cost of sales	67,472	**66,587**
Gross profit	30,569	**32,107**
Selling, general and administrative expenses	30,062	**29,611**
Operating income	507	**2,496**
Non-operating income		
Interest income	42	**40**
Dividend income	59	**46**
Lease revenue-system equipment	689	**563**
Other	1,115	**1,041**
Total non-operating income	1,906	**1,692**
Non-operating expenses		
Interest expenses	36	**25**
Share of loss of entities accounted for using equity method	90	**27**
Lease cost-system equipment	581	**639**
Other	355	**368**
Total non-operating expenses	1,063	**1,060**
Ordinary income	1,350	**3,128**
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	401	**-**
Total extraordinary income	401	**-**
Extraordinary losses		
Impairment loss	19	**-**
Total extraordinary losses	19	**-**
Income before income taxes and minority interests	1,732	**3,128**
Income taxes		
Income taxes - current	1,205	**1,470**
Income taxes - deferred	128	**49**
Total income taxes	1,334	**1,520**
Net income	398	**1,608**
Profit attributable to		
Profit attributable to owners of parent	421	**1,623**
Loss attributable to non-controlling interests	(23)	**(15)**
Other comprehensive income		
Valuation difference on available-for-sale securities	483	**(762)**
Foreign currency translation adjustment	148	**(51)**
Share of other comprehensive income of entities accounted for using equity method	2	**1**
Total other comprehensive income	634	**(812)**
Comprehensive income	1,032	**795**
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,047	**819**
Comprehensive income attributable to non-controlling interests	(15)	**(23)**

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

	Six months ended September 30, 2014 Amount	Six months ended September 30, 2015 Amount
Cash flows from operating activities		
Income before income taxes	1,732	3,128
Depreciation	2,115	1,888
Impairment loss	19	-
Amortization of goodwill	107	69
Increase (decrease) in allowance for business restructuring	(119)	(0)
Increase (decrease) in allowance for doubtful accounts	2	17
Interest and dividend income	(101)	(87)
Interest expenses	36	25
Share of (profit) loss of entities accounted for using equity method	90	27
Loss (gain) on sales of shares of subsidiaries and associates	(401)	-
Decrease (increase) in notes and accounts receivable - trade	11,319	2,782
Decrease (increase) in lease investment assets	471	189
Decrease (increase) in inventories	(1,300)	(646)
Increase (decrease) in notes and accounts payable - trade	(2,704)	1,319
Other, net	(5,263)	(2,809)
Subtotal	6,003	5,904
Interest and dividend income received	126	106
Interest expenses paid	(37)	(26)
Income taxes paid	(1,597)	(1,714)
Net cash provided by (used in) operating activities	4,494	4,270
Cash flows from investing activities		
Payments into time deposits	(416)	(368)
Proceeds from withdrawal of time deposits	285	541
Purchase of property, plant and equipment and intangible assets	(3,154)	(3,605)
Proceeds from sales of property, plant and equipment and intangible assets	758	11
Purchase of investment securities	(0)	(0)
Proceeds from sales and redemption of investment securities	500	22
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	29
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	545	-
Payment of loans receivable	-	(57)
Collection of loans receivable	56	37
Other, net	12	(51)
Net cash provided by (used in) investing activities	(1,414)	(3,440)

	Six months ended September 30, 2014 Amount	**Six months ended September 30, 2015 Amount**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	600	**910**
Proceeds from long-term loans payable	500	**830**
Repayments of long-term loans payable	(1,225)	**(2,241)**
Purchase of treasury shares	(5,050)	**(5,247)**
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(3)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	134
Cash dividends paid	(3,312)	**(2,597)**
Other, net	(40)	**(25)**
Net cash provided by (used in) financing activities	(8,528)	**(8,240)**
Effect of exchange rate change on cash and cash equivalents	26	**(24)**
Net increase (decrease) in cash and cash equivalents	(5,422)	**(7,434)**
Cash and cash equivalents at beginning of period	45,384	**42,218**
Cash and cash equivalents at end of period	39,962	**34,783**

7. Notes in case significant changes were made to the amount of shareholders' equity

At the Board of Directors Meeting held on May 8, 2015, the Board approved the repurchase of common stock.
From May 13, 2015 to September 11, 2015, the Company repurchased 2,500,000 shares of common stock for 5,247 million yen.
The Board also approved the cancellation 3,000,000 shares of treasury stock at the above Board of Directors and carried it out on May 15, 2015.
As a result, Retained earnings and Treasury stock at cost were decreased by 4,987 million yen.

