Please note that this document is a translation of the official Japanese notice of convocation of the 65th 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 1, 2012

To Our Shareholders

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

NOTICE OF CONVOCATION OF THE 65TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 65th ordinary general meeting of shareholders.

The meeting will be held as described below. When attending the meeting in person, please submit the enclosed Exercise of Voting Rights form to the receptionist.

Particulars

1. Date and time: June 26, 2012 (Tuesday) at 10:00 a.m.

2. Venue: Hotel East 21 Tokyo, 3rd floor, Eitai Room
3-3, Toyo 6-chome, Koto-ku, Tokyo
(Please note that the venue is different from last year.)

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 Accounting Auditors and the Board of Corporate Auditors for the 65th Fiscal Term (from April 1, 2011 to March 31, 2012)
2. Report on the non-consolidated financial statements for the 65th Fiscal Term (from April 1, 2011 to March 31, 2012)

Matters to be resolved:

Agenda Item No. 1: Appropriation of surplus
Agenda Item No. 2: Election of eight (8) Directors
Agenda Item No. 3: Election of one (1) Corporate Auditor

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 25, 2012.
(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 us so that it reaches us by the above deadline for voting.
(ii) To exercise voting rights via the Internet:
Access the website for exercising voting rights (http://www.webdk.net) and follow the instructions on the screen to enter approval/disapproval for the respective proposals, and send your votes electronically so that we 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).

Business Report (from April 1, 2011 to March 31, 2012)

1. Current Status of the AUTOBACS Group

(1) Business Progress and Results

Business environment and efforts by the AUTOBACS Group

During the consolidated fiscal term under review, a number of diverse factors of domestic automotive-related consumption affected the performance of the AUTOBACS Group, depending on the season and the region. From the beginning of the term through the second quarter, production of vehicles and car navigation devices declined in terms of the number of units, due to disruption of supply chains and other factors caused by the Great East Japan Earthquake; however, demand for automotive tuners for terrestrial digital broadcasting increased in conjunction with the shift from analog broadcasting to digital terrestrial television broadcasting in July 2011. During the third and fourth quarters, although manufacturing of car navigation devices was partially suspended, due to damage caused by floods in Thailand, the number of new vehicle sales and demand for automotive goods recovered as supply chains were restored and the subsidy system for eco-cars was implemented. Furthermore, demand for winter tires rose as a result of heavier snowfall than in an average year. In the Tohoku region, demand for vehicles and automotive goods continued to be high, in part due to post-quake restoration.

Overview of the domestic business

Under such business conditions, total sales for all business categories of the AUTOBACS Chain (including franchise outlets) in Japan during the consolidated fiscal term under review rose by 0.1% on a same-store basis and by 0.9% on a total-store basis year-on-year.

In the automotive goods and services business, the AUTOBACS Group focused on merchandise related to car maintenance such as tires, oil, and batteries, while enhancing the selection of goods available and sales systems in stores, as well as launching sales promotion activities linked to newspaper advertisements, television commercials, and handouts. Sales of tires increased primarily because the change from winter tires to normal tires continued into April and beyond due to weather conditions and the effects of the March 11 earthquake, increased prices of national brand tires, and heavier snowfall nationwide than in an average year, especially on the Sea of Japan side. In the car electronics segment, sales of automotive tuners for terrestrial digital broadcasting and in-dash navigation devices were favorable in terms of the number of units in conjunction with the shift from analog broadcasting to digital terrestrial television broadcasting services, although the earthquake and floods in Thailand impacted the merchandise lineup of car navigation devices. These sales, however, were lower year-on-year in terms of value, due to a fall in unit prices caused by a change in the mix of merchandise lines that sold well. Sales of car accessories and interior items declined up to the second quarter, due to sluggish new vehicle sales volume. Subsequently, however, sales in the third quarter and thereafter recovered in line with the upturn of new car sales, and marked a higher level than the year before.

In the statutory safety inspections and maintenance services business, although sales were slow during the first quarter due to the effects of the earthquake followed by sentiment to restrain promotional activities and other factors, telephone-based promotion activities and other ongoing efforts in stores in the second quarter and thereafter led to a recovery in sales. Consequently, the number of cars that underwent statutory inspections rose by 7.3% year-on-year, to approximately 535,000 units.

In the car sales and purchase business, the number of new vehicle sales was lower than that of the year before until the second quarter. However, the used-car market was activated by growing demand for used cars in areas affected by the March 11 earthquake, and purchases of used-cars at stores and retail sales, primarily in the Tohoku region, became satisfactory. In the third quarter and beyond, the number of new vehicle sales recovered, supported by factors including the revival of the eco-car subsidy system. As a result, the number of vehicle sales for the consolidated fiscal term under review rose by 10.1% year-on-year, to approximately 18,000 units.

Effect of the Great East Japan Earthquake

The status of recovery efforts, etc., of the AUTOBACS Group after the Great East Japan Earthquake up to the end of May 2011 is described in the Business Report for the previous term. Subsequently, in August 2011, the Group restored two stores, AUTOBACS Ishinomaki Store and AUTOBACS Tagajo Store, and resumed operations.

With regard to the impact of the Great East Japan Earthquake on the AUTOBACS Group, there were factors that caused sales to fall, including a decline in demand for automotive goods due to a shortage of certain merchandise and a decrease in new car sales. Meanwhile, mainly in the disaster-affected areas, cars for use in daily life and in restoration efforts, as well as automotive goods, were in strong demand, and sales of all AUTOBACS Chain stores in the three prefectures of Fukushima, Miyagi, and Iwate surged roughly by 20% year-on-year.

While the effects of the earthquake on total sales of the AUTOBACS Group were slightly negative, revised promotional activities, changes in the logistics structure, power saving, and other factors led to reductions of costs, therefore, the impact of the disaster on profits was not significant.

Status of domestic store consolidation

With respect to domestic store openings and closings in the 65th Fiscal Term, the Group opened 23 AUTOBACS stores in accordance with the objectives set under the Medium-Term Business Plan. It also transitioned four stores to AUTOBACS stores from other store formats, opened four AUTOBACS stores through relocation, and opened two AUTOBACS *Secohan Ichiba* stores through relocation. Meanwhile, the Group closed one AUTOBACS store, two AUTOBACS EXPRESS stores, and three AUTOBACS *Secohan Ichiba* stores. As a result, the number of AUTOBACS Group stores in Japan as of the end of the consolidated fiscal term increased by 17 stores from the end of the previous fiscal term to 530 stores.

Store openings and closings in the 65th Fiscal Term
No. of stores at the end of year: 530 (513 in the previous fiscal term)

	No. of stores as of March 31, 2011	Opened	Change in store format S/B* R/L*		Closed	No. of stores as of March 31, 2012	Increase/ decrease
			New	Close			
AUTOBACS	404	23	8	4	1	430	26
Super AUTOBACS	76	0	0	0	0	76	0
AUTO HELLOES	5	0	0	4	0	1	-4
AUTOBACS *Secohan Ichiba*	21	0	2	2	3	18	-3
AUTOBACS EXPRESS	7	0	0	0	2	5	-2
TOTAL	513	23	10	10	6	530	17

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

Overview of overseas business

Looking at the overseas business, in France during the second quarter and thereafter, the Group was affected by European economic instability and a warmer climate compared to the year before. However, the Group’s profitability improved due to promotional activities implemented mainly for tires and car electronics, which led to improved store sales and gross margin ratio, while selling, general and administrative expenses were more tightly controlled. In China, the Group closed one store operated by a local franchisee. In Shanghai, the second wholly-owned outlet run by the Company’s subsidiary was opened in May. Efforts have been made to develop a business model by improving store operations and the level of recognition among customers in wholly-owned outlets. In addition, sales increased mainly due to favorable wholesale sales to domestic and other Asian stores and exports to Japan, and the operating loss declined from the year before. In Singapore, the Loyang Store was opened in December, becoming the third store. Sales and operating income increased thanks to a strong competitive advantage in the local market. In Thailand, earnings fell slightly due to the effects of political turmoil and floods. Meanwhile, in Taiwan, one store was opened by a franchisee.

The number of overseas stores as of the end of the consolidated fiscal term under review totaled 27 including the following: France: eleven stores; China: four stores; Singapore: three stores; Thailand: four stores; and, Taiwan: five stores.

Consolidated business results

The AUTOBACS Group’s net sales for the fiscal term under review increased by 0.4% year-on-year to ¥237,342 million.

In wholesale operations primarily to franchise outlets, although sales of car electronics goods, car exterior goods, and motor sports-related items declined, sales of tires & wheels increased as consumers rushed to buy before the implementation of price increases and there was strong demand for winter tires during the winter season. Furthermore, sales of tools, furniture and fixtures to stores increased in conjunction with deliveries of merchandise to newly opened stores and sales floor renovations. As a result, wholesale sales increased by 0.7% over the same period in the previous fiscal term.

In retail operations with Company stores or subsidiary-operated stores, sales by merchandise showed similar trends to those described previously in “Overview of the domestic business.” In addition, although there were factors that caused a drop in sales, including closures of Company stores handling used-car automotive accessories and temporary closures of some stores due to renovations, the decline was covered by sales of new stores. Consequently, sales increased by 0.2% year-on-year.

Consolidated sales breakdown by type of operation

	64th Fiscal Term (Apr. 1, 2010-Mar. 31, 2011)		65th Fiscal Term (Apr. 1, 2011-Mar. 31, 2012)		Increase/ decrease amount (million yen)	Increase/ decrease ratio (%)
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)		
Wholesale	134,689	57.0	135,570	57.1	880	0.7
Retail	98,162	41.5	98,313	41.4	150	0.2
Others*	3,498	1.5	3,459	1.5	-39	-1.1
Total	236,350	100.0	237,342	100.0	991	0.4

* "Others" consists of real estate rent and lease revenue.

Gross profit was ¥77,036 million, up by 1.7% from a year earlier as a result of efforts to improve gross profits, such as reducing the costs of goods purchased and reviewing sales prices. Selling, general and administrative expenses declined by 0.7% year-on-year to ¥63,315 million as a consequence of reducing promotional activities after the earthquake and costs as a whole, although expenses related to new store openings and store reforms increased. As a result, operating income rose by 14.5% from the previous fiscal term to ¥13,720 million. Ordinary income increased by 17.2% year-on-year to ¥15,307 million, primarily due to a decline in foreign exchange losses under non-operating income/expenses compared to the previous year. The Group also posted an extraordinary income of ¥64 million from a gain on sales of subsidiaries and affiliates' stocks, and an extraordinary loss of ¥155 million comprising a loss from sales of non-current assets associated with relocations and closures of stores, impairment loss, and loss on disposal of stores. As a result, net income for the fiscal term under review rose by 36.0% from the previous fiscal term to ¥8,402 million.

Progress overview of the Medium-Term Business Plan

The AUTOBACS Group 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.

