

Please note that this document is a translation of the official Japanese notice of convocation of the 68th ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights, for reference purposes only.

(Securities code 9832)

June 3, 2015

To Our Shareholders

Setsuo Wakuda
Representative Director
AUTOBACS SEVEN Co., Ltd.
6-52, Toyosu 5-chome, Koto-ku, Tokyo

NOTICE OF CONVOCATION OF THE 68TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 68th ordinary general meeting of shareholders of AUTOBACS SEVEN Co., Ltd. (the “Company”).

The meeting will be held as described below. When attending the meeting in person, due to environmental considerations, please bring this NOTICE OF CONVOCATION OF THE 68TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Particulars

1. Date and time: June 24, 2015 (Wednesday) at 10:00 a.m.
*The reception area opens at 9:00 a.m.
2. Venue: Hotel East 21 Tokyo, 1st floor, East 21 Hall
3-3, Toyo 6-chome, Koto-ku, Tokyo
3. Agenda of the meeting:
Matters to be reported:
 1. Reports on the business report, consolidated financial statements and audit results of the consolidated financial statements by the independent auditor and the audit and supervisory board for the 68th fiscal term (from April 1, 2014 to March 31, 2015)
 2. Report on the non-consolidated financial statements for the 68th fiscal term (from April 1, 2014 to March 31, 2015)Matters to be resolved:
 - Agenda Item No. 1: Appropriation of surplus
 - Agenda Item No. 2: Partial amendments to the Articles of Incorporation
 - Agenda Item No. 3: Election of eight (8) directors
 - Agenda Item No. 4: Election of two (2) audit and supervisory board members
4. Guide for the exercise of voting rights by postal, via the Internet etc.
 - (1) If you are unable to attend the meeting, you can exercise your voting rights by postal mail (the Exercise of Voting Rights form) or via the Internet (electromagnetic means). Please review the reference documents for the general meeting of shareholders and be sure to exercise your voting rights by 5:50 p.m., Tuesday, June 23, 2015.
 - (i) To exercise voting rights by postal mail:
Indicate in the enclosed Exercise of Voting Rights form approval/disapproval for the respective proposals, and send the completed form to the Company so that it reaches the Company by the above deadline for voting.
 - (ii) To exercise voting rights via the Internet:
Access the website for exercising voting rights (<http://www.web54.net>) and follow the instructions on the screen to enter approval/disapproval for the respective proposals, and send your votes

electronically so that the Company can receive them by the above deadline. Please note that the website is written in Japanese only.

- (2) In the case of exercising voting rights by postal mail, no indication of approval or disapproval for the respective proposals in the Exercise of Voting Rights form shall be deemed as approval for such proposals.
- (3) If you have exercised your voting rights several times via the Internet and there is a discrepancy among your votes for the same proposal, only the final execution shall be deemed effective.
- (4) If you have exercised your voting rights both by sending the Exercise of Voting Rights form and via the Internet, the vote made via the Internet shall be deemed effective.
- (5) The Company participates in the “ICJ platform,” a platform for electronic exercise of voting rights by institutional investors which is operated by ICJ, Inc. In addition to the exercise of voting rights via the Internet, nominee shareholders (including standing proxies) such as trust banking companies may use the said platform as another electromagnetic means of exercising voting rights. The use of the platform needs application in advance.
- (6) The Internet service providers’ access fees and the communications carriers’ website communications fees (telephone charges and other fees) for using the website for exercising voting rights shall be borne by shareholders.
- (7) If any modifications are made to the reference documents for the general meeting of shareholders, as well as to the business report, consolidated financial statements or non-consolidated financial statements, such modifications will be posted on the Company website (<http://www.autobacs.co.jp/en/>).

Agenda Item No. 1 and Reference Matters

Agenda Item No. 1: Appropriation of surplus

The Company defines returning profits to its shareholders as one of its most important management tasks. The Company's basic policy is to ensure returning profits by comprehensively taking into account business environment, financial stability and earnings, while maintaining the management target of consolidated dividends to shareholders' equity (DOE) ratio of 3% or more, as specified in the 2014 Medium-Term Business Plan.

With regard to the Appropriation of surplus, based on the above policy and to increase returns to shareholders, the Company requests the following proposal:

1. Matters concerning year-end dividends

(1) Type of assets to be distributed

Cash

(2) Matters concerning the allotment of assets to be distributed to the shareholders and the aggregate amount thereof

Thirty (30) yen per ordinary share of the Company

Total amounting to 2,596,366,050 yen

Since the Company has paid interim dividends at the rate of thirty (30) yen per share, the total annual dividends for this fiscal term shall be sixty (60) yen per share.

(3) Effective date of dividends from surplus

June 25, 2015

2. Other matters concerning the appropriation of surplus

Item and amount of surplus to be decreased

Other reserves	10,000,000,000 yen
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Item and amount of surplus to be increased

Retained earnings brought forward	10,000,000,000 yen
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Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Partial amendments to the Articles of Incorporation

1. Reason for the amendments

In connection with the approval of concluding liability limitation contracts for non-executive directors and audit and supervisory board members prescribed by the Articles of Incorporation after the June 27, 2014 promulgation of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014), it is proposed that necessary amendments be made to Article 29, Paragraph 2, and Article 37, Paragraph 2, of the current Articles of Incorporation for the purpose of enabling directors and audit and supervisory board members to fully perform their duties as expected and making it easy to invite talented personnel as directors and audit and supervisory board members.

The Company has obtained the consent of all audit and supervisory board members for the amendment to Article 29, Paragraph 2, of the current Articles of Incorporation.

2. Details of the amendments

The relevant current articles and the proposed amendments are described below.

(Changes are indicated by underlines)

Current Articles of Incorporation	Proposed Amendments
(Limitation of Liabilities of Directors) Article 29: (Items omitted) 2. The Company may enter into an agreement with <u>outside Directors</u> with respect to the liabilities of the <u>outside Directors</u> to the Company, pursuant to Article 427, Paragraph 1, of the Companies Act. Provided, however, that the amount of the liabilities of the <u>outside Directors</u> shall be limited to <u>the higher of a predetermined amount no less than ¥10 million or</u> the amount permitted by laws and regulations.	(Limitation of Liabilities of Directors) Article 29: (Unchanged) 2. The Company may enter into an agreement with <u>non-executive Directors</u> with respect to the liabilities of the <u>non-executive Directors</u> to the Company, pursuant to Article 427, Paragraph 1, of the Companies Act. Provided, however, that the amount of the liabilities of the <u>non-executive Directors</u> shall be limited to the amount permitted by the laws and regulations.
(Limitation of Liabilities of Audit and Supervisory Board Members) Article 37: (Items omitted) 2. The Company may enter into an agreement with <u>outside Audit and Supervisory Board Members</u> with respect to the liabilities of the <u>outside Audit and Supervisory Board Members</u> to the Company pursuant to Article 427, Paragraph 1, of the Companies Act. Provided, however, that the amount of the liabilities of the <u>outside Audit and Supervisory Board Members</u> shall be limited to <u>the higher of a predetermined amount no less than ¥5 million or</u> the amount permitted by laws and regulations.	(Limitation of Liabilities of Audit and Supervisory Board Members) Article 37: (Unchanged) 2. The Company may enter into an agreement with <u>Audit and Supervisory Board Members</u> with respect to the liabilities of the <u>Audit and Supervisory Board Members</u> to the Company pursuant to Article 427, Paragraph 1, of the Companies Act. Provided, however, that the amount of the liabilities of the <u>Audit and Supervisory Board Members</u> shall be limited to the amount permitted by laws and regulations.

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Election of eight (8) directors

At the conclusion of this general meeting of shareholders, the terms of office of all the directors (eight in number) will expire.

Accordingly, the Company requests the shareholders' approval for the election as directors of the eight (8) candidates below. Information on the candidates is provided on the pages 6–13.

Candidate No.	Name		Career position and assignment in the Company
1	Setsuo Wakuda	Re-nomination	Representative Director and Chief Executive Officer
2	Hironori Morimoto	Re-nomination	Director and Vice Chief Executive Officer, Head of Corporate Administration
3	Kiomi Kobayashi	Re-nomination	Director and Vice Chief Executive Officer, Chief AUTOBACS Chain Officer
4	Teruyuki Matsumura	Re-nomination	Director and Senior Managing Executive Officer, Head of Overseas Business and New Business Development
5	Kozo Sumino	Re-nomination	Director and Senior Executive Officer, Head of Merchandising and Statutory Safety Inspections & Services and Merchandise Development
6	Noriaki Shimazaki	Re-nomination Outside Director Independent Officer	Director
7	Hatsuo Odamura	Re-nomination Outside Director Independent Officer	Director
8	Yoshiko Takayama	New Candidate Outside Director Independent Officer (expected)	—

(Notes) 1. Each of the candidates has no special interest in the Company.

2. Mr. Noriaki Shimazaki, Mr. Hatsuo Odamura and Ms. Yoshiko Takayama are candidates for outside directors as defined in Article 2, Paragraph 3, Item 7, of the Companies Act Enforcement Regulations. In addition, they satisfy the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company, and they are expected to be independent officers.

Reference Matters for Agenda Item No. 3: Election of eight (8) directors

Candidate No. 1:

Setsuo Wakuda

Re-nomination

Career position and assignment in the Company:

Representative Director and Chief Executive Officer

- Date of birth: December 25, 1948 (age 66)
- Term of office at the conclusion of this general meeting: 12 years
- Number of Company shares owned: 80,742
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Dear Shareholders,

To achieve the long-term vision, reflected in “Anything about cars, you find at AUTOBACS,” I seek stores with a commitment to the creation of sales floors facilitating merchandise selection and ready with a friendly welcome to customers, and stores that are No. 1, loved by customers in the community, and I will strive to deliver continuous growth for the domestic AUTOBACS business.

For new growth strategies, I will take a proactive approach to develop overseas businesses, mainly in the ASEAN region, and explore new businesses, particularly in auto-related fields, and promote the medium-term business plan, aiming to further enhance corporate value, thereby meeting shareholders' expectations.

Reasons for nomination

Since his inauguration as representative director and chief executive officer, Mr. Wakuda has led the AUTOBACS SEVEN Group with the aim of achieving the Group's vision, “Anything about cars, you find at AUTOBACS,” thereby enhancing the Group's corporate value.

He duly fulfilled his duties of business execution by making important decisions upon providing sufficient and appropriate explanations at meetings of the Board of Directors, as well as supervising the execution of duties by other directors.

The Company acknowledges Mr. Wakuda's long-running performance in the AUTOBACS businesses and the recovery of business results achieved since his inauguration as representative director. Mr. Wakuda is nominated for director because the Company believes it is in the best interest of the AUTOBACS SEVEN Group that Mr. Wakuda continue to lead the management team to seek sustainable growth of the Company by pushing forward the medium-term business plan.

Brief professional background including major posts held

March 1967:	Joined Fuji-Syokai Co., Ltd. (currently AUTOBACS SEVEN Co., Ltd.)
April 1991:	General Manager of Merchandise Planning Office
June 1998:	Director, General Manager of Chain Store Planning Office
June 2002:	Executive Officer, Supporting Store Operations
June 2003:	Director and Executive Officer, Franchise Business Strategy
June 2004:	Director and Co-Chief Operating Officer, Head of Area-Dominant Business Strategy
April 2006:	Director
March 2008:	Representative Director and Project Management Officer
June 2008:	Representative Director and Chief Executive Officer
April 2009:	Representative Director and Chief Executive Officer, Chief Chain Officer
April 2015:	Representative Director and Chief Executive Officer (current position)

Candidate No. 2:
Hironori Morimoto
Re-nomination

Career position and assignment in the Company:

Director and Vice Chief Executive Officer, Head of Corporate Administration

- Date of birth: June 2, 1957 (age 58)
- Term of office at the conclusion of this general meeting: 9 years
- Number of Company shares owned: 7,600
- Attendance at Board of Directors' meetings: 93.7% (15 of 16 meetings)

Dear Shareholders,

To realize the Group's vision, reflected in "Anything about cars, you find at AUTOBACS," the AUTOBACS chain must truly earn the loyalty and trust of customers. To that end, as a member of the Group's management team, I will make efforts to focus on reinforcing human resources and strive to invigorate the organization so that the Group is able to cope with a radically changing management environment, flexibly and quickly. Furthermore, I will strive to respond to the expectations of all stakeholders to improve business results by enhancing efficiency of existing businesses and investment in growth areas.

Reasons for nomination

Mr. Morimoto has worked to reinforce the Company's relationships with corporate franchisees and improve store profitability for many years. In addition, he has endeavored to solidify the business foundation in various areas of business administration, including personnel, general affairs and finance, through such approaches as the introduction of a multi-career ladder system to promote development of human resources with special skills.

Based on extensive knowledge and experience, Mr. Morimoto has fully demonstrated his roles as a director in deciding important matters, exercising his business execution function and supervising the execution of other directors' duties.

Mr. Morimoto is nominated for director because the Company believes it is in the best interest of the AUTOBACS SEVEN Group to take full advantage of his ample knowledge and experience to improve the Company's corporate value.

Brief professional background including major posts held

March 1981:	Joined AUTOBACS SEVEN Co., Ltd.
April 1995:	General Manager of Kansai Direct Management Division
June 2002:	Operating Officer, Chubu Store Support Division
September 2004:	Officer, Area-Dominant Business Strategy
April 2005:	Officer, Area-Dominant Business Strategy, Store Development and Store Format Development
April 2006:	Co-Chief Operating Officer, Head of Area-Dominant Business Strategy, Sales Promotion, Store Development and Store Format Development
June 2006:	Director and Co-Chief Operating Officer, Head of Area-Dominant Business Strategy, Sales Promotion, Store Development and Store Format Development
May 2007:	Director and Co-Chief Operating Officer, Head of Area-Dominant Business Strategy, Total Car-Life Business Strategy and Store Development
June 2008:	Director and Senior Executive Officer, Head of Regional and Area Strategy
April 2009:	Director and Senior Executive Officer, Head of Chain Strategy
April 2010:	Director and Senior Managing Executive Officer, Head of Information Systems, Human Resources, General Affairs, Legal and Overseas Operation
November 2011:	Director and Senior Managing Executive Officer, Head of Human Resources, General Affairs, Information Systems and Internal Control
April 2012:	Director and Senior Managing Executive Officer, Head of Corporate Administration
April 2014:	Director and Vice Chief Executive Officer, Head of Corporate Administration and Finance & Accounting
April 2015:	Director and Vice Chief Executive Officer, Head of Corporate Administration (current position)

Candidate No. 3:
Kiomi Kobayashi
Re-nomination

Career position and assignment in the Company:

Director and Vice Chief Executive Officer, Chief AUTOBACS Chain Officer

- Date of birth: February 11, 1956 (age 59)
- Term of office at the conclusion of this general meeting: 5 years
- Number of Company shares owned: 4,300
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Dear Shareholders,

Since being inaugurated as Director, I have worked to cultivate a group of human resources with the ability to make consistent efforts that best serve customers. In a management environment that continues to change rapidly, to put the medium-term business plan of the Company and its Group companies on track for success, in this term I will focus on improving the efficiency of headquarters' functions and strengthening the frontline operations with an emphasis on wider contact with customers. I will strive to improve the profitability of existing businesses and promote our vision, as it is reflected in "Anything about cars, you find at AUTOBACS," thereby improving corporate value.

Reasons for nomination

Mr. Kobayashi has contributed to the Group's business development for many years. He has contributed to the establishment of a foundation for overseas businesses of the Group, and in the domestic AUTOBACS businesses, he has made vigorous efforts to open new stores and implement measures to strengthen marketing activities to establish new relationships with customers.

Based on extensive knowledge and experience, Mr. Kobayashi has fully demonstrated his role as a director in deciding important matters, exercising his business execution function and supervising the execution of other directors' duties.

Mr. Kobayashi is nominated for director because the Company believes it is in the best interest of the AUTOBACS SEVEN Group to take full advantage of his ample knowledge and experience for the continuing growth of the Group.

Brief professional background including major posts held

March 1978:	Joined Daiho-Sangyo Co., Ltd. (currently AUTOBACS SEVEN Co., Ltd.)
April 1995:	General Manager of Tire Department
June 2002:	Operating Officer, Overseas Store Support Division
April 2005:	Officer, General Manager of Northern Kanto Region
April 2007:	Officer, Product Procurement
June 2008:	Officer, General Manager of Kansai Region
April 2010:	Executive Officer, Head of Sales Operation and Area Strategy & Planning
June 2010:	Director and Executive Officer, Head of Sales Operation and Area Strategy & Planning
April 2012:	Director and Senior Executive Officer, Head of Sales Operation and Area Strategy & Planning
April 2013:	Director and Senior Executive Officer, Head of Sales Operation and Chain Store Planning
April 2014:	Director and Vice Chief Executive Officer, Vice Chief AUTOBACS Chain Officer, Head of Chain Store Planning and Store Subsidiary Strategy
April 2015:	Director and Vice Chief Executive Officer, Chief AUTOBACS Chain Officer (current position)

Candidate No. 4:
Teruyuki Matsumura
Re-nomination

Career position and assignment in the Company:

Director and Senior Managing Executive Officer, Head of Overseas Business and New Business Development

- Date of birth: November 25, 1961 (age 53)
- Term of office at the conclusion of this general meeting: 6 years
- Number of Company shares owned: 8,263
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Dear Shareholders,

Since joining the Company, I have been in charge of store operations, management, merchandise and services, and I have acquired experience mainly in existing business areas. From this fiscal term, beyond the fields of my past professional experience, I will embark on the creation of a new foundation for the future by taking an aggressive approach to new growth strategies—for overseas businesses, mainly in the ASEAN region, and new businesses, particularly in auto-related fields.

Aiming to improve the corporate value, I will take quick and flexible measures.

Reasons for nomination

Mr. Matsumura has contributed to strengthening the business foundations for the AUTOBACS business by expanding statutory safety inspection and maintenance services business and automobile purchase and sales business and enhancing customer convenience by offering merchandise and services using the Internet.

Based on extensive knowledge and experience, Mr. Matsumura has fully demonstrated his role as director in deciding important matters, exercising his business execution function and supervising the execution of other directors' duties.

Mr. Matsumura is nominated for director because the Company believes it is in the best interest of the AUTOBACS SEVEN Group to fully utilize his ample knowledge and experience to turn new businesses and overseas businesses into pillars of the Company's future growth.

Brief professional background including major posts held

March 1984:	Joined AUTOBACS SEVEN Co., Ltd.
April 1998:	General Manager, Chugoku Store Management Department
June 2002:	Operating Officer, Southern Japan Store Support Division
April 2009:	Executive Officer, General Manager of Kanto Region
June 2009:	Director and Executive Officer, Kanto Region
April 2010:	Director and Executive Officer, Head of Marketing & Sales Strategy Planning
April 2012:	Director and Senior Executive Officer, Head of Marketing & Sales Strategy Planning and IFRS
April 2014:	Director and Senior Managing Executive Officer, Head of Merchandising and Merchandise Planning and E-Commerce
April 2015:	Director and Senior Managing Executive Officer, Head of Overseas Business and New Business Development (current position)

Candidate No. 5:**Kozo Sumino**

Re-nomination

Career position and assignment in the Company:

Director and Senior Executive Officer, Head of Merchandising and Statutory Safety Inspections & Services and Merchandise Development

- Date of birth: October 1, 1957 (age 57)
- Term of office at the conclusion of this general meeting: 1 year
- Number of Company shares owned: 40,599
- Attendance at Board of Directors' meetings: 100% (11 of 11 meetings)*

*Because Mr. Sumino assumed office as Director on June 24, 2014, the meetings held on and before June 23, 2014, are excluded. There were 10 regular Board of Directors' meetings and one extraordinary meeting of the Board of Directors that he was required to attend.

Dear Shareholders,

Taking the rapid changes in the business environment and the challenging market conditions as an opportunity for renewed growth, I will strive to create stores that are No. 1 in their respective communities and appreciated by customers, by offering a full lineup of automotive goods and services that address current trends and customer needs and by providing accurate information.

In addition, I believe that efforts to expand the statutory safety inspection and maintenance services business and the automobile purchase and sales business into bigger sources of revenue as well as efforts to maximize synergistic effects among the three businesses, including automotive goods and services sales business, will contribute to further growth and higher corporate value, and I will strive to meet the expectations of all stakeholders by working toward these goals with a speed.

Reasons for the nomination

Mr. Sumino has accumulated actual achievements in a wide variety of fields, including the marketing and merchandising fields of the AUTOBACS business, as well as executive management, the development of new businesses and overseas operations. In addition, since he assumed office during the previous year, he has been actively involved in development of merchandise under the AUTOBACS private brand.

