Consolidated Balance Sheet

AUTOBACS SEVEN Co., Ltd. and Subsidiaries
March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2012**	2011	**2012**
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	**¥51,402**	¥52,317	**$626,854**
Time deposits with an original maturity over three months (Note 17)	**5,057**	1,449	**61,671**
Marketable securities (Notes 3 and 17)	**3,423**	3,350	**41,744**
Receivables (Note 17):			
Trade notes and accounts	**25,675**	22,016	**313,110**
Associated companies	**1,157**	1,007	**14,110**
Other	**20,096**	18,328	**245,073**
Allowance for doubtful receivables	**(102)**	(243)	**(1,244)**
Investments in lease (Notes 2.O, 4 and 17)	**13,413**	13,396	**163,573**
Inventories	**17,084**	17,461	**208,341**
Deferred tax assets (Note 15)	**2,327**	1,937	**28,378**
Prepaid expenses and other current assets	**2,080**	2,013	**25,366**
Total current assets	**141,612**	133,031	**1,726,976**
PROPERTY AND EQUIPMENT:			
Land (Notes 5 and 8)	**22,793**	21,695	**277,964**
Buildings and structures (Note 5)	**37,183**	35,865	**453,451**
Furniture and equipment (Note 5)	**18,941**	18,250	**230,988**
Lease assets (lessee)	**299**	277	**3,646**
Construction in progress	**323**	104	**3,939**
Total	**79,539**	76,191	**969,988**
Accumulated depreciation	**(40,015)**	(39,259)	**(487,988)**
Net property and equipment	**39,524**	36,932	**482,000**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 17)	**4,400**	4,704	**53,659**
Investments in associated companies (Note 17)	**1,353**	1,285	**16,500**
Rental deposits and long-term loans (Notes 7 and 17)	**19,498**	20,184	**237,781**
Goodwill (Notes 5 and 6)	**764**	914	**9,317**
Deferred tax assets (Note 15)	**4,169**	4,501	**50,841**
Other (Note 5)	**6,629**	6,244	**80,841**
Total investments and other assets	**36,813**	37,832	**448,939**
TOTAL	**¥217,949**	¥207,795	**$2,657,915**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
CURRENT LIABILITIES:			
Short-term borrowings (Notes 8 and 17)	**¥432**	¥457	**$5,268**
Current portion of long-term debt (Notes 8 and 17)	**4,837**	2,840	**58,988**
Payables (Note 17):			
Trade notes and accounts	**24,299**	15,254	**296,329**
Associated companies	**1,727**	1,247	**21,061**
Other	**11,631**	9,892	**141,842**
Income taxes payable (Note 17)	**4,958**	3,506	**60,463**
Accrued expenses	**4,237**	3,582	**51,671**
Allowance for business restructuring	**1,090**	1,101	**13,293**
Other current liabilities	**2,439**	2,770	**29,744**
Total current liabilities	**55,650**	40,649	**678,659**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 8 and 17)	**6,567**	9,443	**80,085**
Liability for retirement benefits (Note 9)	**325**	381	**3,963**
Rental deposits received (Note 7):			
Associated companies	**1,135**	1,190	**13,841**
Other	**6,194**	6,282	**75,537**
Deferred tax liabilities (Note 15)	**37**	90	**451**
Other liabilities	**1,847**	1,797	**22,525**
Total long-term liabilities	**16,105**	19,183	**196,402**
Total liabilities	**71,755**	59,832	**875,061**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 8 and 17)			
EQUITY (Note 11)**:**			
Common stock, authorized, 109,402 thousand shares; issued, 34,252 thousand shares in 2012 and 37,454 thousand shares in 2011	**33,999**	33,999	**414,622**
Capital surplus	**34,278**	34,278	**418,024**
Retained earnings	**83,074**	89,985	**1,013,098**
Treasury stock at cost:1,610 thousand shares in 2012 and 3,210 thousand shares in 2011	**(5,496)**	(10,637)	**(67,024)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 3)	**52**	22	**634**
Foreign currency translation adjustments	**(281)**	(142)	**(3,427)**
Total	**145,626**	147,505	**1,775,927**
Minority interests	**568**	458	**6,927**
Total equity	**146,194**	147,963	**1,782,854**
TOTAL	**¥217,949**	¥207,795	**2,657,915**

Consolidated Statement of Income and Comprehensive Income

AUTOBACS SEVEN Co., Ltd. and Subsidiaries
Year Ended March 31, 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
NET SALES (Note 12)	**¥237,343**	¥236,351	¥232,937	**$2,894,427**
COST OF GOODS SOLD	**160,306**	160,611	158,941	**1,954,951**
Gross profit	**77,037**	75,740	73,996	**939,476**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	**63,316**	63,751	63,825	**772,147**
Operating income	**13,721**	11,989	10,171	**167,329**
OTHER INCOME (EXPENSES):				
Interest and dividend income	**197**	203	230	**2,402**
Interest expense	**(163)**	(190)	(241)	**(1,988)**
Commission income	**434**	749	689	**5,293**
Impairment losses on fixed assets (Note 5)	**(51)**	(350)	(631)	**(622)**
Loss on business restructuring			(610)	
Loss on arrangement of stores	**(74)**	(286)	(92)	**(902)**
Loss on revaluation of investment securities			(127)	
Foreign exchange loss, net	**(51)**	(414)	(97)	**(622)**
Lease revenue—system equipment	**1,230**	1,164	1,246	**15,000**
Lease cost—system equipment	**(1,266)**	(1,273)	(1,459)	**(15,439)**
Provision of allowance for doubtful accounts			(3,745)	
Effect of application of revised accounting standard for asset retirement obligations (Note 2.M)		(1,166)		
Loss on disaster (Note 14)		(387)		
Additional retirement benefits		(461)		
Reversal of allowance for business restructuring	**11**	137	3,436	**134**
Other—net	**1,229**	1,786	1,805	**14,988**
Other income (expenses)—net	**1,496**	(488)	404	**18,244**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**15,217**	11,501	10,575	**185,573**
INCOME TAXES (Note 15):				
Current	**6,934**	4,370	2,273	**84,561**
Deferred	**(122)**	906	2,345	**(1,488)**
Total	**6,812**	5,276	4,618	**83,073**
NET INCOME BEFORE MINORITY INTERESTS	**8,405**	6,225	5,957	**102,500**
MINORITY INTERESTS IN NET INCOME	**2**	45	91	**24**
NET INCOME	**¥8,403**	¥6,180	¥5,866	**$102,476**
MINORITY INTERESTS IN NET INCOME	**2**	45	91	**24**
NET INCOME BEFORE MINORITY INTERESTS	**8,405**	6,225	5,957	**102,500**
OTHER COMPREHENSIVE INCOME (LOSS):				
Unrealized gain (loss) on available-for-sale securities	**27**	(87)	325	**330**
Foreign currency translation adjustments	**(136)**	(169)	(175)	**(1,659)**
Share of other comprehensive income of associates	**4**	3	2	**49**
Total other comprehensive (loss) income	**(105)**	(253)	152	**(1,280)**
COMPREHENSIVE INCOME	**8,300**	5,972	6,109	**101,220**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	**8,293**	5,937	6,033	**101,135**
Minority interests	**7**	35	76	**85**

	Yen			U.S. dollars (Note 1)
PER SHARE OF COMMON STOCK (Notes 2. S and 19)**:**				
Basic net income	**¥252.85**	¥177.97	¥161.97	**$3.08**
Cash dividends applicable to the year	**145.00**	135.00	125.00	**1.77**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

