Consolidated Financial Statements

VT HOLDINGS CO., LTD.

Years ended March 31, 2011 and 2010
with Report of Independent Auditors

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2011 and 2010

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2011	**2010**	**2011**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents *(Notes 3, 9 and 14)*	¥ 6,412	¥ 7,042	$ 77,253
Notes and accounts receivable:			
Trade *(Note 14)*	2,964	3,237	35,710
Other	1,082	1,351	13,036
Allowance for doubtful accounts	(27)	(29)	(325)
Lease receivables and investments in leases *(Notes 13 and 14)*	2,753	1,997	33,168
Inventories *(Note 4)*	4,867	7,034	58,638
Short-term loans receivable *(Note 14)*	135	273	1,626
Deferred tax assets *(Note 16)*	819	646	9,867
Other current assets *(Note 5)*	1,625	1,598	19,578
Total current assets	20,634	23,152	248,602
PROPERY AND EQUIPMENT:			
Land *(Notes 6 and 9)*	16,496	16,415	198,746
Buildings and structures *(Notes 6, 8 and 9)*	16,755	16,653	201,867
Machinery, fixtures and vehicles	3,730	3,524	44,939
Leased assets *(Note 13)*	4,217	2,066	50,807
Construction in progress	0	2	0
Total	41,198	38,662	496,361
Accumulated depreciation	(14,531)	(13,351)	(175,072)
Property and equipment – net	26,667	25,311	321,289
INTANGIBLE ASSETS *(Notes 6 and 7)*	11,688	12,502	140,819
INVESTMENTS AND OTHER ASSETS:			
Investment securities *(Notes 5, 9 and 14)*	1,110	1,156	13,373
Investments in unconsolidated subsidiaries and associated companies	3,753	3,571	45,216
Long-term loans receivable *(Note 14)*	396	433	4,771
Guarantee and rental deposits	761	849	9,168
Deferred tax assets *(Note 16)*	292	513	3,518
Other assets *(Note 14)*	638	534	7,686
Allowance for doubtful accounts	(213)	(197)	(2,566)
Total investments and other assets	6,739	6,862	81,192
TOTAL ASSETS	¥ 65,730	¥ 67,829	$ 791,927

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets (continued)

March 31, 2011 and 2010

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2011	**2010**	**2011**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans *(Notes 9 and 14)*	¥ 10,553	¥ 15,089	$ 127,144
Current portion of long-term debt *(Notes 9 and 14)*	5,724	6,168	68,963
Lease obligations *(Notes 9, 13 and 14)*	3,910	2,597	47,108
Notes and accounts payable:			
Trade *(Note 14)*	10,246	13,081	123,445
Other	417	377	5,024
Income taxes payable *(Note 16)*	1,734	1,287	20,891
Accrued bonuses to employees	780	814	9,397
Other current liabilities	4,445	3,477	53,554
Total current liabilities	37,813	42,893	455,578
LONG-TERM LIABILITIES:			
Long-term debt *(Notes 9 and 14)*	9,965	10,089	120,060
Lease obligations *(Notes 9, 13 and 14)*	1,745	943	21,024
Liability for employees' retirement benefits *(Note 10)*	519	1,481	6,253
Liability for retirement benefits for directors and corporate auditors	252	208	3,036
Accounts payable-other	495	143	5,963
Asset retirement obligations	241	-	2,903
Deferred tax liabilities *(Note 16)*	1,291	1,249	15,554
Other long-term liabilities *(Note 9)*	304	331	3,662
Total long-term liabilities	14,815	14,446	178,493
COMMITMENTS AND CONTINGENT LIABILITIES *(Note 17)*			
EQUITY *(Note 11)*:			
Common stock: authorized – 56,600,000 shares in 2011 and 2010 issued –36,793,678 shares in 2011 and 35,924,118 shares in 2010	2,493	2,453	30,036
Capital surplus	1,037	991	12,493
Stock acquisition rights *(Note 12)*	53	57	638
Retained earnings	8,841	6,315	106,518
Treasury stock, at cost – 2,106,332 shares in 2011 and 1,524,344 shares in 2010	(286)	(193)	(3,445)
Accumulated other comprehensive income			
Net unrealized gain on available-for-sale securities	166	109	2,000
Total	12,305	9,734	148,253
Minority interests	796	755	9,590
Total equity	13,101	10,489	157,843
TOTAL LIABILITIES AND EQUITY	¥ 65,730	¥ 67,829	$ 791,927