Based on extensive knowledge and experience, Mr. Sumino has fully demonstrated his roles as a director in deciding important matters, exercising his business execution function and supervising the execution of other directors' duties.

Mr. Sumino is nominated for director because the Company believes it is in the best interest of the AUTOBACS SEVEN Group to put his ample knowledge and experience to maximum use in developing merchandise strategies in the AUTOBACS business.

Brief professional background including major posts held

April 1984:	Joined IBM Japan, Ltd.
June 1985:	Joined AUTOBACS SEVEN Co., Ltd.
February 1995:	General Manager of Merchandise Development Department
June 2000:	Director, General Manager of General Services Department
June 2002:	Director and Executive Officer, Personnel, General Services, Legal and Information Systems
October 2003:	Director and Executive Officer, Business Development
April 2005:	Director and Officer, Overseas Business Strategy
April 2007:	Officer, Accounting and Information Systems
May 2007:	Representative Director, AB System Solutions Limited
June 2008:	Officer, Car Aftermarket Business and Merchandising Strategy Planning
April 2009:	Executive Officer, Head of Merchandising & Services
April 2010:	Executive Officer, Internal Control
April 2011:	Representative Director, Palstar K.K.
June 2014:	Director and Senior Executive Officer, Merchandise Development
April 2015:	Director and Senior Executive Officer, Head of Merchandising and Statutory Safety Inspections & Services and Merchandise Development (current position)

Candidate No. 6:**Noriaki Shimazaki**

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company: Outside Director (Independent Officer)

- Date of birth: August 19, 1946 (age 68)
- Term of office at the conclusion of this general meeting: 4 years
- Number of Company shares owned: 4,600
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Dear Shareholders,

It is essential that the Company achieve numerical targets for the three existing businesses—automotive goods and services, automobile purchase and sales, and statutory safety inspection—through steady implementation of the strategies laid out in the medium-term business plan. In addition, it is an important management issue to reinforce the revenue foundation by tapping into and nurturing new businesses. To realize these goals, I will provide pertinent advice. Furthermore, recognizing that a higher ROE is one of the Company's priorities, I will draw on the experience accumulated to date to respond to issues, including effective use of shareholders' equity and further reinforcement of corporate governance.

Reason for nomination

Mr. Shimazaki has extensive experience and profound knowledge of accounting and financial matters, personnel development, risk management, and management strategy in business corporations.

Furthermore, Mr. Shimazaki has long fulfilled the duties of monitoring and supervision, as well as business execution, in corporate management and public service mainly in the field of accounting.

Based on such extensive experience and knowledge, Mr. Shimazaki has provided comments as an outside director and independent officer from the viewpoint of general shareholder protection. He has also fulfilled the roles of making important decisions and supervising business execution.

Mr. Shimazaki is nominated for outside director, as in the previous year, because the Company believes it is in the best interest of the AUTOBACS SEVEN Group that he continue to supervise the management of the Company as an outside director and independent officer.

Brief professional background including major posts held

April 1969:	Joined SUMITOMO CORPORATION
June 1998:	Director of SUMITOMO CORPORATION
April 2002:	Representative Director, Managing Director of SUMITOMO CORPORATION
January 2003:	Member of Business Accounting Council of Financial Services Agency
April 2004:	Representative Director, Senior Managing Director of SUMITOMO CORPORATION
April 2005:	Representative Director, Executive Vice President of SUMITOMO CORPORATION
July 2008:	Chairman, Sub-committee on Accounting of Nippon Keidanren
January 2009:	Trustee of International Financial Reporting Standards Foundation (IFRS Foundation)
July 2009:	Special Adviser of SUMITOMO CORPORATION
January 2010:	Member of the Management Advisory Committee, BNP Paribas Securities (Japan) Limited (current position)
June 2011:	Trustee of Financial Accounting Standards Foundation
June 2011:	Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
June 2011:	Chair of Self-regulation Board & Public Governor of Japan Securities Dealers Association (current position)
September 2013:	Advisor, IFRS Foundation Asia-Oceania Office (current position)
September 2013:	Advisor, The Japanese Institute of Certified Public Accountants (current position)
March 2014:	Member of the Management Advisory Committee, SBI Holdings, Inc. (current position)
June 2014:	Chairman, XBRL Japan Inc. (current position)

Candidate No. 7:**Hatsuo Odamura**

Re-nomination, Outside Director (Independent Officer)

Career position and assignment in the Company: Outside Director (Independent Officer)

- Date of birth: November 9, 1949 (age 65)
- Term of office at the conclusion of this general meeting: 1 year
- Number of Company shares owned: 200
- Attendance at Board of Directors' meetings: 100% (11 of 11 meetings) *

* Because Mr. Odamura assumed office as Director on June 24, 2014, the meetings held on and before June 23, 2014, are excluded. There were 10 regular Board of Directors' meetings and one extraordinary meeting of the Board of Directors that he was required to attend.

Dear Shareholders,

Amid sluggish sales of automobiles in Japan, influenced mainly by the introduction of a higher consumption tax in 2014, conditions in the automotive aftermarket have become very challenging. The Stewardship Code as well as the Corporate Governance Code were formulated based on the Japan Revitalization Strategy approved by the Cabinet. The Corporate Governance Code is part of Japan's growth strategy and its primary purpose is to stimulate healthy corporate entrepreneurship, support sustainable corporate growth and increase corporate value over the mid- to long-term. I would like to contribute to the improvement of the AUTOBACS SEVEN Group's corporate value by steadily implementing the Corporate Governance Code.

Reasons for the nomination

Mr. Odamura has considerable knowledge and extensive experience regarding risk management, including the eradication of antisocial forces, and operational management. He also has deep insight into transportation industry through his career in transport-related occupations.

Based on such extensive experience and knowledge, Mr. Odamura has provided comments as an outside director and independent officer from the viewpoint of general shareholder protection. He has also fulfilled the roles of making important decisions and supervising business execution.

Mr. Odamura is nominated for outside director, as in the previous year, because the Company believes it is in the best interest of the AUTOBACS SEVEN Group that he continue to supervise the management of the Company as an outside director and independent officer.

Brief professional background including major posts held

April 1972:	Joined the National Police Agency
April 1982:	First Secretary, Embassy of Japan in Thailand
August 1992:	Director General, Saga Prefectural Police Headquarters
April 1998:	Director General, Nagano Prefectural Police Headquarters
August 1999:	Director General, Hiroshima Prefectural Police Headquarters
September 2001:	Director General, Kinki Regional Police Bureau
April 2002:	Director, International Affairs Department, Commissioner-General's Secretariat, National Police Agency
January 2004:	Director General, Imperial Guard Headquarters
January 2006:	Retired from the National Police Agency
February 2006:	Councilor, Japan Police Personnel Cooperative
June 2006:	Senior Director, Japan Urban Security Research Institute
December 2008:	Director General, Institute for Traffic Accident Research and Data Analysis
June 2014:	Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
November 2014:	Advisor, TAITO CORPORATION (current position)

Candidate No. 8:
Yoshiko Takayama
New Candidate

- Date of birth: August 9, 1956 (age 58)
- Term of office at the conclusion of this general meeting: - years
- Number of Company shares owned: -
- Attendance at Board of Directors' meetings: -% (- of - meetings)

Dear Shareholders,

I have engaged in various activities and business duties in Japan and overseas in the fields of corporate governance and investor relations (IR) for many years. I intend to apply the experience and knowledge I have acquired to date and, while respecting the spirit of the Corporate Governance Code, help the Company achieve sustained growth as a company supporting the infrastructure of a car society to maintain constructive dialogue with shareholders through deliberations at the Board of Directors' meetings and discussions with the management of the Group.

Reasons for nomination

As her profile indicates, Ms. Takayama has experience in providing consulting services in finance and M&As, as well as experience and achievements in providing consulting services for corporate consulting, including IR activities and the evaluation of the board of directors relative to IR and corporate governance.

Ms. Takayama is newly nominated for outside director because the Company has high regard for her professional experience and achievements, and expects her to provide advice to help the Company enhance its corporate governance structure and improve its IR activities and also, as an outside director and independent officer, provide supervision of Company management from the viewpoint of general shareholder protection.

Brief professional background including major posts held

April 1980:	Joined Bank of America N.A. Tokyo Branch
June 1987:	Joined Merrill Lynch & Co., Inc. New York Headquarter office
December 1990:	Vice President, Merrill Lynch & Co., Inc. Tokyo Branch
December 1998:	Asia-Pacific Regional Director, Thomson Financial Investor Relations Tokyo Branch
June 2001:	Managing Director, J-Eurus IR Co., Ltd.
March 2003:	Managing Director/Board Member, J-Eurus IR Co., Ltd. (current position)
June 2010:	Governor, International Corporate Governance Network (current position)
October 2010:	Director, Japan Corporate Governance Network (current position)
October 2010:	Member of the Asset Management Policy Study Group, Pension Fund Association for Local Government Officials (current position)

(Note) Ms. Takayama is scheduled to retire as a Governor of the International Corporate Governance Network as of June 3, 2015.

Special remarks on the candidates for the offices of outside directors

1. Independence of the candidates for the office of outside director

Mr. Noriaki Shimazaki, Mr. Hatsuo Odamura and Ms. Yoshiko Takayama satisfy the requirements of the candidates for the office of outside director as set forth in Article 2, Paragraph 3, Item 7, of the Companies Act Enforcement Regulations. At the same time, the three (3) candidates satisfy the requirements for independence defined by the Tokyo Stock Exchange and the “Requirements for the Outside Officers’ Independency” adopted by the Board of Directors of the Company (revised on April 1, 2015). (Please refer to page 19.)

2. Liability limitation agreement with outside directors

Mr. Noriaki Shimazaki and Mr. Hatsuo Odamura, both candidates for the office of outside director and who currently serve as the Company’s outside directors, have entered into an agreement with the Company that defines their limitations of liability as defined in Article 423, Paragraph 1, of the Companies Act. In the event of their re-election as outside directors, said agreement will be continued.

In the event of the election of Ms. Yoshiko Takayama, another candidate for the office of outside director, she plans to enter into the same agreement with the Company that defines her limitations of liability as defined in Article 423, Paragraph 1, of the Companies Act.

The outline of contents in the liability limitation agreements scheduled to be concluded is described below, in the event Agenda Item No. 2 Partial amendments to the Articles of Incorporation, put forward at this Ordinary General Meeting of Shareholders, is approved. Please refer to page 36 for an outline of the content in current liability limitation agreements.

[Outline of contents of liability limitation agreement]

The liability limit pursuant to the agreement shall be the total sum of the amounts a) and b) described below as set forth in Article 425, Paragraph 1, of the Companies Act.

- a) The amount obtained by multiplying by two (2) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received by each of the outside directors from the Company as consideration for the execution of their duties while in office.
- b) In the case where each of the outside directors has subscribed to the Company’s stock acquisition rights as set forth in Article 2, Item 21 of the Companies Act (limited to the case as defined in each Item of Article 238, Paragraph 3, of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the property benefits concerning the said stock acquisition rights.

3. Special relationship between candidates for outside directors and the Company

Candidates for outside directors have no special interests in the Company.

4. In case a candidate for outside director was in office as officer, director or audit and supervisory board member of another company/companies during the past five (5) years, the fact that a violation of any laws, regulations and/or the Articles of Incorporation, or of any improper execution of duties, was made during his/her tenure at such other company/companies, as well as the actions taken in advance by said candidate to prevent said fact and post-facto actions taken as responses to said fact.

None applicable.

Agenda Item No. 4 and Reference Matters

Agenda Item No. 4: Election of two (2) audit and supervisory board members

At the conclusion of this general meeting, the term of office of Mr. Toshiki Kiyohara and Mr. Yuji Sakakura, as audit and supervisory board member, will expire.

Accordingly, the Company requests the shareholders' approval for the election as audit and supervisory board members of the two (2) candidates below.

The present Agenda Item has already been approved by the Audit and Supervisory Board.

Information on the candidates are provided on pages 16–17.

Candidate No.	Name		Career position in the Company
1	Toshiki Kiyohara	Re-nomination Outside Audit and Supervisory Board Member Independent Officer	Audit and Supervisory Board Member
2	Yuji Sakakura	Re-nomination Outside Audit and Supervisory Board Member Independent Officer	Audit and Supervisory Board Member

(Notes) 1. The candidates have no special interest in the Company.

2. Mr. Toshiki Kiyohara and Mr. Yuji Sakakura are candidates for outside audit and supervisory board members as defined in Article 2, Paragraph 3, Item 8, of the Companies Act Enforcement Regulations. In addition, they satisfy the conditions set forth in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, as well as other requirements for independence stipulated by the Company, and they are expected to be independent officers.

Reference Matters for Agenda Item No. 4: Election of two (2) audit and supervisory board members

Candidate No. 1:

Toshiki Kiyohara

Re-nomination, Outside Audit and Supervisory Board Member (Independent Officer)

Career position in the Company: Outside Audit and Supervisory Board Member (Independent Officer)

- Date of birth: August 3, 1949 (age 65)
- Term of office at the conclusion of this general meeting: 4 years
- Number of Company shares owned: 900
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Dear Shareholders,

The revised Companies Act and Ordinance for Enforcement of the Companies Act, which went into effect in May 2015, prompted review of many aspects related to the ideal format for corporate governance and rules between parent companies and their subsidiaries. In addition, the new Corporate Governance Code will go into effect at securities exchanges from June, which is sure to significantly change future corporate governance. I will undertake activities as audit and supervisory board member to facilitate appropriate responses to these changes and enhance the corporate governance of the Group, thereby improving corporate value. To this end, I will draw on my experience over the past four years as audit and supervisory board member.

Reasons for the nomination

Mr. Kiyohara has broad knowledge and achievements in various areas of business, including marketing, corporate planning and organizational reform at a general trading company and experience as a representative director of business corporations.

Based on such extensive experience, Mr. Kiyohara has fulfilled his audit function. He has built close ties with the independent auditor, the Internal Audit Department and the audit and supervisory board members of the Group companies, and has actively attended major in-house meetings to better understand the Company's businesses. He has provided timely and appropriate comments as an outside audit and supervisory board member and independent officer from the viewpoint of protecting the general shareholders.

Mr. Kiyohara is nominated as an outside audit and supervisory board member because the Company believes it is in the best interest of the Group that he continue to audit the Company's management as an outside audit and supervisory board member and independent officer.

Brief professional background including major posts held

April 1972:	Joined MITSUI & CO., LTD.
February 1984:	Manager of Textile Division of MITSUI & CO. (AUSTRALIA) LTD.
June 1993:	Chief of Home Textile Department, Industrial Textile Division of MITSUI & CO., LTD., Kansai Office
October 1997:	Chief of Business Planning Department, Textile Administrative Division of MITSUI & CO., LTD.
October 1999:	General Manager of Interior & Textile Material Division, Textile Business Unit of MITSUI & CO., LTD.
April 2004:	General Manager of Merchandising Division, Lifestyle Business Unit of MITSUI & CO., LTD.
June 2005:	President and Representative Director of MITSUI BUSSAN TEXTILE CO., LTD.
July 2010:	Adviser of MITSUI BUSSAN TECHNO PRODUCTS CO., LTD. (Changed its corporate name from MITSUI BUSSAN TEXTILE CO., LTD. in November 2008)
June 2011:	Outside Audit and Supervisory Board Member, AUTOBACS SEVEN Co., Ltd. (current position)

Candidate No. 2:**Yuji Sakakura**

Re-nomination, Outside Audit and Supervisory Board Member (Independent Officer)

Career position in the Company: Outside Audit and Supervisory Board Member (Independent Officer)

- Date of birth: May 3, 1951 (age 64)
- Term of office at the conclusion of this general meeting: 4 years
- Number of Company shares owned: 900
- Attendance at Board of Directors' meetings: 100% (16 of 16 meetings)

Dear Shareholders,

As an outside audit and supervisory board member over the past four years, I have made concerted efforts to provide timely opinions and advice to the Board of Directors to ensure that there is nothing unfair or inappropriate. Given the growing attention paid to corporate governance, I will continue to address the expectations of shareholders and strive to fulfill my duty as an audit and supervisory board member to promote sustained improvement in the Company's corporate value.

Reasons for the nomination

Mr. Sakakura has many years of experience in financial affairs, particularly international finance and capital markets, at a general trading company, and has played a key role in the establishment and operation of securities companies during financial deregulation.

With this background in finance, accounting and capital markets, Mr. Sakakura has built close ties with the accounting auditor, the Internal Audit Department and the audit and supervisory members of the Group companies. He has worked to collect internal information and has provided timely comments from the viewpoint of protecting the general shareholders as an outside audit and supervisory board member and independent officer.

Mr. Sakakura is nominated for an outside audit and supervisory board member because the Company believes he can continue to audit the Company's management as an outside audit and supervisory board member and as independent officer.

Brief professional background including major posts held

April 1974:	Joined Nissho Iwai Corporation
April 1998:	General Manager of Financial Market Division of Nissho Iwai Corporation
June 1999:	President and Representative Director of Nissho Iwai Securities, Co., Ltd.
March 2004:	President and Representative Director of Fides Securities Corporation
April 2005:	Executive Officer and General Manager of Corporate Business Department of E-Trade Securities Co., Ltd.
September 2005:	Chief Financial Officer of GCA Corporation
May 2006:	Director and Chief Financial Officer of GCA Corporation
July 2007:	Chief Development Officer of GCA Savvian Corporation
May 2011:	Representative Director of Relations JAPAN Co., Ltd. (current position)
June 2011:	Outside Audit and Supervisory Board Member, AUTOBACS SEVEN Co., Ltd. (current position)
March 2014:	Outside Auditor, Fullcast Holdings Co., Ltd. (current position)

Special remarks on the candidates for the offices of outside audit and supervisory board members

1. Independence of the candidates for the office of outside audit and supervisory board member

Mr. Toshiki Kiyohara and Mr. Yuji Sakakura satisfy the requirements of the candidates for the office of outside audit and supervisory board member as set forth in Article 2, Paragraph 3, Item 8, of the Companies Act Enforcement Regulations. At the same time, the two (2) candidates satisfy the requirements for independence defined by the Tokyo Stock Exchange and the “Requirements for the Outside Officers’ Independence” adopted by the Board of Directors of the Company (revised on April 1, 2015). (Please refer to page19.)

2. Liability limitation agreement with outside audit and supervisory board members

Mr. Toshiki Kiyohara and Mr. Yuji Sakakura, both candidates for the office of outside audit and supervisory board member and who currently serve as the Company’s outside audit and supervisory board members, have entered into an agreement with the Company that defines their limitations of liability as defined in Article 423, Paragraph 1, of the Companies Act. In the event of their re-election as outside audit and supervisory board members, said agreement will be continued.

The outline of contents in the liability limitation agreements scheduled to be concluded is described below, in the event Agenda Item No. 2 Partial amendments to the Articles of Incorporation, put forward at this Ordinary General Meeting of Shareholders, is approved. Please refer to page 36 for an outline of the content in current liability limitation agreements.

[Outline of contents of liability limitation agreement]

The liability limit pursuant to the agreement shall be the total sum of the amounts a) and b) described below as set forth in Article 425, Paragraph 1, of the Companies Act.

- a) The amount obtained by multiplying by two (2) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received by each of the outside audit and supervisory board members from the Company as consideration for the execution of their duties while in office.
- b) In the case where each of the outside audit and supervisory board members has subscribed to the Company’s stock acquisition rights as set forth in Article 2, Item 21 of the Companies Act (limited to the case as defined in each Item of Article 238, Paragraph 3, of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the property benefits concerning the said stock acquisition rights.

3. Special relationship between candidates for outside audit and supervisory board members and the Company

Candidates for outside audit and supervisory board members have no special interests in the Company.

4. In case a candidate for outside audit and supervisory board member was in office as officer, director or audit and supervisory board member of another company/companies during the past five (5) years, the fact that a violation of any laws, regulations and/or the Articles of Incorporation, or of any improper execution of duties, was made during his/her tenure at such other company/companies, as well as the actions taken in advance by said candidate to prevent said fact and post-facto actions taken as responses to said fact.

None applicable.

Requirements for the Outside Officers' Independence

The independent officers of the Company shall be the outside director or outside audit and supervisory board member who satisfy the following requirements for independence.

At the time when any event has occurred to the person which results in infringement of the following requirements for independence, he/she shall lose the independence.

