Consolidated Financial Statements

VT HOLDINGS CO., LTD.

Years ended March 31, 2009 and 2008
with Report of Independent Auditors

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2009 and 2008

	Thousands of yen		*Thousands of U.S. dollars (Note 1)*
	2009	**2008**	**2009**
Assets			
Current assets:			
Cash and cash equivalents	¥ 1,908,065	¥ 2,297,738	$ 19,424
Notes and accounts receivable:			
Trade	3,319,584	5,478,768	33,793
Other	983,988	1,395,652	10,017
Allowance for doubtful accounts	(64,728)	(76,214)	(658)
Lease receivables and investments in lease *(Note 11)*	1,461,759	-	14,880
Inventories *(Note 3)*	5,228,338	7,034,230	53,225
Short-term loans receivable	582,774	248,918	5,932
Deferred tax assets *(Note 12)*	720,979	628,401	7,339
Other current assets	1,767,907	1,365,768	17,997
Total current assets	15,908,669	18,373,264	161,953
Property and equipment:			
Land *(Note 7)*	18,201,469	16,881,203	185,294
Buildings and structures *(Notes 5 and 7)*	17,836,051	17,591,554	181,574
Machinery, fixtures and vehicles	4,690,726	4,729,562	47,752
Leased property	1,144,687	-	11,653
	41,872,933	39,202,320	426,274
Accumulated depreciation	(12,804,611)	(12,681,230)	(130,353)
Property and equipment, net	29,068,321	26,521,089	295,921
Intangible assets *(Note 6)*	13,315,201	14,139,244	135,551
Investments and other assets:			
Investment securities *(Notes 4 and 7)*	1,361,129	2,238,790	13,856
Investments in unconsolidated subsidiaries and associated companies	3,528,222	3,335,543	35,917
Long-term loans receivable	611,903	712,760	6,229
Deferred tax assets *(Note 12)*	1,072,851	821,158	10,921
Rental deposits	862,682	1,244,918	8,782
Other assets	522,243	970,502	5,316
Allowance for doubtful accounts	(246,201)	(662,389)	(2,506)
Total investments and other assets	7,712,830	8,661,283	78,518
Deferred assets	-	4,402	-
Total assets	¥ 66,005,023	¥ 67,699,284	$ 671,943

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets (continued)

March 31, 2009 and 2008

	Thousands of yen		*Thousands of U.S. dollars (Note 1)*
	2009	**2008**	**2009**
Liabilities and equity			
Current liabilities:			
Short-term bank loans *(Note 7)*	¥ 21,789,701	¥ 14,921,000	$ 221,823
Current portion of long-term debt *(Note 7)*	5,169,404	4,702,085	52,625
Lease obligations *(Note 7)*	1,776,629	-	18,086
Notes and accounts payable:			
Trade	9,139,723	16,182,312	93,044
Other	2,247,345	625,625	22,878
Income taxes payable *(Note 12)*	509,257	872,302	5,184
Accrued bonuses to employees	825,537	905,341	8,404
Other current liabilities	2,907,112	3,593,514	29,594
Total current liabilities	44,364,711	41,802,182	451,641
Long-term liabilities:			
Long-term debt *(Note 7)*	7,840,548	10,750,620	79,818
Lease obligations *(Note 7)*	689,200	-	7,016
Deferred tax liabilities *(Note 12)*	1,265,002	1,130,712	12,877
Liability for retirement benefits for employees *(Note 8)*	1,706,757	1,805,445	17,375
Liability for retirement benefits for directors and corporate auditors	69,800	52,633	710
Accounts payable-other	239,599	422,211	2,439
Other long-term liabilities *(Note 7)*	1,565,692	973,318	15,939
Total long-term liabilities	13,376,599	15,134,941	136,176
Commitments and contingent liabilities *(Notes 11 and 13)*			
Equity *(Note 9)*:			
Common stock:			
Authorized – 56,600,000 shares in 2009 and 2008			
Issued –34,293,693 shares in 2009 and 2008	2,378,700	2,378,700	24,215
Capital surplus	908,891	976,278	9,252
Stock acquisition rights *(Note 10)*	46,960	-	478
Retained earnings	4,505,812	5,073,799	45,870
Net unrealized loss on available-for-sale securities	(122,106)	(201,197)	(1,243)
Treasury stock, at cost – 1,724,315 shares in 2009 and 375,465 shares in 2008	(218,694)	(100,964)	(2,226)
Total	7,499,561	8,126,616	76,346
Minority interests	764,150	2,635,544	7,779
Total equity	8,263,712	10,762,160	84,126
Total liabilities and equity	¥ 66,005,023	¥ 67,699,284	$ 671,943

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Operations

Years ended March 31, 2009 and 2008

	Thousands of yen		*Thousands of U.S. dollars (Note 1)*
	2009	**2008**	**2009**
Net sales *(Note 16)*	¥ 93,430,646	¥ 107,976,399	$ 951,141
Cost of sales	75,168,974	88,152,927	765,234
Gross profit	18,261,671	19,823,472	185,907
Selling, general and administrative expenses	15,868,623	16,453,221	161,545
Operating income *(Note 16)*	2,393,047	3,370,250	24,361
Other income (expenses):			
Interest and dividend income	64,315	59,409	654
Interest expense	(504,291)	(476,638)	(5,133)
Equity in (loss) earnings of unconsolidated subsidiaries and associated companies	(51,917)	189,165	(528)
Foreign exchange loss, net	(47,519)	(113,630)	(483)
Gain on sales of investment securities	19,258	113,927	196
Gain on sales of property and equipment	16,429	119,531	167
Lease revenue received	124,979	38,899	1,272
Incentive received	39,661	71,774	403
Reversal of liability for retirement benefits for directors and corporate auditors	-	74,898	-
Settlement package	-	110,000	-
Condemnation proceeds	112,220	-	1,142
Investment loss in collective investment vehicle	(13,208)	(12,308)	(134)
Loss on sales of investment securities	(154,471)	(74,062)	(1,572)
Write-down of investment securities	(566,340)	(203,555)	(5,765)
Loss on impairment of long-lived assets	(488,223)	(27,713)	(4,970)
Loss on sales and disposal of property and equipment	(321,423)	(618,109)	(3,272)
Provision for doubtful accounts	(92,643)	(13,604)	(943)
Cost of real estate leasing	(99,862)	(30,629)	(1,016)
Other, net	(174,630)	(336,966)	(1,777)
	(2,137,667)	(1,129,612)	(21,761)
Income before income taxes and minority interests	¥ 255,379	¥ 2,240,638	$ 2,599

