Please note that this document is a translation of the official Japanese notice of convocation of the 66th 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, 2013

To Our Shareholders

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

NOTICE OF CONVOCATION OF THE 66TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 66th 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 66TH ORDINARY GENERAL MEETING OF SHAREHOLDERS and submit the enclosed Exercise of Voting Rights form to the receptionist.

Particulars

1. Date and time: June 25, 2013 (Tuesday) at 10:00 a.m.
   *The reception area opens at 9:00 a.m.

2. Venue: Hotel East 21 Tokyo, 3rd floor, Eitai Room
   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 66th Fiscal Term (from April 1, 2012 to March 31, 2013)
   2. Report on the non-consolidated financial statements for the 66th Fiscal Term (from April 1, 2012 to March 31, 2013)

   Matters to be resolved:
   Agenda Item No. 1: Appropriation of surplus
   Agenda Item No. 2: Partial amendments to the Articles of Incorporation (1)
   Agenda Item No. 3: Partial amendments to the Articles of Incorporation (2)
   Agenda Item No. 4: Election of eight (8) Directors

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., Monday, June 24, 2013.

(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 requests the shareholders' approval for the proposal to conduct the appropriation of surplus as follows:

1. Matters concerning year-end dividends

The Company defines returning profits to its shareholders as one of its most important management tasks. The Company's basic policy is to maintain a stable payment of dividends, while attaining the management target of consolidated dividends to shareholders' equity (DOE) ratio of 3% or more, as specified in AUTOBACS 2010 Medium-Term Business Plan announced on May 13, 2010.

The Company proposes to pay year-end dividends for this fiscal term as described below to increase returns to shareholders in compliance with the above basic policy on 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

Eighty-one (81) yen per ordinary share of the Company

Total amounting to 2,498,792,328 yen

Since the Company has paid interim dividends at the rate of seventy-five (75) yen per share, the total annual dividends for this fiscal term shall be one hundred fifty-six (156) yen per share.

(3) Effective date of dividends from surplus

June 26, 2013

2. Other matters concerning the appropriation of surplus

Item and amount of surplus to be decreased	
Other reserves	10,000,000,000 yen
Item and amount of surplus to be increased	
Retained earnings brought forward	10,000,000,000 yen

Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Partial amendments to the Articles of Incorporation (1)

1. Reason for the amendment

The AUTOBACS chain, which comprises a franchise system, engages in business operations aimed at reducing its environmental footprint, including initiatives to reduce energy use, CO_2 emissions and resource utilization, as well as initiatives aimed at recycling and reuse. As was externally announced in a press release dated March 11, 2013, the Company will begin the solar power business utilizing unused land areas and some building rooftops at its Western Japan Logistics Center (Miki City, Hyogo).

Consequently, the Company proposes Item (43) in Article 2 (Purpose) of the current Articles of Incorporation by adding "Power generation business using natural energy, etc., and management and operation thereof, as well as the electricity purchase and sale business."

Moreover, the relevant items shall be renumbered as a result of establishing the new item.

2. Details of the amendment

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

(Underlined parts to be amended)

Present Article	Proposed Amendment
(Purpose) Article 2: The Company is organized for the purpose of engaging in the following business activities. (1)–(42): (Items omitted) (New establishment) (43) Any and all other businesses ancillary to or related to any of the above, as well as investment in such businesses.	(Purpose) Article 2: The Company is organized for the purpose of engaging in the following business activities. (1)–(42): (Unchanged) (43) Power generation business using natural energy, etc., and management and operation thereof, as well as the electricity purchase and sale business. (44) Any and all other businesses ancillary to or related to any of the above, as well as investment in such businesses.

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Partial amendments to the Articles of Incorporation (2)

1. Reason for the amendments
To improve the convenience of shareholders, the Company proposes a new article and makes resulting amendments as required to its Articles of Incorporation for implementing electronic public notice and a system for additional purchase of shares less than one (1) unit. The details are as follows.

i) Electronic public notice
The Company intends to change the method for public notices, which is set in Article 5 (Method for Public Notices) of the current Articles of Incorporation, to the electronic public notice to improve the knowledge level of its shareholders and rationalize the public notification procedure. Furthermore, to be prepared for unforeseeable circumstances, the Company provides a backup public notification method.

ii) System for additional purchase of shares less than one (1) unit
The Company intends to implement a system for additional purchase of shares less than one (1) unit from the viewpoint of extending services to shareholders. The Company therefore newly establishes Item (3) in Article 9 (Rights of Shareholders who Hold Shares Less than One [1] Unit) of the current Articles of Incorporation and newly establish Article 10 (Additional Purchase of Shares Less than One [1] Unit).

Moreover, the relevant articles shall be renumbered as a result of this establishment of the new article.

2. Details of the amendments

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

(Underlined parts to be amended)

Present Articles	Proposed Amendments
(Method for Public Notices) Article 5: The Company's public notices shall be given by posting the notices in the *Nihon Keizai Shimbun.*	(Method for Public Notices) Article 5: The Company's public notices shall be given via electronic notification. Provided, however, that if, due to unavoidable circumstances such as an accident, electronic notification is not possible, the Company shall post the notices in the *Nihon Keizai Shimbun.*
Articles 6–8: (Articles omitted)	Articles 6–8: (Unchanged)
(Rights of Shareholders who Hold Shares Less than One [1] Unit) Article 9: The Company's shareholders who hold shares less than one (1) unit cannot exercise their rights excluding those listed below. (1) Rights that cannot be restricted even with the Articles of Incorporation, in accordance with the provisions of laws and ordinances. (2) Rights to receive an allotment of shares for subscription and an allotment of share options for subscription. (New establishment)	(Rights of Shareholders who Hold Shares Less than One [1] Unit) Article 9: The Company's shareholders who hold shares less than one (1) unit cannot exercise their rights excluding those listed below. (1) Rights that cannot be restricted even with the Articles of Incorporation, in accordance with the provisions of laws and ordinances. (2) Rights to receive an allotment of shares for subscription and an allotment of share options for subscription. (3) The claimable right provided for in the subsequent article.
(New establishment)	(Additional Purchase of Shares Less than One [1] Unit) Article 10: The Company's shareholders may request the sale of shares in a number that, together with the number of shares less than one (1) unit that they hold, constitutes a unit of shares, pursuant to the provisions of the Share Handling Regulations.
Articles 10–41: (Articles omitted)	Articles 11–42: (Unchanged)

Agenda Item No. 4 and Reference Matters

Agenda Item No. 4: Election of eight (8) Directors

At the conclusion of this general meeting of shareholders, the term 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 8-16.

Candidate No.	Name	Career position and assignment in the Company	Notes
1	Setsuo Wakuda	Representative Director, Chief Executive Officer and Chief Chain Officer	
2	Yasuhiro Tsunemori	Director, Vice Chief Executive Officer and Vice Chief Chain Officer	
3	Hironori Morimoto	Director and Senior Managing Executive Officer, Head of Corporate Administration and Finance & Accounting	
4	Tatsuya Tamura	Director	(Outside Director) Independent Officer
5	Norio Hattori	Director	(Outside Director) Independent Officer
6	Teruyuki Matsumura	Director and Senior Executive Officer, Head of Marketing & Sales Strategy Planning	
7	Kiomi Kobayashi	Director and Senior Executive Officer, Head of Sales Operation and Chain Store Planning	
8	Noriaki Shimazaki	Director	(Outside Director) Independent Officer

(Notes) 1. Each of the candidates has no special interest in the Company. Please refer to the item 4. "Special remarks on the candidates for the offices of Outside Directors" on page 16.
2. Mr. Tatsuya Tamura, Mr. Norio Hattori and Mr. Noriaki Shimazaki 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 Tokyo Stock Exchange, Inc. and Article 7 of the Code of Corporate Conduct of Osaka Securities Exchange Co., Ltd., 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 Eight (8) Directors

Candidate No. 1:
Setsuo Wakuda

Career position and assignment in the Company:
Representative Director, Chief Executive Officer and Chief Chain Officer

- Date of birth: December 25, 1948
- Term of office: 10 years (at the conclusion of this general meeting)
- Number of Company shares owned: 80,742 (number of shares after stock split)

Dear Shareholders,
Since I took office as CEO, I have focused on the reinforcement of AUTOBACS stores as the top priority issue.

In the fiscal term ending March 31, 2014, which is the final year of the AUTOBACS 2010 Medium-Term Business Plan, I will ensure continued growth of the AUTOBACS chain in the future by innovating the AUTOBACS stores so as to earn customer support as expressed in the Group's vision, "Anything about cars, you find at AUTOBACS," and further increasing its market share.

I will also focus on shaping new growth strategies for the years ahead.

Reasons for nomination
Since being inaugurated 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 believes it is in the best interest of the AUTOBACS SEVEN Group that Mr. Wakuda continues to lead the management team to enable the enhancement of value for customers and the innovation of stores to earn continued support from customers, and seek sustainable growth of the Company by developing new growth strategies.

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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, Chief Executive Officer and Chief Chain Officer (current position)

Candidate No. 2:
Yasuhiro Tsunemori

Career position and assignment in the Company:
Director, Vice Chief Executive Officer and Vice Chief Chain Officer

- Date of birth: March 22, 1952
- Term of office: 10 years (at the conclusion of this general meeting)
- Number of Company shares owned: 9,900 (number of shares after stock split)

Dear Shareholders,
In the fiscal term ending March 31, 2014, which is the final year of the AUTOBACS 2010 Medium-Term Business Plan, I will focus on reinforcing the organizational structure and human resources to address changing market environments and automotive innovations on a continual basis. Also, through focused efforts to ensure customer-oriented management to win the trust and patronage of our customers as expressed in the Group's vision, "Anything about cars, you find at AUTOBACS," I will commit myself not only to current business performance but also to ensuring the sustainable growth of the Company for the years ahead and enhancement of its corporate value.

Reasons for the nomination
Mr. Tsunemori has knowledge and experience in an extensive range of business fields, not only in the marketing and merchandising fields of the AUTOBACS franchise business but also in executive management and overseas operations.

Based on such extensive knowledge and experience, he has long been involved in making important decisions and executing his duties as Director, while duly supervising the execution of duties by other Directors, thereby enhancing the Group's corporate value.

Mr. Tsunemori is nominated for Director, as in the previous year. To win the continuing support and confidence of its customers by promoting the AUTOBACS 2010 Medium-Term Business Plan and enhance the Group's corporate value, the Company believes it is in the best interest of the AUTOBACS SEVEN Group to take full advantage of his extensive knowledge and experience by having him participate on the management team.

Brief professional background including major posts held

April 1977:	Joined Shoutensekkei Co., Ltd.
March 1978:	Joined Daiho-Sangyo Co., Ltd. (currently AUTOBACS SEVEN Co., Ltd.)
February 1995:	General Manager of Chubu Area Operation Department
June 2000:	Director, General Manager of Merchandise Department
June 2002:	Executive Officer, Merchandising Strategy
June 2003:	Director and Executive Officer, Merchandising Strategy
June 2004:	Director and Co-Chief Operating Officer, Head of Total Car-Life Business Strategy
April 2006:	Director
June 2008:	Director and Vice Chief Executive Officer, Head of Corporate Strategy and Overseas Operation
December 2008:	Director and Vice Chief Executive Officer, Head of Corporate Strategy, Overseas Operation and Merchandising Strategy
April 2009:	Director and Vice Chief Executive Officer, Head of Information Systems & General Affairs, Overseas Operation and Car Dealing
April 2010:	Director, Vice Chief Executive Officer and Vice Chief Chain Officer, Head of Finance & Accounting
April 2011:	Director, Vice Chief Executive Officer and Vice Chief Chain Officer, Head of Finance & Accounting and Overseas Operations
April 2012:	Director, Vice Chief Executive Officer and Vice Chief Chain Officer (current position)

Candidate No. 3:
Hironori Morimoto

Career position and assignment in the Company:
Director and Senior Managing Executive Officer, Head of Corporate Administration and Finance & Accounting

- Date of birth: June 2, 1957
- Term of office: 7 years (at the conclusion of this general meeting)
- Number of Company shares owned: 5,100 (number of shares after stock split)

Dear Shareholders,
Toward the targets set forth in the AUTOBACS 2010 Medium-Term Business Plan, I have engaged in efforts to attain the trust of our customers as expressed in the Group’s vision, “Anything about cars, you find at AUTOBACS,” thereby enhancing the value for our customers.

I will continue to engage in accommodating rapidly changing business environments in a swift and flexible manner, accelerating business growth by identifying emerging business opportunities, ensuring the best possible allocation of management resources to solidify the Group’s business foundations and enhancing the corporate value.

Reasons for nomination
Mr. Morimoto has accumulated achievements in reinforcing the Company’s relationships with corporate franchisees and improving store profitability for many years. He has also been involved in administration fields, including personnel and general affairs, to solidify the Group’s business foundations in those respects.

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

Mr. Morimoto is nominated for Director, as in the previous year, because the Company believes it is in the best interest of the AUTOBACS SEVEN Group to take full advantage of his extensive knowledge and experience to steadily promote the efforts under the AUTOBACS 2010 Medium-Term Business Plan and set out next strategies for the sustainable growth of the Group.

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 2013:	Director and Senior Managing Executive Officer, Head of Corporate Administration and Finance & Accounting (current position)

Candidate No. 4:
Tatsuya Tamura

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

- Date of birth: October 11, 1938
- Term of office: 5 years (at the conclusion of this general meeting)
- Number of Company shares owned: 1,500 (number of shares after stock split)

Dear Shareholders,
The automobile after-sales service market is undergoing several major structural changes, against the backdrop of declining car use, emergence of electric and hybrid vehicles, and other factors. The Company must respond flexibly and promptly to those structural changes, while aggressively exploring new business opportunities that might arise in association with said markets. In the automobile after-sales markets especially of the growing Southeast Asian economies, you may find entirely new business opportunities not shared by the Japanese market, and therefore the Company should not fail to conduct up-front investment and market research on a continual basis.

Valuing these perspectives, I would like to actively exchange opinions with the management team and executive officers as an Outside Director and Independent Officer. Through such active interactions, I hope to contribute to enhancing the common interests of the Company, employees, shareholders and franchisees.

Reasons for nomination
Mr. Tamura is highly knowledgeable in finance and corporate governance and has abundant experience as an Outside Director.