1. The Company's Outside Officers shall not have had any interest in the Company and its affiliates (hereinafter collectively the "AUTOBACS SEVEN Group") or specified corporations or entities in any of the following ways:
 - (i) Receiving remuneration (excluding the remuneration for the duty of an officer from the Company) or other assets from the AUTOBACS SEVEN Group in an amount exceeding ten (10) million yen per fiscal term within the past three years including the fiscal term under review
 - (ii) Belonging to an audit firm that conducted audits on the AUTOBACS SEVEN Group within the past three years, including the fiscal term under review
 - (iii) Serving any of the following corporations or entities (including holding companies) as a director, an executive officer, a general manager or in any other executive or managerial capacity (hereinafter referred to as executive directors, etc.):
 - a. AUTOBACS SEVEN Group customer or business partner^{*1} whose amount per fiscal term of operation or trade with, or the amount paid to or received by, the AUTOBACS SEVEN Group accounts for 2% or more of the sales^{*2} of either party in any fiscal term within the past three years, including the fiscal term under review
 - b. Financial institution or other large creditor that is indispensable to the AUTOBACS SEVEN Group's fund procurement and on which the Group depends to the extent that such a financial institution or large creditor is irreplaceable, within the last three years, including the fiscal term under review
 - c. Any major shareholder of the Company (owning 10% or more of outstanding shares), within the last five years, including the fiscal term under review
 - d. Any corporation which currently includes the AUTOBACS SEVEN Group as major shareholder (owning more than 10% of outstanding shares)
 - e. Any corporation that currently shares mutually appointed directors with the AUTOBACS SEVEN Group (mutual exchange of directors through cross-holding of shares)
2. The Company's outside officers shall not have been a spouse of said executive directors, etc., of the AUTOBACS SEVEN Group or a relative within the second degree of kinship, or have shared means of livelihood in the last five years, including the fiscal term under review.
3. The Company's outside officers shall not be a spouse of, a relative within the second degree of kinship or share means of livelihood with any person corresponding to the description of Paragraph 1 above.
4. The Company's outside officers shall not be in any situation that may hinder them from performing their duties as the Company's independent officers.

^{*1} Includes accounting firms, law offices and consulting companies other than those listed in 1. (ii) above.

^{*2} Includes line items falling under net sales, such as "operating income." Consolidated net sales come from companies within the scope of consolidated accounting.

Established February 24, 2010
Revised April 1, 2015

Business Report (from April 1, 2014 to March 31, 2015)

1. Current Status of the AUTOBACS SEVEN Group

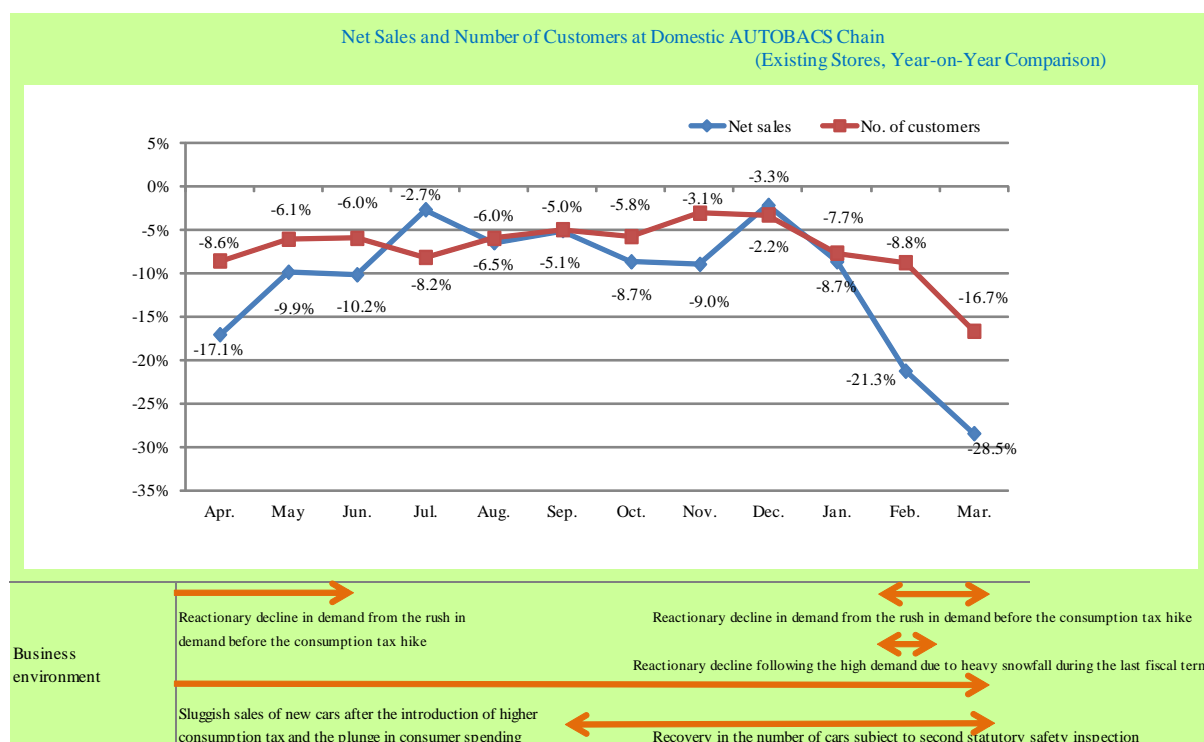
(1) Business Progress and Results

Business environment

During the consolidated fiscal term under review, although the Japanese economy showed a continued moderate recovery trend, supported by the effects of economic and financial measures implemented by the Japanese government and the Bank of Japan, consumer spending remained uncertain due to a reactionary decline after the rush in demand just prior to the consumption tax hike in April 2014, and persistent sluggish consumer confidence, as well as the expanding money-saving mind-set of consumers. With regard to domestic automotive-related consumption, the overall situation was severe because the demand for new and used cars continued to be slow after the consumption tax hike.

Operations at domestic stores

Total sales for all business categories of the AUTOBACS chain (including franchise stores) in Japan during the fiscal term under review declined by 11.0% on a same-store basis, and decreased by 9.9% on a total-store basis year-on-year.



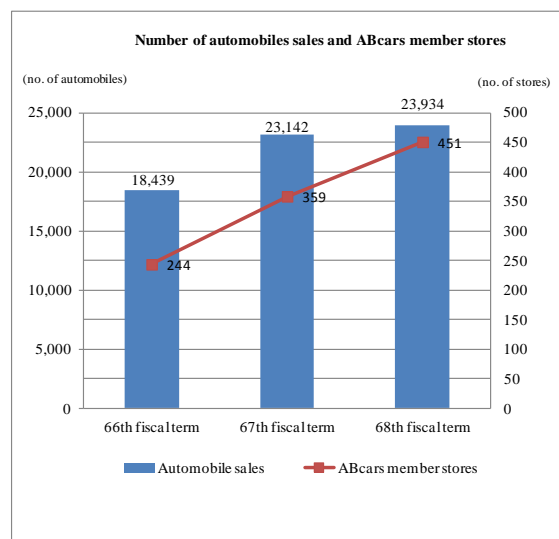
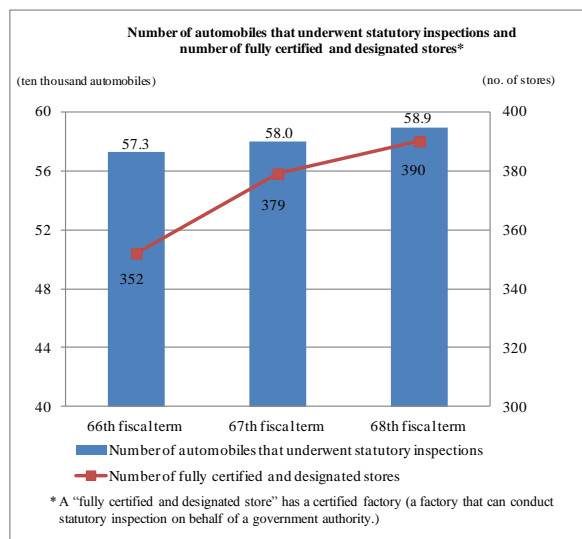
In the AUTOBACS chain business in Japan during the fiscal term under review, AUTOBACS SEVEN Co., Ltd. (the “Company”), implemented measures to earn greater support and trust from all drivers, in the three pillars of operations—“the automotive goods and services sales business,” “the statutory safety inspection and maintenance services business,” and “the automobile purchase and sales business.” Such measures include the start of sales promotion activities commemorating AUTOBACS 40th anniversary, the launch of sales of its private brand, “AQ.” (Autobacs Quality), and the introduction of a new membership program called Maintenance Member.

In the automotive goods and services sales business, sales decreased due to a reactionary decline after the rush in demand before the consumption tax hike, sluggish sales of new cars, slow consumer spending, lower unit prices of car navigation devices and less snowfall in metropolitan areas compared with the previous fiscal term.

In the statutory safety inspection and maintenance services business, strengthened efforts in-store to promote statutory safety inspections resulted in 589,000 units undergoing such inspections during the fiscal

term under review, up by 1.4% year on year, despite a severe business environment with a small number of cars subject to a second statutory safety inspection during the first half of the fiscal term under review, which is five years after the Lehman Shock.

In the automobile purchase and sales business, the number of AUTOBACS Cars (“ABcars”) member stores increased to 451 from 359 at the end of the previous fiscal term, and through sales promotions on a national scale and enhanced automobile purchasing and sales activities, the total number of automobiles sold for the consolidated fiscal term under review rose by 3.4% year on year to 23,900 units.



Status of domestic store consolidation

With respect to domestic store openings and closings in the 68th fiscal term, the AUTOBACS SEVEN Group opened 13 new stores. As a result, the number of stores of the AUTOBACS Chain as of the end of the fiscal term under review increased by 13 stores from 571 stores at March 31, 2014, to 584 stores.

Openings and closings of domestic stores in the 68th fiscal term

No. of domestic stores at the end of the fiscal term under review: 584

	No. of stores as of March 31, 2014	Opened	Change in store format, S/B, R/L		Closed	No. of stores as of March 31, 2015	Increase/decrease
			+	–			
AUTOBACS	478	13	0	0	0	491	13
Super AUTOBACS	75	0	0	0	0	75	0
AUTOBACS Secohan Ichiba	10	0	0	0	0	10	0
AUTOBACS EXPRESS	8	0	0	0	0	8	0
Total	571	13	0	0	0	584	13

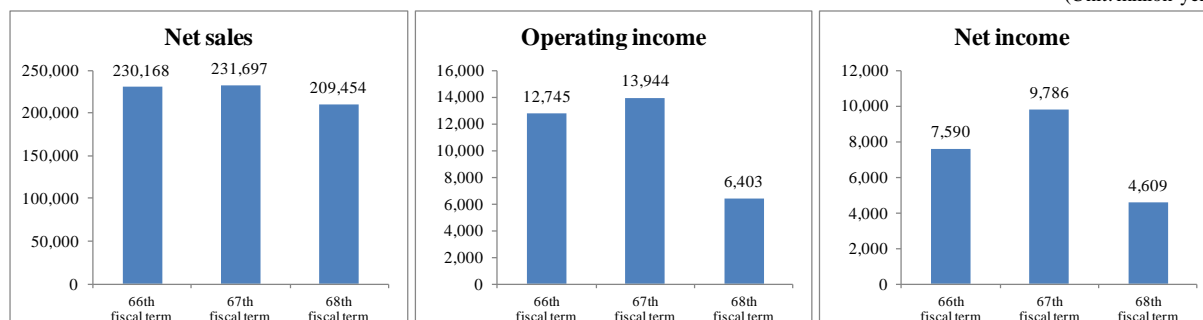
(Notes) 1. Eight AUTOBACS Secohan Ichiba stores in a shop-in-shop format as of March 31, 2015, are not included in the number of the overall AUTOBACS chain stores.

2. “S/B” and “R/L” above are the abbreviations for “scrap and build” and “relocation,” respectively.

Consolidated business results

The AUTOBACS SEVEN Group's net sales for the consolidated fiscal term under review decreased by 9.6% year on year to ¥209,454 million, gross profit fell by 13.0% year on year to ¥66,902 million, selling, general and administrative expenses decreased by 3.9% year on year to ¥60,498 million, and operating income decreased by 54.1% year on year to ¥6,403 million. Ordinary income decreased by 49.8% year on year to ¥8,250 million. As extraordinary income, the gain on sales of shares of subsidiaries and associates of ¥401 million was recorded, associated with sales of shares of AUTOBACS Kanagawa Ltd., and the gain on sales of investment securities of ¥655 million was posted as a result of selling shares of Broadleaf Co., Ltd. As a result, net income for the fiscal term under review decreased by 52.9% year on year to ¥4,609 million.

(Unit: million yen)



Business results by segment are as follows.

(AUTOBACS SEVEN Co., Ltd.)

Net sales declined by 9.2% year on year to ¥166,828 million. Although the Company reinforced sales promotion measures to boost sales at stores to cope with sluggish demand after the consumption tax hike, wholesale sales of automotive goods decreased. Gross profit fell by 11.1% year on year to ¥34,673 million, due to the decrease in overall net sales, even though the gross profit ratio on certain merchandise, such as tires and wheels, improved. Selling, general and administrative expenses increased by 0.6% year on year to ¥25,837 million, as a result of strengthening mass media advertisements and reinforcing sales promotion activities, despite efforts to reduce mainly controllable expenses. As a result, operating income decreased by 33.7% year on year to ¥8,836 million.

(Domestic store subsidiaries)

Net sales decreased by 16.6% year on year to ¥67,883 million, and an operating loss of ¥1,924 million was recorded compared with operating income of ¥555 million for the previous fiscal term. Sales of “automotive goods and services” and “statutory safety inspection and maintenance services” decreased with the serious impact of a reactionary decline in demand after the consumption tax hike and subsequent decline in demand. However, sales increased year on year in “the automobile purchase and sales” business due to strengthening sales measures. Gross profit decreased from a year earlier as overall net sales declined, despite the improved gross margin of certain merchandise, such as tires and wheels. Selling, general and administrative expenses declined due to sustained efforts to reduce controllable expenses, while reinforcing sales promotion activities, and due to the transfer of stores to franchisees.

(Overseas subsidiaries)

Net sales decreased by 3.7% year on year to ¥9,985 million. Operating loss was ¥177 million compared with an operating income of ¥11 million for the previous fiscal term. On a local currency basis, in France, net sales and gross profit declined due to sluggish sales mainly of services, affected by the slow economic environment, which resulted in a larger operating loss. In China, the Shanghai store was closed in September 2014, as part of efforts to reorganize the retail business in this country, which led to a decrease in net sales, but an improvement in operating loss. In Thailand, two new stores opened during the second half, while the closure of unprofitable stores resulted in lower net sales, and this move prompted greater cost efficiency, which limited the extent of the operating loss. In Singapore, although net sales decreased with the impact of a lower number of newly registered cars, resulting in a decline in the gross margin, operating income increased due to efforts to reduce expenses.

(Subsidiaries for car goods supply and other)

Net sales increased by 1.5% year on year to ¥15,396 million, while operating income decreased by 79.2% year on year to ¥53 million. The increase in sales reflects sales to a new client at Palstar K.K., but expenses related to these sales also increased, which resulted in the year-on-year decrease in operating income.

(Subsidiaries for supporting functions)

Net sales decreased by 3.1% from a year earlier to ¥3,051 million because sales of leases of store facilities and equipment to franchise stores decreased. Operating income decreased by 0.6% year on year to ¥429 million, about the same level as the previous fiscal term.

(Consolidation adjustment in operating income)

The adjustment of total operating income in each segment to consolidated operating income was ¥812 million, up by ¥172 million compared with a year earlier. This increase in the consolidated adjustment following the previous fiscal term mainly reflected an increase in the adjustment of inventories due to an increase in unrealized income from sales of merchandise by the Company to domestic store subsidiaries and an increase in the amortization of goodwill in association with the conversion of franchisees into subsidiaries.

Net sales and operating income by segment

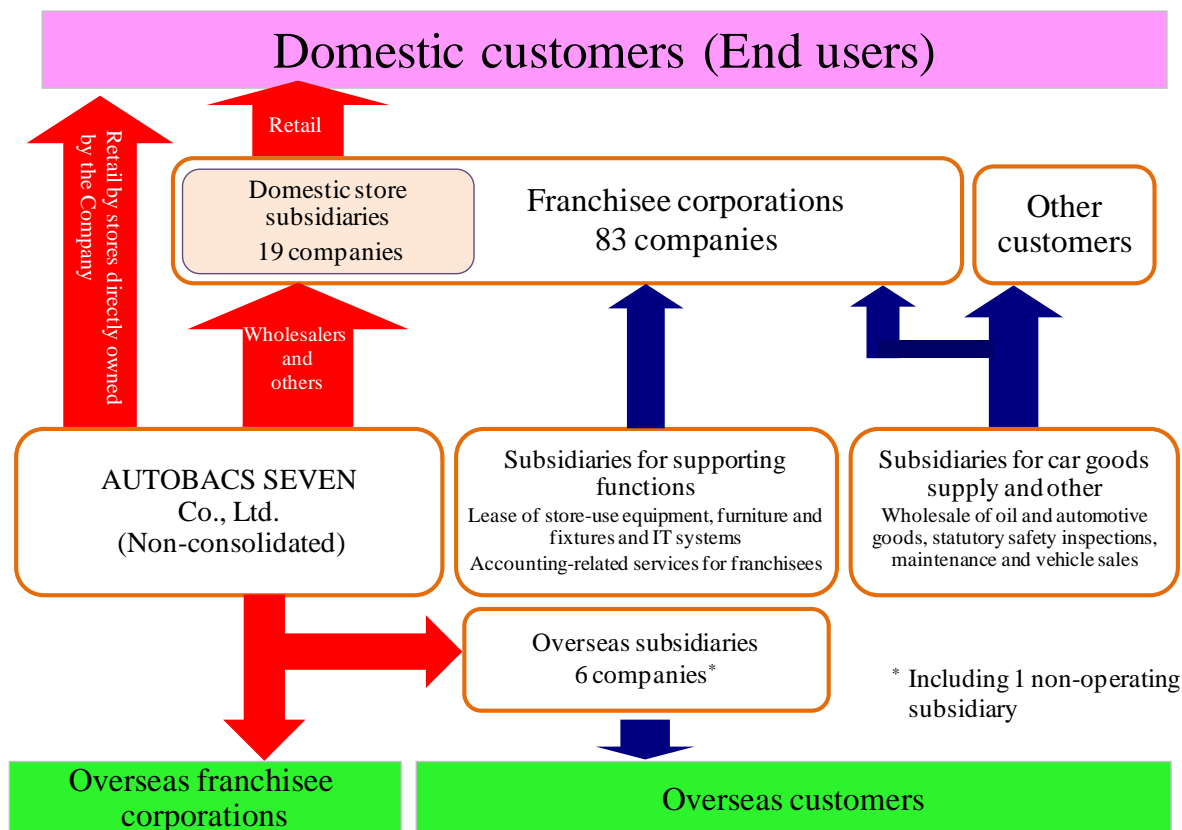
(Unit: million yen)

	The Company	Domestic store subsidiaries	Overseas subsidiaries	Subsidiaries for car goods supply and other	Subsidiaries for supporting functions	Total (Note)
Net sales	166,828	67,883	9,985	15,396	3,051	263,145
year on year change	-9.2%	-16.6%	-3.7%	1.5%	-3.1%	-10.4%
Operating income	8,836	-1,924	-177	53	429	7,216
year on year change	-33.7%	-	-	-79.2%	-0.6%	-50.5%

Note: The total in the above table shows the amounts resulting from simple additions before consolidation adjustments.

The Company's Consolidated Segments

Outline of the Company's Consolidated Segments (as of March 31, 2015)



Progress overview of the Medium-Term Business Plan

Aiming to achieve its vision: “Anything about cars, you find at AUTOBACS,” the AUTOBACS SEVEN Group (the “Group”) strove to explore new business fields, promoting various measures in line with the 2014 Medium-Term Business Plan, covering four years, starting in the fiscal term under review.

(i) Business strategies

With its basic policy to “improve the profitability of the domestic AUTOBACS business and create new businesses,” the Group is tackling the challenges to revamp the domestic AUTOBACS business so that it can cope with environmental changes, nurture its overseas businesses and develop new businesses as new pillars of revenue. In the domestic AUTOBACS business, the Group enhanced customer convenience and safety as major values that it offers to customers, strengthened the lineup of car maintenance-related merchandise, promoted statutory safety inspection and maintenance services, and reinforced automobile purchase and sales.