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Operations (continued)

Years ended March 31, 2009 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
Income Taxes (Note 12)	**2009**	**2008**	**2009**
Current	¥ 818,896	¥ 1,468,047	$ 8,336
Deferred	(197,406)	(409,029)	(2,009)
Total income taxes	621,489	1,059,017	6,326
Minority interests in net income	57,074	20,127	581
Net (loss) income	¥ (423,184)	¥ 1,161,492	$ (4,308)

	Yen		U.S. Dollars (Note 1)
Per share of common stock *(Notes 2(p) and 14)*			
Basic net (loss) income	¥ (12.61)	¥ 34.02	$ 0.12
Cash dividends applicable to the year	2.00	6.00	0.02

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity

Years ended March 31, 2009 and 2008

	Outstanding number of shares of common stock	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Net unrealized gain (loss) on available-for-sale securities	Foreign currency translation adjustments	Treasury stock	Total	Minority interests	Total equity
		Thousands of yen									
Balance at April 1, 2007	34,168,228	¥ 2,378,700	¥ 2,179,898	¥ -	¥ 2,780,802	¥ 104,733	¥ 74	¥ (71,338)	¥ 7,372,871	¥ 3,315,017	¥ 10,687,888
Adjustment of retained earnings for exclusion from consolidation and non-application of the equity method	-	-	-	-	(3,790)	-	-	-	(3,790)	-	(3,790)
Net income for the year	-	-	-	-	1,161,492	-	-	-	1,161,492	-	1,161,492
Cash dividends, ¥2.00 per share	-	-	-	-	(68,325)	-	-	-	(68,325)	-	(68,325)
Purchase of treasury stock	(250,000)	-	-	-	-	-	-	(29,626)	(29,626)	-	(29,626)
Transfer from capital surplus to retained earnings	-	-	(1,203,619)	-	1,203,619	-	-	-	-	-	-
Net change in the year	-	-	-	-	-	(305,930)	(74)	-	(306,004)	(679,472)	(985,477)
Balance at March 31, 2008	33,918,228	2,378,700	976,278	-	5,073,799	(201,197)	-	(100,964)	8,126,616	2,635,544	10,762,160
Net loss for the year	-	-	-	-	(423,184)	-	-	-	(423,184)	-	(423,184)
Cash dividends, ¥6.00 per share	-	-	(67,387)	-	(135,672)	-	-	-	(203,060)	-	(203,060)
Purchase of treasury stock	(1,348,850)	-	-	-	-	-	-	(117,730)	(117,730)	-	(117,730)
Other	-	-	-	-	(9,129)	-	-	-	(9,129)	-	(9,129)
Net change in the year	-	-	-	46,960	-	79,090	-	-	126,050	(1,871,394)	(1,745,343)
Balance at March 31, 2009	32,569,378	¥ 2,378,700	¥ 908,891	¥ 46,960	¥ 4,505,812	¥ (122,106)	¥ -	¥ (218,694)	¥ 7,499,561	¥ 764,150	¥ 8,263,712
		Thousands of U.S. dollars (Note 1)									
Balance at March 31, 2008		$ 24,215	$ 9,938	$ -	$ 51,652	$ (2,048)	$ -	$ (1,027)	$ 82,730	$ 26,830	$ 109,560
Net loss for the year		-	-	-	(4,308)	-	-	-	(4,308)	-	(4,308)
Cash dividends, $0.06 per share		-	(686)	-	(1,381)	-	-	-	(2,067)	-	(2,067)
Purchase of treasury stock		-	-	-	-	-	-	(1,198)	(1,198)	-	(1,198)
Other		-	-	-	(92)	-	-	-	(92)	-	(92)
Net change in the year		-	-	478	-	805	-	-	1,283	(19,051)	(17,767)
Balance at March 31, 2009		$ 24,215	$ 9,252	$ 478	$ 45,870	$ (1,243)	$ -	$ (2,226)	$ 76,346	$ 7,779	$ 84,126

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years ended March 31, 2009 and 2008

	Thousands of yen		*Thousands of U.S. dollars (Note 1)*
	2009	**2008**	**2009**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 255,379	¥ 2,240,638	$ 2,599
Adjustments for:			
Depreciation and amortization	2,557,543	2,358,686	26,036
Loss on impairment of long-lived assets	488,223	27,713	4,970
Increase (decrease) in allowance for doubtful accounts	104,398	(17,974)	1,062
(Decrease) increase in accrued bonuses	(79,804)	37,968	(812)
Decrease in liability for retirement benefits for employees	(98,688)	(186,718)	(1,004)
Increase (decrease) in liability for retirement benefits for directors and corporate auditors	17,166	(59,519)	174
Interest and dividend income	(64,315)	(59,409)	(654)
Interest expense	504,291	476,638	5,133
Foreign exchange loss	45,013	99,025	458
Equity in loss (earnings) of unconsolidated subsidiaries and associated companies	51,917	(189,165)	528
Loss on sales and disposal of property and equipment - net	304,993	498,578	3,104
Write-down of investments securities	566,340	203,555	5,765
Loss (gain) on sales of investment securities - net	135,213	(39,865)	1,376
Decrease in notes and accounts receivable, trade	1,721,842	541,819	17,528
Decrease in inventories	1,676,048	1,098,578	17,062
Decrease in notes and accounts payable, trade	(7,042,589)	(272,899)	(71,694)
Decrease (increase) in other current assets	506,930	(490,398)	5,160
(Decrease) increase in other current liabilities	(171,751)	39,120	(1,748)
Other - net	(116,189)	30,125	(1,182)
Subtotal	1,361,966	6,336,499	(13,865)
Interest and dividends received	101,255	63,398	1,030
Interest paid	(481,176)	(483,961)	(4,898)
Income taxes paid	(1,574,268)	(1,456,211)	(16,026)
Net cash (used in) provided by operating activities	¥ (592,223)	¥ 4,459,724	$ (6,028)