Among important policies implemented to bolster our domestic business, as initially planned, we completed reforms to existing stores and provided customer treatment training for store employees under reforms to human resources. As results of these reforms, we now have a solid base on which the AUTOBACS Group can achieve further growth. Meanwhile, under a policy of opening new stores, our initiatives progressed generally as scheduled as a consequence of strengthening the organizational structure.

		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 %	• Completed reforms of AUTOBACS stores Executed reforms in 217 stores Validated the effects of reforms and achieved improvements • Completed customer treatment training of 8,856 trainees • Opened 23 new stores Developed low-cost model Undertook property development aimed at opening stores in the fiscal term 2012
	Overseas business	• Bringing the overseas business into the black. • Inspection and decision of the policy of business in China.	• Undertook experimental validation in China and other Asian markets Opened one store in China and one store in Singapore Established the ASEAN Branch • Achieved turnaround of overall overseas subsidiaries

	Improving headquarters functions	• Strengthening support systems • Construction of administrative systems • Making non-consolidated costs more efficient	• Developed human resources through core manpower education and training by class • Prioritized allocation of management resources to important measures • Enhanced efficiency of non-consolidated costs by exercising cost control
Financial strategies		• Making operating cash flow by way of aggressive investment • Strengthening the profit sharing for stockholders	• Conducted aggressive business investment both inside and outside Japan by promoting new store openings and store reforms • Acquired treasury stock (1.6 million shares, approx. ¥5.4 billion)
CSR/ Governance		• Efforts toward environment and contribution to society • Promoting compliance and risk management	• Acquired ISO 14001 certification at Toyosu Headquarters • Continued activities for contributing to local communities • Promotion of responses to antisocial forces

(i) Business strategies

The Company has concentrated on improving the profitability of existing AUTOBACS stores with the focus on strengthening the domestic franchise business, as in the previous year.

With respect to “existing store reform,” the Company promoted store reforms of AUTOBACS format stores as in the previous year and refurbished 217 stores. As a result, reforms were completed for an accumulated total of 358 stores as initially planned. With respect to “sales floor reform,” which is an important policy within “existing store reform,” we designed sales floors offering merchandise and services from the viewpoint of customers by displaying merchandise so that they are easier to choose and shop, as well as placing signs and boards. In addition, consultation counters and general maintenance counters were set up mainly for car maintenance items and services. As a result, sales and operation improved in many of the stores that were refurbished. We will continue to make improvements to enhance the convenience of customers while simultaneously increasing the profitability of stores.

With regard to “human resources reform,” the Company continued, as in the previous year, to provide customers with trust and reliability, as well as stores in which customers can enjoy a pleasant and comfortable shopping experience by holding staff training and enhancing customer service skills. The Company has established an expert team to hold group seminars, and is also implementing more effective training at stores for all employees onsite. During the fiscal term under review, 8,856 employees completed training; therefore, almost 100% of registered employees have been trained. We are committed to continuing such initiatives to ensure employees maintain customer service awareness.

As part of the “new store opening” policy, the Company launched 23 new stores with the purpose of improving convenience for customers and having more customers use AUTOBACS stores. A small-size store model was developed by achieving cost reductions through revised tools, furniture and fixtures for stores as well as pit equipment, and we strengthened our approach to opening stores in smaller trading zones and in locations to fill gaps among existing stores. We also restructured the Land Use & Development Department in preparation for accelerating store openings in the fiscal term ending March 2013 and beyond.

One of the newly opened stores is AUTOBACS Tire Shop Ogori (Yamaguchi city, Yamaguchi prefecture), which was launched as a pilot store. The store specializes in maintenance items such as tires & wheels as well as oil and batteries. Going forward, we will validate and make improvements to this store in accordance with our objective of operating stores that meet the various needs of customers and offer high levels of convenience.

We have also been preparing to “restructure the CRM strategy,” which will be formally introduced during the fiscal term ending March 2013. This is based on our decision to begin implementing initiatives that reinforce our ties with customers by grasping the change in customers’ perception of cars, forecasting market trends, and reviewing the Group’s relationships with customers. By working to better understand existing customers, AUTOBACS aims to build stronger relationships based on which repeat customers will visit stores. At the same time, we would like new customers to get to know us so that we can form close relationships based on trust. Implementing these measures, the Group will create stores that meet the needs of customers in the respective regions and strengthen its network store by store. The Group has also been taking other measures, such as reinforcing automobile inspections and car sales by enhancing merchandise and services offered to customers; improving procurement methods aimed at offering merchandise at reasonable prices; and, reinforcing e-commerce to improve convenience for customers.

Overseas, we opened a new store in China and have been validating the business model with a total of two stores. The Group will continue to identify effective business activities in China and other Asian regions and undertake market research, as well as take pilot initiatives and validate them.

To enhance the execution skills of our headquarters, we have been proceeding with “human resource reforms at the headquarters” by making prioritized allocations of management resources for important measures, while improving management skills by developing core staff members and conducting training by employee class.

(ii) Financial strategies

Based on its financial strategies, the Group worked to increase future operating cash flows by opening 23 new stores and relocating six stores in Japan, while opening three new stores overseas. We plan to actively invest in businesses during the fiscal term ending March 2013 and beyond.

To enhance capital efficiency, the Company purchased a total of 1.6 million shares of treasury stock worth approximately ¥5.4 billion under the policy of increasing returns to shareholders, while it decided to retire approximately 1.6 million shares of treasury stock and buy back up to 1.8 million shares of treasury stock. The Company plans to distribute profits, considering business performance during the consolidated fiscal term under review, with a year-end dividend of ¥75 per share, which is ¥5 more than the dividend for the previous fiscal term, and targets a dividend on equity ratio (DOE) of 3% or more.

(iii) CSR and Governance

The AUTOBACS Group recognizes CSR activity as an important management issue and has acquired the ISO 14001 certification at its Toyosu Headquarters as part of its aim to pursue environmentally friendly business operations. The Group will continue to implement activities that heighten awareness of the environment, while rolling out initiatives in phases to acquire certification at each regional office and two logistic centers in Eastern and Western Japan. During the summer season when there were concerns about power shortages, the headquarters and regional offices took power-saving measures, while the stores in our nationwide network also implemented power-conserving steps such as turning off illuminated signs on building walls and reducing in-store lighting. Furthermore, AUTOBACS Day was established at the offices and stores to contribute to local communities by conducting cleanups of neighborhoods.

In response to the enforcement of Organized Crime Exclusion Ordinance in all prefectures nationwide in October 2011, the Company formulated the Manual for Responding to Antisocial Forces and reinforced risk management awareness by conducting training sessions for all employees.

(2) Status of Capital Investment

During the consolidated fiscal term under review, the Company made capital investments totaling 7,690 million yen, mainly on information systems to functionally enhance our POS systems, etc., and acquisitions of land, buildings, and structures required to open new stores. These are in addition to investments for reforming exterior walls and signage of stores to promote a generally refreshed, innovative, and unified store brand image.

(3) Status of Fund Procurement

During the consolidated fiscal term under review, the Group as a whole, procured funds to implement these capital investments, with operating funds secured mainly through refinancing. Borrowings, however, declined by 1,398 million yen, because repayments exceeded the amount procured.

(4) Targets to be Achieved

The AUTOBACS Group aims to materialize the vision of “Anything about cars, you find at AUTOBACS” by rebuilding value offerings to customers. Based on AUTOBACS 2010 Medium-Term Business Plan formulated in 2010, we have been taking the customers’ perspective in working to rebuild value offerings, such as “quality merchandise and services at reasonable prices,” “convenience,” and “trust and reliability.” To achieve this goal, we will operate the basic strategy of improving store profitability and increasing market share, while actively making advance investments toward our future growth.

Under our financial strategy, we will seek 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 Group's specific initiatives are outlined below.

Target for AUTOBACS Group with AUTOBACS 2010 Medium-Term Business Plan

Aiming to materialize the vision of "Anything about cars, you find at AUTOBACS" by rebuilding value we offer from the customers' perspective		
Three major values that the AUTOBACS Group offers		
Convenience	Trust and reliability	Quality merchandise and services at reasonable prices

Basic Policy of the Medium-Term Business Plan

Management targets	Consolidated operating income: ¥16.0 billion Consolidated return on equity (ROE): 7% Consolidated dividend on equity (DOE): 3%
Business strategies	Increasing market share and store profitability by focusing on the domestic franchise business and fundamentally strengthening it
Financial strategies	Working to increase shareholder value by aggressively investing in businesses and strengthen shareholder returns

(Note) The period of the Plan is the four years from the fiscal year ended March 2011 to the fiscal year ending March 2014.

Target business indicators

The AUTOBACS Group has adopted a set of key business indicators in the Medium-Term Business Plan, which concludes in the fiscal term ending March 2014. Specifically, the AUTOBACS Group aims to achieve a consolidated operating income of ¥16.0 billion, a consolidated return on equity (ROE) of 7%, and a consolidated dividend on equity (DOE) of 3%.

Business strategies

In our domestic business, the Group will further improve profits of AUTOBACS stores in which we have renovated the sales floors to enable our customers to choose and shop for merchandise easily, as a measure for "existing store reform," which is our effort to increase store profitability. For this purpose, we will further enhance sales floors from the customers' perspective at each store and continue to provide education to store managers and employees. The Group will initiate reforms to SUPER AUTOBACS stores at 28 locations during the fiscal term ending March 31, 2013 and at 42 locations during the term ending March 2014. On top of improvements made to AUTOBACS stores to have customers more easily select goods and shop, we will further heighten the attractiveness of merchandise and sales floors so that even customers who are not very familiar with automobiles, in addition to those who are enthusiasts, can enjoy shopping at our stores.

Among steps to increase our market share, we will set up the low-cost store model to aggressively open stores in small trading areas and other locations to fill gaps among existing stores, while giving consideration to collaboration among stores. By so doing, we will offer convenience to our customers, which will enable us to get closer to them. The Group plans to open 120 new stores, which is a target set in the Medium-Term Business Plan.

Furthermore, the Group will implement measures to increase store profitability, including the CRM strategy, which involves fundamentally reviewing points of contact with customers to reform operations and make stores more attractive, and consequently encourage repeat customers to visit stores, and improve gross profit, which is aimed at improving the price competitiveness of stores. We will also fine-tune the conventional one-stop shopping feature and enhance convenience for customers by reexamining operational reforms at stores, while continuing to enhance merchandise and services including statutory inspection services, car sales, and body repairs.

In the overseas business, we are reinforcing our human resources and will prioritize personnel assignments in China and the ASEAN region. The Group recognizes China to be the highest priority region in its overseas business, and will focus on making pilot store openings in Shanghai towards the end of the fiscal term ending March 2013 followed by a validation process. Based on the results of our validation, we will determine our steps for the fiscal term ending March 2014 and thereafter. In the ASEAN region, the Group plans to open several additional stores in Thailand, Taiwan, and Singapore, where it has already opened stores, and in Malaysia, before the end of the fiscal term ending March 2014, which is the final fiscal term of the Medium-Term Business Plan. In France, the Group will make improvements to sales floors and enhance the efficiency of pit work to attract more customers to stores, and continue efforts to boost corporate value.