AUTOBACS SEVEN Co., Ltd. and Subsidiaries
Year Ended March 31, 2012

	Thousands		Millions of yen								
							Accumulated other comprehensive income				
	Issued Number of Shares of Common Stock	Number of Shares of Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized (Loss) Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	39,255	1,807	¥33,999	¥34,512	¥94,298	¥(8,001)	¥(218)	¥173	¥154,763	¥716	¥155,479
Net income					5,866				5,866		5,866
Retirement of treasury stock	(1,801)	(1,801)		(234)	(7,741)	7,975					
Purchase of treasury stock		1,602				(5,376)			(5,376)		(5,376)
Appropriations:											
Cash dividends, ¥110.00 per share					(4,024)				(4,024)		(4,024)
Net changes of items							326	(158)	168	(260)	(92)
BALANCE, MARCH 31, 2010	37,454	1,608	33,999	34,278	88,399	(5,402)	108	15	151,397	456	151,853
Net income					6,180				6,180		6,180
Purchase of treasury stock		1,602				(5,235)			(5,235)		(5,235)
Appropriations:											
Cash dividends, ¥130.00 per share					(4,557)				(4,557)		(4,557)
Change in consolidation scope					(37)				(37)		(37)
Net changes of items							(86)	(157)	(243)	2	(241)
BALANCE, MARCH 31, 2011	37,454	3,210	33,999	34,278	89,985	(10,637)	22	(142)	147,505	458	147,963
Net income					**8,403**				**8,403**		**8,403**
Retirement of treasury stock	**(3,202)**	**(3,202)**			**(10,607)**	**10,607**					
Purchase of treasury stock		**1,602**				**(5,466)**			**(5,466)**		**(5,466)**
Appropriations:											
Cash dividends, ¥140.00 per share					**(4,707)**				**(4,707)**		**(4,707)**
Net changes of items							**30**	**(139)**	**(109)**	**110**	**1**
BALANCE, MARCH 31, 2012	**34,252**	**1,610**	**¥33,999**	**¥34,278**	**¥83,074**	**¥(5,496)**	**¥52**	**¥(281)**	**¥145,626**	**¥568**	**¥146,194**

	Thousands of U.S. dollars (Note 1)								
					Accumulated other comprehensive income				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2011	$414,622	$418,024	$1,097,378	$(129,719)	$268	$(1,732)	$1,798,841	$5,586	$1,804,427
Net income			102,476				102,476		102,476
Retirement of treasury stock			(129,354)	129,354					
Purchase of treasury stock				(66,659)			(66,659)		(66,659)
Appropriations:									
Cash dividends, $1.71 per share			(57,402)				(57,402)		(57,402)
Net changes of items					366	(1,695)	(1,329)	1,341	12
BALANCE, MARCH 31, 2012	**$414,622**	**$418,024**	**$1,013,098**	**$(67,024)**	**$634**	**$(3,427)**	**$1,775,927**	**$6,927**	**$1,782,854**

See notes to consolidated financial statement.

Consolidated Statement of Cash Flows

AUTOBACS SEVEN Co., Ltd. and Subsidiaries
Year Ended March 31, 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	**¥15,217**	¥11,501	¥10,575	**$185,573**
Adjustments for:				
Income taxes (paid) refunded	**(5,625)**	(2,565)	407	**(68,598)**
Depreciation and amortization	**4,644**	4,798	5,207	**56,634**
Impairment losses on fixed assets	**51**	349	631	**622**
Reversal of provision for business restructuring	**(11)**	(224)	(3,502)	**(134)**
Loss on revaluation of investment securities			127	
Gain on sale of investment securities	**(71)**	(8)	(213)	**(866)**
Reversal of retirement benefit	**(8)**	(44)	(78)	**(98)**
Effect of application of revised accounting standard for asset retirement obligations		1,166		
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	**(6,223)**	160	1,852	**(75,890)**
Decrease in investments in lease	**484**	1,365	1,079	**5,902**
Decrease (increase) in inventories	**135**	(487)	1,808	**1,646**
Increase (decrease) in other payables and accruals	**9,109**	(676)	(331)	**111,086**
Other	**3,143**	40	1,387	**38,330**
Net cash provided by operating activities	**20,845**	15,375	18,949	**254,207**
INVESTING ACTIVITIES:				
Capital expenditures	**(7,691)**	(3,187)	(3,061)	**(93,793)**
Proceeds from sales of fixed assets	**80**	1,431	599	**976**
Acquisition of investment securities	**(2,391)**	(2,575)	(396)	**(29,159)**
Disposition of investment securities	**355**	2,157	1,188	**4,329**
Proceeds from sales of marketable securities	**6,840**	2,009	2,000	**83,415**
Payments for marketable securities	**(4,544)**	(5,292)	(1,997)	**(55,415)**
Acquisition of business			(593)	
Payments for advances and rental deposits	**(843)**	(1,094)	(1,530)	**(10,280)**
Collection of advances and rental deposits	**1,084**	871	1,166	**13,220**
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	**233**			**2,841**
Payments for acquisition of subsidiaries' stock resulting from change in consolidation scope		(258)		
Payments for sales of subsidiaries' stock resulting from change in consolidation scope		(9)	(834)	
Other	**(3,279)**	945	(1,236)	**(39,988)**
Net cash used in investing activities	**(10,156)**	(5,002)	(4,694)	**(123,854)**
FINANCING ACTIVITIES:				
(Increase) decrease in short-term borrowings	**(25)**	78	(81)	**(305)**
Repayment of long-term debt	**(2,753)**	(5,278)	(2,943)	**(33,573)**
Proceeds from long-term debt	**1,380**	3,180	350	**16,829**
Purchase of treasury stock	**(5,464)**	(5,233)	(5,373)	**(66,634)**
Proceeds from issuance of subsidiary stock	**138**			**1,683**
Dividends paid	**(4,706)**	(4,555)	(4,023)	**(57,390)**
Other	**(144)**	18	(117)	**(1,756)**
Net cash used in financing activities	**(11,574)**	(11,790)	(12,187)	**(141,146)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(30)**	(52)	(31)	**(365)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(915)**	(1,469)	2,037	**(11,158)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**52,317**	53,786	51,749	**638,012**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥51,402**	¥52,317	¥53,786	**$626,854**

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION—
ACQUISITION OF BUSINESS:

	2012	2011	2010	2012
Assets acquired			¥843	
Liabilities assumed			(250)	
Acquisition cost			593	
Cash paid			¥593	

ACQUISITION OF SUBSIDIARIES:

	2012	2011	2010	2012
Fair value of assets acquired		¥1,053		
Liabilities assumed		(783)		
Goodwill		102		
Acquisition cost		372		
Cash and cash equivalents held by subsidiaries		114		
Cash paid for capital		¥(258)		

SALES OF SUBSIDIARIES:

	2012	2011	2010	2012
Assets by sales	**¥425**	¥48	¥6,951	**$5,183**
Liabilities by sales	**(251)**	(49)	(7,299)	**(3,061)**
Goodwill	**24**			**293**
Foreign currency translation adjustments			130	
Gain on sales of subsidiaries' stocks	**63**		219	**768**
Reversal of allowance for business restructuring		2		
Sales cost	**261**	1	1	**3,183**
Cash and cash equivalents held by subsidiaries	**(28)**	(10)	(835)	**(342)**
Cash received (paid) for sales	**¥233**	¥(9)	¥(834)	**$2,841**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

AUTOBACS SEVEN Co., Ltd. and Subsidiaries

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements of AUTOBACS SEVEN Co., Ltd. (the “Company”) and subsidiaries (together the “Companies”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with generally accepted accounting principles in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan. In accordance with Japanese GAAP, certain comparative disclosures are not required to be, and have not been, presented herein. In addition, the accompanying note information, some of which is not required under Japanese GAAP, is presented herein as additional information.

Certain reclassifications and rearrangements have been made in the consolidated financial statements for the years ended March 31, 2011 and 2010, to conform to the classifications and presentations used in the consolidated financial statements for the year ended March 31, 2012.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥82 to U.S. $1.00, the approximate free rate of exchange on March 31, 2012. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

A. CONSOLIDATION POLICY

The consolidated financial statements of March 31, 2012 include the accounts of the Company and all subsidiaries (36 in 2012, 38 in 2011,and 42 in 2010).