Based on the aforementioned knowledge and experience and in the capacity of an Outside Director and Independent Officer, he has fulfilled his duties of making important decisions and supervising business execution from the perspective of general shareholder protection. In addition, as Chairman of the Corporate Governance Committee of the Company, he has contributed to enhancing corporate value by promoting and strengthening the corporate governance of the Company.

Mr. Tamura 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 continues to supervise the management of the Company as an Outside Director and Independent Officer.

Brief professional background including major posts held

April 1961:	Joined the Bank of Japan
May 1986:	Representative – Europe, Bank of Japan
February 1992:	Executive Director, Bank of Japan
April 1996:	Chairman, A. T. Kearney, Inc.
June 1996:	Adviser to the Board, Foreign and Colonial Pacific Investment Fund
April 1999:	Secretary, Keizai Doyukai (Japan Association of Corporate Executives)
June 1999:	Outside Director, ORIX Corporation
June 2000:	Outside Director, Suruga Bank Ltd.
May 2002:	Representative Director and President, Global Management Institute Inc. (current position) Auditor, Japan Center for Economic Research (current position)
June 2002:	Outside Director, Japan Telecom Co., Ltd.
March 2003:	Chairman, Japan Corporate Governance Network (non-profit organization; current position)
June 2003:	Outside Director, SKY Perfect Communications Inc.
October 2004:	Outside Director, Kanebo Cosmetics Inc.
June 2006:	Outside Director, Sanden Corporation
June 2008:	Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
June 2009:	Outside Director, Nipponkoa Insurance Co., Ltd.
June 2010:	Outside Corporate Auditor, Shinsei Bank, Limited (current position)

Candidate No. 5:
Norio Hattori

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

- Date of birth: April 3, 1946
- Term of office: 5 years (at the conclusion of this general meeting)
- Number of Company shares owned: 1,500 (number of shares after stock split)

Dear Shareholders,
Today, the environment surrounding the automotive industry is undergoing a remarkable change, as we see the steady expansion of hybrid and electric vehicles and the accelerated utilization of information technology integrated with information and telecommunications devices, such as smartphones. In Asia, the remarkable economic growth of not only China but also the ASEAN countries is accelerating the spread of automobiles. Given this background, I will endeavor to obtain accurate information and analyze effectively for continued business expansion, while ensuring good corporate governance, thereby enhancing corporate value.

Reasons for nomination
Mr. Hattori has extensive experience of crisis management, including the eradication of antisocial forces, and is well versed in the situation outside Japan, as his profile indicates.

Based on the aforementioned experience and knowledge, he has contributed to improving the corporate governance of the Company in the capacity of an Outside Director and Independent Officer, as well as a member of the Corporate Governance Committee. Meanwhile, he has fulfilled his duties of making important decisions and supervising business execution from the perspective of general shareholder protection.

Mr. Hattori 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 continues to supervise in the management of the Company as an Outside Director and Independent Officer.

Brief professional background including major posts held

April 1970:	Joined the National Police Agency
June 1974:	Long-term overseas researcher at Harvard Business School dispatched from the National Personnel Authority
June 1981:	First Secretary, Embassy of Japan in Israel
July 1991:	Director General, Yamanashi Prefectural Police Headquarters
August 1995:	Chief Inspection Officer, National Police Agency
December 1996:	Director General, Saitama Prefectural Police Headquarters
July 1998:	Director General, Imperial Guard Headquarters
September 2000:	Director General, Kanto Regional Office Bureau
September 2001:	Retired from the National Police Agency
October 2001:	Full-time Senior Advisor, All Nippon Airways Co., Ltd.
October 2006:	Advisor, Fukoku Mutual Life Insurance Company
June 2008:	Outside Director, AUTOBACS SEVEN Co., Ltd. (current position)
April 2011:	Chairman, Japan Security Systems Association (current position)
July 2012:	Outside Director, Estate 24 Holdings Co., Ltd. (current position)

Candidate No. 6:
Teruyuki Matsumura

Career position and assignment in the Company:
Director and Senior Executive Officer, Head of Marketing & Sales Strategy Planning

- Date of birth: November 25, 1961
- Term of office: 4 years (at the conclusion of this general meeting)
- Number of Company shares owned: 6,663 (number of shares after stock split)

Dear Shareholders,
For the past three years, I have engaged in efforts under the AUTOBACS 2010 Medium-Term Business Plan to open new stores, reform existing stores and enhance customer services to increase the convenience of our customers. During the fiscal term ending March 31, 2014, I will work to increase our market share and improve store profitability by creating reliable and enjoyable stores where customers can entrust us with their statutory safety inspections and a wide variety of maintenance services and feel the pleasure of driving experiences, as well as by completing the reforms at Super AUTOBACS stores, striving to ensure the Company's future growth and enhance its corporate value.

Reasons for nomination
Mr. Matsumura has long accumulated experience and achievements in the marketing, merchandising and service fields of the AUTOBACS franchise business, thereby contributing to strengthening the business foundations for the AUTOBACS business.

Based on his experience and results, as well as extensive knowledge, Mr. Matsumura has fully demonstrated his role in deciding important matters, supervising the execution of other directors' duties, and executing duties as a Director.

Mr. Matsumura is nominated for Director, as in the previous year, because the Company believes it is in the best interest of the AUTOBACS SEVEN Group to take full advantage of his extensive knowledge and experience to promote the AUTOBACS 2010 Medium-Term Business Plan, thereby achieving further growth and enhancing the corporate value.

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 2013:	Director and Senior Executive Officer, Head of Marketing & Sales Strategy Planning (current position)

Candidate No. 7:
Kiomi Kobayashi

Career position and assignment in the Company:
Director and Senior Executive Officer, Head of Sales Operation and Chain Store Planning

- Date of birth: February 11, 1956
- Term of office: 3 years (at the conclusion of this general meeting)
- Number of Company shares owned: 2,700 (number of shares after stock split)

Dear Shareholders,
For the three years since being inaugurated as Director, I have been committed to achieving the targets of the AUTOBACS 2010 Medium-Term Business Plan by working to enhance the conduct of store staff as well as the Group employees, and continuing store development efforts. By nurturing the store staff's ability to make consistent efforts to best serve customers even in a rapidly changing business environment and accelerating the development of stores that can flexibly accommodate changing customer needs, I will strive to reinforce individual store strength and increase market share, thereby enhancing the corporate value of the Company.

Reasons for nomination
Mr. Kobayashi has long accumulated experience and achievements in the merchandising, overseas and marketing fields of the AUTOBACS franchise business, thereby contributing to enhancing the AUTOBACS brand and the corporate value of the Company.

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

Mr. Kobayashi is nominated for Director, as in the previous year, because the Company believes it is in the best interest of the AUTOBACS SEVEN Group to take full advantage of his extensive knowledge and experience to enhance the value for customers in line with the AUTOBACS 2010 Medium-Term Business Plan, thereby achieving continued 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 (current position)

Candidate No. 8:
Noriaki Shimazaki

Career position and assignment in the Company: Outside Director, (Independent Officer)
- Date of birth: August 19, 1946
- Term of office: 2 year (at the conclusion of this general meeting)
- Number of Company shares owned: 2,400 (number of shares after stock split)

Dear Shareholders,
For the past two years as an Outside Director, I have endeavored to provide appropriate advice based on our past experience as to the implementation of business strategies for enhancing the corporate value of the Company and risk management and human resources development for reinforcing the Company's business foundations.

While continuing to perform the aforementioned duties in the fiscal term ending March 31, 2014, I will participate in the discussions for setting out a medium-term business plan for the period beginning in the next fiscal term to provide opinions on growth strategies and capital policies of the Company from the perspective of shareholder value to help create a business plan that satisfies all stakeholders.

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 continues 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 (current position)
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 (IFRS) Foundation (current position)
July 2009:	Special Adviser of SUMITOMO CORPORATION (current position)
June 2011:	Trustee of Financial Accounting Standards Foundation (current position)
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)

Special remarks on the candidates for the offices of Outside Directors

1. Candidates for the offices of Outside Directors

Mr. Tatsuya Tamura, Mr. Norio Hattori and Mr. Noriaki Shimazaki are the candidates for the offices of Outside Directors as defined in Article 2, Paragraph 3, Item 7 of the Companies Act Enforcement Regulations.

2. Liability limitation agreement with Outside Directors

Mr. Tatsuya Tamura, Mr. Norio Hattori and Mr. Noriaki Shimazaki who currently serve as the Company's Outside Directors, have entered into an agreement with the Company which defines the limitations of liability as defined in Article 423, Paragraph 1 of the Companies Act. In the event of their re-election as Outside Directors, the said agreement will be continued.

[Outline of contents of liability limitation agreement]

The liability limit pursuant to the agreement shall be the greater of ten (10) million yen or 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. Independence of Outside Directors

The three candidates for the offices of Outside Directors fulfill the requirements for independence defined by the listed securities exchanges as well as the "Requirements for the Outside Officers' Independency" adopted by the Board of Directors of the Company (established on February 24, 2010). Please refer to page 17 regarding "Requirements for the Outside Officers' Independency."

4. Special relationship between candidates for Outside Directors and the Company

i) 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 fiscal term under review was less than one million yen. 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 or received by or to, 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" and the candidate has no special interests in the Company.

ii) Mr. Norio Hattori concurrently serves as Chairman of the Japan Security Systems Association. To promote and reinforce risk management within the Chain by obtaining information and guidance on preventing crimes, such as burglaries and shoplifting at stores, provided by the Association, the Company pays an annual membership fee as a corporate supporting member. The fee paid, in light of its amount and nature, is determined to have no impact on the judgments of shareholders and investors, and is therefore excluded from disclosures.
The annual membership fee the Company paid to said organization in the fiscal term under review was less than one million yen. 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 or received by or to, 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" and the candidate has no special interests in the Company.

iii) Other candidates have no special interests in the Company.

Requirements for the Outside Officers' Independency

The Independent Officers of the Company shall be the Outside Director or Outside Audit and Supervisory Board Member who satisfy the following requirements for independency.

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

1. The Company's Outside Officers shall not have had any interest in the Company and its affiliates (hereinafter collectively referred to as AUTOBACS SEVEN Group) or specified corporations or entities in the past five years in any of the following manners:

   (i) Receiving remuneration (excluding the remuneration for the duty of an officer from the Company) or other assets from AUTOBACS SEVEN Group in the amount exceeding ten (10) million yen per fiscal term

   (ii) Serving any of the following corporations or entities (including holding companies) as a Director, Executive Officer or in any other executive or managerial post:

      a. AUTOBACS SEVEN Group's customer or business partner whose amount of operation or trade with, or the amount paid or received by or to, AUTOBACS SEVEN Group accounts for 2% or more of the consolidated sales of either party

      b. Corporation or entity which has an interest of essential nature with AUTOBACS SEVEN Group (main bank, audit firm, law firm, consultancy, etc.), regardless of the amount of trade

      c. Any major shareholder of the Company (owning 10% or more of the shares issued)

      d. Any corporation among whose major shareholders (owning 10% or more of the shares issued) is AUTOBACS SEVEN Group

      e. Any corporation which shares any number of mutually appointed Directors with AUTOBACS SEVEN Group (in the framework of cross-holding of shares involving mutual election of Directors)

2. The Company's Outside Officers neither be a spouse of, nor have any relation of the second degree of kinship or closer to any of AUTOBACS SEVEN Group's Officers or Executive Officers.

3. The Company's Outside Officers shall not 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.

(Established February 24, 2010)

Business Report (from April 1, 2012 to March 31, 2013)

1. Current Status of the AUTOBACS SEVEN Group

(1) Business Progress and Results

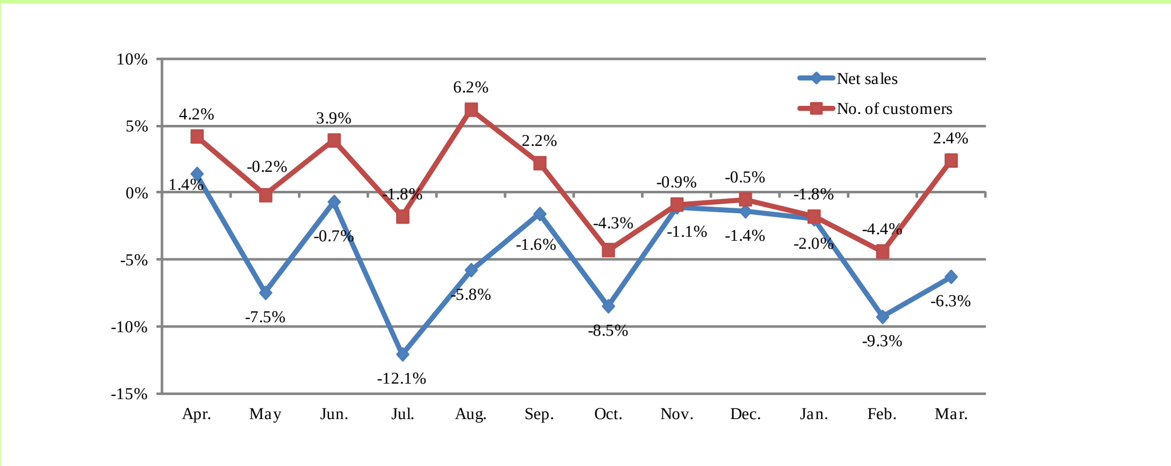
Business environment

During the consolidated fiscal term under review, in the domestic automotive market the number of new vehicles sold increased, thanks to the eco-car subsidy system implemented by the Japanese government. Compact and hybrid cars particularly sold well. Accordingly, demand expanded for automotive goods in general. Even after the end of the eco-car subsidy system, snow in the Kanto area and cold weather nationwide steadily boosted the demand for snow tires and tire chains. On the other hand, there was a sharp drop in demand for car navigation devices and automotive tuners for terrestrial digital broadcasting after the previous year's increase that occurred in conjunction with the shift from analog broadcasting to digital terrestrial television broadcasting. Also, intensified market competition involving car dealers, resulted in plunging unit prices for car navigation devices.

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 4.5% on a same-store basis and by 2.0% on a total-store basis year-on-year. However, with the effects of the sales floor reforms and improvement of its customer service skills implemented under the Medium-Term Business Plan, the number of customers at its existing stores increased by 0.5%.