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Income

Years ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	**2010**	**2011**
NET SALES	¥ 92,657	¥ 88,276	$ 1,116,349
COST OF SALES	72,421	69,362	872,542
Gross profit	20,235	18,914	243,795
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14,315	14,450	172,469
Operating income	5,919	4,464	71,313
OTHER INCOME (EXPENSE):			
Interest and dividend income	57	76	686
Interest expense	(549)	(534)	(6,614)
Equity in earnings of unconsolidated subsidiaries and associated companies	169	128	2,036
Foreign exchange loss - net	(29)	(19)	(349)
Gain on sales of investment securities	16	33	192
Gain on sales of property and equipment	-	69	-
Lease revenue received	67	108	807
Incentives received	72	73	867
Provision of liability for retirement benefits for directors and corporate auditors	-	(90)	-
Penalty income	-	358	-
Investment loss on collective investment vehicle	(2)	(26)	(24)
Loss on sales of investment securities	(43)	(22)	(518)
Write-down of investment securities	(87)	(375)	(1,048)
Loss on impairment of long-lived assets	(165)	(359)	(1,987)
Loss on sales and disposals of property and equipment	(53)	(89)	(638)
Provision for doubtful accounts	(26)	(12)	(313)
Cost of real estate leasing	(82)	(84)	(987)
Cumulative effect of the adoption of the new accounting standard for asset retirement obligation	(131)	-	(1,578)
Gain on termination of retirement benefits plan	248	-	2,987
Other – net	27	74	325
Other expense - net	(513)	(689)	(6,180)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	¥ 5,406	¥ 3,775	$ 65,132

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income (continued)

Years ended March 31, 2011 and 2010

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2011	**2010**	**2011**
INCOME TAXES *(Note 16)*			
Current	¥ 2,533	¥ 1,415	$ 30,518
Deferred	52	509	626
Total income taxes	2,585	1,925	31,144
NET INCOME BEFORE MINORITY INTERESTS	2,820	-	33,975
MINORITY INTERESTS IN NET INCOME	56	40	674
NET INCOME	¥ 2,763	¥ 1,809	$ 33,289

	Yen		*U.S. Dollars (Note 1)*
PER SHARE OF COMMON STOCK *(Notes 2(t) and 19)*			
Basic net income	¥ 80.69	¥ 53.62	$ 0.97
Diluted net income	76.99	52.13	0.93
Cash dividends applicable to the year	15.00	2.00	0.18

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

Year ended March 31, 2011

	Millions of Yen	*Thousands of U.S. Dollars (Note 1)*
	2011	**2011**
NET INCOME BEFORE MINORITY INTERESTS	¥ 2,820	$ 33,975
OTHER COMPREHENSIVE INCOME (Note 18):		
Net unrealized gain on available-for-sale securities	57	686
Share of other comprehensive income in associates	0	0
Total other comprehensive income	57	686
COMPREHENSIVE INCOME (Note 18)	¥ 2,878	$ 34,674
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 18):		
Owners of the parent	¥ 2,820	$ 33,975
Minority interests	57	686

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, 2011 and 2010

Millions of Yen

	Outstanding number of shares of common stock	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Total	Minority interests	Total equity
BALANCE AT APRIL 1, 2009	32,569,378	¥ 2,378	¥ 908	¥ 46	¥ 4,505	¥ (218)	¥ (122)	¥ 7,499	¥ 764	¥ 8,263
Exercising stock acquisition rights	1,630,425	75	75	-	-	-	-	150	-	150
Net income for the year	-	-	-	-	1,809	-	-	1,809	-	1,809
Purchase of treasury stock	(29)	-	-	-	-	(0)	-	(0)	-	(0)
Sales of treasury stock	200,000	-	8	-	-	25	-	33	-	33
Net change in the year	-	-	-	10	-	-	231	242	(8)	233
BALANCE AT MARCH 31, 2010	34,399,774	2,453	991	57	6,315	(193)	109	9,734	755	10,489
Exercising stock acquisition rights	869,560	40	40	-	-	-	-	80	-	80
Cash dividends, ¥7.00 per share	-	-	-	-	(237)	-	-	(237)	-	(237)
Net income for the year	-	-	-	-	2,763	-	-	2,763	-	2,763
Purchase of treasury stock	(750,988)	-	-	-	-	(115)	-	(115)	-	(115)
Sales of treasury stock	169,000	-	5	-	-	22	-	28	-	28
Net change in the year	-	-	-	(4)	-	-	56	52	40	93
BALANCE AT MARCH 31, 2011	34,687,346	¥ 2,493	¥ 1,037	¥ 53	¥ 8,841	¥ (286)	¥ 166	¥ 12,305	¥ 796	¥ 13,101

Thousands of U.S. Dollars (Note 1)

	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Accumulated other comprehensive income: Net unrealized gain on available-for-sale securities	Total	Minority interests	Total equity
BALANCE AT MARCH 31, 2010	$ 29,554	$ 11,939	$ 686	$ 76,084	$ (2,325)	$ 1,313	$ 117,277	$ 9,096	$ 126,373
Exercising stock acquisition rights	481	481	-	-	-	-	963	-	963
Cash dividends, $0.08 per share	-	-	-	(2,855)	-	-	(2,855)	-	(2,855)
Net income for the year	-	-	-	33,289	-	-	33,289	-	33,289
Purchase of treasury stock	-	-	-	-	(1,385)	-	(1,385)	-	(1,385)
Sales of treasury stock	-	60	-	-	265	-	337	-	337
Net change in the year	-	-	(48)	-	-	674	626	481	1,120
BALANCE AT MARCH 31, 2011	$ 30,036	$ 12,493	$ 638	$ 106,518	$ (3,445)	$ 2,000	$ 148,253	$ 9,590	$ 157,843