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in all associated companies are accounted for by the equity method. The cost in excess of net assets of the subsidiaries and associated companies at the time of acquisition, which cannot be specifically assigned to individual assets, is amortized on the straight-line basis over 20 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions between the Companies is also eliminated.

B. UNIFICATION OF ACCOUNTING POLICIES APPLIED TO FOREIGN SUBSIDIARIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

In May 2006, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Practical Issues Task Force (PITF) No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements.” PITF No. 18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either IFRS or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and 5) exclusion of minority interests from net income, if contained in net income.

C. UNIFICATION OF ACCOUNTING POLICIES APPLIED TO FOREIGN ASSOCIATED COMPANIES FOR THE EQUITY METHOD

In March 2008, the ASBJ issued ASBJ Statement No.16, “Accounting Standard for Equity Method of Accounting for Investments”. The new standard requires adjustments to be made to conform the associate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate’s financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either IFRS or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (5) exclusion of minority interests from net income, if contained in net income. This standard was applicable to the equity method of accounting for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010.

D. BUSINESS COMBINATIONS

In October 2003, the Business Accounting Council (BAC) issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005 the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

The accounting standard for business combinations allows companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

E. CASH EQUIVALENTS

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

F. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

All marketable securities held by the Companies are classified as held-to-maturity debt securities or available-for-sale securities.

The cost of securities sold is determined based on the average method.

Non-marketable available-for-sale securities are stated at cost determined by the average method. For other-than-temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

The Company reviews the fair value of its investment securities on a regular basis to determine if the fair value of any individual security has declined below its cost and if such decline is other than temporary. If the decline in value is judged to be other than temporary, the cost basis of the security is written down to fair value. The resulting realized loss is included in the consolidated statements of income in the period in which the decline was deemed to be other than temporary.

Hybrid financial instruments, from which an embedded derivative cannot be separated, are stated at fair value and gains or losses are recognized in the consolidated statements of income.

G. INVENTORIES

Inventories before distribution to stores or franchisees are stated at the lower of cost, determined by the average method, or net selling value.

Inventories held at stores are stated at the lower of cost, determined by the retail method, or net selling value.

H. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost.

Depreciation is principally computed by the declining-balance method over the estimated useful lives of the assets. Equipment held for lease is depreciated by the straight-line method over the respective lease periods.

Estimated useful lives are as follows:

Buildings and structures:	3 to 45 years
Furniture and equipment:	2 to 20 years
Equipment held for lease:	5 to 50 years

I. LONG-LIVED ASSETS

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset or asset group exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

J. GOODWILL

Goodwill is amortized on a straight-line basis over twenty years.

K. PURCHASED SOFTWARE

Purchased software was recorded as other assets and is amortized over two to five years.

L. RETIREMENT AND PENSION PLAN

The Company has alternative plans consisting of a non-contributory defined contribution pension plan and a plan in which employees receive a retirement payment portion in cash. Subsidiaries have various retirement payment plans for employees, such as non-contributory defined contribution pension plans, non-contributory defined benefit pension plans, smaller enterprise retirement allowance plans and unfunded employee retirement payment plans.

The Companies recorded expenses for the defined contribution pension plan when the contribution was made. Some subsidiaries accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at each balance sheet date.

In some subsidiaries, retirement allowances for directors and corporate auditors are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date. Certain subsidiaries revised their compensation plan in April 2005 and no additional provisions have been recorded for retirement benefits to be paid to those directors and corporate auditors since April 2005.

M. ASSET RETIREMENT OBLIGATIONS

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21 “Guidance on Accounting Standard for Asset Retirement Obligations”. Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value in each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.
Overview of the asset retirement obligations:

For the most part, these comprise obligations to return land used for stores to its original condition under real estate lease contracts.
Method of calculating amounts of asset retirement obligations:

The amount of asset retirement obligations is calculated using either the period of an applicable real estate lease contract or the useful life of property and equipment as the expected period of use, and the interest rate of government bonds for that period on the date of calculation as the discount rate.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥90 million and income before income taxes and minority interests by ¥1,256 million for the fiscal year ended March 31, 2011.

N. ALLOWANCE FOR BUSINESS RESTRUCTURING

The allowance for business restructuring is stated in amounts based on the estimation of potential losses from the Company’s previous investments.

O. LEASE ACCOUNTING

In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Lessee

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue be accounted for as operating lease transactions.

Lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee be recognized as investments in lease.

Recognition of revenues

Revenue and cost of finance leases are recognized when each lease payment becomes due.

P. INCOME TAXES

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Q. FOREIGN CURRENCY ITEMS

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates in effect at each balance sheet date.

The foreign exchange gains and losses from those translations are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts. Other exchange gains and losses are recognized in the fiscal periods in which they occur.

R. FOREIGN CURRENCY FINANCIAL STATEMENTS

The balance sheet accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for equity, which is translated at the historical exchange rates. Differences arising from such translations were shown as "Foreign currency translation adjustments" in a separate component of equity. Revenue and expense accounts of the consolidated overseas subsidiaries are translated into Japanese yen at the average exchange rate.

S. PER SHARE INFORMATION

Basic net income per share (EPS) is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed because the effect of potential common shares is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statements of income and comprehensive income are dividends applicable to the respective years including dividends to be paid after the end of the year.

T. DERIVATIVES AND HEDGING ACTIVITIES

The Companies use derivative financial instruments to manage their exposure to fluctuations in foreign exchange and interest rates. Currency swap contracts, currency options and interest rate swap contracts are utilized by the Companies to reduce foreign currency exchange and interest rate risks. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows:

a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and
b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The currency swap contracts employed to hedge foreign exchange exposures for import transactions and the currency options employed to hedge foreign exchange exposures for foreign currency loans are measured at fair value and the unrealized gains/losses are recognized in income.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differentials paid or received under the swap agreements are recognized and included in interest expense or income.

U. ACCOUNTING CHANGES AND ERROR CORRECTIONS

In December 2009, the ASBJ issued ASBJ Statement No. 24 “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24 “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows:

(1) Changes in Accounting Policies:
When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations:
When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates:
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors:
When an error in prior-period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
CURRENT:			
Debt securities	**¥3,423**	¥3,350	**$41,744**
NON-CURRENT:			
Equity securities	**¥1,534**	¥1,797	**$18,708**
Debt securities	**2,866**	2,907	**34,951**
Total	**¥4,400**	¥4,704	**$53,659**

The carrying amounts and aggregate fair values of marketable and investment securities for which market quotations were available at March 31, 2012 and 2011 were as follows:

	Millions of yen			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥1,357**	**¥225**	**¥154**	**¥1,428**
Debt securities	**5,288**	**11**	**10**	**5,289**
Held-to-maturity	**1,000**		**2**	**998**

	Millions of yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥1,652	¥211	¥176	¥1,687
Debt securities	2,969	3	3	2,969
Held-to-maturity	3,288		2	3,286

	Thousands of U.S. dollars			
March 31, 2012	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$16,549**	**$2,744**	**$1,878**	**$17,415**
Debt securities	**64,488**	**134**	**122**	**64,500**
Held-to-maturity	**12,195**		**24**	**12,171**

Available-for-sale and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2012 and 2011 were as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Securities classified as:			
Available-for-sale:			
Equity securities	**¥106**	¥110	**$1,293**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2012, 2011 and 2010, were ¥291 million ($3,549 thousand), ¥163 million and ¥0 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, for the years ended March 31, 2012, 2011 and 2010, were ¥6 million ($73 thousand), ¥11 million and ¥0 million, respectively. Gross realized losses on these sales for the years ended March 31, 2012 and 2011 were ¥8 million ($98 thousand) and ¥0 million, respectively.