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2009 and 2008

	Thousands of yen		*Thousands of U.S. dollars (Note 1)*
	2009	**2008**	**2009**
Cash flows from investing activities:			
Purchases of property and equipment	¥ (5,364,701)	¥ (5,062,815)	$ (54,613)
Proceeds from sales of property and equipment	1,739,315	1,683,403	17,706
Purchases of intangible assets	(439,436)	(46,985)	(4,473)
Purchases of investment securities	(809,019)	(1,337,106)	(8,235)
Proceeds from sales of investment securities	738,871	908,593	7,521
Acquisition of consolidated subsidiaries	-	(22,400)	-
Payment on liquidation of consolidated subsidiaries	-	(708,355)	-
Increase in loans receivable	(956,062)	(504,393)	(9,732)
Decrease in loans receivable	974,476	189,949	9,920
Increase in security deposit paid	(129,988)	(380,947)	(1,323)
Decrease in security deposit paid	113,391	77,599	1,154
Other	351,384	281,035	3,577
Net cash used in investing activities	(3,781,769)	(4,922,424)	(38,499)
Cash flows from financing activities:			
Net increase in short-term bank loans	6,868,701	2,480,471	69,924
Proceeds from long-term debt	2,360,000	2,300,000	24,025
Repayment of long-term debt	(4,702,753)	(4,680,740)	(47,874)
Proceeds from issuance of bonds	195,431	-	1,989
Redemption of bonds	(300,000)	-	(3,054)
Guarantee deposits-received	219,052	597,160	2,229
Guarantee deposits-refunded	(42,932)	(8,873)	(437)
Purchase of treasury stock	(117,720)	(29,626)	(1,198)
Purchase of treasury stock by a subsidiary	(65,362)	(6,348)	(665)
Cash dividends paid	(203,060)	(68,325)	(2,067)
Cash dividends paid to minority shareholders	(43,150)	(17,765)	(439)
Repayment of lease obligations	(174,868)	-	(1,780)
Net cash provided by financing activities	3,993,335	565,952	40,652
Foreign currency translation adjustments on cash and cash equivalents	(9,015)	(14,825)	(91)
Net (decrease) increase in cash and cash equivalents	(389,673)	88,426	(3,966)
Cash and cash equivalents, beginning of year	2,297,738	2,215,068	23,391
Cash and cash equivalents decreased due to an exclusion from consolidation	-	(5,756)	-
Cash and cash equivalents, end of year	¥ 1,908,065	¥ 2,297,738	$ 19,424

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2009 and 2008

	Thousands of yen		*Thousands of U.S. dollars (Note 1)*
	2009	**2008**	**2009**
Non-Cash financing activities:			
Finance lease transactions:			
Increase in leased property	¥ 1,146,778	¥ -	$ 11,674
Increase in lease obligations	1,204,623	-	12,263
Acquisition of preferred stock issued by a consolidated subsidiary:			
Decrease in minority interests	1,800,000	-	18,324
Increase in accounts payable - other	1,800,000		18,324

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

March 31, 2009 and 2008

1. Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with the previous set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these 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 addition, certain reclassifications have been made in the 2008 consolidated financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which VT HOLDINGS CO., LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23= U.S.$1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

As permitted by the Japanese Financial Instruments and Exchange Act, amounts of less than one thousand yen for the years ended March 31, 2009 and 2008 have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements for the years ended March 31, 2009 and 2008 (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and the significant companies over which substantial control is exerted either through majority ownership of voting stock and/or by other means. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for in the consolidated financial statements by the equity method. The assets and liabilities of the newly consolidated subsidiaries are stated at fair value as of their respective dates of acquisition.

The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 24 significant (23 in 2008) subsidiaries (together, the "Group").

E-FOUR ASIA Corporation was newly consolidated during the year ended March 31, 2009 as a consequence of underwriting the stock allocation. GMP collective investment vehicle and GYAKUSAN collective investment vehicle were excluded from consolidation as of March 31, 2009, because the effect of these collective investment vehicles on the accompanying consolidated financial statements would not be material.

Investments in three (three in 2008) associated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and associated companies (nine in 2009 and eleven in 2008) are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

Goodwill, including the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 20 years.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rate as of the balance sheet date. Gain or loss on each transaction is credited or charged to income. Revenues and expenses are translated at the rates of exchange prevailing when such transactions were recorded.

Assets and liabilities of foreign subsidiaries and others are translated at the rate of exchange in effect at the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "foreign currency translation adjustments" in a separate component of equity. Revenues and expenses of foreign subsidiaries and others are translated at the average rate of the fiscal year.

(d) Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on the historical ratio of bad debts and an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

(e) Investment securities

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.

The Company held a 20%-to-50% interest in one collective investment vehicle in 2009 (one in 2008). The investment vehicle is not treated as an associated company because the Company is not able to exercise significant influence over the investment vehicle.

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

(f) Inventories

The Group applies the following methods in the valuation of their inventories (carrying amount is measured at the lower of cost or net selling value):

Merchandises (new cars, used cars, real estate for sale) and work in process are stated by the individual cost method.

Merchandises such as parts, raw materials and supplies are mainly stated by the last invoice price method.

Finished goods are stated at cost by the average method.

Prior to April 1, 2008, inventories were stated at cost. In July 2006, the Accounting Standard Board of Japan (the "ASBJ") issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. The Group applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income by ¥22,021 thousand ($224 thousand) and income before income taxes and minority interests by ¥52,918 thousand ($538 thousand).

(g) Property and equipment

Property and equipment are stated at cost. Depreciation of property and equipment of the Company and its consolidated subsidiaries is computed by the declining-balance method based on the estimated useful lives of the assets in accordance with the corporate tax law, except for buildings (other than structures attached to the buildings) acquired on and after April 1, 1998 and cars for rental purposes to which the straight-line method is applied.

Leased property that deemed not to transfer ownership to the lessee is depreciated over lease period by the straight-line method with no residual value (or with guaranteed residual value, if any).

(h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances 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 the 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 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.