Net Sales and Number of Customers at Domestic AUTOBACS Chain
(Existing Stores, Year-on-Year Comparison)

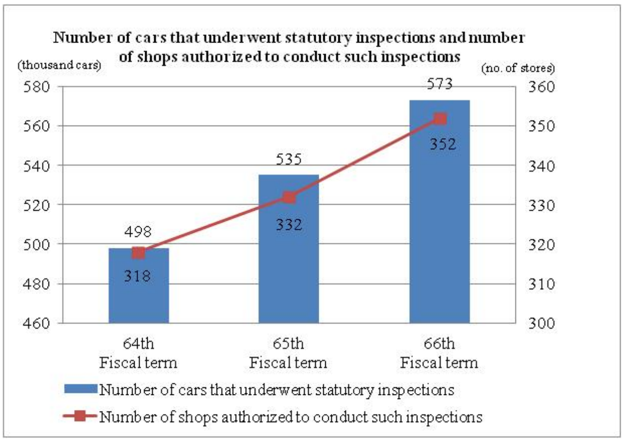


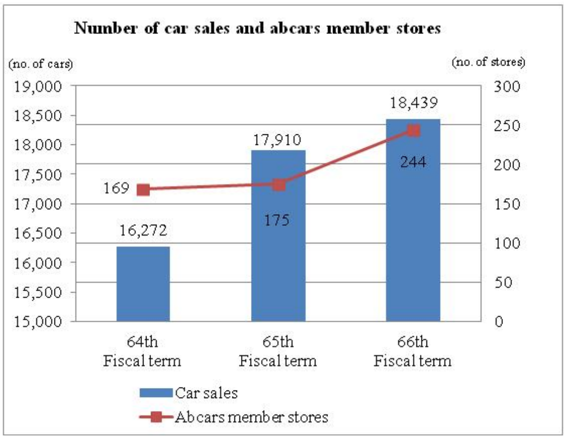
Business environment	Increase in new car sales supported by the eco-car subsidy system Nationwide cold weather and snow Sharp drop in demand for automotive tuners for terrestrial digital broadcasting after the previous year's growth
Topics by merchandise	Favorable sales of accessories and wheels for new cars Favorable sales of tires, wheels and tire chains Plunging unit prices for car navigation devices and a decrease in sales of automotive tuners for terrestrial digital broadcasting

In the automotive goods and services sales business, the AUTOBACS SEVEN Group reinforced sales promotion activities for members and conducted sales promotion activities by type of vehicle in line with the eco-car subsidy system, resulting in favorable sales of such merchandise as tires, wheels, car accessories and car wash goods. The Group also strengthened the merchandise lineup of snow tires and wheels at each store and pursued convenience for customers in choosing and buying them via set sales, resulting in increased sales of such merchandise. Furthermore, smartphone-related items, the number of users of which is on the rise, progressed steadily as a result of efforts such as expanding the sales floors. In the car electronics segment, however, sales declined from a year earlier with the significant impact of a decrease in net sales due to a reactionary decline from the previous year's sharp increase in demand for car navigation devices and automotive tuners for terrestrial digital broadcasting in conjunction with the shift from analog broadcasting to digital terrestrial television broadcasting services, the change in prices for car navigation systems that sold well and a plunge in unit prices caused by price competition with car dealers and other merchants.

In the statutory safety inspections and maintenance services business, the Group conducted aggressive sales promotion such as full operation of Statutory Safety Inspection Contact Center since April 2012 and the introduction of services to customers who contacted via phone and the Group’s website. Despite weak demand for statutory safety inspections, thanks to favorable new car sales, and as a result of aggressive sales expansion activities, the number of cars that underwent statutory inspections rose by 7.1% year on year to approximately 573,000 units. In addition to the regular body repairs, sheet metal processing and painting services for small scratches and dents, the Group opened three Auto Body Repair and Painting Centers (BP Centers) with high-quality sheet metal processing technique, resulting in an increase in sales of sheet metal processing and painting services.

In the automobile purchase and sales business, new vehicle sales progressed favorably thanks to the eco-car subsidy system. However, the used-car market was affected by a return to normal growth from the previous year’s high demand for used cars in the areas affected by the earthquake, resulting in a decrease in the number of used vehicles sold to distributors. As a result, the number of vehicles sold for the consolidated fiscal term under review rose by 2.9% year on year to approximately 18,400 units. The number of AUTOBACS Cars (“abcars”) member stores as of March 31, 2013, was 244, an increase from 175 stores a year earlier.





Status of domestic store consolidation

With respect to domestic store openings and closings in the 66th Fiscal Term, the AUTOBACS SEVEN Group opened 30 new stores; closed and reopened five stores through scrap and build, relocation and the shift of store formats; and closed four stores. It also transitioned four AUTOBACS *Secohan Ichiba* stores to other store formats (shop-in-shop). The number of these stores in a shop-in-shop format, five stores as of March 31, 2013, is not included in the number of overall AUTOBACS chain stores. As a result, the number of stores of AUTOBACS chain, including franchise stores in Japan as of the end of the fiscal term under review increased by 22 stores from 530 stores at the end of the previous fiscal term to 552 stores.

Openings and closings of domestic stores in the 66th Fiscal Term
No. of stores at the end of year: 552 (530 in the previous fiscal term)

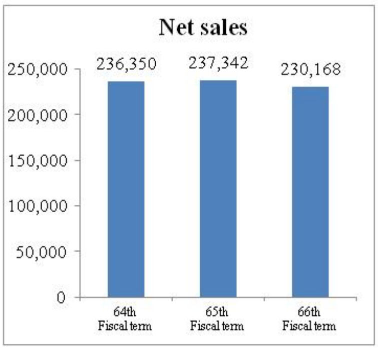
	No. of stores as of March 31, 2012	Opened	Change in store format S/B* R/L*		Closed	No. of stores as of March 31, 2013	Increase/ decrease
			New	Close			
AUTOBACS	430	27	5	4	3	455	25
Super AUTOBACS	76	0	0	0	0	76	0
AUTO HELLOES	1	0	0	1	0	0	-1
AUTOBACS *Secohan Ichiba*	18	0	0	4	0	14	-4
AUTOBACS EXPRESS	5	3	0	0	1	7	2
TOTAL	530	30	5	9	4	552	22

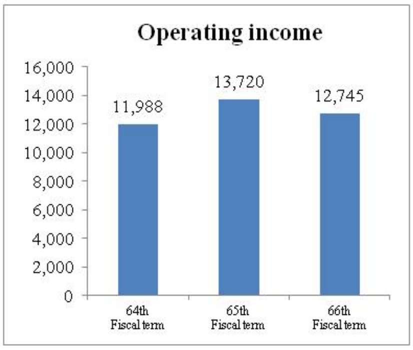
(Note) S/B: Scrap and Build R/L: Relocation

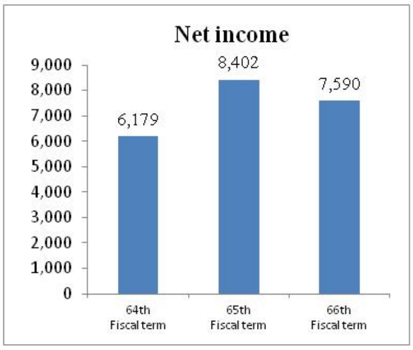
Consolidated business results

The AUTOBACS SEVEN Group's net sales for the consolidated fiscal term under review decreased by 3.0% year on year to ¥230,168 million; gross profit was ¥75,729 million, down by 1.7% from a year earlier; selling, general and administrative expenses declined by 0.5% year on year to ¥62,984 million; and operating income decreased by 7.1% from the previous fiscal term to ¥12,745 million. Concerning non-operating income/expenses, non-operating income of ¥109 million was recorded. This is the difference between the amount having been estimated as a loss in association with the withdrawal from the North American business based on the reconciliation of a lawsuit in the United States and actual amount of relevant expenses. As a result, ordinary income declined by 5.5% year over year to ¥14,472 million. An extraordinary loss, consisting of a loss on sales of investment securities of ¥467 million and an impairment loss on store-related fixed assets of ¥88 million, was recorded. In addition, primarily due to an increase in the effective tax rate of corporate income taxes resulting from a revaluation of the recoverability of deferred tax assets of subsidiaries, net income for the fiscal term under review decreased by 9.7% year on year to ¥7,590 million.

(Unit: million yen)







Business results by segment are as follows.

(AUTOBACS SEVEN Co., Ltd.)

Net sales declined by 4.2% year on year to ¥187,298 million. In wholesale operations primarily to franchise stores, although sales of interior items, tires & wheels and car exterior goods increased, sales of car electronics fell significantly. As a result, wholesale sales fell by 4.5% from a year earlier. In retail operations, although car sales increased, the impact of a drop in sales of car electronics goods was significant, resulting in a 1.6% decline in retail sales. Gross profit decreased by 2.0% to ¥40,927 million due to a decline in sales of car electronics. However, by improving gross margin and the sales mix, the gross profit ratio improved. Despite an increase in depreciation of information systems and commissions, selling, general and administrative expenses decreased by 3.4% to ¥27,192 million by carefully checking manageable items such as costs for advertisements and sales promotion activities and reducing such costs. As a result, operating income increased by 1.1% to ¥13,735 million.

(Domestic store subsidiaries)

Net sales decreased by 4.5% year over year to ¥78,057 million, and an operating loss of ¥788 million was recorded compared with operating income of ¥434 million for the previous fiscal term. Although interior accessories, tires, and wheels sold favorably, a decrease in sales of car electronics and their installation fees affected net sales significantly. In terms of gross profit, the ratio of sales of tires, wheels and car accessories rose, thereby maintaining the gross profit ratio at the same level as the previous year despite the decline in gross margin amount. Although selling, general and administrative expenses increased during the first quarter compared with a year earlier for restoration from the Great East Japan Earthquake, in the second quarter and thereafter the Group strove to reduce costs and such expenses were maintained at the same level as the previous fiscal term.

(Overseas subsidiaries)

Net sales declined by 3.5% year on year to ¥8,781 million, and operating loss was ¥72 million (gained ¥86 million operating income in the previous fiscal term).

In France, net sales declined because of a plunge in personal consumption amid the unstable European economies, an increase in the number of stores that cannot operate on Sundays and the impact of sluggish sales of winter tires and other winter items. Although the Group made efforts to raise the sales ratio of services and reduce costs to address such an environment, an operating loss was incurred. In Shanghai, China, the Group opened the third store run by the Company’s local subsidiary and closed the first directly-owned store and two local franchisee stores, thereby decreasing net sales. Although the Group strove to control costs according to sales, the opening and closing of stores resulted in an operating loss. In Singapore, sales at a store opened during the previous fiscal term were added to the Group’s net sales and the Group strove to boost sales of tires, oil and other maintenance items. As a result, net sales and operating income increased compared with a year earlier. In Thailand, the Group’s aggressive sales promotion activities mainly for tires resulted in higher net sales. However, an increase in costs resulted in an operating loss.

(Subsidiaries for car goods supply and other)

Net sales increased by 13.9% year on year to ¥14,355 million, mainly because Palstar K.K., a wholesaler of oil and other merchandise, expanded its merchandise lineup and sales routes, and Yanaka Corporation, an operator of Auto Body Repair and Painting Centers, was included in the scope of consolidated subsidiaries of the Company. Although logistics expenses and labor costs rose from the previous fiscal term, an increase in gross margin due to a rise in sales boosted operating income by 45.4% year over year to ¥162 million.

(Subsidiaries for supporting functions)

Net sales decreased by 0.2% from a year earlier to ¥3,375 million, and operating income decreased by 3.2% year over year to ¥416 million, about the same level as the previous fiscal term.

(Consolidation adjustment in operating income)

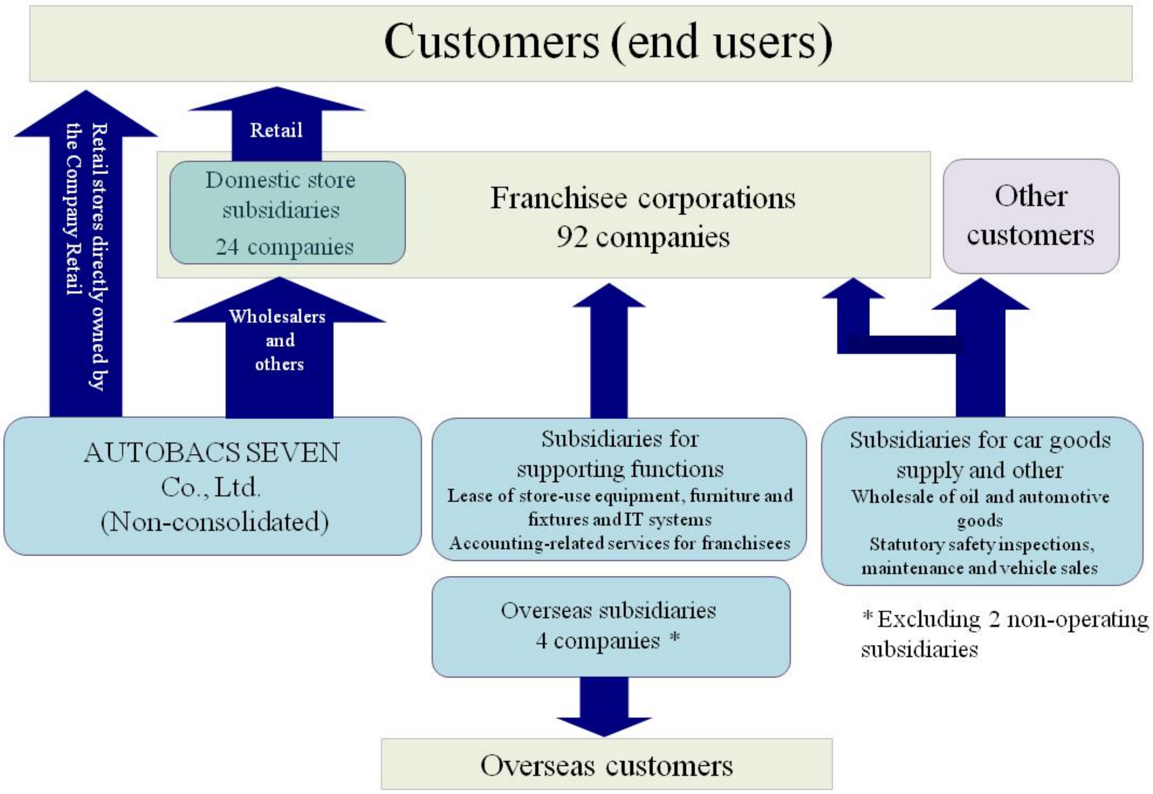
The adjustment of total operating income in each segment to consolidated operating income was minus ¥708 million. This decline in the consolidated adjustment following the previous fiscal term reflected an increase in the amortization of goodwill in association with the conversion of franchisee into subsidiaries, as well as an increase in the adjustment of fixed assets among the Group companies of the AUTOBACS SEVEN Group.