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years ended March 31, 2011 and 2010

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2011	**2010**	**2011**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 5,406	¥ 3,775	$ 65,132
Adjustments for:			
Depreciation and amortization	2,627	2,404	31,650
Loss on impairment of long-lived assets	165	359	1,987
Increase in allowance for doubtful accounts	30	11	361
Decrease in accrued bonuses	(33)	(10)	(397)
Decrease in liability for employees' retirement benefits	(962)	(225)	(11,590)
Increase in liability for retirement benefits for directors and corporate auditors	44	138	530
Interest and dividend income	(57)	(76)	(686)
Interest expense	549	534	6,614
Foreign exchange loss	27	20	325
Equity in earnings of unconsolidated subsidiaries and associated companies	(169)	(128)	(2,036)
Loss on sales and disposals of property and equipment – net	53	20	638
Write-down of investment securities	87	375	1,048
Loss (gain) on sales of investment securities – net	27	(10)	325
Decrease (increase) in notes and accounts receivable, trade	928	(179)	11,180
Decrease (increase) in inventories	2,129	(1,831)	25,650
(Decrease) increase in notes and accounts payable, trade	(2,834)	3,941	(34,144)
Decrease (increase) in other current assets	195	(38)	2,349
(Decrease) increase in other current liabilities	(637)	613	(7,674)
Other – net	834	(340)	10,048
Subtotal	8,412	9,352	101,349
Interest and dividends received	76	55	915
Interest paid	(554)	(542)	(6,674)
Income taxes paid	(2,084)	(1,538)	(25,108)
Income taxes refunded	768	692	9,253
Net cash provided by operating activities	¥ 6,619	¥ 8,018	$ 79,746

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, 2011 and 2010

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2011	**2010**	**2011**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	¥ (1,474)	¥ (1,182)	$ (17,759)
Proceeds from sales of property and equipment	485	3,106	5,843
Purchases of intangible assets	(42)	(34)	(506)
Purchases of investment securities	(236)	(89)	(2,843)
Proceeds from sales of investment securities	239	327	2,879
Cash received in sales of subsidiaries, net of cash relinquished	-	105	-
Increase in loans receivable	(183)	(16)	(2,204)
Collection from loans receivable	316	1,177	3,807
Payment of security deposits	(51)	(48)	(614)
Refund from security deposits	90	32	1,084
Other	(60)	(190)	(722)
Net cash (used in) provided by investing activities	(916)	3,186	(11,036)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net decrease in short-term bank loans	(4,535)	(6,700)	(54,638)
Proceeds from long-term debt	5,910	7,500	71,204
Repayment of long-term debt	(6,713)	(6,172)	(80,879)
Proceeds from issuance of bonds	500	283	6,024
Redemption of bonds	(197)	(30)	(2,373)
Guarantee deposits refunded	-	(551)	-
Purchase of treasury stock	(115)	(0)	(1,385)
Sales of treasury stock	23	28	277
Purchase of treasury stock by a subsidiary	-	(24)	-
Cash dividends paid	(237)	-	(2,855)
Cash dividends paid to minority shareholders	(16)	(12)	(192)
Repayment of lease obligations	(920)	(442)	(11,084)
Other	(1)	-	(12)
Net cash used in financing activities	(6,304)	(6,122)	(75,951)
FOREIGN CURRENCY TRANLSATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(27)	(8)	(325)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(630)	5,074	(7,590)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,982	1,908	84,120
CASH AND CASH EQUIVALENTS, END OF YEAR *(Note 3)*	¥ 6,352	¥ 6,982	$ 76,530

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, 2011 and 2010

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2011	**2010**	**2011**
NONCASH FINANCING ACTIVITIES:			
Finance lease transactions:			
Increase in leased assets	¥ 2,236	¥ 930	$ 26,939
Increase in lease obligations	2,348	977	28,289
Execution of stock acquisition rights:			
Increase in common stock	40	75	481
Increase in capital surplus	40	75	481
The following are the amount of assets and liabilities of a subsidiary excluded from the consolidation scope with the sales of share capital, as of December 22, 2009:			
(HD asset management Co., Ltd.)			
Current assets	-	35	-
Non-current assets	-	914	-
Current liabilities	-	(38)	-
Non-current liabilities	-	(803)	-
Gain on sales of security of HD Asset Management Co., Ltd.	-	31	-
Value of sales of security of HD Asset Management Co., Ltd.	-	139	-
Cash and cash equivalents of HD Asset Management Co., Ltd.	-	(34)	-
Cash received in sales of HD Asset Management Co., Ltd.	-	¥ 105	-

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Notes to the Consolidated Financial Statements

March 31, 2011 and 2010

1. BASIS OF PREPARATION

The accompanying consolidated financial statements 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 accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the 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 2010 consolidated financial statements to conform to the classifications used in 2011.