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) of at least 3%.

CSR activities reinforcement

To reduce the effects on the environment of business activities, the AUTOBACS Group acquired ISO14001 certification for its headquarters in Toyosu. Subsequently, we will work to sequentially obtain certification for all business offices in the country, and begin research to obtain certification also for the two logistic centers in Eastern and Western Japan. In addition, we will continue to implement power-saving measures we have been pursuing since May 2011, such as reducing office lighting, cutting standby power consumption, and setting appropriate air-conditioning temperatures. Simultaneously, the Group will reinforce business activities that reduce the environmental impacts of stores by launching research and analyses on implementing 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 our stores and offices, and subsequently extended widely to all stores in the Group's network.

(5) Assets and Operating Results

(i) The AUTOBACS Group's assets and operating results

Classification	62nd Fiscal Term Apr.1, 2008- Mar.31, 2009	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
Net sales (million yen)	259,144	232,936	236,350	237,342
Operating income (million yen)	5,090	10,171	11,988	13,720
Ordinary income (million yen)	6,556	11,757	13,060	15,307
Net income (million yen)	(3,397)	5,865	6,179	8,402
Net income per share (¥)	(90.29)	161.97	177.97	252.85
Total assets (million yen)	224,168	210,652	207,794	217,948
Net assets (million yen)	155,478	151,852	147,962	146,193
Capital-to-assets ratio (%)	69.0	71.9	71.0	66.8
ROE (%)	-2.1	3.8	4.1	5.7
Dividend payout ratio (%)	—	77.2	75.9	57.3 (projection)
DOE (%)	2.4	3.0	3.2	3.3 (projection)

(ii) AUTOBACS SEVEN's assets and operating results

Classification	62nd Fiscal Term Apr.1, 2008- Mar.31, 2009	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
Net sales (million yen)	199,002	190,938	194,715	195,601
Operating income (million yen)	8,912	10,539	11,749	13,590
Ordinary income (million yen)	8,562	11,470	12,437	15,148
Net income (million yen)	(6,723)	6,162	7,876	8,835
Net income per share (¥)	(178.62)	170.14	226.79	265.80
Capital (million yen)	33,998	33,998	33,998	33,998
No. of shares outstanding (shares)	39,255,175	37,454,204	37,454,204	34,251,605
Total assets (million yen)	214,154	208,970	207,298	208,930
Net assets (million yen)	154,601	151,691	149,692	148,381

(6) The AUTOBACS Group's Major Business Line (as of March 31, 2012)

The AUTOBACS 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 its Group companies with store leasing service; consultancy; back-office agency service, and general insurance agency service.

Categories related to the AUTOBACS 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 franchisee stores Major merchandise lineup: tires & wheels, car electronics, etc.
Retail	Sale of automotive-related goods and 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 AUTOBACS SEVEN (as of March 31, 2012)

Headquarters	6-52, Toyosu 5-chome, Koto-ku, Tokyo	
Business offices	Northern Japan Division	Izumi-ku, Sendai City
	Kanto Division	Ichikawa City, Chiba Pref.
	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 Pref.
	Western Japan Logistics Center	Miki City, Hyogo Pref.

(8) Key Subsidiaries (as of March 31, 2012)

Company name	Location	Capital	AUTOBACS SEVEN's Investment ratio	Line of business
A.M.C. Co., 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, 2012)

Company name	Location	Capital	AUTOBACS SEVEN's Investment ratio	Line of business
Puma Ltd.	Imizu City, Toyama	¥33 million	31.0%	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, 2012)

The AUTOBACS Group's employment status (Unit: persons)

Divisions	No. of employees	Increase/decrease from the previous consolidated fiscal term
Wholesale	543 (17)	-7 (-1)
Retail	3,477 (1,151)	4 (34)
Company-wide (common)	449 (18)	13 (3)
Total	4,469 (1,186)	10 (36)

(Notes)
1. The number of employees indicates the employed population, and the yearly average number of temporary employees is shown in parentheses.
2. 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 AUTOBACS SEVEN

No. of employees	Year-on-year increase/decrease	Average age	Average number of years of employment
1,060	-7	40.5	12.9

(11) Major Lenders and Loan Amount (as of March 31, 2012) (unit: million yen)

Lenders	Balance of loans
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,176
Nippon Life Insurance Company	2,900
Sumitomo Mitsui Banking Corporation	1,967
The Sumitomo Trust and Banking Co., Ltd.	1,006

(Note) The Sumitomo Trust and Banking Co., Ltd. merged with two banks, The Chuo Mitsui Trust and Banking Company, Limited and Chuo Mitsui Asset Trust and Banking Company, Limited effective April 1, 2012 and became Sumitomo Mitsui Trust Bank, Limited.

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

As mentioned in the Company's press releases dated December 12, 2009, and December 19, 2009, AUTOBACS STRAUSS INC., etc. filed 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, respectively, and these lawsuits are still pending. There is currently no capital or personnel relationship between the Company and AUTOBACS STRAUSS INC.

The Company believes that it has many factual and legal defenses to the claims that are being made by the plaintiffs, and that the amount of damages being claimed by the plaintiffs is groundless. The Company intends to vigorously pursue its proof of claim and defend the claims that are being made by the plaintiffs. We cannot currently determine the effect that these actions will have on the Company's performance; however, the Company will disclose any necessary information as soon as any matters to be disclosed occur.

2. Status of the Company (as of March 31, 2012)

(1) Status of Shares

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

(ii) Total number of shares issued: 34,251,605 shares (including 1,601,570 own shares)

(iii) Number of shareholders: 13,744

(iv) Major shareholders (Top 10 shareholders)

Name	Status of contribution to the Company	
	Number of shares held (Thousands)	Shareholding ratio (%)
Sumino Holdings Incorporated	4,980	15.25
Ichigo Trust	3,156	9.66
State Street Bank and Trust Company	1,740	5.33
Northern Trust Company (AVFC) Sub Account American Clients	1,638	5.01
The Yuumi Memorial Foundation for Home Health Care	1,330	4.07
Japan Trustee Service Bank, Ltd. (Trust Account)	1,103	3.37
The Master Trust Bank of Japan, Ltd. (Trust Account)	985	3.01
Sumisho Holdings, Ltd.	800	2.45
Northern Trust Company (AVFC) Re U.S. Tax Exempted Pension Funds	770	2.35
The Gibraltar Life Insurance Co.,Ltd. (General Equity D Account)	500	1.53

(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. The Company also confirmed that Ichigo Trust is no longer a shareholder that holds 10% or more of the voting rights of all shareholders as a result of calculating the percentage against the total number of voting rights of all shareholders based on the shareholder register as of March 31, 2012.
4. An amendment to the substantial shareholding report was filed with the Director-General of Kanto Local Finance Bureau by Mitsubishi UFJ Trust and Banking Corporation and one joint holder on October 17, 2011 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, 2012. 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: Mitsubishi UFJ Trust and Banking Corporation and one joint holder
   Number of shares held by the reporters: 648 thousands (Holding ratio: 1.89%)
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 May 21, 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: 2,156 thousands (Holding ratio: 6.30%)

(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		3,202,599 — (i)
Acquired shares	Acquisition through purchase of shares constituting less than one (1) unit	1,570 — (ii) (Aggregate acquisition value: 5,374 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.	1,600,000 — (iii) (Aggregate acquisition value: 5,458,389 thousand yen)
Disposed shares		3,202,599 — (iv) (Aggregate disposal value: 10,606,502 thousand yen)
Shares held as of the end of the current fiscal term		1,601,570 (i)+(ii)+(iii)–(iv)

(2) Status of the Company's Officers

(i) Directors and corporate auditors

Title	Name	Responsibility and representation in other major organizations
Representative Director	Setsuo Wakuda	Representative Director, Chief Executive Officer and Chief Chain Officer
Director	Yasuhiro Tsunemori	Vice Chief Executive Officer, Vice Chief Chain Officer, Head of Finance & Accounting and Overseas Operations
Director	Hironori Morimoto	Senior Managing Executive Officer, Head of Human Resources, General Affairs, Information Systems and Internal Control
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), Outside Corporate Auditor of Shinsei Bank, Limited
Director	Norio Hattori	Chairman of Japan Security Systems Association
Director	Teruyuki Matsumura	Executive Officer, Head of Marketing & Sales Strategy Planning, Car Goods & Services, Car Maintenance & Insurance Services and Car Sales
Director	Kiomi Kobayashi	Executive Officer, Head of Sales Operation and Area Strategy & Planning
Director	Noriaki Shimazaki	Special Adviser of SUMITOMO CORPORATION, Chair of Self-regulation Board & Public Governor of Japan Securities Dealers Association
Senior Corporate Auditor	Hidehiro Ide	
Corporate Auditor	Toshiki Kiyohara	
Corporate Auditor	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.
Corporate Auditor	Yuji Sakakura	Representative Director of Relations Japan Corporation

(Notes) 1.Changes to directors and corporate auditors during the fiscal term under review are as follows:

(1)Appointed

At the 64th Ordinary General Meeting of Shareholders held on June 23, 2011, Mr. Noriaki Shimazaki was elected Director, while Mr. Toshiki Kiyohara and Mr. Yuji Sakakura were both elected Corporate Auditors and assumed office.

(2)Retired

As of the conclusion of the 64th Ordinary General Meeting of Shareholders held on June 23, 2011, Mr. Eiju Miyauchi retired as a Director while three (3) corporate auditors, Mr. Hiroshi Sumino, Mr. Kotaro Morino, and Mr. Kensuke Tanabe retired from their positions because their terms of office had expired.

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) corporate auditors, Mr. Toshiki Kiyohara, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura are outside corporate auditors, 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 Shimazaki, and Corporate Auditors Mr. Toshiki Kiyohara, Mr. Tomoaki Ikenaga and Mr. Yuji Sakakura are independent officers registered with Tokyo Stock Exchange Group, Inc. and Osaka Securities Exchange Co., Ltd.
5. Two (2) corporate auditors have profound insights into finance and accounting. Corporate Auditor Mr. Hidehiro Ide has successively served as Accounting Manager and Executive Officer, Head of Accounting & Finance, and in other positions at the Company. Outside Corporate Auditor 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 corporate auditors

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 Group, which comprises a franchise system, and securing human resources capable of effectively supervising the Company's business operations as directors of AUTOBACS SEVEN Co., Ltd.