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	187,298	78,057	8,781	14,355	3,375	291,868
year on year change	-4.2%	-4.5%	-3.5%	13.9%	-0.2%	-3.5%
operating income	13,735	-788	-72	162	416	13,453
year on year change	1.1%	-	-	45.4%	-3.2%	-8.2%

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

Outline of the Company's Consolidated Segments (as of March 31, 2013)



Progress overview of the Medium-Term Business Plan

The Company implemented various measures with regard to business strategies, financial strategies, CSR and governance, based on the AUTOBACS 2010 Medium-Term Business Plan launched in May 2010.

The Group's important policies implemented to bolster its domestic businesses include "reforms to existing stores." At many of its stores, the effects of store reforms helped improve business results. Under the policy "reforms to human resources," the Group continued to provide customer service training for store employees and started to provide training for store managers to improve their management skills, thereby reinforcing the capabilities of its human resources to further improve the effects of store reforms. Meanwhile, under a policy of opening new stores, 57 stores were opened during the three years from April 2010, which was slower than initially planned. However, during the fiscal term ended March 31, 2013, the Group strove hard for new store development and opened 30 stores as initially planned.

		Objectives of AUTOBACS 2010 Medium-Term Business Plan	Steps taken during the consolidated fiscal term under review
Business strategies	Bolstering domestic business	Bolstering the AUTOBACS franchise business • Improving store profitability -Margin per AUTOBACS existing store 6.9% • Improving market share -Auto aftermarket share 18%	• Promoted reforms of the AUTOBACS store format -Made further improvements to maximize the effects of reforms of sales floors. -Reviewed operations to enhance management efficiency • Provided training on customer service and to strengthen store managers' strategic skills • Opened 30 new stores. -Promoted the use of low-cost facilities and equipment -Developed business with the aim of opening 30 new stores in the fiscal term ending March 2014
	Overseas business	• Bringing the overseas business into the black • Inspection and decision of the policy of business in China	• Continued efforts to establish a store model for business development in China -Opened one store and rented a location -Monitored operations at a pilot store to establish a new store model • Developed business in the ASEAN region for the Group's future growth
	Improving headquarters functions	• Strengthening support systems • Construction of administrative systems • Making non-consolidated costs more efficient	• Reviewed and reinforced human resources and training system • Allocated management resources preferentially to the Group's priority initiatives
Financial strategies		• Making operating cash flow by way of aggressive investment • Strengthening the profit sharing for stockholders	• Made aggressive business investments to open new stores in Japan and overseas • Purchased treasury stock (1.8 million shares, about ¥7.2 billion)
CSR/ Governance		• Efforts toward environment and contribution to society • Promoting compliance and risk management	• Acquired ISO 14001 certification at six regional offices • Continued local community contribution activities • Reviewed the Group's risk management method • Continued to promote measures to cope with antisocial forces

(i) Business strategies

The AUTOBACS SEVEN Group continued to promote measures to improve the profitability of existing AUTOBACS stores with a focus on strengthening the domestic franchise business, as it had pursued during the previous term.

With respect to "reforms to existing stores," although the Group focused on sales floor reform at AUTOBACS format stores until the end of the previous fiscal term, in the fiscal term under review, to maximize the effects of the sales floor reform, the Group further reinforced measures to make its merchandise look more appealing and improve merchandise presentation at sales floors. Specifically, the Group collected and sent out information regarding merchandise that are selling well and standardized its sales floor format patterns. Although business results and efficiency improved as initially planned at many stores, the results were uneven. With regard to the stores with limited improvement, the Group analyzed the reasons why and designated measures to address those factors for each store and implemented them, after which the results were monitored and evaluated, followed by further improvement of such measures. At stores with favorable business results, a better-organized personnel structure was established, across-the-board rules for cooperation beyond departments were formulated and a system to capture every opportunity to contact customers was strengthened. By standardizing these systems and concepts and horizontally applying them for other AUTOBACS stores, the Group will continue to improve convenience for customers and increase its profitability.

Drawing on its know-how on past sales floor reforms implemented at existing AUTOBACS stores, during the fiscal term under review, the Group initiated reforms at Super AUTOBACS stores to increase store profitability. For sales floor development optimizing the strengths of Super AUTOBACS and to differentiate Super AUTOBACS stores from competitors, the Group conducted renovations that fit the preference and tendency of each store's customers and the local community. During the fiscal term under review, the Group conducted sales floor reforms at 19 Super AUTOBACS stores and profitability increased at those stores following the reforms.

Concerning "reforms to human resources," the Group continued to provide customer service training for store employees, which has been a focus since the initiation of the Medium-Term Business Plan. Training was given to approximately 1,000 employees, mainly those at newly opened stores. Deploying the staff in charge of customer service training at each regional office, training is ongoing. Furthermore, as part of its measures for operational reforms at stores, the Group provided training for managers of all stores to improve their strategic competence. In addition, the Group extended the training to deputy store managers, thereby strengthening the capabilities of its store management tiers.

As part of the "new store opening" policy, the Group launched 30 new stores in the fiscal term under review for the purpose of improving convenience for customers and having more customers visit AUTOBACS stores. The Group is promoting its approach to opening stores in market areas with few automotive businesses, for instance, areas with no automotive goods and services store and in locations to fill gaps among existing stores. Furthermore, after store openings, the profitability of each store is monitored and analyzed, and specific measures taken to address any issues, which helps prepare for the next store opening. The Group also promoted further cost reduction by reviewing the furniture and fixtures at stores, as well as the pit equipment.

The Group opened three Auto Body Repair and Painting Centers (BP Centers), its new service format, in Urayasu City, Chiba Prefecture, Toda City, Saitama Prefecture and Fukuoka City, Fukuoka Prefecture, as one of its measures for future growth. Optimizing the AUTOBACS brand power, experimental operations and monitors are under way to develop a business model for sheet metal processing and painting services.

To promote the CRM strategy, which began full scale in the fiscal term ended March 31, 2013, the Group is implementing initiatives that reinforce its ties with customers, grasping the change in customers' perception of cars, forecasting market trends and reviewing the AUTOBACS chain's relationships with customers. Based on this concept and data about customers' lifestyles, hobbies and preferences, the Group is working to establish a new customer support system of services and merchandise that fit each customer's need and provide related information.

To "reinforcing e-commerce," with its projection that Internet sales will further expand for automotive merchandise and services, the Group regards e-commerce as one of pillars that supports the future growth of the AUTOBACS Chain. The Group developed its online shopping website, reinforced its functions and started using Rakuten Ichiba as an additional sales route. Sales via Rakuten Ichiba exceeded the Group's initial projection. The Group will continue Internet sales-related experiments and monitor the results.

Furthermore, the Group strove to review purchase prices, aiming to provide its merchandise at affordable prices for customers, and reinforced car sales and statutory safety inspection services to enhance the merchandise and services offered to customers.

In the overseas business, the Group opened one store and closed three stores in China and opened one store each in Malaysia and Taiwan. The Group strove to improve revenues in the ASEAN region, France and China. In China, the Group conducted experimental operations and monitored the results at two directly-owned stores toward establishing a local store model. The Group will proceed with such monitors with a long-term perspective and, considering business development to other areas as well, further pursue revenue growth.

(ii) Financial strategies

In its financial strategies, to increase future operating cash flows, the Group made aggressive capital investments including the opening of 30 new stores in Japan. The Group will continue aggressive business investments in the fiscal term ending March 31 2014 and thereafter.

Aiming to improve capital efficiency and under the policy of increasing returns to shareholders, the Company purchased 1.8 million shares of treasury stock worth approximately ¥7.2 billion. With a management target of a consolidated dividend on equity ratio (DOE) of 3% or more, under the policy of increasing returns to shareholders, the Company determined a year-end dividend of ¥81 per share, which is ¥6 more than the year-end dividend for the previous fiscal term, for an annual dividend of ¥156 per share, which is ¥11 more than the annual dividend for the previous fiscal term.

The Company conducted a 3-for-1 stock split effective April 1, 2013.

(iii) CSR and Governance

The AUTOBACS chain recognizes CSR activity as an important management issue and acquired the ISO 14001 certification at its Toyosu Headquarters in the previous fiscal term as part of its aim to pursue environment-friendly business operations. The Group also acquired the ISO 14001 certification at six regional offices in the fiscal term under review. At the Toyosu Headquarters, where the environment-conscious activities are ongoing, power-saving measures and reductions in the use of copy paper and the amount of waste emissions significantly exceeded its targets. The Group will continue to take across-the-board environment-friendly initiatives. Furthermore, AUTOBACS Day was established at the head office and stores to contribute to local communities by conducting neighborhood cleanups.

To reinforce risk management measures, the Company reviewed the operational method of the Risk Management Committee, which is in place for the purpose of risk management and risk reduction at the AUTOBACS chain. To raise the effectiveness and efficiency of risk management, the Company reported on the current status and discussed countermeasures at the Officers' Committee so that each risk and measures to be taken can be discussed among officers who are closer to the actual business sites than other management. Furthermore, in response to the enforcement of the Organized Crime Exclusion Ordinance implemented during the previous fiscal term, the Company continued to take measures against antisocial forces. To reinforce risk management awareness, the Company formulated the Manual for Responding to Antisocial Forces for its subsidiaries and broadened the parties with which the Company concludes contracts that incorporate the "Clause for Eliminating Racketeering" to include existing business partners.

(2) Status of Capital Investment

During the consolidated fiscal term under review, the Company made capital investments totaling ¥6,248 million, mainly to acquire buildings, structures and land required to open new stores and on information systems and others to develop and revise the product management system.

(3) Status of Fund Procurement

During the fiscal term under review, the Company procured the funds necessary to implement the above capital investments of the entire AUTOBACS chain and for business operations mainly through refinancing. The balance of short- and long-term borrowings and bonds declined by ¥2,110 million, because repayments exceeded the amount procured.

(4) Targets to be Achieved

The domestic after-sales market is predicted to continue to face a severe environment such as a decrease in sales of new cars due to a return to normal growth from the previous term's subsidy system for eco-cars and a surge in the gas price due to yen depreciation. In addition to other companies operating in the same industry, car dealers, tire shops, home centers and net business operators have joined the after-sales market, which had already been shrinking, thereby further intensifying competition.

In such a business environment, in the fiscal term ending March 31, 2014, which is the final term of the AUTOBACS 2010 Medium-Term Business Plan formulated in 2010, the AUTOBACS chain strives to produce good results from the issues it has addressed to date, thereby achieving the AUTOBACS chain's basic strategy of "enhancing the power of individual stores and expanding market share" and formulating new growth strategies toward the next fiscal term, continually aiming to materialize the AUTOBACS chain's vision of "Anything about cars, you find at AUTOBACS." Under its financial strategy, the Group intends to generate operating cash flows by aggressively investing in businesses and improving capital efficiency. The Group will also continue to focus on contributing to society by reducing the environmental impacts of its business activities.

The issues under the AUTOBACS 2010 Medium-Term Business Plan are outlined below.

Target of AUTOBACS 2010 Medium-Term Business Plan

<table>
<tr><td colspan="3">Aiming to materialize the vision of "Anything about cars, you find at AUTOBACS" by rebuilding value from the customers' perspective</td></tr>
<tr><td colspan="3">Three major values that AUTOBACS offers</td></tr>
<tr><td>Convenience</td><td>Trust and reliability</td><td>Quality merchandise and services at reasonable prices</td></tr>
</table>

(i) Business strategies

In the domestic business, the AUTOBACS SEVEN Group made efforts to increase store profitability such as reforming its existing stores and providing employee education including training for store managers since 2010, which have been producing good results. The Group will continue to strive to maximize the effect of the reform of existing stores and employee education. In the fiscal term ending March 31, 2014, maintaining the concept of "Stores where customers can select goods more easily and enjoy shopping," the Group will reform 51 Super AUTOBACS stores to transform them into stores that offer a more exciting and enjoyable shopping experience, thereby receiving outstanding customer support. Furthermore, at some stores, the Group will review services and back-office operations, promote measures to enhance store productivity, verify the effect and develop the results of improvements to other stores, thereby further improving store profitability.

To increase its market share, the Group will continue to promote a low-cost store model to aggressively open new stores and allow store openings in small market areas and other locations to fill gaps among existing stores. The Group aims to open 30 new stores for the fiscal term ending March 31, 2014.

Under the AUTOBACS chain's basic strategy of enhancing the power of individual stores and expanding market share, the AUTOBACS chain value connecting with each customer, offer further "convenience" by finding ways to connect with customers and strengthen its online shopping site sales function to offer its merchandise and services to customers who are located too far from its stores.

Furthermore, the AUTOBACS chain will continue to pursue convenience for customers by serving as convenient car maintenance stations that provide full services including statutory inspection services, maintenance and body repairs and conduct car sales and purchases.

In the overseas business, the Group will continue to strive to improve revenues in its existing businesses and make efforts to implement medium-term growth strategies mainly in the ASEAN region, which has high growth potential.

(ii) Financial strategies

In accordance with the policies of the Medium-Term Business Plan, the Company will make efforts to increase operating cash flow by making aggressive retail business investment such as opening new stores and reform of existing stores. In addition, it will continually work to enhance capital efficiency by ensuring returns to shareholders, with considerations to business performance and financial stability. With respect to shareholder returns, the Company has a basic policy of stable dividend payments, targeting a 3% or more consolidated dividend on equity ratio (DOE).

(iii) CSR activities reinforcement

To reduce the environmental impact of its business activities, the AUTOBACS SEVEN Group acquired the ISO 14001 certification at its Toyosu Headquarters. The Group will continue efforts to acquire the certification at all its regional offices and logistics centers in eastern and western Japan. The Group's ongoing power-saving measures at the headquarters and regional offices, such as reducing office lighting and cutting standby power consumption, as well as setting appropriate air-conditioning temperatures, have contributed to CO_2 reduction. The Group continues to reduce the environmental impact of its business activities.