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 ¥83 = U.S.$1, the approximate rate of exchange at March 31, 2011. 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 million yen for the years ended March 31, 2011 and 2010 have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements for the years ended March 31, 2011 and 2010 (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, 2011 and 2010 include the accounts of the Company and its 22 significant subsidiaries (together, the “Group”).

GYAKUSAN collective investment vehicle was excluded from consolidation as of March 31, 2011 and 2010, and TRUST ABSOLUT AUTO (PROPRIETARY) LIMITED was excluded from consolidation as of March 31, 2011 because the effect of these entities on the accompanying consolidated financial statements would not be material.

Investments in three associated companies are accounted for by the equity method as of March 31, 2011 and 2010. Investments in the remaining unconsolidated subsidiaries and associated companies (11 in 2011 and 8 in 2010) 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.

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

(b) Cash and 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 and cash equivalents consist of cash on hand and deposits in banks (including time deposits). The Company considers all time deposits with an original maturity of one year or less to be cash equivalents. Generally, such time deposits can be withdrawn at any time without penalty or diminution of the principal amount.

(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.

(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:

Available-for-sale securities, which are classified as neither trading securities nor held-to-maturity 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 2011 (one in 2010). 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

Inventories are stated at the lower of cost, determined by the individual cost method for merchandise such as new cars, used cars and real estate for sale and work in process, and by the last invoice method for merchandise such as parts, raw materials and supplies and by the average method for finished goods.

(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 assets that are deemed not to transfer ownership to the lessee are depreciated over the 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) Intangible assets

Expenditures relating to software developed for internal use are charged to income when incurred, except when 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, except for software for sale which are measured at cost less the greater of cumulative amortization based on straight-line method over three years or on the expected sales quantities.

(j) Deferred assets

Stock and bond issuance costs are charged to income as incurred.

(k) Liability for employees' retirement benefits

The Company and certain consolidated subsidiaries have a defined contribution pension plan in which employees can select either a defined contribution pension plan or a prepayment plan. In addition, as for defined benefit plan, there is 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 the employees' average service period. Prior service costs are amortized over 11 years, within the 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.

On October 1, 2010, some subsidiaries introduced defined contribution pension plans in place of lump-sum retirement plans, and as a result, ¥248 million ($2,987 thousand) was recorded in extraordinary loss for the year ended March 31, 2011 in accordance with ASBJ Guidance No. 1 "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve".

(l) 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.

(m) 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 them in the current fiscal year.

(n) 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 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.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥4 million ($48 thousand) and income before income taxes and minority interests by ¥134 million ($1,614 thousand).

(o) Stock Options

The ASBJ Statement No.8, ”Accounting Standard for Stock Options” and related guidance are applicable to stock options granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The Company has applied the accounting standard for stock options to those granted on and after May 1, 2006.

(p) 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 were deemed to transfer ownership of the leased assets 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 notes 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 did not transfer ownership of the leased assets to the lessee to be accounted for as operating lease transactions.

(Lessor)
Under the previous accounting standard, finance leases that were deemed 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 notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased assets to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased assets to the lessee should be recognized as investments in leases, where the Group recognizes the lease payment from the lessee as sales when received while recognizing the corresponding portion of the lease receivable or investment in lease as cost of sales. In addition, the accounting standard permits leases which existed at the transition date and did not transfer ownership of the leased assets to the lessee to be accounted for as operating lease transactions.

(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, 2008 net gains on sublease transactions were recorded as sales. Also, the Group accounted for leases which existed at the transition date and did not transfer ownership of the leased assets to the lessee in accordance with the new accounting method.

(q) Construction Contracts

In December 2007, the ASBJ issued ASBJ Statement No. 15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 "Guidance on Accounting Standard for Construction Contracts". Under the previous Japanese GAAP, either the completed-contract method or the percentage-of-completion method was permitted to account for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009.

(r) 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.

(s) Derivatives and Hedge accounting

The Group uses derivative financial instruments to manage its exposures to fluctuations in interest rates. Interest rate swaps and interest rate caps are utilized by the Group to reduce interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

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

(t) 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.