In the automotive goods and sales business, with a focus on selling tires, the Group opened six AUTOBACS Tire Shops by March 31, 2015, as new sales bases, and started sales of ESPORTE AB01, an AUTOBACS-exclusive tire developed in cooperation with a well-known domestic manufacturer, to offer high-quality merchandise at affordable prices.

In addition, the AUTOBACS private brand was integrated into the “AQ.” (Autobacs Quality) label with a priority on “Safety First.”

In the statutory safety inspection and maintenance services business, aiming to expand sales of statutory safety inspections, which represent a growth area in the AUTOBACS business, the Group established a division dedicated to strengthening the structure that underpins statutory safety inspection operations. The Group also promoted Internet reservations for statutory safety inspections, began full operation of the Statutory Safety Inspection Contact Center, and introduced and promoted a maintenance service package to improve customer convenience.

As a result of these efforts, the cumulative number of cars undergoing statutory safety inspections by the AUTOBACS chain has exceeded 5,000,000 units.

The automobile purchase and sales business has been developed, aiming to handle this business at all stores of the Group. As of March 31, 2015, 451 stores were conducting automobile purchase and sales.

As for new activities, in June 2014, the Company received official recognition as sub-agent for SUZUKI JIHAN HYOGO CORPORATION Inc. and subsequently opened a car dealer outlet—SUZUKI CARS 43-DOI Store—at the Super AUTOBACS 43-DOI Store in Amagasaki, Hyogo Prefecture. This outlet has made it possible to provide automotive goods and services, which are the Group’s strength, and associated installation at the time of new car purchase, thereby meeting a broad range of customer needs.

In October 2014, the Group launched the car leasing service business—AUTOBACS *Marunori* (all-in-one service)—through which customers can receive maintenance services at any AUTOBACS chain store nationwide.

To promote the CRM strategy, the Group pushed forward initiatives to organize and analyze customer data to further reinforce ties between the AUTOBACS chain and customers. Based on customers’ purchase histories and their hobbies and preferences, the Group established a new customer support system to propose merchandise and services that fit the needs of each customer.

To reinforce E-Commerce as an important sales channel for the AUTOBACS chain, the Group continues to reinforce its in-house online shopping website.

With online reservation services for oil changes, which are available at all AUTOBACS stores, the Group enhanced customer satisfaction by adding a function that allows customers to select the merchandise prior to the appointment, thereby shortening wait times at stores. In addition, the Group is striving to integrate in-store and online transactions by installing car goods purchased via the Internet at AUTOBACS stores.

In the overseas business, the Group has focused on the ASEAN region, which presents future growth potential, while reinforcing the management structure by closing unprofitable stores. In Malaysia, the Company established a local subsidiary that conducts mainly the automotive goods and services sales business and provides auto-related services.

Meanwhile, in Thailand, two new stores opened selling mainly car maintenance merchandise such as tires, engine oil and batteries in commercial complexes (though they are relatively small), thereby enhancing customer convenience. As a result, the number of stores in Thailand has become five.

(ii) CSR / Risk management

The Company has entered into agreements with local governments under which stores will be used as support stations in the event of a large-scale disaster. The number of stores ready to provide assistance stood at 320, as of March 31, 2015. In other developments, the Company continued to conduct clean-up campaigns in the area surrounding corporate headquarters and at the base of Mt. Fuji and also participated in environmental protection activities following ISO 14001 certification.

As for risk management measures, the Company identified specific risks to which the AUTOBACS chain is exposed, prioritized such risks and the Company's officers shared measures to address such risks, thereby improving the risk management at the AUTOBACS chain. The Company also strove to reinforce franchise stores' compliance structure.

(2) Status of Capital Investment

During the consolidated fiscal term under review, the Company made capital investments totaling ¥6,127 million, mainly to acquire buildings and structures required to open new stores and on information systems and others to develop and revise the store management system.

(3) Status of Fund Procurement

During the consolidated fiscal term under review, the Company procured the funds for business operations mainly through refinancing as the entire AUTOBACS chain. The balance of short-term borrowings, long-term debts and bonds declined by ¥1,631 million, because repayments exceeded the amount procured.

(4) Targets to be Achieved

During the consolidated fiscal term ended March 31, 2015, the Group started the 2014 Medium-Term Business Plan and strove to improve profitability in the AUTOBACS business and create new businesses, targeting consolidated operating income of ¥18 billion, consolidated return on equity (ROE) of 8% and maintaining a consolidated dividend on equity ratio (DOE) of 3% or more.

With regard to planned performance in the consolidated fiscal term under review, the Group had anticipated a reactionary decline in demand in the first quarter following a rush in demand before the consumption tax hike, along with market contraction over the long term. However, the impact of these factors persisted longer, and the operating environment for the domestic AUTOBACS business was worse than initially expected.

Given these conditions, management concluded that it would be difficult to achieve the targets as originally set and decided to revise the 2014 Medium-Term Business Plan. As announced in May 2015, the basic direction of the plan remains unchanged but the Company reassessed certain numerical targets, such as consolidated operating income, and certain business strategies and reset targets and specific measures to reach these targets.

The outline of the revised 2014 Medium-Term Business Plan is as follows. Revised numerical targets and other details are currently under review and will be announced as soon as final decisions are made.

(i) Outline of the Medium-Term Business Plan

The basic direction of the medium-term business plan remains unchanged—to improve the profitability of the domestic AUTOBACS business and, from a medium- to long-term perspective, turn overseas business and new business into pillars of revenue for the future.

Neither is there any change to the basic concepts underlying financial strategies that emphasize return to shareholders and seek enhanced capital efficiency.

However, specific strategies and measures for the domestic AUTOBACS business will be revised, and the Group will strive to realize new numerical targets in the current severe business environment.

No revisions have been made to the period covered by the 2014 Medium-Term Business Plan, with the final fiscal term ending March 31, 2018.

(ii) Strategies for the domestic AUTOBACS business

With regard to the policy related to business strategies, as planned initially, the Group will strive to develop measures to establish long-term relationships with customers and strengthen customer contact points, as a core strategy, through “automotive goods and services sales,” “statutory safety inspection and maintenance services,” as well as “automobile purchase and sales,” as part of its business policy of “creating higher value for customers and establishing competitive advantage—enhancing customers’ convenience and security.”

The Company will take a proactive approach, targeting customers who have purchased car goods at AUTOBACS stores, and encourage them to use pit services, such as statutory safety inspection and maintenance services. The objective is to materialize the Group's vision, reflected in the statement: "Anything about cars, you find at AUTOBACS," with the ultimate goal that customers will use AUTOBACS stores for everything to do with cars.

Toward this end, the Company will utilize the AUTOBACS network and customer data—the most valuable management resources of the Group—and promote omni-channel retailing.

(iii) Strategies for overseas businesses

There are no changes to the strategic direction or key measures for the overseas business.

Mainly in the ASEAN region, where economies are still growing, the Group will promote business development with a sense of speed of development and aggressively utilizing partnerships with local corporations not only in the retail sales and service business but also in peripheral businesses such as the wholesale of merchandise.

(iv) Strategies for new businesses

There are no changes to the strategic direction or key measures for new business.

Regardless of the synergies with the existing AUTOBACS business, the Group will explore new businesses that can become pillars of revenue in the future, mainly in auto-related fields, and implement M&As and use business alliances aggressively to develop business quickly.

In April 2015, the Company acquired all the shares in Autoplatz K.K., a BMW certified dealer, and its subsidiary Autoplatz Motors K.K., which is a MINI authorized dealer, and began operation of Ikebukuro BMW and MINI Ikebukuro.

(v) Financial strategies

The Group will increase consolidated cash flow while aggressively pursuing business investments. At the same time, the Group will strive to maintain a consolidated DOE ratio of 3% or higher and continuous return to shareholders.

In addition, consolidated ROE is one of the most important indicators of the Group. Prioritizing enhanced profitability, the Group aims to improve the return on investment (ROI) and achieve a consolidated ROE of 8%, while considering the financial soundness of the Group raise ROE while improving investment returns, and with due care to financial soundness will work toward consolidated ROE of 8%.

We kindly ask our shareholders for your continued support.

(5) Assets and Operating Results

(i) The Group's assets and operating results

Classification	64th fiscal term Apr. 1, 2010- Mar. 31, 2011	65th fiscal term Apr. 1, 2011- Mar. 31, 2012	66th fiscal term Apr. 1, 2012- Mar. 31, 2013	67th fiscal term Apr. 1, 2013- Mar. 31, 2014	68th fiscal term Apr. 1, 2014- Mar. 31, 2015
Net sales (million yen)	236,350	237,342	230,168	231,697	209,454
Operating income (million yen)	11,988	13,720	12,745	13,944	6,403
Ordinary income (million yen)	13,060	15,307	14,472	16,421	8,250
Net income (million yen)	6,179	8,402	7,590	9,786	4,609
Net income per share (¥)	177.97	252.85	(Note) 81.22	107.71	52.83
Total assets (million yen)	207,794	217,948	205,526	201,481	186,531
Net assets (million yen)	147,962	146,193	143,301	144,363	138,553
Capital-to-assets ratio (%)	71.0	66.8	69.5	71.5	74.2
ROE (%)	4.1	5.7	5.3	6.8	3.3
Dividend payout ratio (%)	75.9	57.3	64.0	59.4	113.6 (projection)
DOE (%)	3.2	3.3	3.4	4.1	3.7 (projection)

(Note) The Company conducted a 3-for-1 stock split as of April 1, 2013.

Net income per share was calculated assuming that the stock split was conducted at the beginning of the 66th fiscal term.

(ii) The Company's assets and operating results

Classification	64th fiscal term Apr. 1, 2010- Mar. 31, 2011	65th fiscal term Apr. 1, 2011- Mar. 31, 2012	66th fiscal term Apr. 1, 2012- Mar. 31, 2013	67th fiscal term Apr. 1, 2013- Mar. 31, 2014	68th fiscal term Apr. 1, 2014- Mar. 31, 2015
Net sales (million yen)	194,715	195,601	187,298	183,758	166,828
Operating income (million yen)	11,749	13,590	13,735	13,330	8,836
Ordinary income (million yen)	12,437	15,148	15,231	14,911	11,063
Net income (million yen)	7,876	8,835	8,659	9,370	3,301
Net income per share (¥)	226.79	265.80	(Note) 92.64	103.10	37.82
Capital (million yen)	33,998	33,998	33,998	33,998	33,998
No. of shares outstanding (shares)	37,454,204	34,251,605	32,650,035	92,950,105	89,950,105
Total assets (million yen)	207,298	208,930	196,532	187,912	173,106
Net assets (million yen)	149,692	148,381	146,298	146,441	139,408

(Note) The Company conducted a 3-for-1 stock split as of April 1, 2013.

Total number of shares outstanding for the 66th fiscal term is the number of shares before the stock split, whereas net income per share is calculated assuming that the stock split was conducted at the beginning of the 66th fiscal term.

(6) The Group's Major Business Line (as of March 31, 2015)

The Group is engaged in wholesale and retail sales of automotive related goods both in Japan and overseas; automobile purchase and sales; and loan and credit business. It also provides the AUTOBACS chain with store leasing service; back-office agency service, and general insurance agency service.

Categories related to the Group's business and relation between the business and operating departments are as follows.

Division	Description of business
Wholesale	Sale of automotive-related goods to stores, including the Group's franchise stores Major merchandise lineup: tires & wheels, car electronics, etc.
Retail	Sale and installation services of automotive-related goods, maintenance services, statutory safety vehicle inspections, and automobile purchase and sales mainly to general consumers Major store brands: AUTOBACS, Super AUTOBACS, AUTOBACS <i>Secohan Ichiba</i> and AUTOBACS CARS ("ABcars"), etc.
Other	Mainly leasing of real estate and store facilities to corporate franchisees

(7) Major Business Locations of the Company (as of March 31, 2015)

Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo	
Business region headquarters	Northern Japan Region Headquarters	Izumi-ku, Sendai City
	Kanto Region Headquarters	Ichikawa City, Chiba
	Chubu Region Headquarters	Meito-ku, Nagoya City
	Kansai Region Headquarters	Kita-ku, Osaka City
	Southern Japan Region Headquarters	Hakata-ku, Fukuoka City
Distribution centers	Eastern Japan Logistics Center	Ichikawa City, Chiba
	Western Japan Logistics Center	Miki City, Hyogo

(8) Key Subsidiaries (as of March 31, 2015)

Company name	Location	Capital	The Company's investment ratio	Line of business
AUTOBACS Hokkaido, Ltd.	Nishi-ku, Sapporo City	¥100 million	100.0%	Automotive goods retail business
AUTOBACS FRANCE S.A.S	Pierrelaye, France	EUR 31,888 thousand	100.0%	Automotive goods retail business
AUTOBACS Financial Service Co., Ltd.	Koto-ku, Tokyo	¥15 million	100.0%	Leasing business

(9) Key Affiliate Companies (as of March 31, 2015)

Company name	Location	Capital	The Company's investment ratio	Line of business
Puma Ltd.	Imizu City, Toyama	¥33 million	31.5%	Automotive goods retail business
FUNUS Corporation	Minato-ku, Tokyo	¥200 million	25.0%	Automotive goods retail business
Buffalo Ltd.	Kawaguchi City, Saitama	¥510 million	24.2%	Automotive goods retail business

(10) Employment Situation (as of March 31, 2015)**The Group's employment status**

(Unit: persons)

Divisions	No. of employees		Increase/decrease from the previous consolidated fiscal term	
Wholesale	584	(42)	-64	(1)
Retail	3,127	(847)	-189	(-64)
Company-wide (common)	552	(21)	50	(-)
Total	4,263	(910)	-203	(-63)

- (Notes)
1. The number of employees indicates the number of persons actually working for the AUTOBACS SEVEN Group and does not include those who are working on loan for other companies.
 2. The yearly average number of temporary employees is shown in parentheses.
 3. The number of employees shown in "Company-wide (common)" indicates that of people belonging to the divisions that cannot be categorized into specific divisions.

The Employment status of the Company

No. of employees	Increase/decrease from the previous fiscal term	Average age	Average number of years of employment
1,049	-17	43.1	15.3

(11) Major Lenders and Loan Amount (as of March 31, 2015)

(Unit: million yen)

Lenders	Balance of loans
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,333
Nippon Life Insurance Company	900
Sumitomo Mitsui Banking Corporation	653

(12) Other Significant Matters Concerning Current Status of the Group

Not applicable

2. Status of the Company (as of March 31, 2015)

(1) Status of Shares

- (i) Total number of authorized shares: **328,206,900 shares**
(ii) Total number of shares issued: **89,950,105 shares (including 3,404,570 treasury stock)**
(iii) Number of shareholders: **32,238**
(iv) Major shareholders (Top 10 shareholders)

Name	Status of contribution to the Company	
	Number of shares held (thousands)	Shareholding ratio (%)
Northern Trust Company (AVFC) Re Silchester International Investors International Value Equity Trust	6,934	8.01
Sumino Holdings, Ltd.	6,268	7.24
Northern Trust Company AVFC Re U.S. Tax Exempted Pension Funds	4,065	4.69
The Yuumi Memorial Foundation for Home Health Care	3,990	4.61
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,442	3.97
K Holdings, Ltd.	2,800	3.23
Japan Trustee Service Bank, Ltd. (Trust Account)	2,573	2.97
Sumisho Holdings, Ltd.	2,400	2.77
Northern Trust Company (AVFC) Account Non-treaty	2,385	2.75
Live Field Co., Ltd.	2,000	2.31

(Notes) 1. Shareholding ratio is calculated by deducting treasury stock from the total number of shares with voting rights.

2. Holdings of less than 1,000 shares have been omitted from the number of shares owned, and the share holding ratio is rounded down to two decimal places.
3. An amendment to the substantial shareholding report was filed with the director-general of the Kanto Local Finance Bureau by Silchester International Investors LLP, as shown in the table below, pursuant to Article 27-25, Paragraph 1, of the Financial Instruments and Exchange Act. The Company could not, however, confirm the number of shares held by Silchester International Investors LLP as of March 31, 2015. As a result, the number of shares held by the company is not included in the list of "Major shareholders" above.

An amendment to the substantial shareholding report	Date of submission	Number of shares held (thousands)	Holding ratio (%)
No. 12	April 17, 2014	9,895	10.65
No. 13	June 13, 2014	10,544	11.72
No. 14	June 27, 2014	11,527	12.82
No. 15	July 22, 2014	12,506	13.90
No. 16	August 7, 2014	13,501	15.01
No. 17	August 27, 2014	14,451	16.07
No. 18	November 19, 2014	15,351	17.07

(Notes) 1. The shareholding ratio uses the total number of shares outstanding as the denominator in the calculation.

2. Holdings of less than 1,000 shares have been omitted from the number of shares owned, and the share holding ratio is rounded down to two decimal places.

(v) Other significant matters concerning shares**a. Acquisition, disposal, etc. of treasury stock and the holding thereof**

(Unit: shares)

Treasury stock held at the end of the previous fiscal term		3,403,912 — (i)
Acquired shares	Acquisition through purchase of shares constituting less than one (1) unit	699 — (ii) (Aggregate acquisition value: ¥1,203 thousand)
	Acquisition of treasury stock in accordance with the provision of Article 156 of the Companies Act as applied under Article 165, Paragraph 3, of the said act.	3,000,000 — (iii) (Aggregate acquisition value: ¥5,050,391 thousand)
Disposed shares	Disposal through selling of shares constituting less than one (1) unit	41 — (iv) (Aggregate disposal value: ¥69 thousand)
	Disposal of treasury stock pursuant to the provision of Article 178 of the Companies Act	3,000,000 — (v) (Aggregate disposal value: ¥4,520,094 thousand)
Treasury stock held at the end of the current fiscal term		3,404,570 (i)+(ii)+(iii)-(iv)-(v)

b. Major shareholders

As described above, an amendment to the substantial shareholding report No. 12 was filed with the director-general of the Kanto Local Finance Bureau by Silchester International Investors LLP on April 17, 2014. Based on that report, Silchester International Investors LLP became the Company's major shareholder, which has not yet been confirmed on the Company's register of shareholders. According to the report, Silchester International Investors LLP has virtually become the largest shareholder of the Company, therefore the Company made a timely disclosure of a change in the major shareholders of the Company. Pursuant to Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and the provision of Article 19, Paragraph 2, Item 4, of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., the Company submitted an extraordinary report related to the change of the major shareholders of the Company.

(2) Status of the Company's Officers

(i) Status of directors and audit and supervisory board members, significant concurrent positions and relationship with the Company

Position	Name	Responsibility and significant concurrent positions held in other organization	Concurrently held positions	Relationship with the Company
Representative Director	Setsuo Wakuda	Chief Executive Officer, Chief AUTOBACS Chain Officer	—	—
Director	Hironori Morimoto	Vice Chief Executive Officer, Head of Corporate Administration and Finance & Accounting	—	—
Director	Kiomi Kobayashi	Vice Chief Executive Officer, Vice Chief AUTOBACS Chain Officer, Head of Chain Store Planning and Store Subsidiary Strategy	—	—
Director	Teruyuki Matsumura	Senior Managing Executive Officer, Head of Merchandising and Merchandise Planning and E-Commerce	—	—
Director	Kozo Sumino	Senior Executive Officer, Merchandise Development	—	—
Director (Outside)	Tatsuya Tamura	Global Management Institute Inc.	Representative Director and President	None
		Japan Center for Economic Research	Auditor	None
		Japan Corporate Governance Network (non-profit organization)	Chairman	The Company is a corporate supporting member of the non-profit organization
		Guggenheim Partners Japan, Ltd.	Auditor	None
Director (Outside)	Noriaki Shimazaki	BNP Paribas Securities (Japan) Limited Management Advisory Committee	Committee Member	None
		Japan Securities Dealers Association	Chair of Self-regulation Board & Public Governor	None
		IFRS Foundation Asia-Oceania Office	Advisor	None
		The Japanese Institute of Certified Public Accountants	Advisor	None
		SBI Holdings, Inc.	Management Advisory Committee Member	None
		XBRL Japan Inc.	Chairman	None
Director (Outside)	Hatsuo Odamura	TAITO CORPORATION	Advisor	None
Full-time Audit and Supervisory Board Member	Yasuhiro Tsunemori	—	—	—
Full-time Audit and Supervisory Board Member (Outside)	Toshiki Kiyohara	—	—	—

Position	Name	Responsibility and significant concurrent positions held in other organization	Concurrently held positions	Relationship with the Company
Audit and Supervisory Board Member (Outside)	Tomoaki Ikenaga	Anderson Mori & Tomotsune	Partner	None
		Moody's Japan K.K.	Independent Member of the Oversight Committee	None
		Moody's SF Japan K.K.	Independent Member of the Oversight Committee	None
Audit and Supervisory Board Member (Outside)	Yuji Sakakura	Relations Japan Corporation	Representative Director	None
		Fullcast Holdings Co., Ltd.	Outside Auditor	None

(Notes) 1. Changes to directors and audit and supervisory board member during the fiscal term under review are as follows:

(1) Appointed

At the 67th ordinary general meeting of shareholders held on June 24, 2014, Mr. Kozo Sumino and Mr. Hatsuo Odamura were elected as director, while Mr. Yasuhiro Tsunemori was elected as audit and supervisory board member and assumed office.