The Group also holds annual cleanup activities at the foot of Mt. Fuji in which employees and their families participate.

At its stores, the Group will continue to reinforce environmentally friendly operations.

The Group is committed to contributing to local communities by pursuing activities that are meaningful for local customers and communities, such as continuing to promote AUTOBACS Day, which is a neighborhood cleanup event introduced conventionally at many of its stores and offices, and subsequently extended widely to all stores in the AUTOBACS chain's network.

The AUTOBACS SEVEN Group has adopted a set of key management indicators in the AUTOBACS 2010 Medium-Term Business Plan, which concludes in the fiscal term ending March 31, 2014. Specifically, the Group aims to achieve consolidated operating income of ¥16.0 billion, a consolidated return on equity (ROE) of 7% and a consolidated dividend on equity (DOE) of 3% or more. However, the recent severe business environment slowed its efforts to produce the fruits that the Group expected. As a result, the Group has revised its plan for the fiscal term ending March 31, 2014 as follows: consolidated operating income from ¥16.0 billion to ¥13.5 billion and the consolidated ROE from 7% to 5.8%. However, the initial target of consolidated operating income of ¥16.0 billion continues to be pursued as a target of the next Medium-Term Business Plan.

(5) Assets and Operating Results

(i) The Group’s assets and operating results

Classification	63rd Fiscal Term Apr. 1, 2009- Mar. 31, 2010	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
Net sales (million yen)	232,936	236,350	237,342	230,168
Operating income (million yen)	10,171	11,988	13,720	12,745
Ordinary income (million yen)	11,757	13,060	15,307	14,472
Net income (million yen)	5,865	6,179	8,402	7,590
Net income per share (¥)	161.97	177.97	252.85	(Note) 81.22
Total assets (million yen)	210,652	207,794	217,948	205,526
Net assets (million yen)	151,852	147,962	146,193	143,301
Capital-to-assets ratio (%)	71.9	71.0	66.8	69.5
ROE (%)	3.8	4.1	5.7	5.3
Dividend payout ratio (%)	77.2	75.9	57.3	64.0(projection)
DOE (%)	3.0	3.2	3.3	3.4(projection)

(Note) The Company conducted a 3-for-1 stock split as of April 1, 2013.
Concerning this stock split, net income per share was calculated assuming that the stock split was conducted at the beginning of the consolidated fiscal term under review.
Net income per share for the 65th fiscal term calculated assuming that the stock split was conducted at the beginning of the 65th fiscal term, is as below.
Net income per share (yen) 84.28

(ii) The Company’s assets and operating results

Classification	63rd Fiscal Term Apr. 1, 2009- Mar. 31, 2010	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
Net sales (million yen)	190,938	194,715	195,601	187,298
Operating income (million yen)	10,539	11,749	13,590	13,735
Ordinary income (million yen)	11,470	12,437	15,148	15,231
Net income (million yen)	6,162	7,876	8,835	8,659
Net income per share (¥)	170.14	226.79	265.80	(Note) 92.64
Capital (million yen)	33,998	33,998	33,998	33,998
No. of shares outstanding (shares)	37,454,204	37,454,204	34,251,605	32,650,035
Total assets (million yen)	208,970	207,298	208,930	196,532
Net assets (million yen)	151,691	149,692	148,381	146,298

(Note) The Company conducted a 3-for-1 stock split as of April 1, 2013.
Although “no. of shares outstanding” for the fiscal term under review indicates that before the stock split, net income per share was calculated assuming that the stock split was conducted at the beginning of the fiscal term under review.
Net income per share for the 65th fiscal term calculated assuming that the stock split was conducted at the beginning of the 65th fiscal term, is as below.
Net income per share (yen) 88.60

(6) The Group's Major Business Line (as of March 31, 2013)

The Group is engaged in wholesale and retail sales of automotive related goods both in Japan and overseas; car sales and purchases; and loan and credit business. It also provides the AUTOBACS chain with store leasing service; consultancy; 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 the Group's franchise stores Major merchandise lineup: tires & wheels, car electronics, etc.
Retail	Sale and installation services of automotive-related goods, statutory safety inspections, and maintenance services to general consumers. Major store brands: AUTOBACS, Super AUTOBACS, AUTOBACS *Secohan Ichiba*, etc. Major merchandise lineup: tires & wheels, car electronics, etc.
Other	Mainly leasing of real estate and store facilities to corporate franchisees

(7) Major Business Locations of the Company (as of March 31, 2013)

Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo	
Business offices	Northern Japan Division	Izumi-ku, Sendai City
	Kanto Division	Ichikawa City, Chiba
	Chubu Division	Meito-ku, Nagoya City
	Kansai Division	Kita-ku, Osaka City
	Southern Japan Division	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, 2013)

Company name	Location	Capital	The Company's Investment ratio	Line of business
AUTOBACS Hokkaido, Ltd.	Nishi-ku, Sapporo	¥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

Note: A.M.C. Co., Ltd., changed its trade name to AUTOBACS Hokkaido Ltd., effective April 1, 2012.

(9) Key Affiliate Companies (as of March 31, 2013)

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, 2013)

The Group's employment status (Unit: persons)

Divisions	No. of employees		Increase/decrease from the previous consolidated fiscal term	
Wholesale	686	(17)	143	(0)
Retail	3,525	(1,010)	48	(-141)
Company-wide (common)	470	(21)	21	(3)
Total	4,681	(1,048)	212	(-138)

(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	Year-on-year increase/decrease	Average age	Average number of years of employment
1,180	120	42.0	14.0

(11) Major Lenders and Loan Amount (as of March 31, 2013) (Unit: million yen)

Lenders	Balance of loans
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,222
Sumitomo Mitsui Banking Corporation	1,968
Nippon Life Insurance Company	1,400

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

The Company hereby reports that the lawsuits that were filed in the United States in 2009 and were in dispute have been settled.

Concerning the damages lawsuits filed against the Company by AUTOBACS STRAUSS INC., 1945 Route 23 Associates, Inc. and R&S Parts and Service, Inc. (collectively, the "Plaintiffs"), in the United States Bankruptcy Court for the District of Delaware and in the United States District Court for the District of New Jersey, approval orders were entered by the above courts with respect to the settlement agreement (hereafter referred to as the "the Settlement Agreement") that the Company concluded with the Plaintiffs and came into effect.

1. Circumstances from the Filing of the Lawsuits to the Settlement

The Plaintiffs filed respective damages lawsuits against the Company in the United States Bankruptcy Court for the District of Delaware on December 11, 2009, and in the United States District Court for the District of New Jersey on December 17, 2009 (collectively the "Lawsuits"). While the Company has responded to the Lawsuits, after comprehensively taking into account various factors, including the potential costs to be incurred due to the ongoing Lawsuits, the Company agreed to settle with the Plaintiffs and executed the Settlement Agreement on March 29, 2013 (North American Eastern Standard Time).

2. Contents of the Settlement

The principal terms of the settlement are as follows.

(i) Under the Settlement Agreement, the Company shall pay to the Plaintiffs US$8.5 million.

(ii) All of the Company's proof of claim in the bankruptcy case of AUTOBACS STRAUSS INC. in the United States Bankruptcy Court for the District of Delaware shall be disallowed.

3. Effectuation of the Settlement Agreement

Concerning the Settlement Agreement, both the United States Bankruptcy Court for the District of Delaware and the United States Bankruptcy Court for the District of New Jersey entered into approval orders on April 23, 2013 (North American Eastern Standard Time), and the Settlement Agreement came into effect as of May 8, 2013 (North American Eastern Standard Time). Under the Settlement Agreement, the Company paid US$8.5 million to the plaintiffs on May 10, 2013.

The impact of the cash payment, etc. to be made through this Settlement Agreement on the consolidated financial results for the fiscal term ending March 31, 2014 and thereafter is immaterial.

2. Status of the Company (as of March 31, 2013)

(1) Status of Shares

(i) Total number of authorized shares: 109,402,300 shares

(ii) Total number of shares issued: 32,650,035 shares (including 1,800,747 own shares)

(iii) Number of shareholders: 15,973

(iv) Major shareholders (Top 10 shareholders)

Name	Status of contribution to the Company	
	Number of shares held (Thousands)	Shareholding ratio (%)
Sumino Holdings, Ltd.	4,680	15.17
Ichigo Trust	2,388	7.74
Northern Trust Company (AVFC) Sub Account American Clients	1,605	5.20
The Yuumi Memorial Foundation for Home Health Care	1,330	4.31
State Street Bank and Trust Company	1,293	4.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,136	3.68
Japan Trustee Service Bank, Ltd. (Trust Account)	1,096	3.55
Sumisho Holdings, Ltd.	800	2.59
Northern Trust Company AVFC Re U.S. Tax Exempted Pension Funds	660	2.13
National Mutual Insurance Federation of Agricultural Cooperatives	652	2.11

(Notes)
1. Shareholding ratio is calculated by deducting own shares 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. The Company confirmed that Ichigo Trust, which is included in the list of “Major Shareholders” above, is the name recorded in the register of shareholders and that the beneficial owner of shares of Ichigo Trust is Ichigo Asset Management International Pte. Ltd.
4. An amendment to the substantial shareholding report was filed with the Director-General of the Kanto Local Finance Bureau by Sumitomo Mitsui Trust Bank, Limited, and two other joint holders on July 5, 2012, pursuant to Article 27-26, Paragraph 2, of the Financial Instruments and Exchange Act. The Company could not, however, confirm the number of shares held as of March 31, 2013. As a result, the number of shares held is not included in the list of “Major Shareholders” above.
   Contents of the amended report are as follows:
   Substantial shareholder: Sumitomo Mitsui Trust Bank, Limited and two joint holders
   Number of shares held by the reporters: 1,225 thousands (Holding ratio: 3.75%)
5. An amendment to the substantial shareholding report was filed with the Director-General of Kanto Local Finance Bureau by Ichigo Asset Management International, Pte. Ltd. and one joint holder on November 2, 2012 pursuant to Article 27-25, Paragraph 1 of the Financial Instruments and Exchange Act. The content of the amendment reported is as follows:
   Substantial shareholder: Ichigo Asset Management International, Pte. Ltd. and one joint holder
   Number of shares jointly held by the reporters: 2,388 thousands (Holding ratio: 7.32%)
6. A substantial shareholding report was submitted to the Director-General of the Kanto Local Finance Bureau by Fidelity Investments Japan and one other joint holder on November 7, 2012, pursuant to Article 27-26, Paragraph 1, of the Financial Instruments and Exchange Act. Also, an amendment to the substantial shareholding report was filed with the Director-General of the Kanto Local Finance Bureau by the substantial shareholders on April 4, 2013, pursuant to Article 27-26, Paragraph 2, of the Financial Instruments and Exchange Act. The Company could not, however, confirm the number of shares held as of March 31, 2013. As a result, the number of shares held is not included in the list of “Major Shareholders” above.
   The contents of the above substantial shareholding report and the amendment to the substantial shareholding report are as follows:
   Substantial shareholding report
   Substantial shareholder: Fidelity Investments Japan and one other joint holder

Number of shares held: 1,632 thousands (Holding ratio: 5.00%)
Amendment to the substantial shareholding report
Substantial shareholder: Fidelity Investments Japan and one other joint holder
Number of shares held: 1,430 thousands (Holding ratio: 4.38%)

7. An amendment to the substantial shareholding report was filed with the Director-General of the Kanto Local Finance Bureau by Silchester International Investors LLP on December 6, 2012, 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 as of March 31, 2013. As a result, the number of shares held is not included in the list of "Major Shareholders" above.
The content of the amendment reported is as follows:
Substantial shareholder: Silchester International Investors LLP
Number of shares held: 2,399 thousands (Holding ratio: 7.35%)

(v) Other significant matters concerning shares

Acquisition, disposal, etc. of own shares and the holding thereof (Unit: shares)

Own shares held at the end of the last fiscal term		1,601,570 — (i)
Acquired shares	Acquisition through purchase of shares constituting less than one (1) unit	747 — (ii) (Aggregate acquisition value: 2,788 thousand yen)
	Acquisition of own shares in accordance with the provision of Article 156 of the Companies Act as applied under Article165, Paragraph 3 of the said act.	1,800,000 — (iii) (Aggregate acquisition value: 7,193,047 thousand yen)
Disposed shares		1,601,570 — (iv) (Aggregate disposal value: 5,463,763 thousand yen)
Shares held as of the end of the current fiscal term		1,800,747 (i)+(ii)+(iii)–(iv)

(2) Status of the Company's Officers

(i) Directors and, Audit and Supervisory Board Members

Title	Name	Responsibility and representation in other major organizations
Representative Director	Setsuo Wakuda	Chief Executive Officer and Chief Chain Officer
Director	Yasuhiro Tsunemori	Vice Chief Executive Officer and Vice Chief Chain Officer
Director	Hironori Morimoto	Senior Managing Executive Officer, Head of Corporate Administration
Director	Tatsuya Tamura	Representative Director and President of Global Management Institute Inc., Auditor of Japan Center for Economic Research, Chairman of Japan Corporate Governance Network (non-profit organization), and Outside Corporate Auditor of Shinsei Bank, Limited
Director	Norio Hattori	Chairman of Japan Security Systems Association and Outside Director of Estate 24 Holdings Co., Ltd.
Director	Teruyuki Matsumura	Senior Executive Officer, Head of Marketing & Sales Strategy Planning and IFRS
Director	Kiomi Kobayashi	Senior Executive Officer, Head of Sales Operation and Area Strategy & Planning
Director	Noriaki Shimazaki	Trustee of International Financial Reporting Standards (IFRS) Foundation, Special Adviser of SUMITOMO CORPORATION, Trustee of Financial Accounting Standards Foundation, and Chair of Self-regulation Board & Public Governor of Japan Securities Dealers Association
Audit and Supervisory Board Member (Full-time)	Hidehiro Ide	
Audit and Supervisory Board Member (Full-time)	Toshiki Kiyohara	
Audit and Supervisory Board Member	Tomoaki Ikenaga	Partner at Anderson Mori & Tomotsune, Independent Member of the Oversight Committee of Moody's Japan K.K. and Moody's SF Japan K.K.
Audit and Supervisory Board Member	Yuji Sakakura	Representative Director of Relations Japan Corporation

(Notes)
1. There were no transfers of directors or Audit and Supervisory Board Members during the fiscal term under review.
2. Three (3) Directors, Mr. Tatsuya Tamura, Mr. Norio Hattori and Mr. Noriaki Shimazaki, are Outside Directors, as provided for in Article 2, Item 15 of the Companies Act.
3. Three (3) Audit and Supervisory Board Members, Mr. Toshiki Kiyohara, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura, are Audit and Supervisory Board Members, as provided for in Article 2, Item 16 of the Companies Act.
4. Six (6) Officers, namely Directors Mr. Tatsuya Tamura, Mr. Norio Hattori and Mr. Noriaki Shimada, and Audit and Supervisory Board Members Mr. Toshiki Kiyohara, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura are independent officers registered with Tokyo Stock Exchange, Inc., and Osaka Securities Exchange Co., Ltd.
5. Two (2) Audit and Supervisory Board Members have profound insights into finance and accounting. Audit and Supervisory Board Member Mr. Hidehiro Ide has successively served as Accounting Manager and Executive Officer, Head of Accounting & Finance, and in other positions 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.