4. INVESTMENTS IN LEASE

A breakdown of investments in lease as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Gross lease receivables	**¥16,333**	¥16,312	**$199,183**
Unearned interest income	**(3,103)**	(3,119)	**(37,842)**
Asset retirement obligations	**183**	203	**2,232**
Investments in lease	**¥13,413**	¥13,396	**$163,573**

The Company leases store buildings, which are constructed by the Company, to its franchisees under noncancelable lease terms generally over 20 years. In certain cases, the Company receives non-interest-bearing rental deposits from the lessees and such rental deposits are refunded to the lessees when the lease term expires.

A finance subsidiary of the Company also leases equipment to the franchisees under noncancelable lease agreements over five to six years.

Maturities of investment in lease for finance leases that deem not to transfer ownership of the leased property to the lessee as of March 31, 2012 were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2013	**¥2,061**	**$25,134**
2014	**1,960**	**23,903**
2015	**1,850**	**22,561**
2016	**1,747**	**21,305**
2017	**1,503**	**18,329**
2018 and thereafter	**7,212**	**87,951**
Total	**¥16,333**	**$199,183**

5. LONG-LIVED ASSETS

The Companies reviewed their long-lived assets for impairment for the years ended March 31, 2012, 2011 and 2010, and, as a result, recognized an impairment loss of ¥51 million($622 thousand), ¥350 million, and ¥631 million, respectively, on rental assets, stores, idle assets and goodwill. The carrying amount of the relevant fixed assets was written down to the recoverable amount. The recoverable amount of those fixed assets was measured at the net selling price determined by quotations from real estate appraisers and their value in use and the discount rate used for computation of the present value of future cash flows was the Company's weighted-average cost of capital.

Impairment losses of long-lived assets and the weighted-average cost of capital for the years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Land	**¥31**	¥135	¥378	**$378**
Buildings and structures	**20**	105	96	**244**
Goodwill			151	
Furniture and equipment		69	6	
Other		41		
Total	**¥51**	¥350	¥631	**$622**

	2012	2011	2010
Weighted-average cost of capital	**11.06%**	7.28%	7.49%

6. GOODWILL

Goodwill at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Consolidation goodwill	**¥61**	¥107	**$744**
Purchased goodwill	**703**	807	**8,573**
Total	**¥764**	¥914	**$9,317**

7. RENTAL DEPOSITS AND LONG-TERM LOANS

A breakdown of rental deposits and long-term loans as of March 31, 2012 and 2011 was as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
RENTAL DEPOSITS TO:			
Lessors for distribution facilities and stores of the Companies	**¥8,862**	¥9,855	**$108,073**
Lessors for stores of franchisees	**9,059**	8,839	**110,476**
Lessors for office and other facilities	**1,300**	1,304	**15,854**
Total rental deposits	**19,221**	19,998	**234,403**
LOANS TO:			
Franchisees	**460**	314	**5,610**
Other	**1**	1	**12**
Total loans	**461**	315	**5,622**
Allowance for doubtful receivables	**(184)**	(129)	**(2,244)**
Total	**¥19,498**	¥20,184	**$237,781**

The Companies' operations are conducted in freestanding buildings, a substantial portion of which have been constructed to the Company's specifications and are leased to the Company under noncancelable lease terms generally over 20 years. The lease terms are renewable upon expiration. Usually, the Company provides funds to the lessors in whole or in part for the construction costs of the leased buildings in the form of rental deposits which are non-interest-bearing.

Rental deposits are refundable over the lease term or are refundable upon expiration of the lease term. If the Company cancels the lease agreements during the lease term, the outstanding rental deposits are not refunded. The Company has not experienced significant loss from the forfeiture of rental deposits as a result of cancellation of the lease agreements before expiration.

The Company has leased certain store buildings for which the Company has made rental deposits to lessors and subleased such stores to franchisees. The Company also receives non-interest-bearing rental deposits from the sublessees. Such rental deposits received are presented in long-term liabilities in the consolidated balance sheets. Some of the above-mentioned leases were accounted for as operating leases and rent expense paid to the lessors and rental income from sublessees have been set off in the consolidated statements of income.

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2012 and 2011 consisted of notes to banks and other. The annual interest rates applicable to the short-term borrowings at March 31, 2012 and 2011 ranged from 1.0% to 1.5% and from 1.0% to 1.6%, respectively.

Long-term debt and lease obligations at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Bonds	**¥205**	¥275	**$2,500**
Loans from banks and other, due serially to 2016 with interest rates ranging from 0.6% to 2.3% (2012) and from 0.8% to 2.7% (2011) and other:			
Unsecured	**9,816**	11,189	**119,707**
Lease obligations	**1,383**	819	**16,866**
Total	**11,404**	12,283	**139,073**
Less current portion	**4,837**	2,840	**58,988**
Long-term debt, less current portion	**¥6,567**	¥9,443	**$80,085**

Annual maturities of long-term debt and lease obligations at March 31, 2012 were as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2013	**¥4,837**	**$58,988**
2014	**1,539**	**18,768**
2015	**3,066**	**37,390**
2016	**943**	**11,500**
2017	**90**	**1,098**
2018 and thereafter	**929**	**11,329**
Total	**¥11,404**	**$139,073**

At March 31, 2012, land of ¥242 million ($2,951 thousand) was pledged as collateral for payables, short-term borrowings and long-term debt.

As is customary in Japan, the Companies maintain substantial deposit balances with banks with which they have borrowings. Such deposit balances are not legally or contractually restricted as to withdrawal.

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks, and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Companies have never been requested to provide any additional collateral.

9. RETIREMENT AND PENSION PLAN

The Company has alternative plans consisting of a non-contributory defined contribution pension plan and a plan in which employees receive a retirement payment portion in cash as of March 31, 2012. Subsidiaries have non-contributory defined contribution pension plans, unfunded employee retirement payment plans, non-contributory defined benefit pension plans and smaller enterprise retirement allowance plans for employees as of March 31, 2012

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum retirement payment from certain subsidiaries and annuity payments from a trustee. Employees are entitled for larger payments if the termination is involuntary, compared with termination by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The Companies have a retirement payment plan for directors and corporate auditors. The liability for retirement benefits for directors and corporate auditors at March 31, 2012 and 2011 is ¥206 million ($2,512 thousand) and ¥253 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The Company also sponsors a domestic contributory welfare pension plan of an automobile-related company group covering substantially all of its Japanese employees. The benefits of the welfare pension plan are based on years of service and on the average compensation during years of service and subject to governmental regulations. The welfare plan consists of a basic component, which has been specified by the Japanese government’s welfare pension regulations, and an additional component established by the automobile-related company group.

Details of the welfare plan under which required contribution amounts were treated as retirement benefit expenses were as follows:

The funded status of the entire plan:

	Millions of yen		Thousands of U.S. dollars
	Most recent period	Previous period	**Most recent period**
Plan assets	**¥26,503**	¥30,036	**$323,207**
Retirement benefit obligations under the welfare plan	**36,140**	36,939	**440,731**
Difference	**¥(9,637)**	¥(6,903)	**$(117,524)**

The main factors for the difference were prior service costs (¥6,541 million ($79,768 thousand) in the most recent period; ¥6,867 million in the previous period), and losses carried forward (¥3,096 million ($37,756 thousand) in the most recent period; ¥36 million in the previous period). The Company has paid special contributions as prior service cost over twenty years. The amounts of special contributions made and charged to income were ¥166 million ($2,024 thousand), ¥162 million and ¥158 million, for the years ended March 31, 2012, 2011 and 2010, respectively.

Ratio of the Company’s payment contributions for the entire plan:

Most recent ratio 24.0% (April 1, 2010 to March 31, 2011)

Previous ratio 23.2% (April 1, 2009 to March 31, 2010)

The ratio of payment contributions does not correspond with the Company’s actual share of plan assets.