(i) Deferred assets

Stock and bond issuance costs are charged to income as incurred. Business commencement expenses are amortized by the straight-line method over five years.

(j) Liability for retirement benefits for employees

The Company and certain consolidated subsidiaries have a defined contribution pension plan, in which employees can select either the defined contribution pension plan or prepayment plan. In addition, as defined benefit plan, there are a severance payment plan, a mutual assistance of retirement plan for small business and a funded contributory pension plan.

Certain consolidated subsidiaries record the liability for retirement benefits based on the projected benefit obligations and pension assets. Actuarial differences are amortized over 10 to 11 years, within employees' average service period. Prior service costs are amortized over 11 years, within employees' average service period. The transitional obligation was expensed as incurred in the Group, except that Shizuoka Nissan Auto Sales Co., Ltd., which has been consolidated since the year ended March 31, 2007, amortizes it over 15 years.

(k) Liability for retirement benefits for directors and corporate auditors

Directors and corporate auditors are customarily entitled to lump-sum payments under an unfunded retirement benefit plan. The provision for retirement allowances for them has been made at an estimated amount based on the Company's and consolidated subsidiaries' internal rules.

(l) Accrued bonuses to employees

Accrued bonuses to employees are provided for at the estimated amount of bonuses to be paid to the employees in the following year which has been allocated to the current fiscal year.

(m) Leases

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 is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

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

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The effect of this change was to recognize ¥975,734 thousand ($9,933 thousand) of leased property, net of accumulated depreciation, ¥338,574 thousand ($3,446 thousand) of lease obligations in current liabilities and ¥689,200 thousand ($7,016 thousand) of lease obligations in long-term liabilities, but the effect on current income was immaterial.

(Lessor)
Under the previous accounting standard, finance leases that deem to transfer ownership to the lessee were to be 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 should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Also, the Group records sales and cost of sales when lease revenue was received. The effect of this change was to recognize ¥58,298 thousand ($593 thousand) of investments in lease in current assets, but the effect on current income was immaterial.

(Sublease)
Prior to April 1, 2008, lease revenue received was recorded as sales, and lease expense paid was recorded as cost of sales. However, effective April 1, net gain on sublease transactions was recorded as sales. Also, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee in accordance with the new accounting method. The effect of this change was to recognize ¥1,403,461 thousand ($14,287 thousand) of investments in lease in the current assets and ¥1,438,055 thousand ($14,639 thousand) of lease obligation in the current liabilities, but the effect on the current income was none.

(n) Intangible assets

Expenditures relating to software developed for internal use are charged to income when incurred, except if the software is expected to contribute to the generation of income or to cost savings. Such expenditures are capitalized as assets and are amortized by the straight-line method over their estimated useful life, generally a five-year period.

(o) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. 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.

(p) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants. Diluted net income per share is not disclosed because of the Group's loss position for 2009 and anti-dilutive for 2008.

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

(q) New accounting pronouncements

Asset Retirement Obligations—On March 31, 2008, the ASBJ published a new 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 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 is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

3. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
New and used cars	¥ 3,989,099	¥ 5,789,955	$ 40,609
Parts	181,467	215,877	1,847
Other merchandise	585,038	673,679	5,955
Total merchandise	4,755,606	6,679,512	48,412
Raw materials	41,386	42,098	421
Work in process	386,728	268,348	3,936
Supplies	44,617	44,270	454
Total	¥ 5,228,338	¥ 7,034,230	$ 53,225

4. Investment Securities

(a) Information regarding investment securities classified as available-for-sale securities at March 31, 2009 and 2008 is summarized as follows:

	Thousands of yen			
	2009			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
Equities	¥ 424,486	¥ 4,537	¥ (39,408)	¥ 389,615
Other	288,966	-	(55,804)	233,162
Total	¥ 713,453	¥ 4,537	¥ (95,212)	¥ 622,778

	Thousands of yen			
	2008			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
Equities	¥ 905,299	¥ 37,758	¥ (130,021)	¥ 813,036
Other	599,477	7,915	(78,772)	528,620
Total	¥ 1,504,777	¥ 45,673	¥ (208,794)	¥ 1,341,657

	Thousands of U.S. dollars			
	2009			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value (estimated fair value)
Equities	$ 4,321	$ 46	$ (401)	$ 3,966
Other	2,941	-	(568)	2,373
Total	$ 7,263	$ 46	$ (969)	$ 6,339

(b) Investment securities whose market value is not determinable and classified as available-for-sale securities at March 31, 2009 and 2008 are summarized as follows:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Market value not determinable:			
Equities	¥ 559,396	¥ 694,006	$ 5,694
Investment interest in collective investment vehicles	178,953	203,125	1,821
Total	¥ 738,350	¥ 897,132	$ 7,516

(c) Sales of investment securities classified as available-for-sale securities for the years ended March 31, 2009 and 2008 are summarized as follows:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Proceeds from sales	¥ 675,246	¥ 928,725	$ 6,874
Gross realized gain	8,708	113,927	88
Gross realized loss	(154,471)	(74,062)	(1,572)

(d) The redemption schedule for securities with maturity dates classified as available-for-sale securities at March 31, 2009 is summarized as follows:

	Thousands 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
Debt securities	-	-	-	-
Other	-	¥ 6,292	¥ 7,610	-
Total	-	¥ 6,292	¥ 7,610	-

	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
Debt securities	-	-	-	-
Other	-	$ 64	$ 77	-
Total	-	$ 64	$ 77	-

5. Long-lived Assets

The Group reviewed its long-lived assets for impairment as of March 31, 2009 and 2008, and as a result, recognized impairment losses of ¥488,223 thousand ($4,970 thousand) and ¥27,713 thousand, respectively. At March 31, 2009, impairments were recorded for certain business assets in the car segment located in Osaka and Okazaki (buildings, etc.), assets in the real estate segment located in Tokai (land and building, etc.) and assets in the environment segment located in Tokyo (dealership). Book value of the business assets in the car segment was written down to the net selling value based on the appraisal value estimated by a real estate appraiser. Book value of the assets in the real estate segment was written down by the difference amount between estimated sales amount of idle assets and book value. Book value of the assets in the environment segment was written down to zero.