(ii) 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. Composition of remuneration

The Company directors' remuneration comprises: "fixed numeration," which is basic remuneration, and "performance-based remuneration," which fluctuates based on multiple evaluation indicators including performance and stock price.

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 numeration.

iii. Performance-based remuneration

Performance-based remuneration is based on short- and medium-term performance and results, and the amount of performance-based remuneration is decided by taking into account fluctuations in performance and stock price during the fiscal term, and is based on an evaluation of performance and results in accordance with each director's responsibilities.

The range of performance-based remuneration is 0-140% of fixed remuneration. Remuneration is designed so that, assuming a target of 100%, the ratio between fixed and performance-based remuneration stands at 60:40.

iv. Ensuring objectivity and transparency of remuneration system

The Company ensures the objectivity and transparency of directors' remuneration through the following steps.

- Examining the system, standards, and other matters regarding remuneration, based on the "Remuneration Policy for Directors and Officers," by the Corporate Governance Committee, chaired by an outside director and comprising all outside directors and the representative director, and reporting the findings to the Board of Directors.
- Studying and determining the validity of remuneration standards by comparing them with data of other companies in the same industry or of the same size contained in databases built by third-party organizations.

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)	
Corporate Directors	8	199	5	39	238
Outside Director	3	36	—	—	36
Audit and Supervisory Board Members	4	61	—	—	61
Outside Audit and Supervisory Board Members	3	40	—	—	40
Total	12	260	5	39	299

(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. Total amount of Audit and Supervisory Board Members' remuneration: ¥120 million per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)

3. The performance-based remuneration above represents a total estimated amount for

performance-based remuneration of the 66th Fiscal Term planned for payment during the 67th Fiscal Term. Therefore, the total amount of remuneration, etc. and the total amount to be paid for inside directors represent amounts projected for payment.

4. In addition to the above, the Company paid ¥123 million to five (5) inside directors as performance-based remuneration for the 65th Fiscal Term.

(iii) Matters concerning outside officers

a. Relationship between the Company and the organizations concurrently served by outside officers

Classification	Name	Companies concurrently served	Title concurrently held	Relationship with the Company
Outside Director	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
		Shinsei Bank, Limited	Outside Corporate Auditor	None
Outside Director	Norio Hattori	Japan Security Systems Association	Chairman	The Company is a corporate supporting member of the Association
		Estate 24 Holdings Co., Ltd.	Outside Director	None
Outside Director	Noriaki Simazaki	International Financial Reporting Standards (IFRS)	Trustee of IFRS	None
		SUMITOMO CORPORATION	Special Adviser	None
		Financial Accounting Standards Foundation	Director	None
		Japan Securities Dealers Association	Chair of Self-regulation Board & Public Governor	None
Outside Audit and Supervisory Board Member	Toshiki Kiyohara			
Outside Audit and Supervisory Board Member	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
Outside Audit and Supervisory Board Member	Yuji Sakakura	Relations Japan Corporation	Representative Director	None

(Notes) 1. 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 one million yen. 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 or received by or to, 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 17).

2. Director, Mr. Norio Hattori concurrently serves as Chairman of the Japan Security Systems Association. To promote and reinforce risk management within the AUTOBACS SEVEN Group by obtaining information and guidance on preventing crimes, such as burglaries and shoplifting at stores, provided by the Association, the Company 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 one million yen. 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 or received by or to, 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 17).

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

Not applicable

c. Major activities during the current fiscal term

i. Attendance at meetings

Classification	Name	Board of Directors' Meetings			Audit and Supervisory Board' s Meetings		
		Regular meetings (12 times)	Extra-ordinary meetings (8 times)	Attendance rate (%)	Regular meetings (12 times)	Extra-ordinary meetings (3 times)	Attendance rate (%)
Directors	Tatsuya Tamura	12 times	8 times	100.0%			
	Norio Hattori	12 times	8 times	100.0%			
	Noriaki Shimazaki	12 times	8 times	100.0%			
Audit and Supervisory Board Members	Toshiki Kiyohara	11 times	7 times	90.0%	12 times	3 times	100%
	Tomoaki Ikenaga	10 times	8 times	90.0%	10 times	3 times	86.7%
	Yuji Sakakura	12 times	8 times	100.0%	11 times	3 times	93.3%

ii. Activities

Classification	Name	Activities
Directors	Tatsuya Tamura	Exercised supervisory function by commenting as appropriate, based on extensive knowledge of finance and corporate governance and long-standing experience as an outside director. Also contributed to promoting and reinforcing the Company's corporate governance as chairman of the Corporate Governance Committee.
	Norio Hattori	Exercised supervisory function by commenting as appropriate, based on extensive experience and knowledge of risk management and crisis management, including preventing involvement of antisocial forces and foreign affairs. Also contributed to promoting and reinforcing the Company's corporate governance as member of the Corporate Governance Committee.
	Noriaki Shimazaki	Exercised supervisory function by commenting as appropriate, based on profound knowledge of accounting and finance and extensive experience of corporate management. Also contributed to promoting and reinforcing the Company's corporate governance as member of the Corporate Governance Committee.
Audit and Supervisory Board Members	Toshiki Kiyohara	Functioned as Audit and Supervisory Board Member by requesting explanations as needed and making comments as appropriate from an independent position based on extensive experience in sales, planning, control of accounting and management.
	Tomoaki Ikenaga	Functioned as Audit and Supervisory Board Member by requesting explanations as needed and making comments as appropriate from an independent position based on extensive knowledge and experience as a lawyer.
	Yuji Sakakura	Functioned as Audit and Supervisory Board Member by requesting explanations as needed and making comments as appropriate from an independent position based on extensive knowledge of finance and accounting.

d. 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 yen 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 (x) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual amount of the 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 by (y) 2.

B) In the cases where he or she has subscribed for the Company's stock acquisition rights (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 amount of 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 yen 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 (x) the amount calculated by the method set forth in Article 113 of the Companies Act Enforcement Regulations as the amount equivalent to the annual amount of the 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 by (y) 2.

B) In the cases where he or she has subscribed for the Company's stock acquisition rights (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 amount of the property benefits concerning such stock acquisition rights.

e. 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	84
Total amount of money and other property benefits payable to the Independent Auditor from the Company and its subsidiaries	95

(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 Associes.

(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 Board of Directors shall consider the dismissal and non-reappointment of an Independent Auditor when he or she falls under the cases set forth in each item of Article 340, Paragraph 1 of the Companies Act or when he or she receives a disciplinary action more severe than warning as an administrative disposition from competent authorities.

Audit and Supervisory Board Members shall dismiss an Independent Auditor when he or she falls under the cases set forth in each item of Article 340, Paragraph 1 of the Companies Act, subject to consent from all Audit and Supervisory Board Members.

In such cases, an Audit and Supervisory Board Member selected 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.

3. System and Policy of the Company

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

In accordance with the "Basic Policy for Establishing 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.

In the fiscal term ended March 31, 2013, the Company focused, in particular, on enhancing the risk management system, the compliance system and control over its subsidiaries.

i) Reviewed the management of the Risk Management Committee and started its enhanced management to raise the effectiveness and efficiency of the Company's risk management activities.

ii) Hold study meetings related to regulations for insider transactions and prepared to introduce a training program.

iii) Developed measures against antisocial forces at subsidiaries and held training sessions.

iv) Install the Store Subsidiary Operation Department under each business division to integrate and strengthen guidance for store subsidiaries.

v) Held a subsidiaries' presidents meeting to disseminate the Company's policies and important matters.

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.

The current "Basic Policy for Establishing Internal Control System" is as follows.

Basic Policy for Establishing Internal Control System

To ensure effective and efficient operations, reliability of financial statements, compliance with laws and regulations, and protection of assets, the Company determined the "Basic Policy for Establishing Internal Control System" in accordance with the provisions of Paragraph 5 and Item 6 of Paragraph 4 of Article 362 of the Companies Act and Paragraph 1 and Paragraph 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as follows.

(i) Systems that ensure directors and employees comply with laws and ordinances and the Company's article 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, promote separation of execution and supervision functions by adopting an executive 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. 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 executive officer in charge will be appointed to be responsible for controlling all compliance-related matters. Under the control of the executive 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 ordinances, 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 controlling information relating to the execution of directors' duties

With respect to information concerning decision-making at the "Board of Directors" meeting, "Executive Committee" meeting, "Officers' Committee" meeting and any other important meetings, and with respect to information concerning important approvals of the representative director, chief, executive officers, and others, and with respect to information concerning financial and other administrative operations, risks, and compliance, the Company will store and control 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 ordinances, 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/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/chief executive officer who chairs the Risk Management Committee will set up the Crisis Management and 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 executive 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 and executive 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 consolidated Group aiming at achieving the Group's goals. Executive officers decide specific goals in the areas for which they are responsible and develop an efficient business execution system.

(v) Systems that ensure appropriateness of business operations by the Group comprising the Company and its subsidiaries

a. The Company will work in close cooperation with companies of the AUTOBACS chain including the franchise stores, to implement compliance promotion activities for the corporate group including its subsidiaries (hereafter referred to as the "Consolidated Group"), and have the Consolidated Group perform lawful and fair business activities based on "Code of Conduct and Guidelines for Action of the AUTOBACS SEVEN Group."
b. The Company will draw up basic policies and operational policies for managing subsidiaries in a way that respects the autonomy and independence of the management of such subsidiaries and contributes to the appropriate and efficient operation of Consolidated Group management.
c. Transactions between companies belonging to the Consolidated Group will be conducted appropriately in accordance with respective laws and ordinances, accounting principles, and other

social norms.

d. The Company will ensure the appropriateness and effective use of information technology in the relevant range of information communication and business operations of the Company and its subsidiaries.
e. Audit and Supervisory Board Members and the internal audit department will audit the appropriateness of the business operations of the Consolidated Group.

(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 from the directors of the employees mentioned in the preceding paragraph

Employees who assist the duties of the Audit and Supervisory Board Members will follow the leadership and instructions of Audit and Supervisory Board Members. The Audit and Supervisory Board will evaluate the performance of those employees, and Audit and Supervisory Board Members and directors will consult each other with respect to the transfer of said employees.

(viii) Systems for directors and employees to report to Audit and Supervisory Board Members and other systems for reporting to Audit and Supervisory Board Members

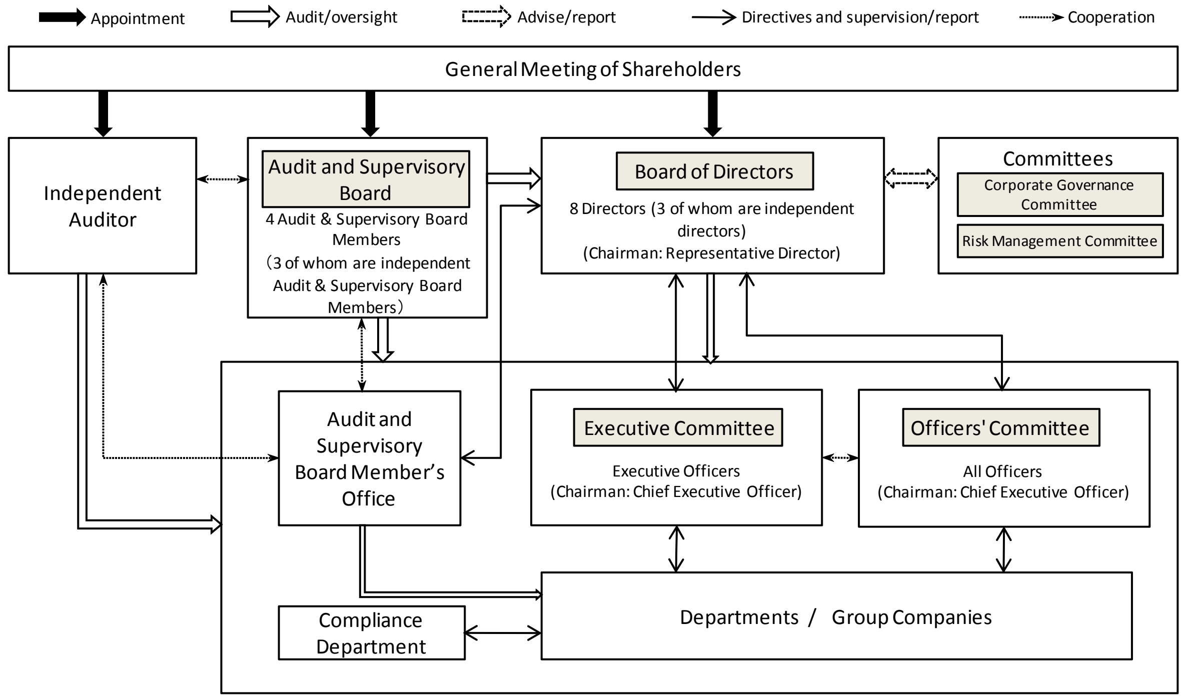
a. Directors and executive officers will periodically report to the Audit and Supervisory Board Members through important meetings of the Board of Directors, etc., on the status of the execution of business operations for which they are responsible, and also provide supplementary reports as needed without delay.
b. Directors, executive officers, and employees will promptly and accurately respond if they are requested by Audit and Supervisory Board Members to report on the business, or if Audit and Supervisory Board Members conduct research on business and asset status of the Consolidated Group.
c. Directors will immediately report to the Audit and Supervisory Board Members if they discover anything that has inflicted or may inflict substantial damage to the Company.