The liability (asset) for employees’ retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Projected benefit obligation	**¥164**	¥209	**$2,000**
Fair value of plan assets	**(45)**	(81)	**(549)**
Net liability	**¥119**	¥128	**$1,451**

The components of net periodic benefit costs for the years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	**2012**
Service cost	**¥27**	¥27	¥36	**$329**
Contribution of contributory welfare pension plan	**371**	360	350	**4,524**
Contribution pension plan and other	**240**	248	243	**2,927**
Additional retirement benefits		461		
Net periodic retirement benefit costs	**¥638**	¥1,096	¥629	**$7,780**

Assumptions used for the computation of liability for retirement benefits are not presented because the simplified method is applied.

10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Balance at beginning of year	**¥1,740**	¥1,737	**$21,220**
Additional provisions associated with the acquisition of property, plant, and equipment	**91**	10	**1,110**
Reconciliation associated with passage of time	**33**	32	**402**
Reduction associated with settlement of asset retirement obligations	**(22)**	(36)	**(268)**
Other	**(18)**	(3)	**(220)**
Balance at end of year	**¥1,824**	¥1,740	**$22,244**

11. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria, such as (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria. The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirement.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reserved without limitation of such threshold. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. SALES

The Companies sell automobile-related products primarily to domestic customers directly or to franchisees, including certain affiliates with which the Companies have franchise agreements.

Net sales made to franchisees for the years ended March 31, 2012, 2011 and 2010 aggregated to approximately 57%, 57% and 57% of the consolidated net sales, respectively.

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The main components of "Selling, general and administrative expenses" for the fiscal years ended March 31, 2012, 2011, and 2010 were as follows:

	Millions of yen			Thousands of U.S. dollars
Year Ending March 31	2012	2011	2010	2012
Employee salaries and allowances	**¥23,835**	¥23,463	¥23,342	**$290,671**
Provision for retirement allowance	**638**	635	629	**7,780**
Rent payment	**6,104**	6,088	6,296	**74,439**
Depreciation	**3,937**	3,906	4,236	**48,012**
Provision for allowance for doubtful receivables	**43**	115	8	**524**

14. LOSS ON DISASTER

The components of "Loss on disaster" caused by the Great East Japan Earthquake for the fiscal year ended March 31, 2011 were as follows:

March 31, 2011	Millions of yen 2011
Provision of allowance for loss on disaster	¥171
Loss on abandonment of goods	158
Purchase cost of relief supplies	22
Loss on abandonment of noncurrent assets	19
Disaster compensation to franchisees, Others	17
Total	¥387

15. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41.0% for the years ended March 31, 2012, 2011 and 2010.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
DEFERRED TAX ASSETS:			
Receivables	**¥1,318**	¥1,330	**$16,073**
Accrued enterprise taxes	**366**	289	**4,464**
Accrued bonuses	**299**	329	**3,646**
Inventories	**1,077**	1,099	**13,134**
Property and equipment	**4,465**	5,302	**54,451**
Pension and severance costs	**72**	101	**878**
Provision for business restructuring	**413**	439	**5,037**
Investments	**564**	656	**6,878**
Other accounts payable	**1,148**	1,096	**14,000**
Tax loss carryforwards	**2,006**	2,112	**24,463**
Other	**1,159**	1,125	**14,134**
Less valuation allowance	**(4,855)**	(5,490)	**(59,207)**
Deferred tax assets	**8,032**	8,388	**97,951**
DEFERRED TAX LIABILITIES:			
Property and equipment	**402**	525	**4,902**
Undistributed earnings of associated companies	**280**	307	**3,415**
Effect of application of accounting standard for leased assets	**572**	891	**6,975**
Unrealized gains on available-for-sale securities	**24**	15	**293**
Other	**297**	302	**3,622**
Deferred tax liabilities	**1,575**	2,040	**19,207**
Net deferred tax assets	**¥6,457**	¥6,348	**$78,744**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2012, 2011 and 2010, and the actual effective tax rate reflected in the accompanying consolidated statements of income is as follows:

	2012	2011	2010
Normal effective statutory tax rate	**41.0%**	41.0%	41.0%
Expenses not deductible for income tax purposes	**0.6**	0.7	0.7
Per-capita inhabitants' tax	**0.5**	0.7	0.7
Changes in valuation allowance	**(0.3)**	2.8	0.5
Amortization of goodwill	**0.1**	0.4	0.6
Effect of tax rate reduction	**3.4**		
Other—net	**(0.5)**	0.3	0.2
Actual effective tax rate	**44.8%**	45.9%	43.7%

Change of deferred tax assets and deferred tax liability by the change of effective statutory tax rate;

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, which resulted in a reduction of corporate tax rates in future and the imposition of special recovery tax as of the consolidated fiscal year 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 year beginning on April 1, 2012 to the consolidated fiscal year beginning on April 1, 2014, and to 36.0% for temporary differences, etc., that are expected to be eliminated in the consolidated fiscal year 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) decreased ¥514 million ($6,268 thousand), the adjustment amount for income taxes increased ¥517 million ($6,305 thousand), and Unrealized (loss) gain on available-for-sale securities increased ¥3 million ($37 thousand).

At March 31, 2012, certain subsidiaries have tax loss carryforwards aggregating approximately ¥9,308 million ($113,512 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of yen	Thousands of U.S. dollars
2013	**¥421**	**$5,134**
2014	**198**	**2,414**
2015	**178**	**2,171**
2016	**345**	**4,207**
2017	**86**	**1,049**
2018	**138**	**1,683**
2019 and thereafter	**7,942**	**96,854**
Total	**¥9,308**	**$113,512**

16. LEASES

The Companies lease certain machinery, computer equipment, office space and other assets.

Total rental expense for the years ended March 31, 2012, 2011 and 2010 was ¥6,462 million ($78,805 thousand), ¥6,484 million and ¥6,679 million, respectively, including ¥368 million ($4,488 thousand), ¥394 million and ¥396 million of lease payments under finance leases.

Pro forma information of leased property that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the years ended March 31, 2012 and 2011 is as follows:

	As of March 31, 2012			As of March 31, 2011			
	Millions of yen			Millions of yen			
	Equipment	Building and Land	Total	Equipment	Furniture	Building and Land	Total
Acquisition cost	**¥84**	**¥4,552**	**¥4,636**	¥84	¥8	¥4,818	¥4,910
Accumulated depreciation	**73**	**2,733**	**2,806**	62	7	2,623	2,692
Net leased property	**¥11**	**¥1,819**	**¥1,830**	¥22	¥1	¥2,195	¥2,218

	As of March 31, 2012		
	Thousands of U.S. dollars		
	Equipment	Building and Land	Total
Acquisition cost	**$1,024**	**$55,512**	**$56,536**
Accumulated depreciation	**890**	**33,329**	**34,219**
Net leased property	**$134**	**$22,183**	**$22,317**

Obligations under finance lease contracts:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	**¥252**	¥258	**$3,073**
Due after one year	**2,094**	2,506	**25,537**
Total	**¥2,346**	¥ 2,764	**$28,610**

Depreciation expense and interest expense under finance lease contracts:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Depreciation expense	**¥225**	¥245	¥248	**$2,744**
Interest expense	**128**	148	161	**1,561**
Total	**¥353**	¥393	¥409	**$4,305**

Depreciation expense and interest expense, which were not reflected in the accompanying consolidated statements of income and comprehensive income, were computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Due within one year	**¥3,470**	¥3,590	**$42,317**
Due after one year	**26,142**	27,318	**318,805**
Total	**¥29,612**	¥ 30,908	**$361,122**

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." The Companies applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Companies' policy for financial instruments

The Companies procure their funds mainly through loans from banks, as necessary, in accordance with a capital investment plan. Temporary reserve funds are invested mainly in highly safe financial assets.