(2) Retired

As of the conclusion of the 67th ordinary general meeting of shareholders held on June 24, 2014, Mr. Yasuhiro Tsunemori and Mr. Norio Hattori retired from the position of director, while Mr. Ide Hidehiro retired from the position of audit and supervisory board member because their term of office had expired.

- Three (3) directors, Mr. Tatsuya Tamura, Mr. Noriaki Shimazaki and Mr. Hatsuo Odamura are outside directors, as provided for in Article 2, Item 15, of the Companies Act.
- Three (3) audit and supervisory board members, Mr. Toshiki Kiyohara, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura, are outside audit and supervisory board members, as provided for in Article 2, Item 16, of the Companies Act.
- Six (6) officers, namely directors Mr. Tatsuya Tamura, Mr. Noriaki Shimazaki and Mr. Hatsuo Odamura and audit and supervisory board members Mr. Toshiki Kiyohara, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura are independent officers registered with the Tokyo Stock Exchange.
- Two (2) audit and supervisory board members have profound insights into finance and accounting. Audit and supervisory board member Mr. Yasuhiro Tsunemori has served as a director, vice chief executive officer and head of finance & accounting at the Company. Outside audit and supervisory board member Mr. Yuji Sakakura has many years of extensive experience in financial operations, particularly in international finance and capital markets, at a general trading company.
- Director, Mr. Tatsuya Tamura concurrently serves as chairman of Japan Corporate Governance Network (non-profit organization), and the Company participates in various seminars and events, which the non-profit organization hosts, to promote and reinforce the governance of the Company, and pays an annual membership fee as a corporate supporting member. The annual membership fee the Company paid to said organization in the year under review was less than ¥1 million. Accordingly, said organization meets the requirement—"AUTOBACS SEVEN Group's customer or business partner whose amount of operation or trade with, or the amount paid to or received by, AUTOBACS SEVEN Group shall not account for 2% or more of the consolidated net sales of either party"—stated in "Requirements for the Outside Officers' Independency." (Please refer to page 19.)

(ii) Attendance to the meetings of Board of Directors and Audit and Supervisory Board

Classification	Name	Board of Directors			Audit and Supervisory Board		
		Regular meetings (12 times)	Extra-ordinary meetings (4 times)	Attendance rate (%)	Regular meetings (12 times)	Extra-ordinary meetings (2 times)	Attendance rate (%)
Directors	Setsuo Wakuda	12 times	4 times	100.0%			
	Hironori Morimoto	11 times	4 times	93.7%			
	Kiomi Kobayashi	12 times	4 times	100.0%			
	Teruyuki Matsumura	12 times	4 times	100.0%			
	Kozo Sumino	10 times	1 time	100.0%			
	Tatsuya Tamura *	12 times	3 times	93.7%			
	Noriaki Shimazaki *	12 times	4 times	100.0%			
	Hatsuo Odamura *	10 times	1 time	100.0%			
Audit and Supervisory Board Members	Yasuhiro Tsunemori	10 times	1 time	100.0%	9 times	1 time	100.0%
	Toshiki Kiyohara *	12 times	4 times	100.0%	12 times	2 times	100.0%
	Tomoaki Ikenaga *	12 times	4 times	100.0%	12 times	2 times	100.0%
	Yuji Sakakura *	12 times	4 times	100.0%	12 times	2 times	100.0%

(Notes) 1. Directors, Mr. Kozo Sumino and Mr. Hatsuo Odamura, and audit and supervisory board member, Mr. Yasuhiro Tsunemori, assumed office on June 24, 2014, therefore, they were not participants of meetings held on or before June 23. These officers were expected to attend ten (10) regular and one (1) extraordinary meetings of the Board of Directors. Mr. Yasuhiro Tsunemori is expected to attend nine (9) regular meetings and one (1) extraordinary meeting of the Audit and Supervisory Board.

2. Outside directors are indicated by an asterisk (*) to the right of the name.

(iii) Remuneration, etc. paid to directors and audit and supervisory board members

a. Remuneration, etc. paid to directors

i. Policy on directors' remuneration

The basic policy for determining directors' remuneration has the criteria of maintaining and increasing the corporate value of the AUTOBACS chain, which comprises a franchise system, and securing human resources capable of effectively supervising the Company's business operations as directors of the Company.

ii. Remuneration standard

The remuneration standard is based on the results of third-party surveys on executive compensation and takes into account such factors as the Company's position in the industry, the difficulty of achieving targets, and the responsibilities assigned to each position.

iii. Composition and basic policy of remuneration

The remuneration of the Company's directors and officers comprises "fixed remuneration," which is basic remuneration, and "performance-based remuneration," which fluctuates based on multiple evaluation indicators including the degree of achievement of numerical targets and the stock price.

Performance-based remuneration consists of single-year performance-based remuneration, which is paid according to the business results relative to an annual plan, and medium-term performance-based remuneration, which is paid according to the business results relative to the Medium-Term Business Plan. The ratio of performance-based remuneration to total remuneration is designed so that the higher the rank as an officer, the higher the ratio.

The performance-based remuneration varies within 0–180% of the performance-based remuneration standard amount that is predetermined for each rank, designed such that, assuming target achievement of 100%, the ratio of performance-based remuneration to total remuneration stands at 40% in the case of a chief executive officer.

However, performance-based remuneration, in light of its nature, is not applied to outside directors who are independent of the Company's business operations and receive only fixed remuneration.

iv. Process of determining remuneration

The Company ensures the objectivity and transparency of its remuneration system for directors and officers and the remuneration amounts through consultation with the Corporate Governance Committee, which is chaired by an outside director and is primarily comprised of outside directors.

b. Remuneration, etc. paid to audit and supervisory board members

Remuneration for the Company's audit and supervisory board members is decided through discussion among the audit and supervisory board members, and within the limit of the amount of remuneration resolved in advance at a general meeting of shareholders.

Remuneration for the audit and supervisory board members is fixed taking into consideration their independent status and their having the power to audit the directors' execution of business.

c. Total amount of remuneration, etc. paid to directors and audit and supervisory board members in the fiscal term under review

Classification	Fixed remuneration		Performance-based remuneration		Total amount of remuneration, etc. (million yen)
	Number of persons paid	Amount of payment (million yen)	Number of persons paid	Estimated amount to be paid (million yen)	
Directors	10	241	—	—	241
Outside Directors	4	36	—	—	36
Audit and Supervisory Board Members	5	67	—	—	67
Outside Audit and Supervisory Board Members	3	42	—	—	42
Total	15	308	—	—	308

(Notes) 1. Director's remuneration limit: ¥480 million per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)

2. Audit and supervisory board members' remuneration limit: ¥120 million per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)

3. The above includes two (2) directors (including one (1) outside director) and one (1) audit and supervisory board member, all of whom retired at the conclusion of the 67th ordinary general meeting of shareholders held on June 24, 2014.

4. In addition to the above, the Company paid ¥68 million to five (5) inside directors as performance-based remuneration for the 67th fiscal term.

(iv) Outline of the contents of the liability limitation agreement

i. The Company has entered into an agreement with three (3) outside directors which limits the liability set forth in Article 423, Paragraph 1, of the Companies Act, and the liability limit pursuant to such agreement shall be the greater of (i) ¥10 million or (ii) the total amount of the amounts A) and B) described below, which are set forth in Article 425, Paragraph 1, of the Companies Act.

A) The amount obtained by multiplying by two (2) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received from the Company as consideration for the execution of a director's duties while he or she is in office.

B) In the cases where he or she has subscribed for the Company's stock acquisition rights as set forth in Article 2, Item 21, of the Companies Act (limited to the cases listed in each Item in Article 238, Paragraph 3, of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the property benefits concerning such stock acquisition rights.

ii. The Company has entered into an agreement with three (3) outside audit and supervisory board members which limits the liability set forth in Article 423, Paragraph 1, of the Companies Act, and

the liability limit pursuant to such agreement shall be the greater of (i) ¥5 million or (ii) the total amount of the amounts A) and B) described below, which are set forth in Article 425, Paragraph 1, of the Companies Act.

- A) The amount obtained by multiplying by two (2) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual property benefits received or to be received from the Company as consideration for the execution of an outside audit and supervisory board member's duties while he or she is in office.
- B) In the cases where he or she has subscribed for the Company's stock acquisition rights as set forth in Article 2, Item 21, of the Companies Act (limited to the cases listed in each Item in Article 238, Paragraph 3, of the Companies Act), the amount calculated by the method set forth in Article 114 of the Companies Act Enforcement Regulations as the amount equivalent to the property benefits concerning such stock acquisition rights.

(v) Matters concerning outside directors and audit and supervisory board members

a. Major activities during the fiscal term under review

Classification	Name	Activities
Directors	Tatsuya Tamura	Fulfilled a supervisory function over the Company's management by making appropriate and timely comments based on his profound knowledge of finance and corporate governance, and his ample experience as an outside director. Also contributed to promoting and reinforcing the Company's corporate governance as chairman of the Corporate Governance Committee.
	Noriaki Shimazaki	Fulfilled a supervisory function over the Company's management by providing advice to executive departments actively and making appropriate and timely comments based on his profound knowledge of accounting, tax practices and finance, and his extensive and ample experience in corporate management. Also contributed to promoting and reinforcing the Company's corporate governance as member of the Corporate Governance Committee.
	Hatsuo Odamura	Fulfilled a supervisory function over the Company's management by making appropriate and timely comments based on his ample experience and knowledge of risk management and crisis management, including measures to eliminate involvement with antisocial forces, as well as issues related to road traffic. Also contributed to promoting and reinforcing the Company's corporate governance as a member of the Corporate Governance Committee.
Audit and Supervisory Board Members	Toshiki Kiyohara	Functioned as an audit and supervisory board member by overseeing the Company's management from an independent position, requesting explanations from the personnel in charge of business execution as needed, and making appropriate and timely comments from multifaceted perspectives of planning, finance and accounting and based on his ample experience in corporate management.
	Tomoaki Ikenaga	Functioned as an audit and supervisory board member by overseeing the Company's management from an independent position, requesting explanations from the personnel in charge of business execution as needed, and making appropriate and timely comments based on extensive knowledge and ample experience as a lawyer.
	Yuji Sakakura	Functioned as an audit and supervisory board member by overseeing the Company's management from an independent position, requesting explanations from the personnel in charge of business execution as needed, and making appropriate and timely comments based on his profound financial, fiscal and accounting knowledge and ample experience in corporate management.

b. Relationship with special related business partners such as major clients

Not applicable

c. The total amount of remuneration, etc. received as an officer for the fiscal term under review from the subsidiaries of the Company

Not applicable

(3) Status of the Independent Auditor

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.

	Amount of remuneration, etc. (million yen)
Amount of remuneration, etc. of the fiscal term under audit for the independent auditor	80
Total amount of money and other property benefits payable to the independent auditor from the Company and its subsidiaries	83

(Notes) 1. Since the amount of audit remuneration, etc. of the audit based on the Companies Act and that based on the Financial Instruments and Exchange Act are not clearly distinguished under the audit agreement between the Company and the independent auditor and may not be distinguished substantially, the amount of remuneration, etc. of the fiscal term under audit for the independent auditor include the aggregate amount of such remunerations.

2. AUTOBACS FRANCE S.A.S., a Company's subsidiary is audited by Deloitte and Associates.

(iii) Content of services other than auditing

The Company paid to Deloitte Touche Tohmatsu LLC for in-company training of accounting and advice and instruction for adaptation to IFRS (International Financial Reporting Standards).

(iv) Policy concerning dismissal or non-reappointment of the independent auditor

The Audit and Supervisory Board shall determine the details of an agenda item concerning dismissal or non-reappointment of an independent auditor to be presented to the general meeting of shareholders when deemed appropriate, including a case where the execution of his or her duties is disrupted.

In addition, audit and supervisory board members shall dismiss an independent auditor when he or she is deemed to fall under the cases set forth in each item of Article 340, Paragraph 1, of the Companies Act, subject to consent of all audit and supervisory board members. In such cases, an audit and supervisory board member appointed by the Audit and Supervisory Board shall report that the independent auditor was dismissed and the reasons for his or her dismissal at the first general meeting of shareholders following such dismissal.

(Note) With the "Act for the Partial Revision of the Companies Act" (2014, Act No. 90), which came into effect on May 1, 2015, a decision-making body on agenda items concerning election, dismissal, and non-reappointment of independent auditors is changed from the Board of Directors to the Audit and Supervisory Board.

3. System and Policy of the Company

(1) Response to Corporate Governance Code

The Company recognizes the Corporate Governance Code adopted by the Tokyo Stock Exchange effective from June 1, 2015 as an important initiative the Company should address in order to make quick and decisive management decisions while securing the transparency and fairness of management. The Company will continue to discuss the Corporate Governance Code with intent to enhance its corporate value for the medium to long term with sustainable profit growth and appropriate corporate governance as the two wheels.

The following are the major items the Company has already implemented regarding the general principles of the Corporate Governance Code.

(i) General Principle 1: Securing the rights and equal treatment of shareholders

To secure the equal treatment of shareholders, the Company makes efforts to improve convenience for shareholders by enrolling in the Electronic Voting Platform and posting English translations of notices of convocation on its website, as well as to arrange an environment for shareholders to exercise voting rights by sending the notices of convocation early and avoiding of convening the general meeting of shareholders on a date which many companies hold shareholders' meeting.

Additionally, the Company uses ROE as its most important management indicator so that shareholder value can be further improved, and its status and related efforts are posted on the Company's website and explained at financial results briefings for analysts and institutional investors, and company information sessions for individual investors.

(ii) General Principle 2: Appropriate cooperation with stakeholders other than shareholders

The Company has defined the management philosophy as a guideline for its commitment to society and roles and responsibilities to be fulfilled in an effort to enhance corporate value for the medium to long term. Along with this, aiming to grow together while deepening trusting relationships with all the stakeholders in every corporate activity, the Company has formulated a code of conduct and guidelines for action and disclosed them on its website.

In addition, in an effort to improve mutually monitoring functions within the Group and raise awareness of compliance among officers and employees as well as to quickly detect acts deviating from the code of conduct or guidelines for action, the AUTOBACS SEVEN Group has implemented a whistle-blowing system in the Group with internal rules in place concerning the secrecy of informers' identity and prohibition of disadvantageous treatment.

(iii) General Principle 3: Ensuring appropriate information disclosure and transparency

In order to enhance the transparency of management and make itself evaluated and understood accurately by shareholders and investors, the Company has established a timely disclosure framework by formulating a timely disclosure policy, and a code of conduct and rules on information disclosure, and endeavors to disclose accurate corporate information in a timely and appropriate manner. In addition, through various media including its website, the Company makes an effort to proactively disclose a broad range of highly useful information for shareholders, from financial information including financial results as well as monthly sales, management philosophy and plans, information about CSR and corporate governance, to information about business such as stores and merchandise.

The Company is also engaged in information exchange and communication among the representative director, the Corporate Audit Department, and audit and supervisory board members on a regular basis in order to secure appropriate auditing by the outside independent auditor.

(iv) General Principle 4: Responsibilities of the Board, etc.

When electing outside officers, the Company regards their independence as the most important requirement; thus the Company defines a distinctive condition on their independence and sets all of the six (6) outside officers (three (3) outside directors and three (3) audit and supervisory board members) as independent officers. During the fiscal term under review, intensive discussions were held by all the directors, regarding the Group's medium- to long-term growth strategy based on the strategic direction determined by the Board of Directors.

Moreover, the Corporate Governance Committee, a consultative body for the Board of Directors concerning the overall corporate governance of the Company, formulates a policy on remuneration for directors, audit and supervisory board members and officers and designs their remuneration linked to the medium-term results, as well as conducts appropriate review of the appointment of

candidates for directors and executive officers.

Audit and supervisory board members, from an independent standpoint, actively attend important internal meetings and provide their objective and appropriate opinions to the management at the Board of Directors meeting.

(v) General Principle 5: Dialogue with shareholders

The Company is engaged in proactive dialogue with shareholders and investors through a department and an officer in charge of IR and actively communicates with shareholders and investors through activities such as information disclosure via its website, etc., financial results briefings, individual interviews with analysts and institutional investors, and overseas IR activities.

The IR activities are conducted primarily by the representative director and chief executive officer, with other directors and officers actively involved. The results of such IR activities are not only shared with the Board of Directors on a case-by-case basis but are also reported by the department in charge of IR so that directors, audit and supervisory board members, and officers receive timely and appropriate feedback.

(2) Systems Ensuring Directors' Compliance with Laws and Regulations and the Company's Articles of Incorporation in Executing Their Duties and Other Systems Ensuring the Appropriateness of Operations of Corporations of the Stock Company

To ensure effective and efficient operations, the reliability of financial statements, compliance with laws and regulations, and the protection of assets, the Company determined the "Basic Policy for Establishing an Internal Control System" by resolution of the Board of Directors' meeting held on March 27, 2015, in accordance with the provisions of Article 362, Paragraph 5, of the revised Companies Act and Article 362, Paragraph 4, Item 6, of the said Act and Article 100, Paragraph 1 and Paragraph 3, of the revised Ordinance for Enforcement of the Companies Act as follows.

Basic Policy for Establishing an Internal Control System

(i) Systems that ensure directors and employees comply with laws and regulations and the Company's Articles of Incorporation in executing their duties

- a. The Company will, to maintain and improve the supervisory function with respect to the execution of duties by directors, separate the execution and supervisory functions by adopting an officer system and continuously elect independent outside directors.
- b. The Corporate Governance Committee, a consultative body for the Board of Directors chaired by an outside director, shall be established to consult on the appointment and remuneration of directors and executive officers and other matters concerning governance, in order to enhance the transparency and objectivity of decision-making processes.
- c. Directors, audit and supervisory board members, officers and employees will pursue lawful and fair business activities that accommodate social needs in accordance with "The Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group."
- d. Compliance rules will be established and the officer in charge will be appointed to be responsible for controlling all compliance-related matters. Under the control of the officer, a compliance department will be established to control all compliance-related matters.
- e. The Company will develop the foundations for complying with legal requirements by identifying laws and regulations, etc., applicable to the Company's business and providing education and enlightening activities as needed.
- f. To promote early detection and correction of legal violations and other problems concerning compliance, the "Orange Hot Line" (the Group's notification system) will be established for reporting legal violations and compliance issues directly to an outside commissioned company.
- g. Audit and supervisory board members will audit the execution of directors' duties from an independent standpoint, including the development and implementation status of the internal control system.
- h. The Internal Audit Department will assess internal controls and audit the appropriateness and effectiveness of operations.
- i. Rules concerning measures against antisocial forces will be established and a system will be implemented to cut off any relationships with antisocial forces and reject any unlawful demands.

(ii) Systems for storing and managing information related to the execution of directors' duties

With respect to information concerning decision making at the Board of Directors' meeting, the Executive Committee meeting and any other important meetings, and with respect to information concerning important approvals of the representative director and chief executive officer, and others, and with respect to information concerning financial and other administrative operations, risks and compliance, the Company will store and manage said information in reliable and searchable conditions that suit relevant storage media and keep them available for view, as may be necessary, pursuant to laws and regulations, the Company's Articles of Incorporation and internal rules, etc.

(iii) Rules and other systems concerning the control of risks of loss

- a. The Company will develop a risk management system designed to accurately identify and evaluate risks, and appropriately control them. The Company will also put in place a crisis management system that prevents and minimizes damage and loss in the event of serious incidents. Combining these two systems, the Company will establish an integrated risk management system.
- b. The Risk Management Committee, chaired by the representative director and chief executive officer, will formulate annual risk management policies. In accordance with said annual policies and risk management rules, the Committee will promote risk management activities in a smooth and appropriate manner.
- c. In the event of a serious crisis, the representative director and chief executive officer, who chairs the Risk Management Committee, will set up the Crisis Response Headquarters in accordance with the crisis management rules and other rules, and take the lead in ensuring a prompt and appropriate response and early recovery.
- d. Audit and supervisory board members and the Internal Audit Department will audit the effectiveness of the Company's integrated risk management system.