(ix) 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 specialization 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 Consolidated 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 by directors of their duties and establish an 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.

Management and Business Execution

As of April 1, 2013



Corporate Governance Committee
Chairman: Outside director (independent officer)
Members: Two outside directors (who are both independent officers) and a representative director
Observers: Three outside Audit and Supervisory Board Members (all three are independent officers)
Roles: Advice and Report concerning the following matters to the Board of Directors.

- Candidates for officers and executive officers
- Remuneration system for directors and executive officers
- Other matters concerning governance

Risk Management Committee
Chairman: Representative director and chief executive officer
Members: Officers with directorships, and Officer, in charge of Internal Control and Legal
Observers: Three outside directors (all three are independent officers) and all Audit and Supervisory Board Members
Roles: Smooth and appropriate promotion of risk management.

(2) 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.

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

The Company defines returning profits to its shareholders as one of the most important management tasks. The Company's basic policy for the distribution of profit is to (i) maintain the liquid assets required for continuation of business, and (ii) conduct stable and continuous distribution, taking into consideration the Company's operational results and financial stability, while targeting consolidated dividend on equity ratio (DOE) of 3% or more.

For the fiscal term under review, the year-end dividend is to be increased by ¥6 from the same period of the previous year to ¥81 per share to increase the return of profits to shareholders. The Company therefore plans to pay an annual dividend of ¥156 per share, a year-on-year increase of ¥11. As a result, the consolidated DOE will be 3.4%.

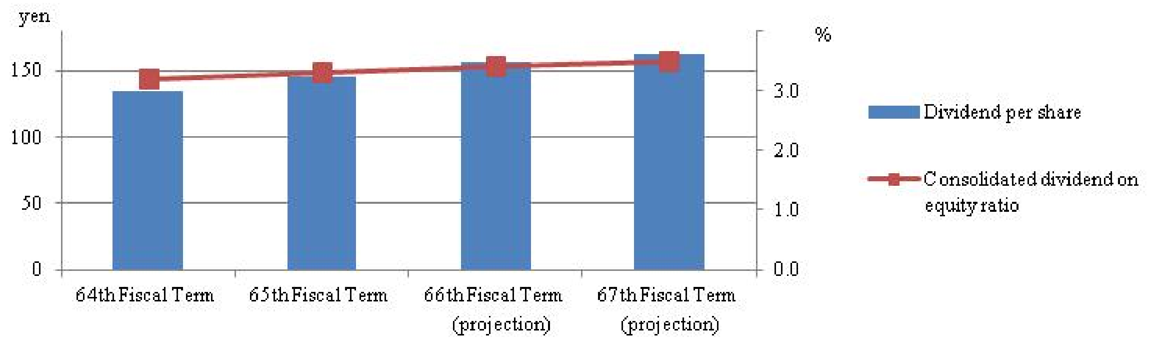
For the next fiscal term, the Company plans to pay ¥27 per share both at the interim and year-end periods with due consideration to business forecasts for an annual dividend of ¥54 per share (the figure after the stock split that allots three (3) shares per one (1) common share).

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 66th Ordinary General Meeting of Shareholders.

	64th Fiscal Term April 1, 2010 to March 31, 2011	65th Fiscal Term April 1, 2011 to March 31, 2012	66th Fiscal Term (projection) April 1, 2012 to March 31, 2013
Dividend per share (annual)	¥135	¥145	¥156
Total amount of dividends (annual)	¥4,623 million	¥4,758 million	¥4,812 million
Consolidated dividend payout ratio	75.9%	57.3%	64.0%
Value of treasury stock acquired	¥5,232 million	¥5,463 million	¥7,195 million
Return to shareholders ratio	159.5%	121.6%	158.2%

Dividend per share and consolidated dividend on equity ratio



Consolidated Balance Sheet (as of March 31, 2013)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	127,202	Current liabilities	45,020
Cash and deposits	48,197	Trade notes and accounts payable	21,647
Trade notes and accounts receivable	24,748	Short-term borrowings	2,124
Lease investment assets	12,361	Current portion of bonds	70
Marketable securities	1,000	Lease obligations	111
Inventories	16,576	Accounts payable	12,153
Deferred tax assets	1,950	Income taxes payable	2,578
Short-term loans	176	Allowance for point card	465
Accounts receivable	20,089	Allowance for business restructuring	988
Other current assets	2,331	Other current liabilities	4,880
Allowance for doubtful receivables	(228)	Long-term liabilities	17,204
Fixed assets	78,324	Bonds	65
Tangible fixed assets	41,453	Long-term debts	6,083
Buildings and structures	14,429	Lease obligations	1,401
Machinery, equipment and vehicle	990	Deferred tax liabilities	64
Tools, furniture and fixtures	2,425	Allowance for retirement benefits	221
Land	22,919	Allowance for directors' retirement	195
Leased assets	435	Asset retirement obligations	1,980
Construction in progress	252	Other long-term liabilities	7,193
Intangible fixed assets	5,459		
Goodwill	867	Total Liabilities	62,225
Leased assets	7	(Net Assets)	
Software	3,845	Shareholders' equity	141,484
Other intangible fixed assets	738	Capital stock	33,998
		Capital surplus	34,278
Investments and other assets	31,411	Retained earnings	80,438
Investment securities	7,756	Treasury stock	(7,230)
Long-term loans	280	Accumulated other comprehensive income	1,377
Deferred tax assets	3,582		
Rental deposits	18,618	Valuation difference on available-for-sale securities	1,271
Other investments and other assets	5,172	Foreign currency translation adjustments	105
Allowance for doubtful receivables	(3,999)	Minority interests	439
		Total Net Assets	143,301
Total Assets	205,526	Total Liabilities and Net Assets	205,526

Consolidated Statement of Income (April 1, 2012-March 31, 2013)

(Unit: million yen)

Account Item	Amount	
Net sales		230,168
Cost of goods sold		154,438
Gross profit		75,729
Selling, general and administrative expenses		62,984
Operating income		12,745
Non-operating income		
Interest income	133	
Dividend income	41	
Equity in income of affiliates	68	
Commission income	437	
Lease revenue - system equipment	1,201	
Foreign exchange gains	534	
Other non-operating income	2,031	4,448
Non-operating expenses		
Interest expenses	122	
Lease cost - system equipment	1,143	
Loss on retirement of fixed assets	153	
Provision of allowance for doubtful receivables	477	
Other non-operating expenses	824	2,721
Ordinary income		14,472
Extraordinary losses		
Impairment loss on fixed assets	88	
Loss on sales of investment securities	467	556
Income before income taxes and minority interests		13,915
Income taxes - current	5,912	
Income taxes - deferred	435	6,347
Income before minority interests		7,568
Minority interests in net loss		21
Net income		7,590

Consolidated Statement of Changes in Net Assets (April 1, 2012-March 31, 2013)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance as of April 1, 2012	33,998	34,278	83,074	(5,496)	145,854
Change of items during the consolidated fiscal term					
Dividends from surplus			(4,762)		(4,762)
Net income			7,590		7,590
Purchase of treasury stock				(7,198)	(7,198)
Cancellation of treasury stock			(5,463)	5,463	—
Net change of items other than shareholders' equity during the period					
Total change of items during the period	—	—	(2,635)	(1,734)	(4,370)
Ending balance as of March 31, 2013	33,998	34,278	80,438	(7,230)	141,484

	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, 2012	51	(281)	(229)	567	146,193
Change of items during the consolidated fiscal term					
Dividends from surplus					(4,762)
Net income					7,590
Purchase of treasury stock					(7,198)
Cancellation of treasury stock					—
Net change of items other than shareholders' equity during the period	1,219	387	1,606	(128)	1,478
Total change of items during the period	1,219	387	1,606	(128)	(2,892)
Ending balance as of March 31, 2013	1,271	105	1,377	439	143,301

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
35 companies (3 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
7 companies
(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 retail method (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

Tangible fixed assets, excluding those mentioned above

Buildings and structures	3-45 years
Machinery, equipment and vehicle	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 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.

(v) 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 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.

(5) 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.

(6) 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.

(7) Amortization method and amortization period of goodwill

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

(8) 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 changes in accounting policies

(Changes in accounting policies that are difficult to differentiate from changes in accounting estimation methods)

For the fiscal term ended March 31, 2013, the Company and its domestic consolidated subsidiaries changed the depreciation method for tangible fixed assets except store buildings and structures acquired on or after April 1, 2012 in line with the revision of the Corporate Tax Act. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the current fiscal term is minimal.

Change in Presentation Method

(Consolidated Balance Sheet)

Although the asset retirement obligations had previously been presented under "Current liabilities" (21 million yen for the previous consolidated fiscal term), this item has been included in "Other current liabilities" from the consolidated fiscal term under review (3 million yen for the consolidated fiscal term under review) because the amount of this item became insignificant.

Notes to Consolidated Balance Sheet

1. Pledged assets	Buildings and structures	31	million yen
	Land	242	million yen
	Total	273	million yen
Secured debts	Accounts payable	60	million yen
	Short-term borrowings	399	million yen
	Long-term debts	173	million yen
	Total	632	million yen

2. Accumulated depreciation amount of tangible fixed assets

41,262 million yen

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

Notes to Consolidated Statement of Income

1. Impairment loss on fixed assets

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	(Former) SHANGHAI HUTAILU store (Shanghai, China)	Buildings, etc.	31
Store	(Former) AUTOBACS SUITA IZUMICHO Store (Suita City, Osaka)	Tools, furniture and fixtures, etc.	8
Leased asset	(Former) AUTO HELLOES TAKIKAWA Store (Takikawa City, Hokkaido)	Land	29
Leased asset	AUTOBACS YAIZU Store Tenant (Yaizu City, Shizuoka)	Buildings, etc.	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 offices on land whose market value has declined from acquisition value due to falling land prices as well as stores to be closed, the book value of such groups of assets whose total future cash flow is below book value, were reduced to the recoverable value, and the relevant decrease of 88 million yen is recorded as “impairment loss on fixed assets” under extraordinary loss.

The impairment loss consisted of 51 million yen for buildings, etc., 29 million yen for land and 8 million yen for tools, furniture and fixtures, etc.

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

The net sales value is calculated based on the appraised real estate value by a real estate appraiser or the value of land facing a thoroughfare, etc. Weighted average capital cost (WACC) at 10.02% is used for the discount rate in calculation of the use value.

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 32,650,035 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 26, 2012	Common stock	2,448	75	March 31, 2012	June 27, 2012
Meeting of Board of Directors on October 31, 2012	Common stock	2,313	75	September 30, 2012	December 10, 2012

(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 25, 2013	Common stock	2,498	Retained earnings	81	March 31, 2013	June 26, 2013

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.
Marketable securities and investment securities, which mainly consist of held-to-maturity securities, listed company shares and other securities, involve market price fluctuation risks.
Long-term loans are offered to AUTOBACS 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 held-to-maturity securities, together with 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 marketable securities and 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, 2013, 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	48,197	48,197	—
(2) Trade notes and accounts receivable	24,748		
Allowance for doubtful receivables *1	(213)		
	24,535	24,519	(15)
(3) Lease investment assets *2	12,196	14,594	2,398
(4) Marketable securities and investment securities	8,253	7,650	(602)
(5) Short-term loans	176	181	5
(6) Accounts receivable	20,089	20,089	—
(7) Long-term loans	280		
Allowance for doubtful receivables *1	(48)		
	231	233	2
(8) Rental deposits	18,618		
Allowance for doubtful receivables *1	(101)		
	18,516	17,467	(1,049)
Total assets	132,196	132,934	738
(1) Trade notes and accounts payable	21,647	21,647	—
(2) Short-term borrowings	2,124	2,140	15
(3) Current portion of bonds	70	70	0
(4) Lease obligations (current liabilities)	111	192	80
(5) Accounts payable	12,153	12,153	—
(6) Income taxes payable	2,578	2,578	—
(7) Bonds	65	64	(0)
(8) Long-term debts	6,083	6,103	20
(9) Lease obligations (Non-current liabilities)	1,401	1,804	403
Total liabilities	46,235	46,756	521

*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 164 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, (6) 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, (5) 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.

(4) Marketable securities and 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), (8) Long-term debts, (9) Lease obligations (Non-current 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, (7) 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	504

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 "(4) Marketable securities and investment securities.

Notes to Per-share Data

1. Net assets per share 1,544.08 yen
2. Net income per share 81.22 yen

As of April 1, 2013, the Company conducted a 3-for-1 stock split for its common stock.

Net assets per share and net income per share data has been calculated as if the stock split was conducted at the beginning of the consolidated fiscal term under review.

Material Subsequent Events

1. Stock Split

According to a resolution at the Company’s Board of Directors Meeting held on February 27, 2013, the Company conducted a stock split as follows.

As of April 1, 2013, the Company conducted a 3-for-1 stock split for its common stock.

(1) Number of shares increased by the stock split

Common stock 65,300,070 shares

(2) Method of the stock split

Common shares held by shareholders whose names were recorded in the latest Registry of Shareholders on March 31, 2013, were split at a ratio of 3 for 1.

2. Resolution of Purchase of Treasury Stock

At the Board of Directors Meeting held on May 9, 2013, the Company resolved to purchase treasury stock, in accordance with the provision of Article 156 of the Companies Act as applied under Paragraph 3 of Article 165 of the said law, to purchase treasury stock, and made the purchase as follows.

(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	3,000,000 shares (maximum)
(iii) Total amount of purchase price	5,000 million yen (maximum)
(iv) Purchase period	From May 13, 2013 to February 20, 2014

3. Resolution of Cancellation of Treasury stock

At the meeting of the Board of Directors of the Company held on May 9, 2013, 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	5,000,000 shares
(3) Scheduled cancellation date	May 16, 2013

4. Resolution of Important Lawsuits

Concerning the damages lawsuits filed against the Company by AUTOBACS STRAUSS INC., 1945 Route 23 Associates, Inc. and R&S Parts and Service, Inc. (collectively, the “Plaintiffs”), in the United States Bankruptcy Court for the District of Delaware and in the United States District Court for the District of New Jersey, approval orders were entered by the above courts with respect to the settlement agreement (hereafter referred to as the “the Settlement Agreement”) that the Company concluded with the Plaintiffs and came into effect.