(2) Nature and extent of risks arising from financial instruments

Trade notes and accounts receivable, which are operating receivables, are exposed to the credit risks of the customers.

Marketable and investment securities are mainly composed of held-to-maturity debt securities and available-for-sale securities, including listed stocks, and they are exposed to market risks.

Long-term loans are provided for franchisees and are exposed to the credit risks of the franchisees.

Most of the Companies' store buildings are based on its unique specifications. They are leased and subleased to franchisees. Rental deposits are mainly composed of deposits provided to the lessors as contractually agreed and are exposed to the credit risks of the lessors.

Investments in lease are mainly the portion of the above-mentioned store buildings that are company-owned assets leased to the franchisees, and they are exposed to the credit risks of the franchisees.

Trade notes and accounts payable, which are operating liabilities, are mostly due within one month.

Borrowings and bonds are made mainly in order to finance operating capital and capital investment, and the redemption dates fall within a period of five years after the balance sheet date.

(3) Risk management for financial instruments

Credit risk management (risk relating to default of agreements of the counterparties)

The Company aims to quickly recognize or mitigate any concerns over the collection of operating receivables and loans resulting from the deterioration of financial positions and other factors, as defined in the Management Regulations for Receivables. Specifically, each business division regularly monitors the financial positions of the main counterparties and manages the due dates and the balances on a counterparty-by-counterparty basis. Similar management is also conducted at subsidiaries in accordance with the Company's Management Regulations for Receivables.

As for held-to-maturity debt securities and debt securities such as bonds in available-for-sale securities, the credit risk is insignificant since the Company only holds debt securities with high ratings in accordance with the Fund Management Policy.

Market risk management (foreign exchange risk and interest rate risk)

For marketable and investment securities, the Company confirms the fair values and the financial positions of the issuers (counterparties) on a regular basis and continuously reviews the holding status by taking the financial position and market condition into consideration.

The foreign currency and interest rate exposures are not presented herein as the amounts are immaterial.

Liquidity risk management relating to financing (default risk on due date)

The Company manages liquidity risk by securing necessary liquidity and ensuring that cash flow plans are formulated and updated in a timely fashion by the divisions in-charge based on the reports made by each division. For the subsidiaries, financing is mostly made by the Companies' financing system under which the funds are provided from the Company.

(4) Fair values of financial instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead.

(a)Fair values of financial instruments

	Millions of yen			Thousands of U.S. dollars		
March 31, 2012	Carrying amount	Fair value	Unrealized gain/(loss)	Carrying amount	Fair value	Unrealized gain/(loss)
Cash and cash equivalents	**¥51,402**	**¥51,400**	**¥(2)**	**$626,854**	**$626,829**	**$(25)**
Time deposits with an original maturity over three months	**5,057**	**5,057**		**61,671**	**61,671**	
Receivables	**46,928**	**46,802**	**(24)**	**572,293**	**570,756**	**(293)**
Allowance for doubtful receivables	**(102)**			**(1,244)**		
Investments in lease	**13,230**	**15,683**	**2,453**	**161,341**	**191,256**	**29,915**
Marketable securities	**3,423**	**3,421**	**(2)**	**41,744**	**41,719**	**(25)**
Investment securities	**4,294**	**4,294**		**52,366**	**52,366**	
Investments in associated companies	**963**	**331**	**(632)**	**11,743**	**4,036**	**(7,707)**
Rental deposits and long-term loans	**19,682**	**17,898**	**(1,600)**	**240,024**	**218,269**	**(19,512)**
Allowance for doubtful receivables	**(184)**			**(2,243)**		
Total	**¥144,693**	**¥144,886**	**¥193**	**$1,764,549**	**$1,766,902**	**$2,353**
Payables	**37,657**	**37,657**		**459,232**	**459,232**	
Short-term borrowings and current portion of long-term debt	**5,269**	**5,438**	**169**	**64,256**	**66,317**	**2,061**
Income taxes payable	**4,958**	**4,958**		**60,463**	**60,463**	
Long-term debt	**6,567**	**6,978**	**411**	**80,085**	**85,098**	**5,013**
Total	**¥54,451**	**¥55,031**	**¥580**	**$664,036**	**$671,110**	**$7,074**

Note. The difference of the above investments in lease and the amount of consolidated balance sheets is asset retirement obligations.

March 31, 2011	Millions of yen Carrying amount	Fair value	Unrealized gain/(loss)
Cash and cash equivalents	¥52,317	¥52,315	¥(2)
Time deposits with an original maturity over three months	1,449	1,449	
Receivables	41,351	41,079	(29)
Allowance for doubtful receivables	(243)		
Investments in lease	13,194	15,455	2,261
Marketable securities	3,350	3,349	(1)
Investment securities	4,593	4,593	
Investments in associated companies	934	299	(635)
Rental deposits and long-term loans	20,313	18,090	(2,094)
Allowance for doubtful receivables	(129)		
Total	¥137,129	¥136,629	¥(500)
Payables	26,343	26,343	
Short-term borrowings and current portion of long-term debt	3,297	3,482	185
Income taxes payable	3,506	3,506	
Long-term debt	9,443	9,705	262
Total	¥42,589	¥43,036	¥447
Derivatives	(4)	(4)	

Note. The difference of the above investments in lease and the amount in the consolidated balance sheets is asset retirement obligations.
The net balance of claims and obligations arising from derivative transactions is shown as a net amount, with net obligations shown in brackets ( ).

Cash and cash equivalents, time deposits with an original maturity over three months

The fair value of cash and time deposits with an original maturity over three months approximates their carrying amount because of their short-term nature. Thus, the carrying amount of these items is used as fair value. Cash equivalents are measured based on market prices at the exchange or by the prices obtained from financial institutions.

Receivables, investments in lease, rental deposits and long-term loans

The fair value of these accounts is measured at the present values of their future cash flows classified by a specified length of term and by risk category as per credit risk management, at a rate, which has the credit spread added to appropriate indices such as government bond yields.
Please see Note 7 for a breakdown of rental deposits and long-term loans.

Marketable securities, investment securities, and investments in associated companies

While the fair values of equity securities, etc. are measured by market prices at exchange, the fair values of debt securities are measured based on market prices at the exchange or by the prices obtained from financial institutions. Please refer to Note 3 for matters regarding securities by holding purposes.

Payables and income taxes payable

The fair value of these items approximates their carrying amount because of their short-term nature. Thus, the carrying amount is used as fair value.

Short-term borrowings and long-term debt

The fair value of these accounts is measured at the present values calculated by discounting the combined total of principal and interest by an assumed interest rate for similar new borrowings or lease transactions.

(b) Financial instruments whose fair values cannot be reliably determined

	Carrying amount Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Investments in equity instruments that do not have a quoted market price in an active market	**¥497**	¥463	**$6,061**

(5) Maturity analysis for financial assets and securities with contractual maturities

March 31, 2012	Millions of yen Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**¥51,402**			
Time deposits with an original maturity over three months	**5,057**			
Receivables	**41,964**	**¥4,848**	**¥116**	
Investments in lease	**1,539**	**5,540**	**4,152**	**¥1,999**
Marketable securities	**1,000**			
Investment securities	**2,400**	**2,800**		**64**
Rental deposits and long-term loans	**3,274**	**5,793**	**4,169**	**6,446**
Total	**¥106,636**	**¥18,981**	**¥8,437**	**¥8,509**

March 31, 2011	Millions of yen Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥52,318			
Time deposits with an original maturity over three months	1,449			
Receivables	36,280	¥4,976	¥95	
Investments in lease	1,631	5,144	4,317	¥2,102
Marketable securities	3,290			
Investment securities	62	2,800	49	
Rental deposits and long-term loans	2,879	5,790	5,182	6,462
Total	¥97,909	¥18,710	¥9,643	¥8,564

March 31, 2012	Thousands of U.S. dollars Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**$626,854**			
Time deposits with an original maturity over three months	**61,671**			
Receivables	**511,756**	**$59,122**	**$1,415**	
Investments in lease	**18,768**	**67,561**	**50,634**	**$24,378**
Marketable securities	**12,195**			
Investment securities	**29,268**	**34,146**		**780**
Rental deposits and long-term loans	**39,927**	**70,646**	**50,841**	**78,610**
Total	**$1,300,439**	**$231,475**	**$102,890**	**$103,768**

Please see Note 8 for annual maturities of short-term borrowings and long-term debt.