Impairment losses consists of the following:

	Thousands of Yen	*Thousands of U.S. Dollars*
Buildings	¥ 81,278	$ 827
Goodwill	43,934	447
Dealership	336,380	3,424
Other	26,628	271
Total	¥ 488,223	$ 4,970

6. Intangible Assets

Intangible assets at March 31, 2009 and 2008 consisted of the following:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Goodwill, net	¥12,649,790	¥13,457,188	$ 128,777
Other	665,411	682,055	6,774
Total	¥13,315,201	¥14,139,244	$ 135,551

7. Short-Term Bank Loans, Long-Term Debt and Interest bearing liabilities

Short-term bank loans principally represent short-term notes and overdrafts. The average annual interest rates applicable to the short-term bank loans were 1.019% and 1.133% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Loans from banks and other financial institutions, payable in yen, at interest rates from 0.950% to 1.831%, due through 2013	¥ 12,809,952	¥ 15,152,705	$ 130,407
Unsecured bond, payable in yen, at interest rates of 0.19%, due 2009	-	300,000	-
Unsecured bond, payable in yen, at interest rates of 1.4%, due 2016	100,000	-	1,018
Unsecured bond, payable in yen, at interest rates of 1.34%, due 2015	100,000	-	1,018
	13,009,952	15,452,705	132,443
Less current portion	(5,169,404)	(4,702,085)	(52,625)
Long-term debt, less current portion	¥ 7,840,548	¥ 10,750,620	$ 79,818

Interest bearing, guarantee deposits-received amounting to ¥758,183 thousand ($7,718 thousand) and ¥590,044 thousand were included in other long-term liabilities at March 31, 2009 and 2008, respectively. Their average interest rates were 1.942% and 2.100% and they are due through 2029.

The aggregate annual maturities of long-term debt and lease obligations subsequent to March 31, 2009 are summarized as follows:

Long-term debt:

Year ending March 31,	*Thousands of yen*	*Thousands of U.S. dollars*
2010	¥ 5,169,404	$ 52,625
2011	4,228,094	43,042
2012	2,350,284	23,926
2013	806,170	8,206
2014 and thereafter	456,000	4,642
Total	¥ 13,009,952	$ 132,443

Lease obligations:

Year ending March 31,	*Thousands of yen*	*Thousands of U.S. dollars*
2010	¥ 338,574	$ 3,446
2011	344,347	3,505
2012	294,544	2,998
2013	47,357	482
2014 and thereafter	2,951	30
Total	¥ 1,027,774	$ 10,462

Lease obligations on sub-leases were not included in the schedule above, and lease obligations presented in the current liabilities section of consolidated balance sheet is larger by ¥1,438,055 ($14,639 thousand) than that in the above schedule.

The assets pledged as collateral for short-term bank loans of ¥12,299,946 thousand ($125,215 thousand), long-term debt of ¥1,921,400 thousand ($19,560 thousand) and guarantee deposits-received of ¥964,308 thousand ($9,816 thousand) including the current portion at March 31, 2009 were as follows:

	Thousands of yen	*Thousands of U.S. dollars*
Land	¥ 8,876,546	$ 90,364
Buildings	2,912,188	29,646
Investment securities	13,100	133
Total	¥ 11,801,835	$ 120,144

Financial covenants relating to syndicate loans of ¥7,452,000 thousand ($75,862 thousand) are as follows:

The Company's financial covenants;
The syndicates loan executed on March 25, 2005 contains restrictions that the amount of equity in

the consolidated balance sheets at annual year end should not be less than 75% of the larger of the amount of equity in the latest annual consolidated balance sheets or the amount of equity in the consolidated balance sheets at March 31, 2004.

The syndicates loan executed on September 28, 2005 contains restrictions that the amount of equity in the consolidated balance sheets at annual year end should not be less than 75% of the amount of equity in the consolidated balance sheets at March 31, 2005.

The syndicates loan executed on September 25, 2006 contains restrictions that the amount of equity in the consolidated balance sheets (excluding unrealized gain or loss on available-for-sale securities) at the annual year end should not be less than 75% of the amount of equity (excluding unrealized gain or loss on available-for-sale securities) at March 31, 2006 (as for the consolidated balance sheets at March 31, 2006, equity (excluding unrealized gain or loss on available-for-sale securities) shall include “stock acquisition rights,” “minority interests” and “deferred gain or loss on derivatives under hedge accounting,” if any).

Consolidated subsidiary, Trust Company Limited (the “Trust”)’s financial covenant;
The syndicates loan executed on March 28, 2007 contains restrictions that the amount of equity (excluding “deferred gain or loss on derivatives under hedge accounting,” and “stock acquisition rights,” if any) in both the unconsolidated and consolidated balance sheets at the annual year end (excluding semiannual year end) should not be less than 75% of the amount of equity (excluding “deferred gain or loss on derivatives under hedge accounting,” and “stock acquisition rights,” if any) in both the unconsolidated and consolidated balance sheets at March 31, 2006 (excluding semiannual year end).

The Company and certain consolidated subsidiaries contracted bank overdraft agreements with 17 banks for efficient fund raising. The Company and certain consolidated subsidiaries are able to overdraw the maximum amount of ¥26,700,000 thousand ($271,811 thousand) at March 31, 2009. Outstanding balance of overdrafts was ¥21,189,701 thousand ($215,715 thousand) at March 31, 2009.