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 corporate auditors

Remuneration for the Company's corporate auditors is decided through discussion among the corporate auditors, and within the limit of the amount of remuneration resolved in advance at a general meeting of shareholders. Remuneration for the corporate auditors 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 corporate auditors 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	9	198	5	144	342
Outside Director	4	36	—	—	36
Corporate Auditors	7	65	—	—	65
Outside Corporate Auditor	5	40	—	—	40
Total	16	264	5	144	408

(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 Corporate Auditor's remuneration: ¥120 million per year (based on a resolution at the ordinary general meeting of shareholders held on June 28, 2006)
3. The above table includes one (1) outside director who retired from office, one (1) inside corporate auditor and two (2) outside corporate auditors who resigned from office at the conclusion of the 64th Ordinary General Meeting of Shareholders held on June 23, 2011.
4. The performance-based remuneration above represents a total estimated amount for performance-based remuneration of the 65th Fiscal Term planned for payment during the 66th Fiscal Term. Therefore, the total amount of remuneration, etc. and the total amount to be paid for inside directors represent amounts projected for payment.
5. In addition to the above, the Company paid ¥135 million to five (5) inside directors as performance-based remuneration for the 64th 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 member of this organization.
		Shinsei Bank, Limited	Outside Corporate Auditor	None
Outside Director	Norio Hattori	Japan Security Systems Association	Chairman	The Company is a corporate member of this organization.
Outside Director	Noriaki Simazaki	SUMITOMO CORPORATION	Special Adviser	None
		Japan Securities Dealers Association	Chair of Self-regulation Board & Public Governor	None
Outside Corporate Auditor	Toshiki Kiyohara			
Outside Corporate Auditor	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 Corporate Auditor	Yuji Sakakura	Relations Japan Corporation	Representative Director	None

(Notes) 1. Director Mr. Tatsuya Tamura concurrently serves as Chairman of Japan Corporate Governance Network (specified non-profit organization), and the Company participates in various seminars and events on governance, etc., which the specified non-profit organization hosts to promote and reinforce the governance of the Company, and in so doing 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.

2. Director Mr. Norio Hattori concurrently serves as Chairman of the Japan Security Systems Association. To promote and reinforce risk management within the AUTOBACS 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 fee paid, in light of its amount and nature, is determined to have no impact on the judgments of shareholders and investors.

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			Board of Corporate Auditors' Meetings		
		Regular meetings (11 times)	Extra-ordinary meetings (9 times)	Attendance rate (%)	Regular meetings (16 times)	Extra-ordinary meetings (3 times)	Attendance rate (%)
Directors	Tatsuya Tamura	11 times	9 times	100%			
	Norio Hattori	11 times	9 times	100%			
	Noriaki Shimazaki	9 times	4 times	93%			
Corporate Auditors	Toshiki Kiyohara	9 times	5 times	100%	14 times	1 times	100%
	Tomoaki Ikenaga	11 times	9 times	100%	15 times	3 times	95%
	Yuji Sakakura	9 times	5 times	100%	14 times	1 times	100%

(Notes) Director, Mr. Noriaki Shimazaki and corporate auditors, Mr. Toshiki Kiyohara, and Mr. Yuji Sakakura assumed office on June 23, 2011, therefore, they were not participants of meetings held on or before June 22. These officers were expected to attend nine regular and five extraordinary meetings of the Board of Directors. Mr. Toshiki Kiyohara and Mr. Yuji Sakakura are expected to attend 14 regular meetings and one extraordinary meeting of the Board of Corporate Auditors.

ii. Activities

Classification	Name	Activities
Directors	Tatsuya Tamura	Exercised supervisory function by requesting explanations as needed and 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 requesting explanations as needed and commenting as appropriate, based on extensive experience and knowledge of risk management and crisis management, including preventing involvement of antisocial forces and foreign affairs.
	Noriaki Shimazaki	Exercised supervisory function by requesting explanations as needed and commenting as appropriate, based on profound knowledge of accounting and finance and extensive experience of corporate management.
Corporate Auditors	Toshiki Kiyohara	Functioned as auditor by requesting explanations as needed and making comments as appropriate from an independent position by drawing on extensive experience of sales, planning, financial accounting, and management.
	Tomoaki Ikenaga	Functioned as auditor 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 auditor 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 corporate auditors 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 corporate auditor'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 Accounting 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 review for the accounting auditor	90
Total amount of money and other property benefits payable to the accounting auditor from the Company and its subsidiaries	99

(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 accounting auditor and may not be distinguished substantially, the amount of remuneration, etc. of the fiscal term under review for the accounting 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 accounting auditor

The Board of Directors shall consider the dismissal and non-reappointment of an accounting 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.

Corporate auditors shall dismiss an accounting 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 corporate auditors.

In such cases, a corporate auditor selected by the Board of Corporate Auditors shall report that the accounting 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 year ended March 31, 2011, the Company focused, in particular, on enhancing the compliance system and risk management system by placing emphasis on formulating and strengthening the BCP system in the light of the Great East Japan Earthquake, as well as developing measures against antisocial forces and providing education in conjunction with the enforcement of regulations to eradicate yakuza (mafia groups) from neighborhoods in all prefectures across the country.

The status of the establishment and operation of the internal control system has been appropriately reported to the Board of Directors. Corporate auditors and the internal audit department continuously audit the effectiveness of the internal control system through auditing business operations and evaluating the internal control, require that corrective actions be taken regarding flaws in the internal control system, and check the progress of the corrective actions.

Given changes in the social environment, recent corporate scandals, and other factors, the Company resolved to revise the "Basic Policy for Establishing Internal Control System" at its meeting of the Board of Directors held on March 29, 2012, in order to further improve corporate governance and promote effective internal controls. The current Basic Policy 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. Corporate auditors 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. Corporate auditors 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 AUTOBACS Group comprising the Company and its subsidiaries

a. The Company will work in close cooperation with companies of the AUTOBACS Group including the franchise chain, 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. Corporate auditors 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 corporate auditors where corporate auditors request the deployment of such employees

The Company will assign employees dedicated to supporting the duties of corporate auditors. The number of employees, the selection of employees, and other matters will be decided through discussions between corporate auditors 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 corporate auditors will follow the leadership and instructions of corporate auditors. The Board of Corporate Auditors will evaluate the performance of those employees, and corporate auditors and directors will consult each other with respect to the transfer of said employees.

(viii) Systems for directors and employees to report to corporate auditors and other systems for reporting to corporate auditors

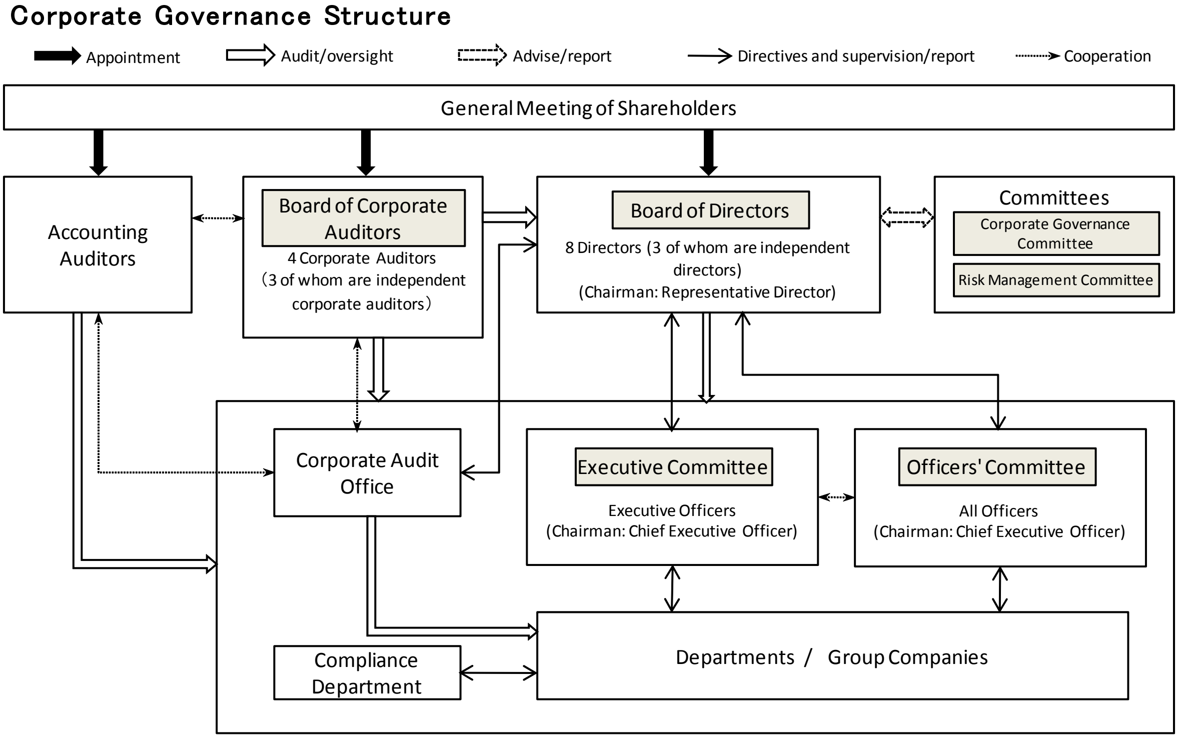
a. Directors and executive officers will periodically report to the corporate auditors through important meetings of the Board of Directors, etc., on the status of the execution of business operations for which they are responsible, and also provide supplementary reports as needed without delay.
b. Directors,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

(ix) Other systems that ensure effective auditing by corporate auditors

a. To enhance the audit function of corporate auditors, the Company will take into account specialization as well as independence when electing outside auditors.
b. Corporate auditors will hold regular meetings with the accounting auditor, the internal audit department, corporate auditors of the Consolidated Group, and other parties to exchange information and opinions and promote close cooperation.
c. Corporate auditors will hold regular meetings with the representative director to audit the execution by directors of their duties and establish an audit system.
d. Corporate auditors will promote cooperation with lawyers, certified public accountants, and other experts outside the Company when the corporate auditors believe it necessary to do so in executing their duties.

Management and Business Execution

As of April 1, 2012



Corporate Governance Committee
Chairman: Outside director (independent officer)
Members: Two outside directors (who are both independent officers) and a representative director
Observers: Three outside corporate auditors (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 responsible for internal control
Observers: Three outside directors (all three are independent officers) and all corporate auditors
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 our customers' car life by developing and expanding the AUTOBACS franchise chains comprising AUTOBACS headquarters, the Company's directly operated stores, and its domestic and foreign franchisee stores.

Based on its founding management principle, namely "constantly suggesting the most appropriate car life to each customer and creating a rich and sound motorized society," our Group has been making all-out, concerted efforts to communicate our vision, "Anything about cars, you find at AUTOBACS," thereby winning support and trust from our customers.

In the years ahead, we are determined to develop the AUTOBACS franchise chains even further, continuously enhance our corporate governance and investor relations, and ensure greater transparency of our Group's management. These steps, we believe, will contribute toward maximizing profits for all our stakeholders, particularly our 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 franchisee stores, clients, employees and other parties concerned in the AUTOBACS franchise chains and who are willing and able to improve our medium- and long-term corporate values and shareholders' common profit.

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

The Company views returning profits to 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 more than three (3) % of the consolidated dividend on equity ratio (DOE).

This fiscal term, the year-end dividend is to be increased by ¥5 from the same period of the previous year to ¥75 per share as the business performance exceeded the assessment figures. Combined with the interim dividend of ¥70 per share, the Company plans to pay an annual dividend of ¥145 per share.

As a result, the consolidated dividend on equity ratio (DOE) will be 3.3 %, which will maintain the target level.