(1) Circumstances from the Filing of the Lawsuits to the Settlement

The Plaintiffs filed respective damages lawsuits against the Company in the United States Bankruptcy Court for the District of Delaware on December 11, 2009, and in the United States District Court for the District of New Jersey on December 17, 2009 (collectively the “Lawsuits”). While the Company has responded to the Lawsuits, after comprehensively taking into account various factors, including the potential costs to be incurred due to the ongoing Lawsuits, the Company agreed to settle with the Plaintiffs and executed the Settlement Agreement on March 29, 2013 (North American Eastern Standard Time).

(2) Contents of the Settlement

The principal terms of the settlement are as follows.

(i) Under the Settlement Agreement, the Company shall pay to the Plaintiffs US$8.5 million.

(ii)All of the Company’s proof of claim in the bankruptcy case of AUTOBACS STRAUSS INC. in the United States Bankruptcy Court for the District of Delaware shall be disallowed.

(3) Effectuation of the Settlement Agreement

Concerning the Settlement Agreement, both the United States Bankruptcy Court for the District of Delaware and the United States Bankruptcy Court for the District of New Jersey entered into approval orders on April 23, 2013 (North American Eastern Standard Time), and the Settlement Agreement came into effect as of May 8, 2013 (North American Eastern Standard Time). Under the Settlement Agreement, the Company paid US$8.5 million to the plaintiffs on May 10, 2013.

The impact of the cash payment, etc. to be made through this Settlement Agreement on the consolidated financial statements for the fiscal term ending March, 31, 2014 and thereafter is immaterial.

Non-Consolidated Balance Sheet (as of March 31, 2013)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	106,149	Current liabilities	34,031
Cash and deposits	44,640	Trade accounts payable	19,838
Trade notes receivable	242	Short-term borrowings	1,280
Trade accounts receivable	19,826	Lease obligations	252
Lease investment assets	18,675	Accounts payable	4,117
Marketable securities	1,000	Expenses payable	698
Inventories	5,259	Income taxes payable	2,311
Prepaid expenses	981	Advances received	32
Deferred tax assets	389	Money deposits	4,355
Short-term loans	6,161	Advance received profit	250
Accounts receivable	8,574	Allowance for point card	30
Other current assets	609	Allowance for business restructuring	860
Allowance for doubtful receivables	(213)	Other current liabilities	2
Fixed assets	90,382	Long-term liabilities	16,202
Tangible fixed assets	31,367	Long-term debts	5,624
Buildings	6,463	Lease obligations	2,102
Structures	995	Guarantee deposits received	7,451
Machinery, equipment and	568	Asset retirement obligations	997
vehicle	22	Other long-term liabilities	26
Tools, furniture and fixtures	397	Total Liabilities	50,233
Land	22,680	(Net Assets)	
Construction in progress	238	Shareholders' equity	145,036
Intangible fixed assets	4,359	Capital stock	33,998
Leasehold	641	Capital surplus	34,278
Software	3,707	Capital reserves	34,278
Other intangible fixed assets	11	Retained earnings	83,955
Investments and other assets	54,655	Retained earnings reserves	1,296
Investment securities	6,352	Other retained earnings	82,658
Affiliated companies' stock	15,282	Reserves for business expansion	665
Long-term loans	280		
Long-term loans to affiliated companies	11,394	Reserves for reduction in assets	746
Claims in bankruptcy, etc.	3,812	Other reserves	76,350
Long-term prepaid expenses	1,024	Retained earnings brought forward	4,897
Deferred tax assets	2,628		
Rental deposits	18,079	Treasury stock	(7,195)
Other investments and other assets	42	Valuation and translation adjustments	1,261
Allowance for investment loss	(278)	Valuation difference on available-for-sale securities	1,261
Allowance for doubtful receivables	(3,963)		
		Total Net Assets	146,298
Total Assets	196,532	Total Liabilities and Net Assets	196,532

Non-Consolidated Statement of Income (April 1, 2012-March 31, 2013)

(Unit: million yen)

Account Item	Amount	
Net sales		187,298
Cost of goods sold		146,370
Gross profit		40,927
Selling, general and administrative expenses		27,192
Operating income		13,735
Non-operating income		
Interest income	222	
Interest on securities	34	
Dividend income	803	
Commission income	176	
Foreign exchange gains	537	
Lease revenue - system equipment	1,675	
Other non-operating income	591	4,040
Non-operating expenses		
Interest expenses	104	
Lease cost - system equipment	1,619	
Provision of allowance for doubtful receivables	477	
Other non-operating expenses	342	2,544
Ordinary income		15,231
Extraordinary losses		
Impairment loss on fixed assets	57	
Loss on sales of investment securities	467	
Valuation losses of affiliated companies' stock	389	
Provision of allowance for investment loss	242	1,156
Net income before taxes		14,074
Income taxes - current	5,448	
Income taxes - deferred	(32)	5,415
Net income		8,659

Non-Consolidated Statement of Changes in Net Assets (April 1, 2012-March 31, 2013)

(Unit: million yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Capital reserves	Total capital surplus	Retained earnings reserves	Reserves for business expansion	Reserves for reduction in assets	Other reserves	Retained earnings brought forward	Total retained earnings
Beginning balance as of April 1, 2012	33,998	34,278	34,278	1,296	665	746	76,350	6,464	85,522
Change of items during the fiscal term									
Reversal of reserves for reduction in assets						(0)		0	—
Dividends from surplus								(4,762)	(4,762)
Net income								8,659	8,659
Purchase of treasury stock									
Cancellation of treasury stock								(5,463)	(5,463)
Net change of items other than shareholders' equity during the period									
Total change of items during the period	—	—	—	—	—	(0)	—	(1,566)	(1,566)
Ending balance as of March 31, 2013	33,998	34,278	34,278	1,296	665	746	76,350	4,897	83,955

	Shareholders' equity		Valuation and translation adjustments		
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Beginning balance as of April 1, 2012	(5,463)	148,335	45	45	148,381
Change of items during the fiscal term					
Reversal of reserves for reduction in assets		—			—
Dividends from surplus		(4,762)			(4,762)
Net income		8,659			8,659
Purchase of treasury stock	(7,195)	(7,195)			(7,195)
Cancellation of treasury stock	5,463	—			—
Net change of items other than shareholders' equity during the period			1,216	1,216	1,216
Total change of items during the period	(1,732)	(3,299)	1,216	1,216	(2,082)
Ending balance as of March 31, 2013	(7,195)	145,036	1,261	1,261	146,298

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 retail method (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
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
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 investment loss
In order to prepare for losses from investments in affiliated companies, the Company provides an allowance for losses from investment, considering the financial or other conditions of the relevant companies.

(3) 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.

(4) 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 changes in accounting policies
(Changes in accounting policies that are difficult to differentiate from changes in accounting estimation methods)
For the fiscal term ended March 31, 2013, the Company changed the depreciation method for tangible fixed assets except store buildings and structures acquired on or after April 1, 2012 in line with the revision of the Corporate Tax Act. The effect of this change on operating income, ordinary income and income before income taxes for the current fiscal term is minimal.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation amount of tangible fixed assets 20,251 million yen

2. Monetary claim and obligations to affiliated companies
   - (1) Short-term monetary claim 21,590 million yen
   - (2) Short-term monetary obligations 6,235 million yen
   - (3) Long-term monetary obligations 1,400 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	25,910 million yen
Outstanding loan balance	13,841 million yen
Difference (unused portion of committed credit lines)	12,068 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 68,202 million yen
     - Purchases 8,256 million yen
     - Other business transactions 2,142 million yen
   - (2) Non-business transactions 2,999 million yen

2. Impairment loss on fixed assets

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	(Former) AUTOBACS SUITA IZUMICHO Store (Suita City, Osaka)	Tools, furniture and fixtures, etc.	8
Leased asset	(Former) AUTO HELLOES TAKIKAWA Store (Takikawa City, Hokkaido)	Land	29
Leased asset	AUTOBACS YAIZU Store Tenant (Yaizu City, Shizuoka)	Buildings, etc.	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 offices on land whose market value has declined from acquisition value due to falling land prices as well as stores to be closed, the book value of such groups of assets whose total future cash flow is below book value, were decreased to the recoverable value, and the relevant decrease of 57 million yen is recorded as "impairment loss on fixed assets" under extraordinary loss.

The breakdown of the impairment loss on fixed assets is 19 million yen for buildings, etc., 29 million yen for land and 8 million yen for tools, furniture and fixtures, etc.

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

The net sales value is calculated based on the appraised real estate value by a real estate appraiser or the value of land facing a thoroughfare, etc. Weighted average capital cost (WACC) at 10.02% is used for the discount rate in 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	1,800,747 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	215
Enterprise tax payable	207
Rejection of valuation losses of inventories	52
Excess of loss entries from allowance for doubtful receivables	72
Rejection of discount and installment payment relating to purchase of inventories	62
Rejection of allowance for business restructuring	327
Others	101
Total deferred tax assets	1,038
Deferred tax liabilities	
Effect of application of accounting standard for leased assets	(574)
Others	(73)
Total deferred tax liabilities	(648)
Net deferred tax assets	389

(Non-current)

Deferred tax assets	
Excess of loss entries from allowance for depreciation	713
Impairment loss on fixed assets	1,448
Rejection of valuation losses of affiliated companies' stock	2,289
Rejection of allowance for investment loss	98
Rejection of valuation losses of investment securities	584
Excess of loss entries from allowance for doubtful receivables	1,341
Rejection of valuation losses of golf club membership, etc.	10
Rejection of credit transfer losses	1,116
Rejection of asset retirement obligations	348
Other	674
Sub-total deferred tax assets	8,627
Valuation-related provision	(4,794)
Total deferred tax assets	3,832
Deferred tax liabilities	
Reserves for reduction in assets	(401)
Valuation difference on available-for-sale securities	(679)
Other	(122)
Total deferred tax liabilities	(1,203)
Net deferred tax assets	2,628

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.	Relation-ship 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)	12,046	Short-term loans Long-term loans to affiliated companies	4,826 8,588

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 Data

1. Net asset per share 1,580.79 yen
2. Net income per share 92.64 yen

As of April 1, 2013, the Company conducted a 3-for-1 stock split for its common stock.
Net assets per share and net income per share data has been calculated as if the stock split was conducted at the beginning of the fiscal term under review.

Material Subsequent Events

1. Stock Split

According to a resolution at the Company's Board of Directors Meeting held on February 27, 2013, the Company conducted a stock split as follows.
As of April 1, 2013, the Company conducted a 3-for-1 stock split for its common stock.

(1) Number of shares increased by the stock split
Common stock 65,300,070 shares

(2) Method of the stock split
Common shares held by shareholders whose names were recorded in the latest Registry of Shareholders on March 31, 2013, were split at a ratio of 3 for 1.

2. Resolution of Purchase of Treasury Stock

At the Board of Directors Meeting held on May 9, 2013, the Company resolved to purchase treasury stock, in accordance with the provision of Article 156 of the Companies Act as applied under Paragraph 3 of Article 165 of the said law, to purchase treasury stock, and made the purchase as follows:

(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 3,000,000 shares (maximum)
(iii) Total amount of purchase price 5,000 million yen (maximum)
(iv) Purchase period From May 13, 2013 to February 20, 2014

3. Resolution of Cancellation of treasury Stock

At the meeting of the Board of Directors of the Company held on May 9, 2013, 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 5,000,000 shares

(3) Scheduled cancellation date May 16, 2013

4. Resolution of Important Lawsuits

Concerning the damages lawsuits filed against the Company by AUTOBACS STRAUSS INC., 1945 Route 23 Associates, Inc. and R&S Parts and Service, Inc. (collectively, the “Plaintiffs”), in the United States Bankruptcy Court for the District of Delaware and in the United States District Court for the District of New Jersey, approval orders were entered by the above courts with respect to the settlement agreement (hereafter referred to as the “the Settlement Agreement”) that the Company concluded with the Plaintiffs and came into effect.

(1) Circumstances from the Filing of the Lawsuits to the Settlement

The Plaintiffs filed respective damages lawsuits against the Company in the United States Bankruptcy Court for the District of Delaware on December 11, 2009, and in the United States District Court for the District of New Jersey on December 17, 2009 (collectively the “Lawsuits”). While the Company has responded to the Lawsuits, after comprehensively taking into account various factors, including the potential costs to be incurred due to the ongoing Lawsuits, the Company agreed to settle with the Plaintiffs and executed the Settlement Agreement on March 29, 2013 (North American Eastern Standard Time).

(2) Contents of the Settlement

The principal terms of the settlement are as follows.

(i) Under the Settlement Agreement, the Company shall pay to the Plaintiffs US$8.5 million.

(ii)All of the Company’s proof of claim in the bankruptcy case of AUTOBACS STRAUSS INC. in the United States Bankruptcy Court for the District of Delaware shall be disallowed.

(3) Effectuation of the Settlement Agreement

Concerning the Settlement Agreement, both the United States Bankruptcy Court for the District of Delaware and the United States Bankruptcy Court for the District of New Jersey entered into approval orders on April 23, 2013 (North American Eastern Standard Time), and the Settlement Agreement came into effect as of May 8, 2013 (North American Eastern Standard Time). Under the Settlement Agreement, the Company paid US$8.5 million to the plaintiffs on May 10, 2013.

The impact of the cash payment, etc. to be made through this Settlement Agreement on the non-consolidated financial statements for the fiscal term ending March 31, 2014 and thereafter is immaterial.

Independent Auditors' Report on Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT **(COPY)**

May 15, 2013

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, 2013 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, 2012 to March 31, 2013, 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, 2013, 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 15, 2013

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, 2013 of AUTOBACS SEVEN Co., Ltd. (the "Company"), and the related statements of income and changes in net assets for the 66th fiscal year from April 1, 2012 to March 31, 2013, 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 the 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, 2013, 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 66th Fiscal Term from April 1, 2012 to March 31, 2013 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, 2013

The Audit and Supervisory Board of AUTOBACS SEVEN Co., Ltd.

Hidehiro Ide	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