8. Retirement and Pension Plans

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2009 and 2008 for certain consolidated subsidiaries' defined benefit pension plans:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Projected benefit obligation	¥ (2,561,141)	¥ (2,675,330)	$ (26,072)
Plan assets at fair value	835,817	821,591	8,508
Unfunded retirement benefit obligation	(1,725,324)	(1,853,739)	(17,564)
Unrecognized transitional obligation	(71,081)	(82,927)	(723)
Unrecognized actuarial loss	(22,623)	6,359	(230)
Unrecognized prior service cost	112,270	124,861	1,142
Liability for retirement benefits	¥ (1,706,757)	¥ (1,805,445)	$ (17,375)

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Service cost	¥ 91,968	¥ 98,833	$ 936
Interest cost	53,313	60,474	542
Amortization of transitional obligation	(11,846)	(11,846)	(120)
Recognized actuarial loss	6,715	6,398	68
Amortization of prior service cost	12,591	12,591	128
Contribution to defined contribution pension plan	165,567	166,130	1,685
Prepaid retirement payments	14,209	12,815	144
Other periodic benefit costs	147,374	151,142	1,500
Net periodic benefit costs	¥ 479,893	¥ 496,538	$ 4,885

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Periodic recognition of projected benefit obligation	Straight-line method	Straight-line method
Discount rate	2.0 %	2.0%
Amortization period of prior service cost	11 years	11 years
Recognition period of actuarial gain / loss	10 to 11 years	10 to 11 years
Amortization period of transitional obligation	As incurred	As incurred

Shizuoka Nissan Auto Sales Co., Ltd., which has been consolidated since the year ended March 31, 2007, amortizes its transitional obligation over 15 years.

Funded status of the multi-employer pension plans at March 31, 2008 and 2007 (available information as of March 31, 2009 and 2008), to which contributions were recorded as net periodic retirement benefit costs was as follows:

2008	*Thousands of yen*	
	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund
Fair value of plan assets	¥ 27,972,189	¥ 33,117,791
Pension obligation recorded by pension fund	26,876,935	37,449,262
Difference	¥ 1,095,254	¥ (4,331,470)
The Group's contribution percentage for multi-employer pension plan for the year ended March 31, 2008	3.8%	9.0%

2007	*Thousands of yen*	
	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund
Fair value of plan assets	¥ 32,029,504	¥ 37,798,121
Pension obligation recorded by pension fund	24,596,395	36,233,664
Difference	¥ 7,433,109	¥ 1,564,457
The Group's contribution percentage for multi-employer pension plan for the year ended March 31, 2007	3.5%	8.9%

Notes:
(Pension Fund of Honda Car Dealers)
Difference resulted from reserve recorded by the pension fund.
(Shizuoka Automobile Pension Fund)
1. Difference resulted mainly from prior service cost of ¥4,869,580 thousand and ¥4,569,224 thousand for 2008 and 2007, respectively.

2. Prior service cost is amortized over 20 years and special contribution of ¥34,707 thousand ($353 thousand) and ¥35,461 thousand was expensed for the years ended March 31, 2009 and 2008.

The Group's contribution percentage for multi-employer pension plans should not be construed as the Group's actual obligation percentage.

9. Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). 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 requirements.
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 the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. 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 are 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.

10. Stock Options

Expenses arising from stock options included in the statements of operations for the year ended March 31, 2009 and 2008 were ¥46,960 thousand ($478 thousand) and nil, respectively.

The outstanding stock options granted by the Group as of March 31, 2009 are as follows:

Stock option (granted by)	Persons granted	Number of options granted (shares)	Date of grant	Exercise price *Yen (U.S. dollars)*	Exercise period
2004 Stock option (the Company)	3 directors of the Company	2,500,000	June 30, 2004	¥ 680 ($ 6.92)	From April 1, 2005 To June 30, 2009
2005 Stock option (the Company)	6 advisors and 5 employees of the Company 13 directors and 10 employees of subsidiaries	106,500	July 20, 2005	¥ 776 ($ 7.89)	From August 1, 2007 To June 30, 2011
2008 Stock option (the Company)	3 directors of the Company	2,500,000	June 30, 2008	¥ 142 ($ 1.44)	From July 1, 2009 To June 30, 2013

Number of options granted and exercise prices for the Company are adjusted for stock splits at November 17, 2004.

The stock option activity is as follows:

(Stock option granted by the Company)

	2004 Stock option (Shares)	2005 Stock option (Shares)	2008 Stock option (Shares)
For the year ended March 31, 2008			
Non-vested			
March 31, 2007 - Outstanding	-	103,500	-
Granted	-	-	-
Canceled	-	1,000	-
Vested	-	102,500	-
March 31, 2008 - Outstanding	-	-	-
Vested			
March 31, 2007 - Outstanding	2,500,000	-	-
Vested	-	102,500	-
Exercised	-	-	-
Canceled	-	10,000	-
March 31, 2008 - Outstanding	2,500,000	92,500	-
For the year ended March 31, 2009			
Non-vested			
March 31, 2008 - Outstanding	-	-	-
Granted	-	-	2,500,000
Canceled	-	-	-
Vested	-	-	-
March 31, 2009 - Outstanding	-	-	2,500,000
Vested			
March 31, 2008 - Outstanding	2,500,000	92,500	-
Vested	-	-	-
Exercised	-	-	-
Canceled	2,500,000	-	-
March 31, 2009 - Outstanding	-	92,500	-
Exercise price (yen and U.S. dollars)	¥ 680 ($ 6.78)	¥ 776 ($ 7.74)	¥ 142 ($ 1.44)
Average stock price at exercise	-	-	-
Fair value price at grant date	-	-	¥ 25 ($ 0.25)

(Stock option granted by the Trust)

	2005 Stock option
	(Shares)
For the year ended March 31, 2008	
Non-vested	
March 31, 2007 – Outstanding	500
Granted	-
Canceled	-
Vested	500
March 31, 2008 - Outstanding	-
Vested	
March 31, 2007 - Outstanding	-
Vested	500
Exercised	-
Canceled	500
March 31, 2008 - Outstanding	-
Exercise price (yen)	¥ 69,229
Average stock price at exercise	-

The assumptions used to measure fair value of 2008 Stock option

Estimated method:	Black-Scholes option pricing model
Volatility of stock price:	43.795%
Estimated remaining outstanding period:	three years
Estimated dividend:	¥6 per share
Interest rate with risk free:	0.888%

11. Leases

As lessee

The Group leases certain machinery, vehicles and other assets as lessee.

As discussed in Note 2 (m), The Group accounted for leases which existed at March 31, 2008 and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Lease payments relating to finance leases accounted for as operating leases in the consolidated financial statements amounted to ¥795,720 thousand ($8,100 thousand) and ¥1,159,965 thousand for the years ended March 31, 2009 and 2008, respectively.