18. COMPREHENSIVE INCOME

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of yen 2012	Thousands of U.S. dollars 2012
Unrealized gain on available-for-sale securities:		
Gains arising during the year	**¥22**	**$269**
Reclassification adjustments to profit or loss	**15**	**183**
Amount before income tax effect	**37**	**452**
Income tax effect	**(10)**	**(122)**
Total	**¥27**	**$330**
Foreign currency translation adjustments:		
Adjustments arising during the year	**¥(138)**	**$(1,683)**
Reclassification adjustments to profit or loss	**2**	**24**
Total	**¥(136)**	**$(1,659)**
Share of other comprehensive income in associates—		
Gains arising during the year	**¥4**	**$49**
Total other comprehensive income	**¥(105)**	**$(1,280)**

The corresponding information for the years ended March 31, 2011 and 2010 was not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

19. NET INCOME PER SHARE

EPS for the years ended March 31, 2012, 2011 and 2010 is as follows:

	Millions of yen	Thousands	Yen	U.S. dollars
For the year ended March 31, 2012	Net income	Weighted-average shares	EPS	
Basic EPS:				
Net income available to common shareholders	**8,403**	**33,233**	**¥252.85**	**$3.08**

	Millions of yen	Thousands	Yen
For the year ended March 31, 2011	Net income	Weighted-average shares	EPS
Basic EPS:			
Net income available to common shareholders	¥6,180	34,724	¥177.97

	Millions of yen	Thousands	Yen
For the year ended March 31, 2010	Net income	Weighted-average shares	EPS
Basic EPS:			
Net income available to common shareholders	¥5,866	36,215	¥161.97

20. SEGMENT INFORMATION

Under ASBJ Statement No. 17 “Accounting Standard for Segment Information Disclosures” and ASBJ Guidance No. 20 “Guidance on Accounting Standard for Segment Information Disclosures”, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

1. Description of reportable segments

The Company's reportable segments are the components of the Company about which separate financial information is available. These segments are subject to periodic examination to enable the Company's Board of Directors to decide how to allocate resources and assess performance. The Companies operate the AUTOBACS franchise chain consisting of businesses in automotive goods, safety inspections and maintenance services, and automobile purchase and sales business. The Companies comprise segments made up of groups of companies based on wholesale division and retail division functions for these businesses. The Companies have five reportable segments: “the Company,” “domestic store subsidiaries,” “overseas subsidiaries,” “subsidiaries for car goods supply and others,” and “subsidiaries for supporting functions.”

The main business lines of each segment are described below.

	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Others	Subsidiaries for Supporting Functions
Automotive goods	Wholesale-Retail	Retail	Wholesale-Retail	Wholesale	-
Safety inspection and maintenance services	Wholesale-Retail	Retail	Retail	-	-
The automobile purchase and sales business	Wholesale-Retail	Retail	-	-	-
Others	Lease business	-	-	-	Lease business -Others

Note: Others of subsidiaries for supporting functions are loan credit business, nonlife insurance agency and office work representation business.

2. Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment.

Segment income for each reportable segment is presented on an operating income basis. Internal sales and transfers between segments are based, for the most part, on prevailing market prices. Among the assets of the reportable segments, the goodwill associated with overseas subsidiaries is tested for impairment as a nonamortized asset in the overseas subsidiary's financial statements, while in the consolidated financial statements it is amortized using the straight-line method. In addition, some store buildings, POS systems and other items are subject to lease transactions between segments. The asset and expense items of the reportable segments and their amounts are adjusted as shown below.

	Reportable segment			
	The Company	Domestic Store Subsidiaries	Subsidiaries for Supporting Functions	Consolidated Financial Statement
Assets	Investments in Lease	-	Investments in Lease	Property, Equipment and Intangible assets
Cost	Cost of goods sold	Rent payment and Lease payment	Cost of goods sold	Depreciation
Amortized method	Interest method	-	Interest method	Declining balance method and Straight-line method

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies".

Revenue of support to stores from the Company has been included in Segment profit of Domestic Store Subsidiaries and Overseas Subsidiaries, since April 1, 2011. Segment profit (loss) of the years ended March 31, 2011 and 2010 have been reclassified.

3. Information about sales, profit (loss), assets and other items is as follows:

	Millions of Yen					
	2012					
	Reportable segment					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Sales						
Sales to external customers	**¥140,755**	**¥80,785**	**¥8,850**	**¥5,973**	**¥980**	**¥237,343**
Intersegment sales or transfers	**54,846**	**929**	**248**	**6,631**	**2,403**	**65,057**
Total	**195,601**	**81,714**	**9,098**	**12,604**	**3,383**	**302,400**
Segment profit	**13,590**	**435**	**86**	**112**	**431**	**14,654**
Segment assets	**208,931**	**23,772**	**9,007**	**3,907**	**27,787**	**273,404**
Other:						
Depreciation	**1,825**	**353**	**240**	**33**	**14**	**2,465**
Amortization of goodwill		**15**			**7**	**22**
Share of associates accounted for using equity method	**505**					**505**
Increase in property, equipment and intangible assets	**5,178**	**497**	**127**	**16**	**30**	**5,848**

	Millions of Yen					
	2011					
	Reportable segment					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Sales						
Sales to external customers	¥140,232	¥80,512	¥8,656	¥5,977	¥974	¥236,351
Intersegment sales or transfers	54,484	695	154	7,057	5,206	67,596
Total	194,716	81,207	8,810	13,034	6,180	303,947
Segment profit (loss)	11,749	382	(123)	233	487	12,728
Segment assets	207,298	22,094	9,282	3,650	16,570	258,894
Other:						
Depreciation	1,847	332	267	31	20	2,497
Amortization of goodwill		19			7	26
Share of associates accounted for using equity method	505					505
Increase in property, equipment and intangible assets	1,336	388	107	9	14	1,854

	Millions of Yen					
	2010					
	Reportable segment					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Sales						
Sales to external customers	¥139,258	¥78,494	¥8,308	¥5,817	¥1,060	¥232,937
Intersegment sales or transfers	51,681	572	167	7,160	11,551	71,131
Total	190,939	79,066	8,475	12,977	12,611	304,068
Segment profit (loss)	10,539	129	(602)	284	743	11,093
Segment assets	209,133	21,696	9,706	3,758	18,381	262,674
Other:						
Depreciation	2,164	313	257	38	40	2,812
Amortization of goodwill		19			7	26
Share of associates accounted for using equity method	858					858
Increase in property, equipment and intangible assets	1,952	531	252	8	20	2,763

	Thousands of U.S. Dollars					
	2012					
	Reportable segment					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Sales Sales to external customers	**$1,716,524**	**$985,183**	**$107,927**	**$72,842**	**$11,951**	**$2,894,427**
Intersegment sales or transfers	**668,854**	**11,329**	**3,024**	**80,866**	**29,305**	**793,378**
Total	**2,385,378**	**996,512**	**110,951**	**153,708**	**41,256**	**3,687,805**
Segment profit	**165,731**	**5,305**	**1,049**	**1,366**	**5,256**	**178,707**
Segment assets	**2,547,939**	**289,902**	**109,842**	**47,646**	**338,866**	**3,334,195**
Other:						
Depreciation	**22,256**	**4,305**	**2,927**	**402**	**171**	**30,061**
Amortization of goodwill		**183**			**85**	**268**
Share of associates accounted for using equity method	**6,159**					**6,159**
Increase in property, equipment and intangible assets	**63,146**	**6,061**	**1,549**	**195**	**366**	**71,317**