(iv) Systems for ensuring the efficient execution of directors' duties

- a. To ensure improved quality of discussions and prompt decision making at Board of Directors' meetings, an appropriate number of directors will be maintained.
- b. The Board of Directors will establish the Executive Committee as a forum for forming a consensus among officers. The Executive Committee will hold preliminary discussions on matters to be addressed at the Board of Directors' meeting and provide adequate information for decision making, including the results of preliminary discussions, to the Board of Directors.
- c. The Board of Directors formulates the medium-term business plan and the fiscal-term business plan, and periodically verifies the status of progress, etc., of business strategies and various measures pursued on the basis of business plans.
- d. The Board of Directors delegates the execution of duties to the representative director, executive directors and officers based on the management structure and segregation of roles defined by the Board of Directors.
- e. The representative director, as the person in charge of execution, controls the execution of duties of the executive directors and officers, aiming at achieving the Group's goals. Executive directors and officers decide on specific goals in the areas for which they are responsible and develop an efficient business execution system.

(v) Systems including those listed below that ensure appropriateness of business operations by the Group, comprising the Company and its subsidiaries (hereinafter the "Group")

- a. Systems for reporting matters related to the execution of duties by directors, etc., of the Company's subsidiaries to the Company
 - Based on the affiliates' management rules stipulated by the Company and the subsidiaries' operational standards based on these rules, the Company shall request submission of necessary related documents to understand its subsidiaries' business management accurately.
 - The Company shall request that the Company's officers or employees attend a board of directors' meeting or an executive committee meeting held once a month by each subsidiary so that each subsidiary can report to the Company the results of operation, financial position and other important information of the subsidiary.
- b. Rules and other systems concerning the control of risks of loss at the Company's subsidiaries
 - The Company shall formulate risk management rules concerning the risk management of the entire Group, request that its subsidiaries conduct risk management based on these rules and

- control the risks of the entire Group comprehensively and in an integrated manner.
- The Company shall operate the Risk Management Committee in charge of the risk management of the Group, including the subsidiaries of the Company, and deliberate on issues related to the promotion of risk management of the entire Group to formulate measures to address such issues.
- c. Systems that ensure the efficient execution of duties by directors, etc., of the Company's subsidiaries
 - While paying respect to the autonomy and independence of the management of its subsidiaries, the Company shall draw up basic policies and operational policies for managing subsidiaries to contribute to the appropriate and efficient operation of Group management.
 - The Company stipulates organizational standards for its subsidiaries related to chain of command, authority, decision making, etc., and has the subsidiaries establish their own system in line with these standards. For example, based on the scope and scale of each subsidiary's business, the subsidiaries are allowed to choose whether to install a system without a board of directors or an officer system.
- d. Systems that ensure subsidiaries' directors, etc., and employees comply with laws and regulations and the Company's Articles of Incorporation in executing their duties
 - The Company shall have its subsidiaries establish a system in which directors, audit and supervisory board members, officers and employees pursue lawful and fair business activities that accommodate social needs in accordance with "The Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group."
 - The Company shall have its subsidiaries establish a system to deploy an appropriate number of audit and supervisory board members and persons in charge of promotion of compliance in accordance with the scope and scale of each subsidiary's business.
 - The Company shall have its subsidiaries establish a system whereby their audit and supervisory board members audit the execution of duties by their directors, including the establishment and operation of internal control systems.
 - The Company shall have its subsidiaries establish a system to use the Orange Hot Line, which was established for early detection and correction of legal violations and other issues concerning compliance.
- e. Other systems to ensure the appropriateness of business operations by the Group
 - The Company will ensure the appropriate and effective use of information technology within the relevant range of information communication and business operations of the Company and its subsidiaries.
 - The Company's audit and supervisory board members and Internal Audit Department will investigate the appropriateness of the business operations of its subsidiaries.

(vi) Matters pertaining to employees assisting with the duties of audit and supervisory board members where audit and supervisory board members request the deployment of such employees

The Company will assign employees dedicated to supporting the duties of audit and supervisory board members. The number of employees, the selection of employees, and other matters will be decided through discussions between audit and supervisory board members and directors.

(vii) Matters pertaining to the independence of the employees from the directors mentioned in the preceding paragraph

Employees who assist with the duties of the audit and supervisory board members shall follow the leadership and instructions of audit and supervisory board members. The Audit and Supervisory Board shall evaluate the performance of those employees, and audit and supervisory board members and directors shall consult each other with respect to the transfer and treatment of said employees.

(viii) Matters pertaining to ensuring the effectiveness of the instructions given to employees who assist with the duties of the audit and supervisory board members

The Company shall notify all the directors, audit and supervisory board members, officers and employees of the Company that the employees who assist with the duties of the audit and supervisory board members must comply with directions and instructions from audit and supervisory board members.

(ix) Systems including those listed below concerning reporting to the Company's audit and supervisory board members

- a. System that allows the Company's directors and employees to report to the audit and supervisory board members
 - Directors and officers will periodically report to the audit and supervisory board members through important meetings such as the Board of Directors' meetings, on the status of the execution of their duties, and also provide supplementary reports as needed without delay.
 - Directors, officers, and employees will promptly and accurately respond when they are requested by audit and supervisory board members to report on the business, or when audit and supervisory board members conduct research on business and asset status of the Group.
 - Directors will immediately report to the audit and supervisory board members if they discover anything that has caused or may cause substantial damage to the Company.
- b. System that allows directors, audit and supervisory board members, officers and employees of the Company's subsidiaries or persons who received reports from them to report to the Company's audit and supervisory board members
 - Directors, audit and supervisory board members, officers and employees of the Company's subsidiaries shall promptly make an appropriate report on business execution when they are requested by audit and supervisory board members of the Company to do so.
 - In an incident that could cause substantial damage to the Company or its subsidiaries, such as legal violations, the directors, audit and supervisory board members, officers and employees of the Company's subsidiaries shall immediately report to the department in charge of managing the Company's subsidiaries or use the Orange Hot Line.
 - The Company's Internal Audit Department, Legal Department and General Affairs and Internal Control Department shall hold a meeting regularly to report to the Company's audit and supervisory board members on the actual status of internal audits, compliance, risk management, etc., at the subsidiaries.
 - The department in charge of the Orange Hot Line shall report the status of internal reporting from the Group's directors, audit and supervisory board members, officers and employees on a regular basis to the Company's directors, audit and supervisory board members and Board of Directors, while ensuring the anonymity of the report's source.

(x) System to ensure the persons who reported to audit and supervisory board members are not treated unreasonably because of such reporting

The Company prohibits the Group's directors, audit and supervisory board members, officers and employees who reported to audit and supervisory board members from being treated unreasonably because of such reporting. This directive shall be thoroughly disseminated to the Group's directors, audit and supervisory board members, officers and employees.

(xi) Matters pertaining to the policies concerning prepayment or redemption procedures for expenses incurred by the execution of duties by audit and supervisory board members or other handling procedures for expenses or liabilities incurred by the execution of such duties

- a. In cases when audit and supervisory board members bill the Company for prepaid expenses incurred through the execution of their duties, the department handling such matters shall deliberate on said bills and pay the expenses or liabilities without delay, except in cases when it was determined and verified that such expenses or liabilities were unnecessary for the execution of the duties.
- b. To pay expenses incurred by the execution of duties by audit and supervisory board members, a certain amount of the budget shall be set aside each year.

(xii) Other systems that ensure effective auditing by audit and supervisory board members

- a. To enhance the audit function of audit and supervisory board members, the Company will take into account their expertise as well as independence when electing outside audit and supervisory board members.
- b. Audit and supervisory board members will hold regular meetings with the independent auditor, the Internal Audit Department, audit and supervisory board members of the Group, and other parties to exchange information and opinions and promote close cooperation.

- c. Audit and supervisory board members will hold regular meetings with the representative director to audit the execution of duties by directors and further improve the audit system.
- d. Audit and supervisory board members will promote cooperation with lawyers, certified public accountants, and other experts outside the Company when the audit and supervisory board members believe it necessary to do so in executing their duties.

In accordance with the “Basic Policy for Establishing an Internal Control System” defined by the Board of Directors, the Company, with the Internal Control Department playing the central role, establishes and operates the internal control system including the development of risk management systems. For your reference, the outline of the status of the management of the internal control system during the fiscal term ended March 31, 2015 is explained below.

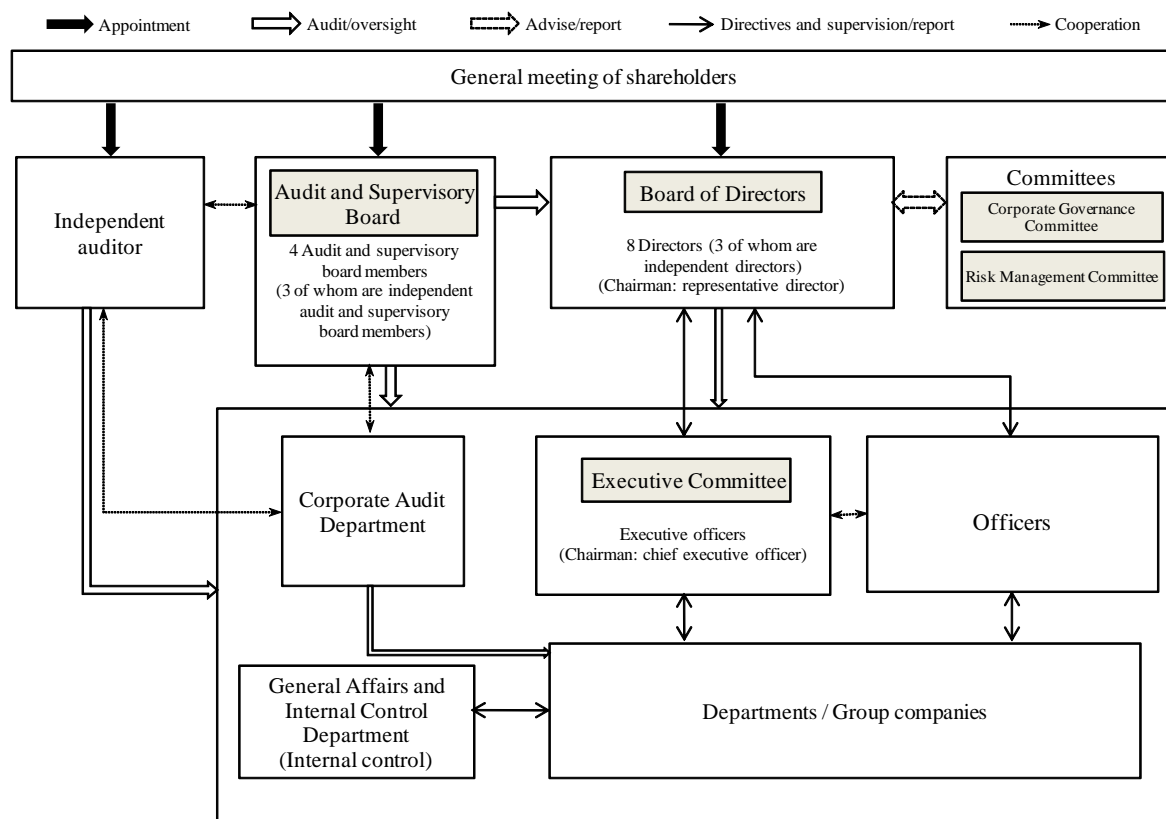
In the fiscal term ended March 31, 2015, the Company focused, in particular, on enhancing the following risk management system, the compliance system and control over its subsidiaries.

- (i) Concentrated the function to monitor subsidiaries’ business execution in the Company’s Internal Control Department, which was installed to develop a companywide organizational structure to ensure comprehensive oversight and control over the internal control system under the Companies Act and the internal control defined by the Financial Instruments and Exchange Act
- (ii) Reviewed and formulated a Business Continuity Plan (BCP) to address disaster planning.
- (iii) Developed measures against antisocial forces.
- (iv) Held study meetings related to regulations on insider transactions and implemented a training program.
- (v) Held a subsidiaries’ presidents meeting to disseminate the Company’s policies and important matters.
- (vi) Enhanced and embodied rules on a structure to support auditing by audit and supervisory board members and a structure regarding collecting of information from employees and other staff members for audit and supervisory board members.

The status of the establishment and operation of the internal control system has been appropriately reported to the Board of Directors. The audit and supervisory board members and the Internal Audit Department continuously audit the effectiveness of the internal control system through auditing business operations and evaluating the internal controls, require that corrective actions be taken regarding flaws in the internal control system and check the progress of the corrective actions.

Management and Business Execution

As of April 1, 2015



Corporate Governance Committee

Chairman: Outside director (independent officer)

Members: Two (2) outside directors (who are both independent officers) and a representative director

Observers: Three (3) outside audit and supervisory board members (all three (3) are independent officers)

Roles: Advice and report concerning the following matters to the Board of Directors.

- Candidates for directors, audit and supervisory board members and executive officers
- Remuneration system for directors and officers
- Other matters concerning governance

Risk Management Committee

Chairman: Representative director and chief executive officer

Members: Officers with directorships and legal, general affairs and internal control officer

Observers: Three (3) outside directors (all three (3) are independent officers) and all audit and supervisory board members

Roles: Smooth and appropriate promotion of risk management.

(3) Policy Concerning Company Control

At the Board of Directors' meeting held on March 25, 2010, the Company decided the following with respect to the "Basic Policy Concerning Company Control."

Since the opening of the first AUTOBACS store in 1974, the Company has been striving to contribute to enriching its customers' driving experiences by developing and expanding the AUTOBACS franchise chain, comprising AUTOBACS headquarters, the Company's directly operated stores, and its domestic and foreign franchise stores.

Based on its founding management principle, namely "constantly suggesting the most appropriate driving experiences to each customer and creating a rich and sound motorized society," the Group has been making all-out, concerted efforts to communicate its vision, "Anything about cars, you find at

AUTOBACS,” thereby winning support and trust from customers.

In the years ahead, the Group is determined to develop the AUTOBACS franchise chain even further, continuously enhance its corporate governance and investor relations, and ensure greater transparency of the Group’s management. These steps, the Group believes, will contribute toward maximizing profits for all the stakeholders, particularly the shareholders.

In this context, the Company is convinced that the people who make decisions on the Company’s financial and business policies must be those who understand the importance of mutual trust among franchise stores, clients, employees and other parties concerned in the AUTOBACS franchise chain and who are willing and able to improve the medium- and long-term corporate values and shareholders’ common profit.

(4) Policy for Decisions on Distribution of Surpluses, etc.

With returning profits to shareholders as one of its most important management tasks, the Company is striving to improve corporate value by continuing to grow profits. The Company’s basic policy for the distribution of profits is to (i) maintain the liquid assets required for the continuation of business, and (ii) conduct distribution, taking comprehensive consideration of the Company’s business environment, financial stability and profit position, while targeting a consolidated dividend on equity ratio (DOE) of 3% or more.

With regard to the year-end dividend, the Company plans to pay a dividend of ¥30 per share as initially planned, resulting in an annual dividend of ¥60 per share. The consolidated DOE will be 3.7%.

For the next fiscal term, the Company will continue to adhere to its basic policy related to dividends and strive to strengthen profit distribution to shareholders. The Company plans to pay ¥30 per share both at the interim and year-end, and for an annual dividend of ¥60 per share.

Dividends and acquisition of treasury stock in the latest three (3) consolidated fiscal terms

(Note) Figures are determined on the basis of the assumption that the agenda item regarding “Appropriation of surplus” is adopted at the 68th ordinary general meeting of shareholders.

	66th fiscal term April 1, 2012 to March 31, 2013	67th fiscal term April 1, 2013 to March 31, 2014	68th fiscal term (projection) April 1, 2014 to March 31, 2015
Dividend per share (annual)	¥156	¥64	¥60
Total amount of dividends (annual)	¥4,812 million	¥5,763 million	¥5,192 million
Consolidated dividend payout ratio	64.0%	59.4%	113.6%
Value of treasury stock acquired	¥7,195 million	¥4,592 million	¥5,051 million
Return to shareholders ratio	158.2%	105.8%	222.2%

(Note) The Company conducted a 3-for-1 stock split for its common stock as of April 1, 2013. The numerical value for the 66th fiscal term stated above is the actual amount of dividend per share implemented before the stock split.

Consolidated Balance Sheet (as of March 31, 2015)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	113,425	Current liabilities	34,530
Cash and deposits	42,744	Trade notes and accounts payable	12,814
Trade notes and accounts receivable	18,665	Short-term borrowings	2,927
Lease investment assets	10,999	Current portion of bonds	15
Inventories	16,798	Lease obligations	206
Deferred tax assets	2,110	Accounts payable	11,213
Short-term loans	67	Income taxes payable	1,876
Accounts receivable	19,718	Allowance for point card	521
Other current assets	2,405	Allowance for business restructuring	81
Allowance for doubtful receivables	(85)	Other current liabilities	4,873
Fixed assets	73,106	Long-term liabilities	13,447
Tangible fixed assets	39,806	Long-term debts	2,197
Buildings and structures	13,333	Lease obligations	1,512
Machinery, equipment and vehicles	1,046	Deferred tax liabilities	103
Tools, furniture and fixtures	2,137	Allowance for directors' retirement benefits	88
Land	22,073	Net defined benefit liability	82
Leased assets	483	Asset retirement obligations	2,154
Construction in progress	732	Other long-term liabilities	7,309
Intangible fixed assets	6,470	Total Liabilities	47,978
Goodwill	740	(Net Assets)	
Software	4,987	Shareholders' equity	135,436
Other intangible fixed assets	742	Capital stock	33,998
Investments and other assets	26,830	Capital surplus	34,278
Investment securities	7,559	Retained earnings	72,859
Long-term loans	231	Treasury stock	(5,699)
Deferred tax assets	771	Accumulated other comprehensive income	2,901
Rental deposits	17,015	Valuation difference on available-for-sale securities	2,224
Other investments and other assets	1,547	Foreign currency translation adjustments	676
Allowance for doubtful receivables	(296)	Minority interests	215
Total Assets	186,531	Total Net Assets	138,553
		Total Liabilities and Net Assets	186,531

Consolidated Statement of Income (April 1, 2014-March 31, 2015)

(Unit: million yen)

Account Item	Amount	
Net sales		209,454
Cost of goods sold		142,552
Gross profit		66,902
Selling, general and administrative expenses		60,498
Operating income		6,403
Non-operating income		
Interest income	81	
Dividend income	102	
Equity in income of affiliates	6	
Commission income	382	
Lease revenue - system equipment	1,394	
Insurance income	303	
Other non-operating income	1,556	3,828
Non-operating expenses		
Interest expenses	62	
Lease cost - system equipment	1,176	
Loss on retirement of fixed assets	89	
Other non-operating expenses	654	1,982
Ordinary income		8,250
Extraordinary income		
Gain on sales of fixed assets	125	
Gain on sales of investment securities	658	
Gain on sales of shares of subsidiaries and associates	401	1,185
Extraordinary losses		
Loss on sales of fixed assets	118	
Impairment loss	265	383
Income before income taxes and minority interests		9,052
Income taxes - current	4,174	
Income taxes - deferred	302	4,476
Income before minority interests		4,576
Minority interests in net loss		33
Net income		4,609

Consolidated Statement of Changes in Net Assets (April 1, 2014-March 31, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance as of April 1, 2014	33,998	34,278	78,679	(5,165)	141,790
Change of items during the consolidated fiscal term					
Dividends from surplus			(5,909)		(5,909)
Net income			4,609		4,609
Purchase of treasury stock				(5,053)	(5,053)
Cancellation of treasury stock			(4,520)	4,520	—
Disposal of treasury stock				0	0
Net change of items other than shareholders' equity during the period					
Total change of items during the period	—	—	(5,820)	(533)	(6,353)
Ending balance as of March 31, 2015	33,998	34,278	72,859	(5,699)	135,436

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Beginning balance as of April 1, 2014	1,588	599	2,188	384	144,363
Change of items during the consolidated fiscal term					
Dividends from surplus					(5,909)
Net income					4,609
Purchase of treasury stock					(5,053)
Cancellation of treasury stock					—
Disposal of treasury stock					0
Net change of items other than shareholders' equity during the period	635	77	713	(168)	544
Total change of items during the period	635	77	713	(168)	(5,809)
Ending balance as of March 31, 2015	2,224	676	2,901	215	138,553

Notes to Consolidated Financial Statements

Notes relating to material matters as the basis for preparation of the consolidated financial statements

1. Scope of consolidation

(1) Number of subsidiaries subject to consolidation accounting

30 companies (1 newly included; 4 excluded)

(2) Names of major subsidiaries subject to consolidation accounting

AUTOBACS Hokkaido, Ltd., AUTOBACS France S.A.S., AUTOBACS Financial Service Co., Ltd.