For the next fiscal term, the Company plans to pay ¥75 per share both at the interim and year-end periods, which will result in an increase of ¥5 from this year to an annual dividend of ¥150 per share.

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

(Note) Figures determined on the basis of the assumption that a bill concerning the disposition of surpluses will be carried at the 65th Ordinary General Meeting of Shareholders

	63rd Fiscal Term April 1, 2009 to March 31, 2010	64th Fiscal Term April 1, 2010 to March 31, 2011	65th Fiscal Term (projection) April 1, 2011 to March 31, 2012
Dividend per share (annual)	125 yen	135 yen	145 yen
Total amount of dividends (annual)	4,481 million yen	4,623 million yen	4,758 million yen
Consolidated dividend payout ratio	77.2%	75.9%	57.3%
Value of treasury stock acquired	5,373 million yen	5,232 million yen	5,463 million yen
Return to shareholders ratio	168.0%	159.5%	121.6%

Consolidated Balance Sheet (as of March 31, 2012)

(Unit: million yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Current assets	141,611	Current liabilities	55,649
Cash and deposits	50,959	Trade notes and accounts payable	24,342
Trade notes and accounts receivable	26,776	Short-term borrowings	5,087
Lease investment assets	13,413	Current portion of bonds	70
Marketable securities	8,922	Lease obligations	112
Inventories	17,083	Accounts payable	13,314
Deferred tax assets	2,326	Income taxes payable	4,957
Short-term loans	195	Allowance for point card	426
Accounts receivable	19,955	Allowance for business restructuring	1,089
Other current assets	2,096	Asset retirement obligations	21
Allowance for doubtful receivables	(118)	Other current liabilities	6,227
Fixed assets	76,337	Long-term liabilities	16,105
Tangible fixed assets	39,523	Bonds	135
Buildings and Structures	12,775	Long-term debt	5,160
Machinery, equipment and vehicle	1,030	Lease obligations	1,270
		Deferred tax liabilities	37
Tools, furniture and fixtures	2,303	Allowance for retirement benefits	119
Land	22,793		
Leased assets	298	Allowance for retirement benefits to officers	205
Construction in progress	322		
		Asset retirement obligations	1,801
Intangible fixed assets	6,253	Other long-term liabilities	7,375
Goodwill	764	Total Liabilities	71,755
Leased assets	43	(Net Assets)	
Software	4,695	Shareholders' equity	145,854
Other intangible fixed assets	751	Capital stock	33,998
		Capital surplus	34,278
Investments and other assets	30,559	Retained earnings	83,074
Investment securities	5,752	Treasury stock	(5,496)
Long-term loans	460	Accumulated other comprehensive income	(229)
Deferred tax assets	4,169		
Rental deposits	19,221	Other securities variance of the estimates	51
Other investments and other assets	4,639		
Allowance for doubtful receivables	(3,683)	Foreign currency translation adjustments	(281)
		Minority interests	567
		Total Net Assets	146,193
Total Assets	217,948	Total Liabilities and Net Assets	217,948

Consolidated Statement of Income (April 1, 2011-March 31, 2012)

(Unit: million yen)

Account Item	Amount	
Sales		237,342
Cost of sales		160,306
Gross profit		77,036
Selling, general and administrative expenses		63,315
Operating income		13,720
Non-operating income		
Interest income	162	
Dividends income	35	
Investment income by the equity method	89	
Commission income	434	
Lease revenue - system equipment	1,230	
Other non-operating income	2,145	4,097
Non-operating expenses		
Interest expenses	163	
Foreign exchange loss	51	
Lease cost - system equipment	1,266	
Loss from retirement of fixed assets	115	
Other non-operating expenses	914	2,510
Ordinary income		15,307
Extraordinary income		
Gain on sales of shares in affiliates	64	64
Extraordinary losses		
Loss on sales of fixed assets	30	
Impairment loss	51	
Loss on arrangement of stores	74	155
Income before income taxes and other adjustments		15,217
Corporation, resident and enterprise taxes	6,934	
Adjustment amount for income taxes	(122)	6,812
Net income before adjustments of minority interests in income		8,404
Minority interests in net income		2
Net income		8,402

Consolidated Statement of Changes in Net Assets (April 1, 2011-March 31, 2012)

(Unit: million yen)

	Shareholders' Equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance as of April 1, 2011	33,998	34,278	89,984	(10,636)	147,624
Change of items during the consolidated fiscal term					
Dividends from surplus			(4,706)		(4,706)
Net income			8,402		8,402
Purchase of treasury stock				(5,465)	(5,465)
Cancellation of treasury stock			(10,606)	10,606	—
Net change of items other than shareholders' equity during the period					
Total change of items during the period	—	—	(6,910)	5,140	(1,769)
Ending balance as of March 31, 2012	33,998	34,278	83,074	(5,496)	145,854

	Accumulated other comprehensive income			Minority interests	Total net assets
	Other securities variance of the estimates	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Beginning balance as of April 1, 2011	21	(141)	(120)	458	147,962
Change of items during the consolidated fiscal term					
Dividends from surplus					(4,706)
Net income					8,402
Purchase of treasury stock					(5,465)
Cancellation of treasury stock					—
Net change of items other than shareholders' equity during the period	30	(139)	(109)	109	0
Total change of items during the period	30	(139)	(109)	109	(1,769)
Ending balance as of March 31, 2012	51	(281)	(229)	567	146,193

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
36 companies (excluding 2 companies)
(2) Names of major subsidiaries subject to consolidation accounting
AMC Co., Ltd., AUTOBACS France S.A.S., AUTOBACS Financial Service Co., Ltd.

2. Issues relating to 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. Issues relating to 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 documents.

4. Issues relating to 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 AUTOBACS 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 AUTOBACS 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 AUTOBACS Group is usually within the range of 2 to 5 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) Reporting 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 assessing the possibility of recovering as for specific debts including debts where recovery is doubtful.

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

(4) Reporting standards for significant profits and expenses
Recording standards of profits relating to the non-ownership-transfer finance lease transactions
The sales and the cost of sales 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. The exceptional accounting method has been applied to the interest rate swaps which satisfy the applicable requirements.

(ii) Hedging instruments and items hedged

1. Hedging instruments: Currency swap
   Items hedged: Accounts payable in foreign currency
2. Hedging instruments: Interest rate swap
   Items hedged: Interest on borrowings

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

With respect to the currency swaps, 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.

With respect to the interest rate swaps, the transactions have been carried out in order to hedge against the risk of fluctuations in the interest rate on borrowings and the items hedged are individually recognized. In addition, an assessment of the efficacy of hedging transactions has not been made for the interest rate swaps which satisfy the applicable requirements to qualify for the exceptional accounting method.

(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 Documents

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

Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

The Company has applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 of December 4, 2009) for any accounting changes and corrections of past errors made at or after the beginning of the consolidated fiscal term under review.

(Amendment to Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Tax Rates)

The “Law for Partial Revision to the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-economic Structure” (Law No. 114 of 2011) and “Act on Special Measures for Securing Necessary Financial Resources to Implement Measures for the Restoration of Damage Following the Great East Japan Earthquake" (Law No. 117 of 2011) were promulgated on December 2, 2011, based on which corporate tax rates will be reduced and a special recovery tax will be imposed as of the consolidated fiscal term starting on or after April 1, 2012. In conjunction with these changes, the effective statutory tax rates used to calculate deferred tax assets and deferred tax liabilities, are changed from the former 41.0% to 38.0% for temporary differences, etc., expected to be eliminated from the consolidated fiscal term beginning on April 1, 2012 to the consolidated fiscal term beginning on April 1, 2014, and to 36.0% for temporary differences, etc., that are expected to be eliminated in the consolidated fiscal term beginning on or after April 1, 2015.

As a result of these tax rate changes, the amount of deferred tax assets (after deduction of deferred tax liabilities) declined 513 million yen, and the adjustment amount for income taxes increased 517 million yen, while other securities variance of the estimates rose 3 million yen.

Notes to Consolidated Balance Sheet

1. Pledged assets	Land	242 million yen
Secured liabilities	Accounts payable	73 million yen

Short-term borrowings	339 million yen
Long-term debt	122 million yen
Total	535 million yen

2. Accumulated depreciation amount of tangible non-current assets
40,081 million yen

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

Notes to Consolidated Statement of Income

1. Impairment loss

The AUTOBACS 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) AUTO HELLOS Higashi Muroran Store (Muroran, Hokkaido)	Buildings	15
Idle asset	Palstar K.K. (Former) Sendai Branch (Sendai, Miyagi)	Land	19
Idle asset	Palstar K.K. (Former) Osaka Branch (Sanda, Hyogo)	Land Buildings	16

The AUTOBACS 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 51 million yen is recorded as “impairment loss” under extraordinary loss.
The breakdown of the impairment loss is 30 million yen for land, 20 million yen for buildings.
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 11.06% 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 Shareholders’ Equities

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

Common stock 34,251,605 shares

2. Issues relating to 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 23, 2011	Common stock	2,397	70	March 31, 2011	June 24, 2011
Meeting of Board of Directors on October 31, 2011	Common stock	2,309	70	September 30, 2011	December 9, 2011

(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	Total amount of	Source of	Dividends	Record	Effective

	shares	dividends (Unit: million yen)	dividends	per share (Unit: yen)	date	date
Ordinary General Meeting of Shareholders' on June 26, 2012	Common stock	2,448	Retained earnings	75	March 31, 2012	June 27, 2012

Notes to Financial Instruments

1. Issues relating to status of financial instruments

(1) Basic policies applied to financial instruments

It is the AUTOBACS 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 AUTOBACS 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 AUTOBACS 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 AUTOBACS Group 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, AUTOBACS 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 issues relating to 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 AUTOBACS 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. Issues relating to the market values and other conditions of financial instruments

In relation to the individual types of financial instruments employed by AUTOBACS Group, the followings are their values recognized in the Consolidated Balance Sheet as of March 31, 2012, 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	50,959	50,959	—
(2) Trade notes and accounts receivable	26,776		
Allowance for doubtful receivables *1	(101)		
	26,675	26,643	(31)
(3) Lease investment assets *2	13,230	15,683	2,453
(4) Marketable securities and investment securities	14,178	13,543	(634)
(5) Short-term loans	195	202	6
(6) Accounts receivable	19,955	19,955	—
(7) Long-term loans	460		
Allowance for doubtful receivables *1	(79)		
	381	387	6
(8) Rental deposits	19,221		
Allowance for doubtful receivables *1	(104)		
	19,117	17,510	(1,606)
Total assets	144,693	144,885	192
(1) Trade notes and accounts payable	24,342	24,342	—
(2) Short-term borrowings	5,087	5,177	90
(3) Current portion of bonds	70	71	1
(4) Lease obligations (current liabilities)	112	189	76
(5) Accounts payable	13,314	13,314	—
(6) Income taxes payable	4,957	4,957	—
(7) Bonds	135	134	(0)
(8) Long-term debt	5,160	5,181	20
(9) Lease obligations (Non-current liabilities)	1,270	1,661	391
Total liabilities	54,450	55,029	579

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

*2. The variance between the value recognized in Consolidated Balance Sheet and the Market Value of lease investment assets includes 183 million yen which is equivalent to the amount of the asset retirement obligations.