4. Reconciliation of published figures and aggregate of reportable segment.

	Millions of yen			Thousands of U.S. dollars
Net sales	**2012**	2011	2010	**2012**
Total reportable segments	**¥302,400**	¥303,947	¥304,068	**$3,687,805**
Elimination of intersegment transaction	**(65,057)**	(67,596)	(71,131)	**(793,378)**
Net sales of consolidated financial statements	**¥237,343**	¥236,351	¥232,937	**$2,894,427**

	Millions of yen			Thousands of U.S. dollars
Income	**2012**	2011	2010	**2012**
Total reportable segments	**¥14,654**	¥12,728	¥11,093	**$178,707**
Amortization of goodwill	**(77)**	(152)	(320)	**(939)**
Inventories	**(325)**	(66)	(83)	**(3,964)**
Fixed assets	**8**	(60)	192	**98**
Allowance for point card	**(83)**	(25)	92	**(1,012)**
Elimination of intersegment transaction	**(477)**	(344)	(639)	**(5,817)**
Others	**21**	(92)	(164)	**256**
Income of consolidated financial statements	**¥13,721**	¥11,989	¥10,171	**$167,329**

Assets	Millions of yen 2012	2011	2010	Thousands of U.S. dollars 2012
Total reportable segments	**¥273,404**	¥258,894	¥262,674	**$3,334,195**
Elimination of intersegment transaction	**(48,199)**	(43,937)	(44,630)	**(587,793)**
Fixed assets	**(3,787)**	(3,886)	(3,560)	**(46,183)**
Amortization of goodwill	**(3,141)**	(3,354)	(3,532)	**(38,305)**
Inventories	**(1,570)**	(1,256)	(1,222)	**(19,146)**
Investments in associates accounted for using the equity method	**848**	780	782	**10,342**
Others	**394**	554	140	**4,805**
Assets of consolidated financial statements	**¥217,949**	¥207,795	¥210,652	**$2,657,915**

	Millions of yen								
	Total reportable segments			Adjustment			Consolidated total		
Other items	2012	2011	2010	2012	2011	2010	2012	2011	2010
Depreciation	**¥2,465**	¥2,497	¥2,812	**¥1,471**	¥1,409	¥1,424	**¥3,936**	¥3,906	¥4,236
Amortization of goodwill	**22**	26	26	**77**	210	320	**99**	236	346
Investments in associates accounted for using the equity method	**505**	505	858	**848**	780	782	**1,353**	1,285	1,640
Increase in property, equipment and intangible assets	**5,848**	1,854	2,763	**1,843**	1,333	298	**7,691**	3,187	3,061

(Note) The adjustment amounts for other items are as follows:

1. Depreciation and the increase in property and equipment and intangible assets, is principally the adjustment amount for intersegment lease transactions on the consolidated financial statements.
2. The adjustment amount for amortization of goodwill is principally the amount for amortization of goodwill recorded for overseas subsidiaries (see Note 2.B).
3. The adjustment amount for investments in associates accounted for using the equity method is the adjustment amount according to the equity method (see Note 2.C).

	Thousands of U.S. dollars		
	Total reportable segments	Adjustment	Consolidated total
Other items	2012	2012	2012
Depreciation	**$30,061**	**$17,939**	**$48,000**
Amortization of goodwill	**268**	**939**	**1,207**
Investments in associates accounted for using the equity method	**6,159**	**10,341**	**16,500**
Increase in property, equipment and intangible assets	**71,317**	**22,476**	**93,793**

Related Information

(A) Information by product and service

The Companies have omitted this information since external sales of the Group's main business of automotive goods and service sales account for more than 90% of the net sales recorded in the consolidated statements of income and comprehensive income.

(B) Information by geographic region

The Companies have omitted this information because sales to external customers within Japan account for more than 90% of the net sales recorded in the consolidated statements of income and comprehensive income and property and equipment within Japan accounts for more than 90% of the property and equipment reported in the consolidated balance sheets.

(C) Information by major customer

The Companies have omitted this information because no sales to any specific external customer represented 10% or more of net sales reported on the consolidated statements of income and comprehensive income.

	Millions of Yen					
	2012					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Impairment losses of assets	**¥15**			**¥36**		**¥51**

	Millions of Yen					
	2011					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Impairment losses of assets	¥207	¥133			¥10	¥350

	Millions of Yen					
	2010					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Impairment losses of assets	¥150	¥5		¥476		¥631

	Thousands of U.S. Dollars					
	2012					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Impairment losses of assets	**$183**			**$439**		**$622**

	Millions of Yen					
	2012					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Amortization of goodwill		**¥48**	**¥51**			**¥99**
Goodwill at March 31, 2012		**61**	**703**			**764**

	Millions of Yen					
	2011					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Amortization of goodwill		¥108	¥128			¥236
Goodwill at March 31, 2011		107	807			914

	Millions of Yen					
	2010					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Amortization of goodwill		¥250	¥61	¥2	¥33	¥346
Goodwill at March 31, 2010		112	916			1,028

	Thousands of U.S. Dollars					
	2012					
	The Company	Domestic Store Subsidiaries	Overseas Subsidiaries	Subsidiaries for Car Goods Supply and Other	Subsidiaries for Supporting Functions	Total
Amortization of goodwill		**$585**	**$622**			**$1,207**
Goodwill at March 31, 2012		**744**	**8,573**			**9,317**

21. RELATED PARTY DISCLOSURES

Transactions of the Company with AB System Solutions Ltd. for the year ended March 31, 2012 were as follows:

(AB System Solutions Ltd.)

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Purchase of software	**¥2,160**	**$26,341**

Note 1. AB System Solutions Ltd. was affiliate and was owned 14.9% of its voting rights by the Company.
2. The Company have entrusted the development of software to AB System Solutions Ltd.

The balances due to or from AB System Solutions Ltd. at March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Accounts payable-Associated company	**¥822**	**$10,024**

22. SUBSEQUENT EVENTS

a. The general shareholders' meeting held on June 26, 2012 resolved the following appropriations of retained earnings as of March 31, 2012:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥75 ($0.9) per share	**¥2,449**	**$29,866**

b. At the Board of Directors meeting held on May 10, 2012, the Board approved the repurchase of common stock up to a maximum of 1,800,000 shares to the aggregate amount of ¥8,100 million ($98,780 thousand).

By June 27, 2012, the Company repurchased 1,480,000 shares of common stock for ¥5,928 million ($72,293 thousand) in the market.

The above figures include own shares acquired through J-NET Market of Osaka Securities Exchange in May 14, 2012 (Total number of shares purchased: 1,000,000 shares; total purchase price of shares: ¥4,025 million ($49,085 thousand)).

c. At the Board of Directors meeting held on May 10, 2012, the Board approved the cancellation 1,601,570 shares of treasury stock and carried it out on May 17, 2012.

Deloitte.

Deloitte Touche Tohmatsu LLC
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel:+81 (3) 3457 7321
Fax:+81 (3) 3457 1694
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of AUTOBACS SEVEN Co., Ltd. and subsidiaries as of March 31, 2012, and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity 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 auditor's 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 entity's 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 entity's 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.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AUTOBACS SEVEN Co., Ltd. and subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter
As discussed in Notes 2.D, 2.M and 2.U to the consolidated financial statements, AUTOBACS SEVEN Co., Ltd. adopted new accounting standards for Business Combinations and Asset Retirement Obligations, both effective April 1, 2010, and Accounting Changes and Error Corrections, effective April 1, 2011. Our opinion is not qualified with respect to such matters.

Convenience Translation
Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 26, 2012

Member of
Deloitte Touche Tohmatsu Limited