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

(u) New accounting pronouncements

Accounting Changes and Error Corrections**—**In December 2009, 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. CASH AND CASH EQUIVALENTS

A reconciliation between the cash and cash equivalents on the consolidated balance sheets and consolidated statements of cash flows for the years ended March 31, 2011 and 2010 was as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Cash and cash equivalents on the consolidated balance sheets	¥ 6,412	¥ 7,042	$ 77,253
Time deposits	(60)	(60)	(722)
Cash and cash equivalents on the consolidated statements of cash flows	¥ 6,352	¥ 6,982	$ 76,530

4. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
New and used cars	¥ 3,917	¥ 6,218	$ 47,192
Parts	308	240	3,710
Other merchandise	293	299	3,530
Total merchandise	4,518	6,758	54,433
Raw materials	54	42	650
Work in process	241	188	2,903
Supplies	52	45	626
Total	¥ 4,867	¥ 7,034	$ 58,638

5. INVESTMENT SECURITIES

Investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2010**	**2011**
Current:			
Trust fund investments and other	-	¥ 3	-
Total	-	¥ 3	-
Non-current:			
Equity securities	¥ 824	¥ 801	$ 9,927
Trust fund investments and other	286	354	3,445
Total	¥ 1,110	¥ 1,156	$ 13,373

Information regarding investment securities classified as available-for-sale securities at March 31, 2011 and 2010 is summarized as follows:

	Millions of Yen			
	2011			
	Cost	Unrealized gains	Unrealized losses	Fair value
Equity securities	¥ 256	¥ 300	¥ 16	¥ 540
Other	251	12	1	262
Total	¥ 508	¥ 312	¥ 18	¥ 803

	Millions of Yen			
	2010			
	Cost	Unrealized gains	Unrealized losses	Fair value
Equity securities	¥ 310	¥ 209	¥ 18	¥ 501
Other	282	16	7	291
Total	¥ 592	¥ 226	¥ 25	¥ 793

	Thousands of U.S. Dollars			
	2011			
	Cost	Unrealized gains	Unrealized losses	Fair value
Equity securities	$ 3,084	$ 3,614	$ 192	$ 6,506
Other	3,024	144	12	3,156
Total	$ 6,120	$ 3,759	$ 216	$ 9,674

The information of the available-for-sale securities which were sold during the year ended March 31, 2011 and 2010 was as follows:

	Millions of Yen		
	2011		
	Proceeds	Realized gains	Realized losses
Equity securities	¥ 206	¥ 12	¥ 42
Other	31	3	1
Total	¥ 238	¥ 16	¥ 43

	Millions of Yen		
	2010		
	Proceeds	Realized gains	Realized losses
Equity securities	¥ 271	¥ 31	¥ 11
Other	17	1	0
Total	¥ 288	¥ 33	¥ 12

	Thousands of U.S. Dollars		
	2011		
	Proceeds	Realized gains	Realized losses
Equity securities	$ 2,481	$ 144	$ 506
Other	373	36	12
Total	$ 2,867	$ 192	$ 518

The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥2 million ($24 thousand) and ¥8 million, respectively.

The carrying amount of available-for-sale securities with contractual maturities at March 31, 2011 and 2010 is disclosed in Note 14.

6. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2011 and 2010, and as a result, recognized impairment losses of ¥165 million ($1,987 thousand) and ¥359 million, respectively. At March 31, 2011, impairments were recorded for buildings and structures, goodwill and others. As a result of changes in the intended use of business properties, the carrying amounts of assets to be disposed were written down. In addition, the carrying amount of goodwill that arose from purchasing LCI Co., Ltd. was also written down because its operating performance was significantly below plan.

Impairment losses consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Goodwill	¥ 94	-	$ 1,132
Buildings and structures	61	¥ 235	734
Land	-	113	-
Other	9	10	108
Total	¥ 165	¥ 359	$ 1,987

7. INTANGIBLE ASSETS

Intangible assets at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Goodwill, net	¥ 11,031	¥ 11,882	$ 132,903
Other	657	620	7,915
Total	¥ 11,688	¥ 12,502	$ 140,819

8. INVESTMENT PROPERTY

On November 28, 2008, the ASBJ issued ASBJ Statement No. 20 “Accounting Standard for Investment Property and Related Disclosures” and issued ASBJ Guidance No. 23 “Guidance on Accounting Standard for Investment Property and Related Disclosures”. This accounting standard and the guidance are applicable to investment property and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the accounting standard and guidance effective March 31, 2010.

The Company and its consolidated subsidiaries hold some rental properties such as office buildings and shops in Aichi and other areas. In addition, some rental properties such as office buildings, part of which the Company and its consolidated subsidiaries use, are classified as rental properties in part.