(Note) 1. Issues relating to the 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 AUTOBACS 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 AUTOBACS 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 debt, (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

Category	Value Recognized in Consolidated Balance Sheet
Unlisted company securities	496(unit: million yen)

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 4,461.28 yen
2. Net income per share 252.85 yen

Material Subsequent Events

Resolution of Purchase of Treasury Stock

At the Board of Directors Meeting held on May 10, 2012, 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. Outline of the resolution past at the Board of Directors' Meeting concerning purchase of Treasury stock
   (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	1,800,000 shares (maximum)
(iii) Total amount of purchase price	8,100 million yen (maximum)
(iv) Purchase period	From May 11, 2012 to December 20, 2012

2. Purchase of Treasury stock

(1) Purchase Date	May 14, 2012
(2) Total number of shares purchased	1,000,000 shares
(3) Total amount of purchase price	4,025 million yen
(4) Method of purchase	Purchase on J-Net Market of Osaka Securities Exchange

Resolution of Cancellation of Treasury stock
At the Board of Directors Meeting held on May 10, 2012, the Company resolved to cancel Treasury stock, in accordance with the provision of Article 178 of the Companies Act, and cancelled the shares as follows.

1. Class of shares cancelled	Common stock
2. Total number of shares cancelled	1,601,570 shares
3. Cancellation Date	May 17, 2012

Non-Consolidated Balance Sheet (as of March 31, 2012)

(Unit: million yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
Current assets	122,902	Current liabilities	45,057
Cash and deposits	47,683	Trade accounts payable	22,830
Trade notes receivable	352	Short-term borrowings	4,352
Trade accounts receivable	22,071	Lease obligations	227
Lease investment assets	19,783	Accounts payable	4,759
Marketable securities	8,922	Expenses payable	2,392
Inventories	5,775	Income taxes payable	4,655
Prepaid expenses	1,083	Advances received	37
Deferred tax assets	571	Money deposits	4,571
Short-term loans	8,362	Advance received profit	237
Accounts receivable	7,776	Allowance for point card	27
Other current assets	621	Allowance for business restructuring	962
Allowance for doubtful receivables	(101)	Other current liabilities	2
Fixed assets	86,027	Long-term liabilities	15,491
Tangible fixed assets	29,853	Long-term debt	4,755
Buildings	5,091	Lease obligations	2,131
Structures	856	Guarantee deposits received	7,633
Machinery and equipment	639	Asset retirement obligations	970
Vehicle	14	Other long-term liabilities	0
Tools, furniture and fixtures	492	Total Liabilities	60,549
Land	22,554	(Net Assets)	
Construction in progress	204	Shareholders' equity	148,335
Intangible fixed assets	5,161	Capital Stock	33,998
Leasehold	641	Capital surplus	34,278
Software	4,493	Capital reserves	34,278
Other intangible fixed assets	26	Retained earnings	85,522
Investments and other assets	51,012	Retained earnings reserves	1,296
Investment securities	4,387	Other retained earnings	84,225
Affiliated companies' stock	13,281	Reserves for business expansion	665
Long-term loans	460	Reserves for reduction in assets	746
Long-term loans to affiliated Companies	10,354	Other reserves	76,350
		Retained earnings brought forward	6,464
Claims in bankruptcy, etc.	3,337		
Long-term prepaid expenses	906	Treasury stock	(5,463)
Deferred tax assets	3,068	Valuation and translation adjustments	45
Rental deposits	18,730	Other securities variance of the estimates	45
Other investments and other assets	42		
Allowance for losses from investments	(35)		
Allowance for doubtful receivables	(3,521)	Total Net Assets	148,381
Total Assets	208,930	Total Liabilities and Net Assets	208,930

Non-Consolidated Statement of Income (April 1, 2011-March 31, 2012)

(Unit: million yen)

Account Item	Amount	
Sales		195,601
Cost of sales		153,854
Gross profit		41,746
Selling, general and administrative expenses		28,156
Operating income		13,590
Non-operating income		
Interest income	254	
Interest on securities	58	
Dividends income	725	
Commission income	229	
Lease revenue - system equipment	1,712	
Other non-operating income	993	3,976
Non-operating expenses		
Interest expenses	143	
Foreign exchange loss	46	
Lease cost - system equipment	1,759	
Other non-operating expenses	467	2,417
Ordinary income		15,148
Extraordinary losses		
Loss on sale of fixed assets	29	
Loss on arrangement of stores	81	110
Net income before taxes		15,038
Corporation, resident and enterprise taxes	6,334	
Adjustment amount for income taxes, etc.	(131)	6,202
Net income		8,835

Non-Consolidated Statement of Changes in Net Assets (April 1, 2011-March 31, 2012)

(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, 2011	33,998	34,278	34,278	1,296	665	665	76,350	13,022	92,000
Change of items during the fiscal term									
Reversal of reserves for reduction in assets						(0)		0	—
Provision of reserves for reduction in assets						80		(80)	—
Dividends from surplus								(4,706)	(4,706)
Net income								8,835	8,835
Purchase of treasury stock									
Cancellation of treasury stock								(10,606)	(10,606)
Net change of items other than shareholders' equity during the period									
Total change of items during the period	—	—	—	—	—	80	—	(6,558)	(6,477)
Ending balance as of March 31, 2012	33,998	34,278	34,278	1,296	665	746	76,350	6,464	85,522

	Shareholders' Equity		Valuation and variance of translation		Total net assets
	Treasury stock	Total shareholders' equity	Other securities variance of the estimates	Total valuation and variance of translation	
Beginning balance as of April 1, 2011	(10,606)	149,670	21	21	149,692
Change of items during the fiscal term					
Reversal of reserves for reduction in assets		—			—
Provision of reserves for reduction in assets		—			—
Dividends from surplus		(4,706)			(4,706)
Net income		8,835			8,835
Purchase of treasury stock	(5,463)	(5,463)			(5,463)
Cancellation of treasury stock	10,606	—			—
Net change of items other than shareholders' equity during the period			23	23	23
Total change of items during the period	5,142	(1,335)	23	23	(1,311)
Ending balance as of March 31, 2012	(5,463)	148,335	45	45	148,381

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
Machines 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 the range of 2 to 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. Reporting 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 assessing the possibility of recovering as for specific debts including debts where recovery is doubtful.

(2) Allowance for losses from investments
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. Reporting standards for profits and expenses
Recording standards of profits relating to the non-ownership-transfer finance lease transactions
The sales and the cost of sales 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 Financial Documents
As for the accounting processing of consumption tax, etc., such tax is not included in the Financial Documents.

Additional Information
(Application of Accounting Standard for Accounting Changes and Error Corrections)

The Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 of December 4, 2009) for any accounting changes and corrections to past errors made at or after the beginning of the fiscal term under review.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation amount of tangible fixed assets	19,918 million yen

2. Loans and liabilities to affiliated companies

(1) Short-term loans	25,067 million yen
(2) Short-term liabilities	7,218 million yen
(3) Long-term liabilities	1,483 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	11,740 million yen
Outstanding loan balance	2,384 million yen
Difference (unused portion of committed credit lines)	9,355 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	
Sales	71,621 million yen
Purchases	8,122 million yen
Other business transactions	2,104 million yen
(2) Non-business transactions	4,667 million yen

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

Notes to Non-Consolidated Statement of Changes in Net Shareholders' Equities

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

Common stock	1,601,570 shares

Notes relating to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by cause

(Current) (Unit: million yen)

Deferred tax assets	
Rejection of accounts payable	461
Enterprise tax payable	347
Rejection of valuation losses of inventories	113
Excess of loss entries from allowance for doubtful receivables	31
Rejection of discount and installment payment relating to purchase of inventories	105
Rejection of allowance for business restructuring	365
Others	147
Total deferred tax assets	1,574
Deferred tax liabilities	
Effect of application of accounting standard for leased assets	(920)
Others	(82)
Total deferred tax liabilities	(1,002)
Net deferred tax assets	571

(Non-current)

Deferred tax assets	
Excess of loss entries from allowance for depreciation	662
Impairment loss	1,472
Rejection of valuation losses of affiliated companies' stock	2,153
Rejection of allowance for losses from investments	13
Rejection of valuation losses of investment securities	563

Excess of loss entries from allowance for doubtful receivables	1,108
Rejection of valuation losses of golf club membership, etc.	10
Rejection of credit transfer losses	1,116
Rejection of asset retirement obligations	339
Other	743
Sub-total deferred tax assets	8,185
Valuation-related provision	(4,565)
Total deferred tax assets	3,620
Deferred tax liabilities	
Reserves for reduction in assets	(401)
Other stock variance of the estimates	(24)
Other	(125)
Total deferred tax liabilities	(551)
Net deferred tax assets	3,068

(Amendment to Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Tax Rates)
The "Act for Partial Revision to the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-economic Structure" (Act No. 114 of 2011) and "Act on Special Measures for Securing Necessary Financial Resources to Implement Measures for the Restoration of the Damage Following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011, based on which corporate tax rates will be reduced and a special recovery tax will be imposed as of the fiscal term starting on or after April 1, 2012. In conjunction with these changes, the effective statutory tax rates, which are used to calculate deferred tax assets and deferred tax liabilities, are changed from the previous 41.0% to 38.0% for temporary differences expected to be eliminated from the fiscal term beginning on April 1, 2012 to the fiscal term beginning on April 1, 2014, and to 36.0% for temporary differences that are expected to be eliminated in the fiscal term beginning on or after April 1, 2015.
As a result of this tax rate change, the amount of deferred tax assets (after deduction of deferred tax liabilities) declined 305 million yen, and the adjustment amount for income taxes increased by 309 million yen, while other securities variance of the estimates rose by 3 million yen.

Notes relating to Fixed Assets Used on a Leasing basis
In addition to the non-current assets accounted for on the balance sheet, some office equipment and devices are used under the non-ownership-transfer finance lease agreements.

Notes relating to Business Transactions with Related Parties
Subsidiaries and affiliates, etc. (Unit: million yen)

Attribution	Name of Company, etc.	Holding (held) ratio of voting rights, etc.	Relationship with related parties	Content of transaction	Transacted amount	Account Item	Balance as of the end of the fiscal term
Subsidiary	AUTOBACS Financial Service Co., Ltd.	(Holding ratio) 100% (directly)	Assistance in financing	Loans (Note 1)	19,371	Short-term loans Long-term loans	5,171 7,878
Affiliate	AB System Solutions Ltd.	(Holding ratio) 14.9% (directly)	Outsourcing software development	Outsourcing software development (Note 2)	2,159	Accounts payable	821

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.With regard to the commissioned development of software, the Company receives quotations from affiliates and makes the final decision through price negotiations.
Consumption taxes are not included in transaction amounts, but are included in the balance at the end of the period.