8. Segment Information

I Six months ended September 30, 2014

(1) Information about sales and profit (loss)

(Unit: Millions of Yen)

	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Net sales						
Sales to outside customers	59,111	29,394	5,081	4,002	452	98,042
Intersegment sales or transfers	19,550	1,107	160	3,579	1,088	25,486
Total	78,662	30,501	5,241	7,582	1,540	123,528
Net income (loss)	2,990	(2,397)	(68)	37	237	800

(2)Difference between operating income and Sum of operating income (loss) in reportable segments for the Six months ended September 30

(Unit: Millions of Yen)

Income	Amount
Total reportable segments	800
Inventories	(247)
Elimination of intersegment transaction	(215)
Amortization of goodwill	(107)
Provision for point card certificates	60
Non-current assets	205
Others	12
Operating income	507

(3)Impairment losses of assets, goodwill, and others, by reporting segment

Not applicable.

Ⅱ Six months ended September 30, 2015

(1) Information about sales and profit (loss)

(Unit: Millions of Yen)

	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Net sales						
Sales to outside customers	55,060	31,780	4,796	6,523	534	98,695
Intersegment sales or transfers	20,084	534	176	3,627	1,128	25,550
Total	75,144	32,315	4,973	10,150	1,662	124,246
Net income (loss)	3,515	(1,186)	116	(66)	217	2,596

(2)Difference between operating income and Sum of operating income (loss) in reportable segments for the Six months ended September 30

(Unit: Millions of Yen)

Income	Amount
Total reportable segments	2,596
Elimination of intersegment transaction	(355)
Amortization of goodwill	(51)
Provision for point card certificates	(0)
Inventories	13
Non-current assets	254
Others	39
Operating income	2,496

(3)Impairment losses of assets, goodwill, and others, by reporting segment

Not applicable.

(4) Changes in reporting segments

(Change in the deprecation method of property, plant and equipment)

As stated in “Changes in Accounting Policies which are difficult to distinguish from changes in Accounting Estimates”, the Company and its domestic consolidated subsidiaries, starting from the first three months of the consolidated fiscal year under review, changed their method of depreciating property, plant and equipment from the declining-balance method to the straight-line method.

As a result of this change, for the first half of the consolidated fiscal year under review, segment income of “The Company” and “Subsidiaries for Supporting Functions” have increased by 297 million yen, 0 million yen, respectively, while segment loss of “Domestic Store Subsidiaries” and “Subsidiaries for Car Goods Supply and Other” have decreases by 43 million yen, 1 million yen, respectively, as compared with the figures calculated using the previous method.

“Non-current assets” for the difference between Operating income and Sum of operating income (loss) in reportable segments have increased by 70 million yen.

9. Additional Information

(1)Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

	Six months ended September 30, 2015		
Divisions	Amount	Ratio	Year-on-Year Increase/Decrease Ratio
		%	%
Wholesale	55,146	55.9	93.5
Retail	41,982	42.5	112.2
Others (letting and hiring fee of leased object)	1,565	1.6	97.2
Total	98,695	100.0	100.7

Note : Consumption taxes are excluded from the above amounts.

(2)Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

Products	Six months ended September 30, 2015 Amount	Ratio	Year-on-Year Increase/Decrease Ratio
Wholesale		%	%
Tires and wheels	13,828	25.1	97.0
Car electronics	11,632	21.1	93.5
Oil and batteries	8,005	14.5	94.8
Car exterior items	5,347	9.7	98.3
Car interior items	4,758	8.6	76.5
Motor sports	3,366	6.1	96.1
Services	2,086	3.8	119.7
Others	6,121	11.1	88.1
Subtotal	55,146	100.0	93.5
Retail			
Tires and wheels	7,182	17.1	103.9
Car electronics	5,885	14.0	107.3
Oil and batteries	3,589	8.6	104.1
Car exterior items	4,724	11.3	107.8
Car interior items	3,500	8.3	81.9
Motor sports	2,589	6.2	114.5
Services	7,898	18.8	112.8
Others	6,612	15.7	180.7
Subtotal	41,982	100.0	112.2
Others (letting and hiring fee of leased object)	1,565	-	97.2
Total			
Tires and wheels	21,011	21.3	99.3
Car electronics	17,517	17.8	97.7
Oil and batteries	11,595	11.7	97.5
Car exterior items	10,072	10.2	102.6
Car interior items	8,258	8.4	78.7
Motor sports	5,956	6.0	103.3
Services	9,984	10.1	114.2
Others	14,299	14.5	117.0
Total	98,695	100.0	100.7

Notes : 1.Consumption taxes are excluded from the above amounts.

2.Others is consisted of revenue of Car sales, Used car goods sales and Royalty income .

3.The sales amount to application of equity method companies are in the wholesale.