The carrying amounts, changes in such balances and market prices of such properties are as follows:

	Millions of Yen			
	Carrying amount			Fair value
	April 1, 2010	Increase/ (Decrease)	March 31, 2011	March 31, 2011
Investment properties	¥ 3,390	¥ 56	¥ 3,447	¥ 3,264
Properties which include parts used as investment properties	1,501	93	1,594	2,250

	Millions of Yen			
	Carrying amount			Fair value
	April 1, 2009	Increase/ (Decrease)	March 31, 2010	March 31, 2010
Investment properties	¥ 6,467	¥ (3,077)	¥ 3,390	¥ 3,567
Properties which include parts used as investment properties	1,518	(17)	1,501	1,825

	Thousands of U.S. Dollars			
	Carrying amount			Fair value
	April 1, 2010	Increase/ (Decrease)	March 31, 2011	March 31, 2011
Investment properties	$ 40,843	$ 674	$ 41,530	$ 39,325
Properties which include parts used as investment properties	18,084	1,120	19,204	27,108

Notes:

1) The carrying amount recognized in the balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2) The increase during the fiscal year ended March 31, 2011 primarily represents cumulative effect of the adoption of the new accounting standard for asset retirement obligation amounted to ¥58 million ($698 thousand) and transfer from owner-occupied property to investment property amounted to ¥168 million ($2,024 thousand).
   Additionally, ¥106 million ($1,277 thousand) of investment properties were transferred to properties which include parts used as investment properties during the year ended March 31, 2011.
3) The fair value of properties as of March 31, 2011 and 2010 is measured by the Group in accordance with its Real-Estate Appraisal Standard.

In addition, rental income and operating expenses for those rental properties are as follows:

	Millions of Yen			
March 31, 2011	Rental income	Cost of rent	Total	Other income/ (expenses)
Investment properties	¥ 312	¥ 174	¥ 137	¥ (5)
Properties which include parts used as investment properties	115	53	62	(1)

	Millions of Yen			
March 31, 2010	Rental income	Cost of rent	Total	Other income/ (expenses)
Investment properties	¥ 439	¥ 242	¥ 196	¥ (10)
Properties which include parts used as investment properties	71	22	48	-

	Thousands of U.S. Dollars			
March 31, 2011	Rental income	Cost of rent	Total	Other income/ (expenses)
Investment properties	$ 3,759	$ 2,096	$ 1,650	$ (60)
Properties which include parts used as investment properties	1,385	638	746	(12)

Note:

Rental income arising from properties which include parts used as investment properties are not recognized because such properties include parts used by the Group for their business and administration. In addition, costs arising from such properties (e.g. depreciation expense, repair cost, insurance cost, tax and public charges) are deducted from rental expenses.

9. 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 1.32% and 1.30% at March 31, 2011 and 2010, respectively.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Loans from banks and other financial institutions due serially to 2020 with interest rates ranging from 0.70% to 2.48% (0.72% to 3.38% in 2010):			
Collateralized	¥ 4,050	¥ 1,921	$ 48,795
Unsecured	11,082	14,015	133,518
Unsecured 1.40% domestic bonds due 2016	72	86	867
Unsecured 1.34% domestic bonds due 2015	68	84	819
Unsecured 5.0% domestic convertible debentures, convertible into common stock at ¥92 per share due 2012	-	150	-
Unsecured 0.60% domestic bonds due 2013	416	-	5,012
Lease obligations	2,948	1,556	35,518
Unsecured 1.90% in 2011 and 2010 domestic other long-term debt due 2029	18	18	216
Total	¥ 18,656	¥ 17,832	$ 224,771
Less current portion	(6,927)	(6,782)	(83,457)
Long-term debt, less current portion	¥ 11,728	¥ 11,050	$ 141,301

The convertible debentures outstanding at March 31, 2010 were convertible into 1,630 thousand shares of common stock of the Company. The conversion prices of the convertible debentures were subject to adjustments in certain circumstances.

Unsecured 1.90% domestic other long-term debt due 2029 is included in other long-term liabilities in the consolidated balance sheets.

The aggregate annual maturities of long-term debt and lease obligations subsequent to March 31, 2011 are summarized as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
Long-term debt	**2011**	**2011**
2012	¥ 5,724	$ 68,963
2013	4,150	50,000
2014	3,471	41,819
2015	1,596	19,228
2016	402	4,843
2017 and thereafter	344	4,144
Total	¥ 15,689	$ 189,024

	Millions of Yen	*Thousands of U.S. Dollars*
Lease obligations	**2011**	**2011**
2012	¥ 1,202	$ 14,481
2013	971	11,698
2014	627	7,554
2015	128	1,542
2016	6	72
2017 and thereafter	11	132
Total	¥ 2,948	$ 35,518

Lease obligations on sub-leases were not included in the schedule above and, as a result, lease obligations presented in the current liabilities section of the consolidated balance sheet are ¥2,707 million ($32,614 thousand) more than that in the above schedule.

The assets pledged as collateral for short-term bank loans of ¥5,049 million ($60,831 thousand) and long-term debt of ¥5,138 million ($61,903 thousand), including the current portion, at March 31, 2011 were as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
	2011	**2011**
Land	¥ 9,315	$ 112,228
Buildings	2,306	27,783
Investment securities	3	36
Time deposit	160	1,927
Total	¥ 11,786	$ 142,000

In addition, investment securities of consolidated subsidiaries of the Company were pledged as collateral for long-term bank loans, including the current portion.