Notes to Per-share Data
1. Net asset per share 4,544.60 yen
2. Net income per share 265.80 yen

Material Subsequent Events

Resolution of Purchase of Treasury stock

At the Board of Directors Meeting held on May 10, 2012, the Company resolved, 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. Outline of the resolution past at the Board of Directors' Meeting concerning purchase of Treasury stock
   (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	1,800,000 shares (maximum)
(iii) Total amount of purchase price	8,100 million yen (maximum)
(iv) Purchase period	From May 11, 2012 to December 20, 2012

2. Purchase of Treasury stock

(1) Date of purchase	May 14, 2012
(2) Total number of shares purchased	1,000,000 shares
(3) Total amount of purchase price	4,025 million yen
(4) Method of purchase	Purchase on J-NET Market, Osaka Securities Exchange

Resolution of Cancellation of Treasury stock

At the Board of Directors Meeting held on May 10, 2012, the Company resolved to cancel Treasury stock, in accordance with the provision of Article 178 of the Companies Act, and cancelled the shares as follows.

1. Class of shares cancelled	Common stock
2. Total number of shares cancelled	1,601,570 shares
3. Cancellation Date	May 17, 2012

Accounting Auditors' Report on Consolidated Financial Statements

(TRANSLATION)

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

May 18, 2012

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, 2012 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, 2011 to March 31, 2012, 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, 2012, 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

Accounting Auditors' Report

(TRANSLATION)

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

May 18, 2012

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, 2012 of AUTOBACS SEVEN Co., Ltd. (the "Company"), and the related statements of income and changes in net assets for the 65th fiscal year from April 1, 2011 to March 31, 2012, 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, 2012, 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 Board of Corporate Auditors

AUDIT REPORT

The Board of Corporate Auditors has prepared this audit report regarding the performance of duties by the Directors of AUTOBACS SEVEN Co., Ltd. (the "Company"), for the 65th Fiscal Term from April 1, 2011 to March 31, 2012 upon deliberation based on the audit reports prepared by each Corporate Auditor, and hereby reports as follows:

1. Methods of audits performed by individual Corporate Auditors and the Board of Corporate Auditors and the contents thereof

The Board of Corporate Auditors, which established the auditing policies and made decisions on individual Corporate Auditors' assignments and responsibilities and other related details, has received reports on the status and results of audits from these individual Corporate Auditors. 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 accounting auditors. These reports have been supplemented by explanations provided upon request, when the board deemed such explanations necessary.

In accordance with the Corporate Auditors' auditing standards established by the Board of Corporate Auditors, the auditing policies, the provided assignments and responsibilities and other conditions, individual Corporate Auditors 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 Corporate Auditors 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 Corporate Auditors 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 Corporate Auditor 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 Board of Corporate Auditors 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 Board of Corporate Auditors requested explanations from the Directors, employees, other staff members and accounting auditors, 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, the board has worked diligently to improve communications and information exchange with Directors, Corporate Auditors and other related staff members of the Company's individual subsidiaries, and has received reports on the subsidiaries' business operations, where such reports were needed.

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

Furthermore, the Board of Corporate Auditors has supervised and confirmed that accounting auditors maintained their independent positions and performed fair and appropriate audits. At the same time, the board has received from these accounting auditors reports on the status of the provided assignments and responsibilities and requested explanations, when such explanations were necessary. Each Corporate Auditor also received a notification from the accounting auditors 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 Corporate Auditor requested explanations on such notification.

Based on the foregoing method, each Corporate Auditor reviewed the Non-Consolidated Financial Documents (the Non-Consolidated Balance Sheet, the Non-Consolidated Statement of Income, the Non-Consolidated Statement of Changes in Shareholder's Equities and Notes to the Non-Consolidated Financial Documents) and the Supplementary Schedules thereto and the Consolidated Financial Documents (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Shareholders' Equities and Notes to the Consolidated Financial Documents) for the fiscal term under review.

2. Audit Results

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

1. The Board of Corporate Auditors 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 Board of Corporate Auditors 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 Auditors' 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 Board of Corporate Auditors has not recognized any matter requiring corrections or improvements.

(2) Audit results of the Non-Consolidated Financial Documents and the Supplementary Schedules Thereto
The Board of Corporate Auditors considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an accounting auditor, and the results thereof to be appropriate and sufficient.

(3) Audit results of the Consolidated Financial Documents and the Supplementary Schedules Thereto
The Board of Corporate Auditors considers that the auditing methods adopted by Deloitte Touche Tohmatsu LLC, an accounting auditor, and the results thereof to be appropriate and sufficient.

Date: May 22, 2012

The Board of Corporate Auditors of AUTOBACS SEVEN Co., Ltd.
Hidehiro Ide, Corporate Auditor (full-time) (seal)
Toshiki Kiyohara, Corporate Auditor (Outside Auditor) (full-time) (seal)
Tomoaki Ikenaga, Outside Auditor (seal)
Yuji Sakakura, Outside Auditor (seal)

END

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:

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 target mark 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.

Reflecting the generally favorable business results, the Company proposes to pay year-end dividends for this fiscal term as described below:

(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
Seventy-five (75) yen per ordinary share of the Company
Total amounting to 2,448,752,625 yen
Since the Company has paid interim dividends at the rate of seventy (70) yen per share, the total annual dividends for this fiscal term shall be one hundred forty-five (145) yen per share.

(3) Effective date of dividends from surplus
June 27, 2012

Agenda Item No. 2 and Reference Matters

Agenda Item No. 2: Election of eight (8) Directors

At the conclusion of this general meeting, 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 pages50-58.

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	
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 and IFRS	
7	Kiomi Kobayashi	Director and Senior Executive Officer, Head of Sales Operation and Area Strategy & 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 page 58-4.)

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. 2: Election of Eight 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: 9 years (at the conclusion of this general meeting)
- Number of Company shares owned: 26,914

Dear Shareholders,
While working towards our aim to "improve profitability at stores" as set forth under AUTOBACS 2010 Medium-Term Business Plan, we have taken steady steps to carry out initiatives sequentially in two years. During this fiscal term, we will work to achieve the results of our initiatives and enhance the strengths of each store.

In addition, over the next two years, we aim to "increase market share" and pursue our growth strategy by launching new stores.

Within a difficult business environment, the Group will make concerted efforts to enhance the AUTOBACS brand, achieve a transformation of AUTOBACS, and achieve our vision, "Anything about cars, you find at AUTOBACS," thereby winning the support and trust of customers.

Reasons for nomination
Mr. Wakuda, as Representative Director and Chief Executive Officer, has continued to promote growth and lead the AUTOBACS Group for the past four years with the aim of achieving the Group's vision, "Anything about cars, you find at AUTOBACS."

He carried out his business execution function by providing appropriate explanations and making important decisions with respect to resolutions and reports at meetings of the Board of Directors, as well as supervising the execution of other directors' duties.

Mr. Wakuda has also been achieving reliable and consistent results under AUTOBACS 2010 Medium-Term Business Plan, which concludes in the fiscal year ending March 2014.

It has been decided that it is in the best interests of the Company that Mr. Wakuda continue to lead the management team and aim for the sustainable growth of the Company.

Brief professional background including major posts held

March 1967:	Joined Fuji-Syokai Co., Ltd.
April 1998:	General Manager of Chain Store Planning Office
June 1998:	Director, General Manager of Chain Store Planning Office
June 2002:	Executive Officer
June 2003:	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: 9 years (at the conclusion of this general meeting)
- Number of Company shares owned: 2,200

Dear Shareholders,
In today's management environment with rapidly changing markets, I will continue to refine further and promote the AUTOBACS franchise business, which has been developed since the Company was established.

With a strong awareness of AUTOBACS 2010 Medium-Term Business Plan, I will work to achieve the sustainable expansion of the group's value.

I am committed to responding to the expectations of stakeholders specially our shareholders, not only in the conventional AUTOBACS business in Japan and overseas, but also in car-related businesses with growth potential, based on my principle of "decision-making with prudence and boldness, free from conventional notions."

Reasons for the nomination
Mr. Tsunemori has a deep understanding of the sales and merchandise of the AUTOBACS franchise business, as well as a wide spectrum of knowledge and experience in personnel, general affairs, and finance, etc.

For many years, Mr. Tsunemori has contributed as a Director to enhancing corporate value by fully demonstrating his role in deciding important matters, supervising the execution of other directors' duties, and executing duties, based on his extensive knowledge and experience.

Mr. Tsunemori is a candidate for Director as in the previous fiscal term, since it has been decided that it is in the best interests of the AUTOBACS Group to take full advantage of his extensive knowledge and experience, aiming at further improvement in corporate value.

Brief professional background including major posts held

April 1977:	Joined Shoutensekkei Co., Ltd.
March 1978:	Joined Daiho-Sangyo Co., Ltd.
April 2000:	General Manager of Merchandise Department, AUTOBACS SEVEN Co., Ltd.
June 2000:	Director, General Manager of Merchandise Department
June 2002:	Executive Officer
June 2003:	Director
June 2008:	Director and Chief Operating Officer
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

- Date of birth: June 2, 1957
- Term of office: 6 years (at the conclusion of this general meeting)
- Number of Company shares owned: 1,400

Dear Shareholders,
Over the past two years, I concentrated on the domestic business of AUTOBACS and worked to implement our policy of rebuilding the “value we offer” to customers, mainly through reforms of stores based on the Medium-Term Business Plan.

During the current fiscal term, to further accelerate the growth of AUTOBACS businesses, I will ensure the optimal allocation of all types of management resources, including human, material, financial, and information, and respond to environmental changes flexibly and quickly, thereby establishing an increasingly strong management base, and achieving the Medium-Term Business Plan and enhancing our corporate value.

Reasons for nomination
Mr. Morimoto has accumulated significant achievements in reinforcing the Company’s relationships with corporate franchisees and improving store profitability, which are key aspects of the AUTOBACS franchise business. He has also been engaged in general management with experience in personnel, general affairs, and other areas of administration.

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.

As we shift from a period of preparation for growth to one of growing existing businesses under the AUTOBACS 2010 Medium-Term Business Plan during this fiscal term, Mr. Morimoto is a candidate for Director, as in the previous year, because it has been decided to be in the best interests of the Group’s sustainable growth to take full advantage of his extensive knowledge and experience.

Brief professional background including major posts held

March 1981:	Joined AUTOBACS SEVEN Co., Ltd.
April 2006:	Co-Chief Operating Officer in charge of Area Dominant Strategy, Sales Promotion, Store Development and Store Format Development; General Manager in charge of Sales Promotion
June 2006:	Director
June 2008:	Director and Senior Executive Officer
April 2010:	Director and Senior Managing Executive Officer, Head of Information Systems, Human Resources, General Affairs, Legal and Overseas Operation
April 2011:	Director and Senior Managing Executive Officer, Head of Human Resources, General Affairs and Information Systems
November 2011:	Director and Senior Managing Executive Officer, Head of Human Resources, General Affairs, and Information Systems and Internal Control
April 2012:	Director and Senior Managing Executive Officer, Head of Corporate Administration (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: 4 years (at the conclusion of this general meeting)
- Number of Company shares owned: 400

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 needs to respond flexibly and promptly to those structural changes, and simultaneously take advantage of new business opportunities surrounding that market.