Pro forma information for the years ended March 31, 2009 and 2008 of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis was as follows:

	Thousands of yen			
	2009			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net book value
Machinery and vehicles	¥ 1,888,693	¥1,061,524	¥ 3,095	¥ 824,072
Other	146,184	68,756	11,340	66,087
Total	¥ 2,034,877	¥1,130,281	¥ 14,435	¥ 890,160

	Thousands of yen			
	2008			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net book value
Machinery and vehicles	¥ 4,004,777	¥1,640,163	¥ 3,095	¥2,361,517
Other	211,928	97,745	11,340	102,842
Total	¥ 4,216,705	¥1,737,909	¥ 14,435	¥2,464,360

	Thousands of U.S. dollars			
	2009			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net book value
Machinery and vehicles	$ 19,227	$ 10,806	$ 31	$ 8,389
Other	1,488	699	115	672
Total	$ 20,715	$ 11,506	$ 146	$ 9,061

Obligations under finance leases:

	Thousands of yen	*Thousands of U.S. dollars*
Due within one year	¥ 492,859	$ 5,017
Due after one year	414,313	4,217
Total	¥ 907,172	$ 9,235

Allowance for impairment loss on leased property of ¥4,046 thousand ($41 thousand) as of March 31, 2009 is not included in the obligations under finance leases.

Amounts of sublease items are not included in the obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Depreciation expense	¥ 670,341	¥ 980,716	$ 6,824
Interest expense	33,622	55,982	342
Reversal of allowance for impairment loss on leased property	4,155	4,155	42

Depreciation expense and interest expense, which are not reflected in the accompanying statements of operations, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating lease at March 31, 2009 were as follows:

	Thousands of yen	*Thousands of U.S. dollars*
Due within one year	¥ 36,488	$ 371
Due after one year	3,980	40
Total	¥ 40,469	$ 411

Amounts of sublease items are not included in the minimum rental commitments under noncancellable operating leases.

As lessor

The Group leases certain machinery and vehicles as lessor.

As discussed in Note 2 (m), The Group accounted for leases which existed at March 31, 2008 and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Lease revenues received relating to finance leases accounted for as operating leases in the consolidated financial statements amounted to ¥3,145 thousand ($32 thousand) and ¥318,919 thousand for the years ended March 31, 2009 and 2008, respectively.

The following amounts represent the acquisition cost, accumulated depreciation, impairment loss and net book value of those leased property at March 31, 2009 and 2008.

	Thousands of yen		
	2009		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery and vehicles	¥ 10,309	¥ 4,474	¥ 5,834

	Thousands of yen		
	2008		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery and vehicles	¥ 1,178,763	¥ 449,302	¥ 729,460

	Thousands of U.S. dollars		
	2009		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery and vehicles	$ 104	$ 45	$ 59

Future minimum lease receivables subsequent to March 31, 2009 for finance leases accounted for as operating leases are summarized as follows:

	Thousands of yen	*Thousands of U.S. dollars*
Due within one year	¥ 2,471	$ 25
Due after one year	3,363	34
Total	¥ 5,834	$ 59

Amount of sublease items are not included in the future minimum lease receivables.

Depreciation expense, interest revenue under finance leases:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Depreciation expense	¥ 2,471	¥ 235,153	$ 25
Interest income	673	83,765	6

Interest income is computed by interest method.

Amounts of sublease items, which include interest portion, included in the consolidated balance sheet as of March 31, 2009 were as follows:

	Thousands of yen	*Thousands of U.S. dollars*
Accounts receivable – lease:		
Current assets	¥ 1,403,461	$ 14,287
Lease obligations:		
Current liabilities	1,438,055	14,639

12. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40.5% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Thousands of yen		*Thousands of U.S. dollars*
	2009	**2008**	**2009**
Deferred tax assets:			
Accrued enterprise tax	¥ 42,759	¥ 76,585	$ 435
Tax loss carryforwards	2,469,816	1,648,140	25,143
Liability for retirement benefits for employees	697,499	725,319	7,100
Accrued bonuses to employees	336,795	373,452	3,428
Allowance for doubtful accounts	441,591	281,228	4,495
Loss on impairment of long-lived assets	622,441	965,476	6,336
Write-down of investment securities	155,789	215,991	1,585
Gain on acquisition of warrant	198,860	289,251	2,024
Accounts payable - other, non-current	98,227	172,366	999
Other	773,728	690,601	7,876
Total gross deferred tax assets	5,837,508	5,438,413	59,426
Valuation allowance	(3,693,335)	(3,483,397)	(37,598)
Deferred tax assets	2,144,173	1,955,016	21,828
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(860)	(18,557)	(8)
Unrealized gain on subsidiaries' assets and liabilities arising from consolidation	(1,594,480)	(1,614,723)	(16,232)
Other	(20,003)	(2,888)	(203)
Deferred tax liabilities	(1,615,344)	(1,636,168)	(16,444)
Net deferred tax assets	¥ 528,828	¥ 318,847	$ 5,383

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2009 and 2008 is as follows:

	2009	**2008**
Statutory tax rate	40.5%	40.5%
Valuation allowance	(212.6)	(19.7)
Changes in tax loss carryforward	231.2	16.2
Amortization of goodwill	125.7	13.7
Dividend received from subsidiaries taxable for income tax purposes	45.3	-
Unrealized gain	10.9	11.2
Realization of unrealized gain on subsidiaries' assets and liabilities arising from consolidation	(19.5)	(10.1)
Expenses not deductible for income tax purposes	6.7	0.9
Per capita tax	14.6	1.6
Equity in loss (earnings) of unconsolidated subsidiaries and associated companies	8.4	(3.4)
Other	(7.8)	(3.6)
Effective tax rate	243.4%	47.3%

13. Contingent Liabilities

At March 31, 2009, the Group had the following contingent liabilities:

	Thousands of yen	*Thousands of U.S. dollars*
Guarantees of credit liabilities	¥ 3,665	$ 37

14. Net Income Per Share

Net (loss) income per share ("EPS") for the years ended March 31, 2009 and 2008 is calculated as follows:

	Thousands of yen	*Shares*	*Yen*	*U.S. dollars*
	Net (loss) income	Weighted average shares	EPS	
For the year ended March 31, 2009				
Basic EPS				
Net loss available to common shareholders	¥ (423,184)	33,571,975	¥ (12.61)	$(0.12)
For the year ended March 31, 2008				
Basic EPS				
Net income available to common shareholders	¥ 1,161,492	34,143,799	¥ 34.02	

15. Related Party Transactions

Transactions with related party, excluding subsidiaries and associated companies for the years ended March 31, 2009 and 2008 were as follows:

Related party	Nature of transaction	*Thousands of yen* 2009	*Thousands of yen* 2008	*Thousands of U.S. dollars* 2009
Close relative of the Company's director	Purchase of treasury stock	-	¥ 16,575	-
Representative director of the Company	Guarantee for bank loans	¥ 60,000	-	$ 610
Director of a significant subsidiary	Sale of real estate held for sale	29,171	-	296

The transaction prices were determined based on market prices for the purchase of treasury stock.
Subsidiaries of the Company accept guarantees from a representative director of the Company for bank loans.
Sales price of real estate was determined by the internal rules of the Company.

16. Segment Information

(a) Industry segments

The Group is primarily engaged in the car business, housing business, real estate business, investment business and environment business.
The car business consists of sales of cars, repairs to cars, car rentals and sales of car parts. The housing business consists of home sales, construction of houses and related business. The real estate business consists of leasing of real estate. The investment business consists of investment in securities and consulting services. The environment business consists of design, development and sales of control devices of electric power.

The business segment information of the Group for the years ended March 31, 2009 and 2008 is outlined as follows:

	Thousands of yen							
	2009							
	Car	Housing	Real estate	Investment	Environment	Total	Elimina-tions or corporate	Consolida-ted
I. Sales and operating income:								
Sales to third parties	¥ 88,853,041	¥ 2,954,623	¥ 456,830	¥ 36,515	¥ 1,129,634	¥ 93,430,646	¥ -	¥ 93,430,646
Intersegment sales	45,053	754,675	43,475	50,155	-	893,359	(893,359)	-
Total sales	88,898,095	3,709,298	500,305	86,671	1,129,634	94,324,005	(893,359)	93,430,646
Operating expenses	86,654,361	3,615,813	247,171	103,766	929,405	91,550,518	(512,919)	91,037,598
Operating income (loss)	¥ 2,243,734	¥ 93,485	¥ 253,133	¥ (17,095)	¥ 200,229	¥ 2,773,487	¥ (380,440)	¥ 2,393,047
II. Assets, depreciation, impairment loss and capital expenditures:								
Assets	¥ 61,776,553	¥ 1,256,558	¥ 5,416,909	¥ 14,186,616	¥ 368,727	¥ 83,005,365	¥(17,000,341)	¥ 66,005,023
Depreciation	1,678,251	6,105	97,822	-	3,920	1,786,100	4,463	1,790,564
Impairment loss	101,900	-	15,238	-	371,084	488,223	-	488,223
Capital expenditures	4,522,346	32,796	1,908,409	-	402,912	6,866,464	(63,707)	6,802,756

As discussed in Note 2 (f), effective April 1, 2008, the Group applied ASBJ Statement No.9, “Accounting Standard for Measurement of Inventories.” The effect of this change was to decrease operating income of the Car by ¥4,592 thousand ($46 thousand) and the Housing by ¥17,428 thousand ($177 thousand).

	Thousands of yen							
	2008							
	Car	Housing	Real estate	Investment	Environment	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:								
Sales to third parties	¥104,910,783	¥ 2,042,040	¥ 321,742	¥ 18,015	¥ 683,817	¥107,976,399	¥ -	¥107,976,399
Intersegment sales	82,641	960,153	39,833	47,000	570	1,130,198	(1,130,198)	-
Total sales	104,993,424	3,002,194	361,575	65,015	684,387	109,106,598	(1,130,198)	107,976,399
Operating expenses	101,575,755	2,919,859	200,279	106,901	640,299	105,443,094	(836,945)	104,606,149
Operating income (loss)	¥ 3,417,669	¥ 82,335	¥ 161,296	¥ (41,885)	¥ 44,088	¥ 3,663,503	¥ (293,252)	¥ 3,370,250
II. Assets, depreciation, impairment loss and capital expenditures:								
Assets	¥ 58,424,439	¥ 1,136,474	¥ 3,571,593	¥ 14,112,824	¥ 464,131	¥ 77,709,462	¥(10,010,178)	¥ 67,699,284
Depreciation	1,524,314	4,995	50,340	-	2,187	1,581,836	13,968	1,595,805
Impairment loss	27,713	-	-	-	-	27,713	-	27,713
Capital expenditures	3,615,127	471	1,506,242	-	24,556	5,146,398	(32,196)	5,114,202

	Thousands of U.S. dollars							
	2009							
	Car	Housing	Real estate	Investment	Environment	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:								
Sales to third parties	$ 904,540	$ 30,078	$ 4,650	$ 371	$ 11,499	$ 951,141	$ -	$ 951,141
Intersegment sales	458	7,682	442	510	-	9,094	(9,094)	-
Total sales	904,999	37,761	5,093	882	11,499	960,236	(9,094)	951,141
Operating expenses	882,157	36,809	2,516	1,056	9,461	932,001	(5,221)	926,779
Operating income (loss)	$ 22,841	$ 951	$ 2,576	$ (174)	$ 2,038	$ 28,234	$ (3,872)	$ 24,361
II. Assets, depreciation, impairment loss and capital expenditures:								
Assets	$ 628,897	$ 12,791	$ 55,145	$ 144,422	$ 3,753	$ 845,010	$ (173,066)	$ 671,943
Depreciation	17,084	62	995	-	39	18,182	45	18,228
Impairment loss	1,037	-	155	-	3,777	4,970	-	4,970
Capital expenditures	46,038	333	19,427	-	4,101	69,901	(648)	69,253

(b) Geographical segments

As the Company does not have significant consolidated subsidiaries or branches in foreign countries, the disclosure of geographical segment information has been omitted.

(c) Sales to foreign customers

Sales to foreign customers information is not disclosed for the years ended March 31, 2009 and 2008 because sales to foreign customers was less than 10% of consolidated sales.

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