Financial covenants relating to syndicate loans of ¥3,109 million ($37,457 thousand) are as follows:

The syndicate loans executed on September 28, 2005 contain restrictions that the amount of equity in the consolidated balance sheets at fiscal year end should not be less than 75% of the amount of equity in the consolidated balance sheets at March 31, 2005.

The syndicate loans executed on September 25, 2006 contain restrictions that the amount of equity in the consolidated balance sheet (excluding unrealized gain or loss on available-for-sale securities) at the fiscal 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 sheet 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’s financial covenant:
The syndicate loans executed on March 28, 2007 contain 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 fiscal 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).

Consolidated subsidiary, Honda Cars Tokai Co., Ltd.’s financial covenant:
The syndicate loans executed on March 29, 2010 contain restrictions that the amount of equity in the balance sheet at fiscal year end should not be less than 80% of the amount of equity in the balance sheets at March 31, 2010 and the Honda Cars Tokai Co., Ltd. does not operate at ordinary losses for two consecutive fiscal years.

The Company and certain consolidated subsidiaries contracted bank overdraft agreements with 22 banks for efficient fund raising. The Company and certain consolidated subsidiaries were able to overdraw the maximum credit limit of ¥25,000 million ($301,204 thousand) at March 31, 2011. The outstanding balance of overdrafts was ¥9,920 million ($119,518 thousand) at March 31, 2011.

10. RETIREMENT AND PENSION PLAN

The following table sets forth the funded and accrued status of certain consolidated subsidiaries' defined benefit pension plans and the amounts recognized in the consolidated balance sheets at March 31, 2011 and 2010 for the plan:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Projected benefit obligation	¥ (610)	¥ (2,313)	$ (7,349)
Plan assets at fair value	-	802	-
Unfunded retirement benefit obligation	(610)	(1,510)	(7,349)
Unrecognized transitional obligation	(47)	(59)	(566)
Unrecognized actuarial gain (loss)	51	(11)	614
Unrecognized prior service cost	87	99	1,048
Liability for retirement benefits	¥ (519)	¥ (1,481)	$ (6,253)

A certain subsidiary transferred its lump sum retirement benefit plan to a defined contribution plan at October 1, 2010. The effect of this change was as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
	2011	**2011**
Decrease of projected benefit obligation	¥ 1,615	$ 19,457
Decrease of plan assets at fair value	(798)	(9,614)
Decrease of unrecognized actuarial loss	84	1,012
Decrease of liability for retirement benefits	¥ 900	$ 10,843

In addition, the amount of assets to be transferred to the defined contribution plan is ¥652 million ($7,855 thousand) and the assets will be transferred over a period of eight years. The amount of the assets which have not transferred as of March 31, 2011 is ¥528 million ($6,361 thousand). Those are accounted for as payable and long-term payable.

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

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Service cost	¥ 42	¥ 86	$ 506
Interest cost	29	48	349
Amortization of transitional obligation	(11)	(11)	(132)
Recognized actuarial loss	12	4	144
Amortization of prior service cost	12	12	144
Contribution to defined contribution pension plan	200	159	2,409
Prepaid retirement payments	16	14	192
Other periodic benefit costs	135	142	1,626
Net periodic benefit costs	¥ 436	¥ 458	$ 5,253

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	**2010**
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.

The funded status of the multi-employer pension plans at March 31, 2010 and 2009 (available information as of March 31, 2011 and 2010), to which contributions were recorded as net periodic retirement benefit costs, was as follows:

	Millions of Yen	
2010	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund
Fair value of plan assets	¥ 27,069	¥ 27,045
Pension obligation recorded by pension fund	27,504	35,154
Difference	¥ (435)	¥ (8,109)

	Millions of Yen			
2009	Pension Fund of Honda Car Dealers		Shizuoka Automobile Pension Fund	
Fair value of plan assets	¥	22,514	¥	24,841
Pension obligation recorded by pension fund		28,292		38,116
Difference	¥	(5,778)	¥	(13,275)

The Group's contribution percentage for multi-employer pension plans for the years ended March 31, 2011 and 2010 is as follows:

	2011	**2010**
Pension Fund of Honda Car Dealers	4.0 %	3.9 %
Shizuoka Automobile Pension Fund	8.1	8.5

Notes:
(Pension Fund of Honda Car Dealers)
Difference in 2010 and 2009 mainly resulted from deficiency of reserve.
(Shizuoka Automobile Pension Fund)
1. Difference resulted mainly from deficiency of reserve of ¥3,942 million and ¥8,654 million for 2010 and 2009 respectively, and prior service cost of ¥4,166 million and ¥4,620 thousand for 2010 and 2009, respectively.
2. Prior service cost is amortized over 20 years and special contribution of ¥31 million and ¥34 million was expensed for the years ended March 31, 2010 and 2009.

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

11. 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 a Board of Directors, (2) having independent auditors, (3) having a 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 certain limitations 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 the aggregate amount of the 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 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.