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 has extensive experience and knowledge of finance and corporate governance, as his profile indicates.

As an Outside Director and Independent Officer, Mr. Tamura has fully demonstrated his supervisory role in deciding important matters and executing duties from the perspective of general shareholder protection. In addition, as Chairman of 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 a candidate for Outside Director as in the previous year, in recognition of his abilities to supervise the management of the Company as an Outside Director and Independent Officer of the Company.

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)
May 2002:	Representative Director and President, Global Management Institute Inc. (current position)
	Auditor, Japan Center for Economic Research (current position)
March 2003:	Chairman, Japan Corporate Governance Network (non-profit organization; current position)
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: 4 years (at the conclusion of this general meeting)
- Number of Company shares owned: 400

Dear Shareholders,
This fiscal term marks the third year since the formulation of AUTOBACS 2010 Medium-Term Business Plan, and during this time the after-sales market environment has experienced major changes such as the further computerization of automobiles and expansion of e-commerce.

Considering these market conditions, I would like to participate in discussions at meetings of the Executive Committee and the Board of Directors, etc., with an awareness of the need to achieve results quickly.

Given the Olympus scandal and other incidents, there have been more active discussions about the roles and duties of outside directors and independent officers. While observing the direction of such discussions, I am committed to increasing corporate value and enhancing the corporate governance of the Company.

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 these experience and knowledge, he has fully demonstrated his supervisory role in deciding important matters and executing duties as an Outside Director and Independent Officer, and from the viewpoint of general shareholder protection, as well as provided comments during discussions of the Risk Management Committee from a technical standpoint.

Mr. Hattori is a candidate for Outside Director, as in the previous year, in recognition of his competence in supervising 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
August 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)

Candidate No. 6:
Teruyuki Matsumura

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

- Date of birth: November 25, 1961
- Term of office: 3 years (at the conclusion of this general meeting)
- Number of Company shares owned: 1,921

Dear Shareholders,
While conditions in the market environment remain unclear, I have been focusing on the “reform of existing stores” for two years based on the AUTOBACS 2010 Medium-Term Business Plan.

During this fiscal term, I will work to increase our market share and improve store profitability by creating “stores that offer ease of selecting and shopping” from a customers’ perspective and initiating reforms at SUPERAUTOBACS stores.

I am determined to take steps flexibly and speedily to support the AUTOBACS Group further growth.

Reasons for nomination
Mr. Matsumura has accumulated results and experience over the many years he has served the Company in key areas of the AUTOBACS franchise business such as sales, product development, and services.

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 a candidate for Director, as in the previous year, because it has been decided that it is in the interests of the AUTOBACS Group to make most of his extensive knowledge and experience to achieve the AUTOBACS 2010 Medium-Term Business Plan and further increase the corporate value of the Company.

Brief professional background including major posts held

March 1984:	Joined AUTOBACS SEVEN Co., Ltd.
April 2009:	Executive Officer, Kanto Region
June 2009:	Director and Executive Officer, Kanto Region
April 2010:	Director and Executive Officer, Head of Marketing & Sales Strategy Planning
April 2011:	Director and Executive Officer, Head of Marketing & Sales Strategy Planning, Car Goods & Services, Car Maintenance & Insurance Services and Car Sales
April 2012:	Director and Senior Executive Officer, Head of Marketing & Sales Strategy Planning and IFRS (current position)

Candidate No. 7:
Kiomi Kobayashi

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

- Date of birth: February 11, 1956
- Term of office: 2 years (at the conclusion of this general meeting)
- Number of Company shares owned: 800

Dear Shareholders,
I have decided that my mission is to implement the AUTOBACS 2010 Medium-Term Business Plan and increase our market share by launching 120 new stores and improving profitability by reinforcing the ability of the field to execute the Plan.

During this fiscal term, which is the third year of the Medium-Term Business Plan, I am committed to enhancing the value of the AUTOBACS brand and the Company's corporate value by focusing on reinforcing store-opening and development capabilities and augmenting the strategic competence of each store to proceed actively with building the number one store chain chosen by customers in a local area, thereby building on initiatives taken to date, including reforms to outlets so that customers find it less complicated and easier to choose merchandise and improvements to customer service so that staff can better attend customers.

Reasons for nomination
Mr. Kobayashi has accumulated results during the many years he has worked in the field of merchandising and sales in the AUTOBACS franchise business. He has also been involved in the Company's overseas operations and has a deep understanding of the whole spectrum of the business activities 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 a candidate for Director, as in the previous year, because it has been decided that it is in the best interests of the AUTOBACS Group to make the most of his extensive knowledge and experiences in implementing the AUTOBACS 2010 Medium-Term Business Plan and further increasing the corporate value of the Company.

Brief professional background including major posts held

March 1978:	Joined AUTOBACS SEVEN Co., Ltd.
June 2008:	Officer, 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 (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: 1 year (at the conclusion of this general meeting)
- Number of Company shares owned: 300

Dear Shareholders,
Given the serious conditions of global financial markets, coupled with the uncertainty of the debt crisis in Europe, the business environment both inside and outside Japan is becoming increasingly difficult.

The Company must execute its business strategies in accordance with the AUTOBACS 2010 Medium-Term Business Plan to achieve sustainable growth and greater corporate value. I recognize that the challenge of entering a new market requires adequate research on business potential and a structure for promoting business and, in particular, further enhancing human resources is a major objective.

I will contribute to promoting these important measures by making use of my experience.

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 held oversight and supervisory functions in corporate management and public positions mainly in the field of accounting for many years.

Based on such extensive experience and knowledge, Mr. Shimazaki fully demonstrated his supervisory role in deciding important matters and executing duties as an Outside Director and Independent Officer from the viewpoint of general shareholder protection.

Mr. Shimazaki is a candidate for Outside Director in recognition of his competence in supervising the management of the Company as an Outside Director and Independence Officer.

Brief professional background including major posts held

April 1969:	Joined SUMITOMO CORPORATION
January 1993:	General Manager, Accounting Controlling Dept. of 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:	Chair of Self-regulation Board & Public Governor of Japan Securities Dealers Association (current position)
June 2011:	Outside Director, AUTOBACS SEVEN Co., Ltd. (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 62 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 fee paid, in light of its amount and nature, is determined to have no impact on the judgment of shareholders and investors, and is therefore excluded from disclosures.

ii) Mr. Norio Hattori concurrently serves as Chairman of the Japan Security Systems Association. To promote and reinforce risk management within the AUTOBACS 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 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.

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

Agenda Item No. 3 and Reference Matters

Agenda Item No. 3: Election of one (1) Corporate Auditor

At the conclusion of this general meeting, the term of office of Mr. Tomoaki Ikenaga, Corporate Auditor, will expire.

Accordingly, the Company requests the shareholders' approval for the election as Corporate Auditors of the one (1) candidate below.

The present Agenda Item has already been approved by the Board of Corporate Auditors.

Information on the candidate is provided on the pages 60-61.

Name	Career position and assignment in the Company	Notes
Tomoaki Ikenaga	Corporate Auditor	(Outside Corporate Auditor) Independent Officer

(Notes)
1. The candidate has no special interest in the Company.
2. Mr. Tomoaki Ikenaga is a candidate for Outside Corporate Auditor as defined in Article 2, Paragraph 3, Item 8 of the Companies Act Enforcement Regulations. In addition, he satisfies 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 independency stipulated by the Company, and he is expected to an Independent Officer.

Agenda Item No. 3: Election of One Corporate Auditor and Reference Matters

Candidate:
Tomoaki Ikenaga (renomination)

Career position and assignment in the Company: Outside Corporate Auditor, Independent Officer
- Date of birth: October 4, 1954
- Number of Company shares owned: 400

Dear Shareholders,
As an Outside Corporate Auditor, I have been providing reports, advice, and recommendations as appropriate to the Board of Directors regarding reforms to the internal controls of the Company, identification of and response to risks associated with the business, and rational management decision-making for increasing corporate value during the past four years.

I will continue to contribute to developing the business management of the Company by making use of my insights as a lawyer specializing in governance.

Reason for nomination
Mr. Ikenaga has extensive experience as a legal expert and has, in particular, considerable expertise of internal control and compliance matters.

Based on his extensive experience and insights, Mr. Ikenaga fully carried out the function of auditor by making comments as appropriate from the viewpoint of general shareholder protection as an Outside Corporate Auditor and Independent Officer.

Mr. Ikenaga is a candidate for the office of Outside Corporate Auditor, as in the previous year, in recognition of his competence on audit management of the Company as an Outside Corporate Auditor and Independent Officer.

Brief professional background including major posts held

April 1981:	A member of “Dai-ni Tokyo Bar Association”
June 1998:	Legal Department, The Chase Manhattan Bank, New York
August 1998:	Head of Legal, The Chase Manhattan Bank, Tokyo Branch,
July 2001:	Head of Legal, JP Morgan Securities Asia Pte. Limited, Tokyo Branch
June 2002:	Director, General Counsel and Head of Legal, Deutsche Bank AG, Tokyo Branch and Deutsche Securities Limited, Tokyo Branch
January 2006:	Executive Officer, Managing Director, General Counsel and Head of Legal, Deutsche Securities Inc.
October 2006:	Partner, Anderson Mori & Tomotsune (current position)
June 2008:	Outside Corporate Auditor, AUTOBACS SEVEN Co., Ltd (current position)
September 2010:	Independent Member of the Oversight Committee, Moody’s Japan K.K(current position)
September 2010:	Independent Member of the Oversight Committee, Moody’s SF Japan K.K (current position)

Special remarks on the candidates for the offices of Outside Corporate Auditors

1. Candidate for Outside Corporate Auditor
Mr. Tomoaki Ikenaga is a candidate for the office of Outside Corporate Auditor defined in Article 2, Paragraph 3, Item 8 of the Companies Act Enforcement Regulation.

2. Liability limitation agreement with Outside Corporate Auditors
Mr. Ikenaga currently serves as an Outside Corporate Auditor of the Company and has entered into an agreement with the Company that limits liability as set forth in Article 423, Paragraph 1 of the Companies Act. In the event of his re-election as Outside Corporate Auditor, the said agreement will be continued.

[Outline of contents of liability limitation agreement]
The liability limit pursuant to the above-mentioned agreement shall be the greater of five (5) 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 Corporate Auditors from the Company as consideration for the execution of their duties while in office.

b) In the case where each of the Outside Corporate Auditors 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 Corporate Auditors
The candidate for the office of Outside Corporate Auditor fulfills 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 62 regarding "Requirements for the Outside Officers' Independency."

Requirements for the Outside Officers' Independency

The Independent Officers of the Company shall be the Outside Director or Outside Corporate Auditor 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 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, corporate auditors, 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)