2. Application of equity method

(1) Number of associate companies subject to equity method

9 companies (1 newly included; — excluded)

(2) Names of major associate companies subject to equity method

PUMA Ltd., FUNUS Corporation, Buffalo Inc.

3. Fiscal periods of subsidiaries subject to consolidation accounting

As for the overseas subsidiaries whose accounting closing dates are different from the consolidation accounting closing date, provisional non-consolidated financial statements as of the closing date specified for consolidation accounting have been used for producing the consolidated financial statements.

4. Significant accounting standards

(1) Valuation standards and methods applied to important assets

(i) Valuation standards and methods applied to securities

Held-to-maturity securities

Amortized cost method (straight line method)

Other securities

Other securities with market prices

Market price method based on the prescribed conditions, including the value marked by each type of securities on the market as of the closing date (All differences between the market and book values have been processed and recognized in a separate account of net assets, and the amount of the sales cost has been determined under the moving average approach)

Other securities without market prices

Costing method under the moving average approach

(ii) Valuation standard and method applied to derivative instruments

Derivative instruments

Market price method

(iii) Valuation standards and methods applied to inventories

Wholesale business

Principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

Retail business

Principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

(2) Amortization and depreciation methods applied to major items of depreciable assets

(i) Tangible fixed assets, excluding leased assets

Basically, declining balance method. The followings are major types of such tangible fixed assets and lengths of their respective useful lives.

Store buildings and structures

Principally, the lengths of their useful economic lives independently estimated and determined by the Group.

With respect to the buildings and structures located on the leased land lots legally furnished with fixed-term

leasehold interest for commercial use, the Group has applied the number of years set forth in the respective contracts as the useful lives of such store buildings and structures.

Buildings and structures	3-20 years
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Tangible fixed assets, excluding those mentioned above

Buildings and structures	3-45 years
Machinery, equipment and vehicles	2-15 years
Tools, furniture and fixtures	2-20 years

(ii) Intangible fixed assets, excluding leased assets

Straight line method

With respect to the software products used by the Group companies subject to consolidation accounting, each product's book value has been determined as a result of applying straight line method based on the fact that the useful economic life in the Group is usually within the range of 5 to 10 years.

(iii) Leased assets

Straight line method, in which each asset item's useful economic life is deemed equivalent to the respective lease period and its residual value is reduced to nil at the end of the period. The non-ownership-transfer finance lease transactions in which the Company is a lessee and which started before March 31, 2008 are accounted for using a method similar to that for normal lease transactions.

(3) Accounting standards for significant allowances

(i) Allowance for doubtful receivables

In the event of any loss incurred from bad loans, the domestic consolidated companies provide an allowance for doubtful receivables with the estimated uncollectible amount by applying historical rate of default as for general receivables and by respectively examining the collectability as for specific debts including doubtful accounts receivable.

(ii) Allowance for point card

Amount the points that were issued to customers during the consolidated fiscal term under review, the estimated amount to be used in the future by such customers is reported as a reserve in order to prepare for the sales allowance applicable by the use of points issued to customers.

(iii) Allowance for business restructuring

In order to prepare for loss to be accrued due to the business restructuring, the Company provides an allowance for business restructuring with a projected amount of loss to be borne by the Company.

(iv) Allowance for directors' retirement benefits

In order to prepare for payment of retirement benefits to directors, some of the subsidiaries subject to consolidation accounting provide an allowance for directors' retirement benefits with an amount payable at the end of the consolidated fiscal term in accordance with the internal rules. The Company and its subsidiaries revised the directors' retirement benefit system and, with the exception of some subsidiaries, no allowance has been posted for benefits handled during and after April 2005.

(4) Accounting treatment method for retirement benefits

In order to prepare for payment of retirement benefits, some of the subsidiaries subject to consolidation accounting provide an allowance for retirement benefits based on projected amount of retirement benefit obligations and pension fund assets as at the end of the consolidated fiscal term under review.

(5) Accounting standards for significant profits and expenses

Recording standards of profits relating to the non-ownership-transfer finance lease transactions

The net sales and the cost of goods sold are recorded at the time of the receipt of the lease payment.

(6) Principles of conversion of significant assets or liabilities in foreign currency into yen

Claim or obligation in foreign currency is converted into yen at the spot exchange rate on the closing date for consolidation accounting, and variances arising from such conversion are calculated as income or loss. Assets and liabilities of overseas subsidiaries are converted into yen at the spot exchange rate on the closing date of

each of such subsidiaries, and profits and expenses of such subsidiaries are converted into yen at the average exchange rate during the fiscal term. Variances arising from such conversion are shown as “foreign currency translation adjustments” and “minority interests” in the net assets.

(7) Accounting for significant hedging activities

(i) Hedge accounting method

Designate accounting has been adopted.

(ii) Hedging instruments and items hedged

Hedging instruments: Currency swap

Items hedged: Accounts payable in foreign currency

(iii) Hedging policy and method of evaluating the efficacy of hedging activities

The Company’s policy is to hedge in the range of the balance and the provisional amount of transactions of accounts payable in foreign currencies in order to hedge against the risk of fluctuations in the exchange rate in the future relating to the transactions in foreign currencies, and the Company also evaluates the efficacy thereof and has it checked by the accounting department.

(8) Amortization method and amortization period of goodwill

Goodwill is amortized on a straight line based on a reasonable period not exceeding 20 years.

(9) Other material matters for preparation of the Consolidated Financial Statements

As for the accounting processing of consumption tax, etc., such tax is not included in the Consolidated Financial Statements.

Notes to Consolidated Balance Sheet

1. Pledged assets	Buildings and structures	26	million yen
	Land	242	million yen
	Total	268	million yen
Secured debts	Accounts payable	130	million yen
	Short-term borrowings	400	million yen
	Long-term debts	183	million yen
	Total	713	million yen
2. Accumulated depreciation amount of tangible fixed assets			
		41,951	million yen
3. Any fractional amounts less than one million yen are discarded.			

Notes to Consolidated Statement of Income

1. Impairment loss

The Group has reported the impairment losses of the following groups of assets for the consolidated fiscal term under review.

Use	Place	Type	Impairment loss (Unit: million yen)
Store	AUTOBACS Yanai Minamimachi Store (Yanai City, Yamaguchi)	Buildings, etc., and others	113
Store	BONNEUIL (France)	Goodwill	88
Store	AUTOBACS Marugamedoki Store (Marugame City, Kagawa)	Buildings, etc., and others	43
Idle assets	Former name: AUTOBACS Secohan Takasaki Store (Takasaki City, Gunma)	Land	19

The Group regards a store as a basic unit for the minimum unit generating cash flow, and each of the idle assets and the leased assets were deemed to be a group of assets separated from other assets, respectively.

For stores and offices on land whose market value has declined from the acquisition value due to falling land prices, those recording operating losses due to continued unprofitability or those where initially projected profits are no longer predicted, and stores to be closed, the book value of such groups of assets for which the total future cash flow is below the book value was reduced to the recoverable value, and the relevant decrease of 245 million yen is recorded as an “Impairment loss” under extraordinary loss. The book value of idle assets was reduced to the recoverable value, and the relevant decrease of 19 million yen is recorded as an “Impairment loss” under extraordinary loss.

The “Impairment loss” consisted of 144 million yen for buildings, etc., 88 million yen for goodwill, 19 million yen for land and 13 million yen for others.

The recoverable value of such group of assets is the net sales value or the use value, whichever is higher.

The net sales value of the stores is calculated based on the appraised real estate value by a real estate appraiser or the value of land facing a thoroughfare, while weighted average capital cost (WACC) at 7.19% is used for the discount rate in the calculation of the use value. The net sales value of idle assets is calculated based on the estimated sales prices.

2. Any fractional amounts less than one million yen are discarded.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of company shares issued and outstanding at the end of the consolidated fiscal term under review

Common stock 89,950,105 shares

2. Dividends

(1) Amount of dividend payment

Resolution	Type of shares	Total amount of dividends (Unit: million yen)	Dividends per share (Unit: yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2014	Common stock	3,313	37	March 31, 2014	June 25, 2014
Meeting of Board of Directors on October 30, 2014	Common stock	2,596	30	September 30, 2014	November 28, 2014

(2) The dividends of shares having a record date that is during the consolidated fiscal term under review and an effective date that is during the following consolidated fiscal term

The resolution is scheduled as follows:

Resolution	Type of shares	Total amount of dividends (Unit: million yen)	Source of dividends	Dividends per share (Unit: yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2015	Common stock	2,596	Retained earnings	30	March 31, 2015	June 25, 2015

Notes to Financial Instruments

1. Status of financial instruments

(1) Basic policies applied to financial instruments

It is the Group's basic policy to borrow fund mainly from banks in accordance with the Group's capital investment plan, when such borrowing is deemed necessary. The Group applies the method of managing the fund pooled temporarily for next investment opportunities mainly in the forms of relatively safe financial assets.

(2) Content of, and risks involved in, financial instruments

Trade notes and accounts receivable arising from business operations expose the Group to credit risks inherent in individual customers.

Investment securities, which mainly consist of listed company shares and other securities, involve market price fluctuation risks.

Short-term loans and long-term loans are offered to AUTOBACS Chain franchisees and expose the Group to the individual franchisees' credit risks.

The Group's store buildings, mostly constructed based on AUTOBACS original specifications, are rented from their respective owners for sub-let to franchisees. Rental deposits, most of which have been placed on the building owners under the respective rental or lease contracts, involve these owners' credit risks.

Given the fact that major lease investment assets are consist of assets that are the aforementioned store buildings and are owned by the Company and leased to the franchisees, the Group is exposed to the individual franchisees' credit risks.

Most of the notes payable and trade accounts payable arising from business operations are due within one month.

Borrowings and bonds are principally aimed at procuring necessary fund for continued business operations and capital investment and the farthest redemption date is scheduled in five years after the consolidation accounting closing date.

(3) System for controlling and managing risks arising from financial instruments

(i) Credit risks management (Risks involved in default or other breach of contracts on the part of the Company's business partners and customers)

In the Company, individual divisions are, in compliance with the credit and loan management regulations, assigned to control and manage maturity dates and outstanding balance of each business partner or customer respectively and attempt to obtain, at an earliest possible date, information on any doubtful accounts that may

arise from deteriorating financial and/or business performance of the business partners or customers and reduce such doubtful accounts, by monitoring the status of each major business partner or customer at a regular interval. This is the same with the subsidiaries subject to consolidation accounting, where their credit and loan transactions are dealt with in accordance with the Company's credit and loan management regulations.

With respect to bonds and other debt securities included in other securities, the Company, in conformity with its fund management policies, limits its purchase to those issued by high-rated entities; the corresponding credit risks are relatively small or negligible.

(ii) Market-related risks management (exchange and interest rate fluctuation risks)

In respect of investment securities, the Group employs the method of examining their market prices, together with the financial positions and other performance of individual issuers (transacting parties), at a regular interval. Efforts continue to be made to review the Group's portfolio, based on consideration to each issuer's financial performance, market trends and other related factors.

Exchange and interest rate fluctuations risks, which tend to bring about differences of relatively small amounts and have limited impact on the Group's financial results, have been excluded from disclosures.

(iii) Liquidity risks management associated with fund procurement (Risks of the Company's possible failure in payment according to the provided schedule)

As the Company's standard practice, the department in charge of financing is assigned to produce and revise the Company's funding plan based on the reports received from individual departments and hold necessary fund in hand and implement other necessary action with a view to controlling and managing liquidity risks. The Group's subsidiaries subject to consolidation accounting apply the method of procuring necessary fund from the Company by utilizing the Group financing system.

(4) Supplementary explanations on market values and other aspects of financial instruments

The market values of individual financial instruments are either the prices actually quoted for such financial instruments on the market or the values calculated and determined by the Group in a reasonable and appropriate manner, if such quoted market prices are not available. In calculating market values of such financial instruments, the Group has taken account of fluctuating factors. For this reason, these calculated amounts may vary based on different assumptions or other conditions.

2. Market values and other conditions of financial instruments

In relation to the individual types of financial instruments employed by the Group, the followings are their values recognized in the Consolidated Balance Sheet as of March 31, 2015, their market values and differences between the two types of figures. Please note, however, that table below does not include financial instruments with extremely difficulties to determine their market values (refer to Notes 2).

	Value Recognized in Consolidated Balance Sheet (Unit: million yen)	Market Value (Unit: million yen)	Difference (Unit: million yen)
(1) Cash and deposits	42,744	42,744	—
(2) Trade notes and accounts receivable Allowance for doubtful receivables ^{*1}	18,665 (60)		
	18,605	18,590	(14)
(3) Lease investment assets ^{*2}	10,871	12,705	1,833
(4) Short-term loans	67	73	5
(5) Accounts receivable	19,718	19,718	—
(6) Investment securities	6,692	6,102	(589)
(7) Long-term loans	231	247	15
(8) Rental deposits	17,015	16,341	(674)
Total assets	115,947	116,523	575
(1) Trade notes and accounts payable	12,814	12,814	—
(2) Short-term borrowings	2,927	2,934	7
(3) Current portion of bonds	15	14	(0)
(4) Lease obligations (current liabilities)	206	296	89
(5) Accounts payable	11,213	11,213	—
(6) Income taxes payable	1,876	1,876	—
(7) Long-term debts	2,197	2,185	(12)
(8) Lease obligations (long-term liabilities)	1,512	1,860	347
Total liabilities	32,764	33,196	432

*1 The amount of each allowance for doubtful receivables regarding debt is reduced from these items.

*2 The difference between the lease investment asset under the value recognized in Consolidated Balance Sheet and the lease investment assets on Consolidated Balance Sheet is 127 million yen, which is equivalent to the amount included in the total amount of asset retirement obligations.

(Note) 1. Method of calculating market values of individual financial instruments and securities

Assets

(1) Cash and deposits, (5) Accounts receivable

Since these types of financial instruments tend to be settled in relatively short periods, their book values approximate their market values; their market values are deemed the same as their respective book values.

(2) Trade notes and accounts receivable, (3) Lease investment assets, (4) Short-term loans, (7) Long-term loans, (8) Rental deposits

It is the Group's basic policy to categorize these types of financial instruments by the lengths of periods and their respective credit risks for the purpose of credit control and management. For each credit risk category, the market values of the corresponding financial instruments have been calculated based on the present value obtained by discounting future cash flow by appropriate index, such as government bond interest rates, plus the Company's credit spread.

(6) Investment securities

The market values of shares, etc. are based on the prices quoted in security exchanges and the market values of bonds are based on the amount either quoted in security exchanges or presented by financial institutions transacting with the Group.

Liabilities

(1) Trade notes and accounts payable, (5) Accounts payable, (6) Income taxes payable

Since these types of financial instruments tend to be settled in relatively short periods, their book values approximate the market values; their market values are deemed the same as their respective book values.

(2) Short-term borrowings, (4) Lease obligations (current liabilities), (7) Long-term debts, (8) Lease obligations (long-term liabilities)

The market values of these types of financial instruments are calculated based on the present value obtained by discounting the sum of the principal amounts of the financial instruments by a particular interest rate that would be applied on assumption that the Group entered into new borrowing arrangements or leasing transactions.

(3) Current portion of bonds

The market values of these types of financial instruments are calculated based on the present value obtained by discounting the sum of the principal amounts of the financial instruments by particular interest rates determined in reference to the individual bonds' remaining periods to redemption, the respective issuers' creditability and other tenors.

2. Financial instruments with extreme difficulties to estimate their market values

(Unit: million yen)

Category	Value Recognized in Consolidated Balance Sheet
Unlisted company securities	867

Given the fact that no quoted market prices exist for this type of financial instruments and it is extremely difficult to estimate their market values, these financial instruments have been excluded from the disclosures of "(6) Investment securities."

Notes to Per-Share Information

1. Net assets per share 1,598.97 yen
2. Net income per share 52.83 yen

Material Subsequent Events

1. Resolution of Purchase of Treasury Stock

At the Board of Directors Meeting held on May 8, 2015, the Company resolved matters related to the purchase of treasury stock in accordance with the provision of Article 156 of the Companies Act as applied under Article 165, Paragraph 3, of the said law.

(1) Reason for purchase of treasury stock

To improve capital efficiency and reinforce shareholder returns.

(2) Details of purchase

- | | |
|---|--|
| (i) Class of shares to be purchased | Common stock |
| (ii) Total number of shares to be purchased | 2,500,000 shares (maximum) |
| (iii) Total amount of purchase price | 5,500 million yen (maximum) |
| (iv) Purchase period | From May 13, 2015 to February 29, 2016 |

2. Resolution of Cancellation of Treasury stock

At the meeting of the Board of Directors of the Company held on May 8, 2015, the Company resolved to cancel treasury stock pursuant to the provision of Article 178 of the Companies Act.

- | | |
|--|------------------|
| (1) Class of shares to be cancelled | Common stock |
| (2) Total number of shares to be cancelled | 3,000,000 shares |
| (3) Scheduled cancellation date | May 15, 2015 |

Others

The Osaka Automobile Maintenance Employee Pension Fund, in which the Company participates, determined to apply for the approval of dissolution of the pension fund at a meeting of its board of representatives held on April

13, 2015, and applied for dissolution of the fund with the Minister of Health, Labor and Welfare on April 22, 2015. This dissolution is predicted not to incur expenses.

Non-Consolidated Balance Sheet (as of March 31, 2015)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	89,726	Current liabilities	21,766
Cash and deposits	39,941	Trade accounts payable	10,838
Trade notes receivable	41	Short-term borrowings	2,027
Trade accounts receivable	10,224	Lease obligations	275
Lease investment assets	15,007	Accounts payable	3,064
Inventories	6,300	Expenses payable	921
Prepaid expenses	1,039	Income taxes payable	1,734
Deferred tax assets	627	Money deposits	1,939
Short-term loans	6,649	Advance received profit	805
Accounts receivable	9,018	Allowance for point card	44
Other current assets	966	Allowance for business restructuring	78
Allowance for doubtful receivables	(90)	Other current liabilities	38
Fixed assets	83,379	Long-term liabilities	11,930
Tangible fixed assets	32,015	Long-term debts	1,800
Buildings	7,210	Lease obligations	1,635
Structures	964	Guarantee deposits received	7,367
Machinery and equipment	602	Asset retirement obligations	1,019
vehicles	79	Other long-term liabilities	107
Tools, furniture and fixtures	547		
Land	21,896	Total Liabilities	33,697
Construction in progress	714	(Net Assets)	
Intangible fixed assets	5,456	Shareholders' equity	137,206
Leasehold	641	Capital stock	33,998
Software	4,800	Capital surplus	34,278
Other intangible fixed assets	15	Capital reserves	34,278
Investments and other assets	45,907	Retained earnings	74,589
Investment securities	5,759	Retained earnings reserves	1,296
Affiliated companies' stock	10,946	Other retained earnings	73,292
Long-term loans	47	Reserve for business expansion	665
Long-term loans to affiliated companies	11,441	Reserve for reduction entry of assets	780
Long-term prepaid expenses	871	Reserve for special depreciation	151
Deferred tax assets	255	General reserves	66,350
Rental deposits	16,412	Retained earnings brought forward	5,345
Other investments and other assets	438	Treasury stock	(5,660)
Allowance for doubtful receivables	(265)	Valuation and translation adjustments	2,202
		Valuation difference on available-for-sale securities	2,202
		Total Net Assets	139,408
Total Assets	173,106	Total Liabilities and Net Assets	173,106

Non-Consolidated Statement of Income (April 1, 2014-March 31, 2015)

(Unit: million yen)

Account Item	Amount	
Net sales		166,828
Cost of goods sold		132,154
Gross profit		34,673
Selling, general and administrative expenses		25,837
Operating income		8,836
Non-operating income		
Interest income	169	
Dividend income	1,685	
Commission income	134	
Lease revenue - system equipment	1,960	
Insurance income	152	
Other non-operating income	282	4,384
Non-operating expenses		
Interest expenses	46	
Lease cost - system equipment	1,653	
Other non-operating expenses	456	2,156
Ordinary income		11,063
Extraordinary income		
Gain on sales of fixed assets	123	
Gain on sales of investment securities	655	
Gain on sales of shares of subsidiaries and associates	317	1,097
Extraordinary losses		
Loss on sales of fixed assets	117	
Loss on valuation of shares of subsidiaries and associates	4,949	
Impairment loss	160	5,227
Net income before taxes		6,933
Income taxes – current	3,868	
Income taxes – deferred	(236)	3,631
Net income		3,301

Non-Consolidated Statement of Changes in Net Assets (April 1, 2014-March 31, 2015)

(Unit: million yen)

	Shareholders' equity									
	Capital stock	Capital surplus		Retained earnings reserves	Retained earnings					Total retained earnings
		Capital reserves	Total capital surplus		Other retained earnings				Retained earnings brought forward	
					Reserve for business expansion	Reserve for reduction entry of assets	Reserve for special depreciation	General reserves		
Beginning balance as of April 1, 2014	33,998	34,278	34,278	1,296	665	745	169	66,350	12,490	81,717
Change of items during the fiscal term										
Dividends from surplus									(5,909)	(5,909)
Net income									3,301	3,301
Provision of reserve for reduction entry of assets						34			(34)	—
Reversal of reserve for reduction entry of assets						(0)			0	—
Provision of reserve for special depreciation							6		(6)	—
Reversal of reserve for special depreciation							(24)		24	—
Purchase of treasury stock										
Cancellation of treasury stock									(4,520)	(4,520)
Disposal of treasury stock										
Net change of items other than shareholders' equity during the period										
Total change of items during the period	—	—	—	—	—	34	(17)	—	(7,144)	(7,128)
Ending balance as of March 31, 2015	33,998	34,278	34,278	1,296	665	780	151	66,350	5,345	74,589

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance as of April 1, 2014	(5,128)	144,865	1,575	1,575	146,441
Change of items during the fiscal term					
Dividends from surplus		(5,909)			(5,909)
Net income		3,301			3,301
Provision of reserve for reduction entry of assets		—			—
Reversal of reserve for reduction entry of assets		—			—
Provision of reserve for special depreciation		—			—
Reversal of reserve for special depreciation		—			—
Purchase of treasury stock	(5,051)	(5,051)			(5,051)
Cancellation of treasury stock	4,520	—			—
Disposal of treasury stock	0	0			0
Net change of items other than shareholders' equity during the period			627	627	627
Total change of items during the period	(531)	(7,659)	627	627	(7,032)
Ending balance as of March 31, 2015	(5,660)	137,206	2,202	2,202	139,408

Notes to Non-Consolidated Financial Statements

Notes relating to matters concerning significant accounting policy

1. Valuation standards and methods applied to assets

(1) Valuation standards and methods applied to securities:

(i) Held-to-maturity securities

Amortized cost method (straight line method)

(ii) Subsidiaries' shares and affiliated companies' shares

Costing method under the moving average approach

(iii) Other securities

Other securities with market prices

Market price method based on the prescribed conditions, including the value marked by each type of securities on the market as of the closing date (All differences between the market and book values have been processed and recognized in a separate account of net assets, and the amount of the sales cost has been determined under the moving average approach)

Other securities without market prices

Costing method under the moving average approach

(2) Valuation standard and method applied to derivative instruments

Derivative instrument

Market price method

(3) Valuation standards and methods applied to inventories

(i) Wholesale business

Principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

(ii) Retail business

Principally, costing method under the moving average approach (In relation to the declining profitability, the book value of each affected inventory item has been written down to renew the value recognized on the balance sheet)

2. Amortization and depreciation methods applied to fixed assets

(1) Tangible fixed assets, excluding leased assets

Declining balance method

The followings are major types of such tangible fixed assets and lengths of their respective useful lives.

(i) Store buildings and structures

Principally, the lengths of their useful economic lives independently estimated and determined by the Company. With respect to the buildings and structures located on the leased land lots legally furnished with fixed-term leasehold interest for commercial use, the Company has applied the number of years set forth in the respective contracts as the useful lives of the store buildings and structures.

Buildings	3-20 years
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Structures	3-20 years
------------	------------

(ii) Tangible fixed assets other than the types mentioned above

Buildings	3-45 years
-----------	------------

Structures	3-30 years
------------	------------

Machinery and equipment	5-15 years
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Tools, furniture and fixtures	2-20 years
-------------------------------	------------

(2) Non-tangible fixed assets, excluding leased assets

Straight line method

With respect to the software products used by the Company, each product's book value has been determined as a

result of applying straight line method based on the fact that its useful economic life in the Company is usually within 5 years.

(3) Leased assets

Straight line method, in which each asset item's useful economic life is deemed equivalent to the respective lease period and its residual value is reduced to nil at the end of the period. The non-ownership-transfer finance lease transactions in which the Company is a lessee and which started before March 31, 2008 are accounted for using a method similar to that for normal lease transactions.

3. Accounting standards for allowances

(1) Allowance for doubtful receivables

In the event of any loss incurred from bad loans, the Company provides an allowance for doubtful receivables with the estimated uncollectible amount by applying historical rate of default as for general receivables and by respectively examining the collectability as for specific debts including doubtful accounts receivable.

(2) Allowance for point card

Among the points that were issued to customers during the fiscal term under review, the estimated amount to be used in the future by such customers is reported as a reserve in order to prepare for the sales allowance applicable by the use of points issued to customers.

(3) Allowance for business restructuring

In order to prepare for loss to be accrued due to the business restructuring, the Company provides an allowance for business restructuring with a projected amount of loss to be borne by the Company in excess of the amount of investment and receivable.

4. Accounting standards for profits and expenses

Recording standards of profits relating to the non-ownership-transfer finance lease transactions

The net sales and the cost of goods sold are recorded at the time of the receipt of the lease payment.

5. Principles of conversion of assets and liabilities in foreign currency into yen

Claim or obligation in foreign currency is converted into yen at the spot exchange rate on the closing date, and variances arising from such conversion are calculated as income or loss.

6. Accounting for hedging activities

(1) Hedge accounting method

Designate accounting has been adopted.

(2) Hedging instruments and items hedged

Hedging instruments: Currency swap

Items hedged: Accounts payable in foreign currency

(3) Hedging policy and method of evaluating the efficacy of hedging activities

The Company's policy is to hedge in the range of the balance and provisional amount of transactions of accounts payable in foreign currencies in order to hedge against the risk of fluctuations in the exchange rate in the future relating to the transactions in foreign currencies, and the Company also evaluates the efficacy thereof and has it checked by the accounting department.

7. Other basic matters for preparation of the Non-Consolidated Financial Statements

As for the accounting processing of consumption tax, etc., such tax is not included in the Non-Consolidated Financial Statements.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation amount of tangible fixed assets 21,708 million yen

2. Monetary claim and obligations to affiliated companies

(1) Short-term monetary claim	16,917 million yen
(2) Short-term monetary obligations	3,070 million yen
(3) Long-term monetary obligations	1,398 million yen

3. Loan commitment

The unused portion of the committed credit lines established in accordance with loan commitment agreements are as follows:

Total amount of committed credit lines 26,260 million yen

Outstanding loan balance 14,031 million yen

Difference (unused portion of committed credit lines) 12,228 million yen

Given the fact that some of the loan commitment agreements mentioned above require the borrowers' creditability to be assessed and/or other conditions to be satisfied before proceeding to execution of loans, the entire part of the committed credit lines are not always in use.

4. Any fractional amounts less than one million yen are discarded.

Notes to Non-Consolidated Statement of Income

1. Transactions with affiliated companies

(1) Amount of business transactions

Net sales 60,130 million yen

Purchases 8,746 million yen

Other business transactions 1,980 million yen

(2) Non-business transactions 2,730 million yen

2. Impairment loss

The Company has reported the impairment losses of the following groups of assets for the consolidated fiscal term under review.

Use	Place	Type	Impaired loss (Unit: million yen)
Store	AUTOBACS Yanai Minamimachi Store (Yanai City, Yamaguchi)	Buildings, etc.	112
Store	AUTOBACS Marugamedoki Store (Marugame City, Kagawa)	Buildings, etc.	28
Idle assets	Former name: AUTOBACS Secohan Takasaki Store (Takasaki, Gunma)	Land	19

The Company regards a store as a basic unit for the minimum unit generating cash flow, and each of the idle assets and the leased assets were deemed to be a group of assets separated from other assets, respectively.

For stores and others on land whose market value has declined from the acquisition value due to falling land prices, those recording operating losses due to continued unprofitability or those where initially projected profits are no longer predicted, and stores to be closed, the book value of such groups of assets for which the total future cash flow is below the book value was reduced to the recoverable value, and the relevant decrease of 140 million yen is recorded as an "Impairment loss" under extraordinary loss. The book value of idle assets was reduced to the recoverable value, and the relevant decrease of 19 million yen is recorded as an "Impairment loss" under extraordinary loss.

The "Impairment loss" consisted of 140 million yen for buildings, etc., and 19 million yen for land.

The recoverable value of such group of assets is the net sales value or the use value, whichever is higher.

The net sales value of the stores is calculated based on the appraised real estate value by a real estate appraiser

or the value of land facing a thoroughfare, while weighted average capital cost (WACC) at 7.19% is used for the discount rate in the calculation of the use value.

3. Any fractional amounts less than one million yen are discarded.

Notes to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury stock at the end of the fiscal term under review

Common stock 3,404,570 shares

Notes relating to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by cause

(Current) (Unit: million yen)

Deferred tax assets	
Rejection of accounts payable	144
Enterprise tax payable	161
Rejection of valuation losses of inventories	83
Excess of loss entries from allowance for doubtful receivables	6
Rejection of discount and installment payment relating to purchase of inventories	14
Rejection of allowance for business restructuring	25
Excess of the allowable limit of deductible lease costs	143
Others	94
Total deferred tax assets	675
Deferred tax liabilities	
Others	(48)
Total deferred tax liabilities	(48)
Net deferred tax assets	627

(Non-current)

Deferred tax assets	
Excess of loss entries from allowance for depreciation	643
Impairment loss	1,375
Rejection of loss on valuation of shares of subsidiaries and associates	3,761
Rejection of valuation losses of investment securities	101
Excess of loss entries from allowance for doubtful receivables	18
Rejection of credit transfer losses	1,021
Rejection of asset retirement obligations	326
Others	386
Sub-total deferred tax assets	7,634
Valuation-related provision	(5,804)
Total deferred tax assets	1,830
Deferred tax liabilities	
Reserve for reduction entry of assets	(367)
Reserve for special depreciation	(71)
Valuation difference on available-for-sale securities	(1,036)
Others	(99)
Total deferred tax liabilities	(1,574)
Net deferred tax assets	255

(Adjustments of deferred tax assets and deferred tax liabilities due to changes in corporate and other tax rates)

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9, 2015), and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2, 2015), were promulgated on March 31, 2015. As a result, the income tax rate has been reduced for the fiscal period that started on April 1, 2015, and thereafter. Due to this implementation, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will be reduced from the previously applied rate of 36.0% to 32.8% regarding the temporary differences that are expected to be recovered or settled during the fiscal term beginning on April 1, 2015, and 32.0% regarding the temporary differences that are expected to be recovered or settled during the fiscal term beginning on April 1, 2016.

Due to this tax rate change, the amount of deferred tax assets (the amount after subtracting deferred tax liabilities) decreased ¥64 million. Income taxes – deferred increased ¥161 million and the valuation difference on available-for-sale securities increased ¥97 million.

Notes relating to Fixed Assets Used on a Leasing Basis

In addition to the fixed assets accounted for on the balance sheet, some office equipment and devices are used under the non-ownership-transfer finance lease agreements.

Notes relating to Business Transactions with Related Parties

Subsidiaries and affiliates, etc.

(Unit: million yen)

Attribution	Name of Company, etc.	Holding (held) ratio of voting rights, etc.	Relationship with related parties	Content of transaction	Transacted amount	Account Item	Balance as of the end of the fiscal term
Subsidiary	AUTOBACS Financial Service Co., Ltd.	(Holding ratio) 100% (directly)	Assistance in financing	Loans (Notes)	10,772	Short-term loans Long-term loans to affiliated companies	3,905 8,180

Conditions of transactions and policies for decision on conditions of transactions, etc.

- (Notes)
1. The interest rate of the loans was determined in consideration of market rates.
 2. For the efficient procurement of operational funds, the Company concluded loan commitment agreements (ceiling amount of committed credit line: 19,000 million yen).

Notes to Per-Share Information

1. Net asset per share 1,610.82 yen
2. Net income per share 37.82 yen

Material Subsequent Events

1. Resolution of Purchase of Treasury Stock

At the Board of Directors Meeting held on May 8, 2015, the Company resolved matters related to the purchase of treasury stock in accordance with the provision of Article 156 of the Companies Act as applied under Article 165, Paragraph 3, of the said law.

(1) Reason for the purchase of treasury stock

To improve capital efficiency and reinforce shareholders' returns

(2) Details of purchase

- | | |
|---|--|
| (i) Class of shares to be purchased | Common stock |
| (ii) Total number of shares to be purchased | 2,500,000 shares (maximum) |
| (iii) Total amount of purchase price | 5,500 million yen (maximum) |
| (iv) Purchase period | From May 13, 2015 to February 29, 2016 |

2. Resolution of Cancellation of Treasury Stock

At the meeting of the Board of Directors of the Company held on May 8, 2015, the Company resolved to cancel treasury stock pursuant to the provision of Article 178 of the Companies Act.

- | | |
|--|------------------|
| (1) Class of shares to be cancelled | Common stock |
| (2) Total number of shares to be cancelled | 3,000,000 shares |
| (3) Scheduled cancellation date | May 15, 2015 |

Others

The Osaka Automobile Maintenance Employee Pension Fund, in which the Company participates, determined to apply for the approval of dissolution of the pension fund at a meeting of its board of representatives held on April 13, 2015, and applied for dissolution of the fund with the Minister of Health, Labor and Welfare on April 22, 2015. This dissolution is predicted not to incur expenses.

Independent Auditors' Report on Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 13, 2015

To the Board of Directors of
AUTOBACS SEVEN Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yasunori Kusaka

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yoshihiro Ishikawa

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely the consolidated balance sheet as of March 31, 2015 of AUTOBACS SEVEN Co., Ltd. (the "Company"), and its subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from April 1, 2014 to March 31, 2015, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2015, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

END

Independent Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT (COPY)

May 13, 2015

To the Board of Directors of
AUTOBACS SEVEN Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yasunori Kusaka

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yoshihiro Ishikawa

Pursuant to the first item, second Paragraph Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2015 of AUTOBACS SEVEN Co., Ltd. (the "Company"), and the related statements of income and changes in net assets for the 68th fiscal year from April 1, 2014 to March 31, 2015, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2015, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

END

Audit Report by Audit and Supervisory Board

AUDIT REPORT

The Audit and Supervisory Board has prepared this audit report regarding the performance of duties by the Directors of AUTOBACS SEVEN Co., Ltd. (the “Company”), for the 68th fiscal term from April 1, 2014 to March 31, 2015 upon deliberation based on the audit reports prepared by each Audit and Supervisory Board Member, and hereby reports as follows:

1. Methods of audits performed by individual Audit and Supervisory Board Members and the Audit and Supervisory Board and the contents thereof

The Audit and Supervisory Board which established the auditing policies and made decisions on individual Audit and Supervisory Board Members’ assignments and responsibilities and other related details, has received reports on the status and results of audits from these individual Audit and Supervisory Board Members. In addition, the board has received reports on the performance of the provided assignments and responsibilities from the Directors and other related staff members and Independent Auditor. These reports have been supplemented by explanations provided upon request, when the board deemed such explanations necessary.

In accordance with the Audit and Supervisory Board Members’ auditing standards established by the Audit and Supervisory Board, the auditing policies, the provided assignments and responsibilities and other conditions, individual Audit and Supervisory Board Members have taken steps to communicate with the Directors and the internal audit department as well as other employees, etc. for the purpose of obtaining necessary information and developing a favorable environment for audits. Individual Audit and Supervisory Board Members have participated in the meeting of the Board of Directors and other important meetings and have received reports from the Directors, employees and other staff members of the Company regarding their performance of the provided assignments and responsibilities. These Directors, employees and other staff members were requested to give explanations, whenever such explanations were deemed necessary. Individual Audit and Supervisory Board Members have examined important documents, including documents for approval, and have visited the head office and major business offices to assess the status of operations and property of assets. Furthermore, each Audit and Supervisory Board Member expressed his opinion about the content of resolutions made by the Board of Directors concerning the establishment of systems to ensure that the performance of duties by the Directors will be in compliance with laws and regulations, the Company’s articles of incorporation and other systems set forth in Article 100, Paragraphs 1 and 3, of the Companies Act Enforcement Regulations, as systems necessary to ensure that the Company’s operation will be conducted appropriately; and about the status of such systems (internal control systems) established by such resolutions, by receiving regular reports from the Directors as well as from other employees, etc. on the status of the establishment and operation of the systems, and by requesting explanations whenever necessary.

With respect to internal control related to financial reports, the Audit and Supervisory Board has received reports on assessment and audit results from the Directors, employees and other staff members of the Company as well as from Deloitte Touche Tohmatsu LLC. The Audit and Supervisory Board requested explanations from the Directors, employees, other staff members and Independent Auditor, when such explanations were deemed necessary.

In respect of the basic policies (Basic Policy Concerning Company Control) described in the Company’s Business Report in accordance with Article 118, Item 3, (i) of the Companies Act Enforcement Regulations, the board has further examined the contents. As for the subsidiaries, individual Audit and Supervisory Board Member have worked diligently to improve communications and information exchange with Directors, Audit and Supervisory Board Member and other related staff members of the Company’s individual subsidiaries and have visited these subsidiaries, as the need arises, to receive reports on the subsidiaries’ business operations, and assessed the status of subsidiaries’ operations and property of assets.

Based on the foregoing method, the board examined the Business Report and the Supplementary Schedules thereto for the fiscal term under review.

Furthermore, the Audit and Supervisory Board has supervised and confirmed that Independent Auditor maintained their independent positions and performed fair and appropriate audits. At the same time, the board has received from these Independent Auditor reports on the status of the provided assignments and responsibilities and requested explanations, when such explanations were necessary. Each Audit and Supervisory Board Member also received a notification from the Independent Auditor that they have taken steps to improve the “System to Ensure Appropriate Execution of the Duties” (as enumerated in each Item of Article 131 of the Company Calculation Regulations) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting

Deliberation Council on October 28, 2005), etc. When deemed necessary, each Audit and Supervisory Board Member requested explanations on such notification.

Based on the foregoing method, each Audit and Supervisory Board Member reviewed the Non-Consolidated Financial Statements (the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and the Supplementary Schedules thereto and the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Shareholders' Equities and Notes to the Consolidated Financial Statements) for the fiscal term under review.

2. Audit Results

(1) Results of audits of the Business Report and other documents

1. The Audit and Supervisory Board hereby acknowledges that the Company's Business Report and the Supplementary Schedules thereto are in compliance with the applicable laws, acts, ordinances and the Company's articles of incorporation, and that these documents fairly present the Company's financial position and the status of the Company's business operations.

2. Audit results have revealed no vital findings indicating any fraud or any breach of the applicable laws, acts, ordinances and the company's articles of incorporation that may relate to the Directors' performance of the provided assignment and responsibilities.

3. The Audit and Supervisory Board acknowledges that the content of the resolutions adopted by the Board of Directors meeting regarding the internal control systems is appropriate. The board has not recognized any matter that should be pointed out in this Audit Report with respect to the content of the Business Report and the Directors' performance of the assignments and responsibilities provided in relation to internal control systems.

4. In respect of the basic policies specifying the requirements of decision makers responsible for the company's financial position and business operation policies, which are contained in the Business Report, the Audit and Supervisory Board has not recognized any matter requiring corrections or improvements.

(2) Audit results of the Non-Consolidated Financial Statements and the Supplementary Schedules Thereto

The Audit and Supervisory Board considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an Independent Auditor, and the results thereof to be appropriate and sufficient.

(3) Audit results of the Consolidated Financial Statements Thereto

The Audit and Supervisory Board considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an Independent Auditor, and the results thereof to be appropriate and sufficient.

Date: May 21, 2015

The Audit and Supervisory Board of AUTOBACS SEVEN Co., Ltd.	
Yasuhiro Tsunemori	Audit and Supervisory Board Member (full-time)
Toshiki Kiyohara	Audit and Supervisory Board Member (Outside Audit and Supervisory Board Member) (full-time)
Tomoaki Ikenaga	Outside Audit and Supervisory Board Member
Yuji Sakakura	Outside Audit and Supervisory Board Member