12. STOCK OPTIONS

Expenses arising from stock options included in the statements of income for the year ended March 31, 2010 were ¥15 million.

The outstanding stock options granted by the Group as of March 31, 2011 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
2005 Stock option (the Company)	(the Company) 6 advisors 5 employees (Subsidiaries) 13 directors 10 employees	106,500	July 20, 2005	¥ 776 ($ 9.35)	From August 1, 2007 To June 30, 2011
2008 Stock option (the Company)	(the Company) 3 directors	2,500,000	June 30, 2008	¥ 142 ($ 1.71)	From July 1, 2009 To June 30, 2013

The stock option activity is as follows:

(Stock option granted by the Company)

	2005 Stock option (Shares)	2008 Stock option (Shares)
For the year ended March 31, 2010		
Non-vested		
March 31, 2009 - Outstanding	-	2,500,000
Granted	-	-
Canceled	-	-
Vested	-	1,843,000
March 31, 2010 - Outstanding	-	657,000
Vested		
March 31, 2009 - Outstanding	92,500	-
Vested	-	1,843,000
Exercised	-	200,000
Canceled	-	-
March 31, 2010 - Outstanding	92,500	1,643,000
For the year ended March 31, 2011		
Non-vested		
March 31, 2010 - Outstanding	-	657,000
Granted	-	-
Canceled	-	-
Vested	-	657,000
March 31, 2011 - Outstanding	-	-
Vested		
March 31, 2010 - Outstanding	92,500	1,643,000
Vested	-	657,000
Exercised	-	169,000
Canceled	-	-
March 31, 2011 - Outstanding	92,500	2,131,000
Exercise price	¥ 776	¥ 142
(yen and U.S. dollars)	($ 9.35)	($ 1.71)
Average stock price at exercise		¥ 206
(yen and U.S. dollars)	-	($ 2.48)
Fair value price at grant date		¥ 25
(yen and U.S. dollars)	-	($ 0.30)

13. LEASES

(As lessee)

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

As discussed in Note 2 (p), the Group accounted for leases which existed at March 31, 2008 and did not transfer ownership of the leased assets 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 ¥285 million ($3,433 thousand) and ¥543 million for the years ended March 31, 2011 and 2010, respectively.

Pro forma information for the years ended March 31, 2011 and 2010 of leased assets such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that did not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen			
	2011			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Machinery and vehicles	¥ 300	¥ 230	-	¥ 70
Other:				
Furniture, fixtures and equipment	77	53	-	24
Software	23	22	-	1
Total	¥ 402	¥ 306	-	¥ 95

	Millions of Yen			
	2010			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Machinery and vehicles	¥ 1,142	¥ 803	¥ 3	¥ 336
Other:				
Furniture, fixtures and equipment	82	44	-	37
Software	23	17	-	5
Total	¥ 1,248	¥ 865	¥ 3	¥ 379

	Thousands of U.S. Dollars			
	2011			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Machinery and vehicles	$ 3,614	$ 2,771	-	$ 843
Other:				
Furniture, fixtures and equipment	927	638	-	289
Software	277	265	-	12
Total	$ 4,843	$ 3,686	-	$ 1,144

Obligations under finance leases at March 31, 2011 were as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
Due within one year	¥ 65	$ 783
Due after one year	36	433
Total	¥ 102	$ 1,228

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

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

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Reversal of allowance for impairment loss on leased assets	¥ 0	¥ 3	$ 0
Depreciation expense	206	430	2,481
Interest expense	7	17	84

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

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

	Millions of Yen	*Thousands of U.S. Dollars*
Due within one year	¥ 0	$ 0
Due after one year	-	-
Total	¥ 0	$ 0

(As lessor)

The Group leases certain machinery and vehicles as lessor.

As discussed in Note 2 (p), the Group accounted for leases which existed at March 31, 2008 and did not transfer ownership of the leased assets 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 ¥2 million ($24 thousand) and ¥2 million for the years ended March 31, 2011 and 2010, respectively.

The following amounts represent the acquisition cost, accumulated depreciation and carrying amount of those leased assets at March 31, 2011 and 2010.

	Millions of Yen		
	2011		
	Acquisition cost	Accumulated depreciation	Carrying amount
Machinery and vehicles	¥ 7	¥ 6	¥ 0

	Millions of Yen		
	2010		
	Acquisition cost	Accumulated depreciation	Carrying amount
Machinery and vehicles	¥ 7	¥ 4	¥ 2

	Thousands of U.S. Dollars		
	2011		
	Acquisition cost	Accumulated depreciation	Carrying amount
Machinery and vehicles	$ 84	$ 72	$ 0

Depreciation expense and interest income under finance leases were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Depreciation expense	¥ 1	¥ 1	$ 12
Interest income	0	0	0

Interest income is computed by the interest method.

Expected revenues from such finance lease that existed at the transition date and were accounted for as operating leases at March 31, 2011 were as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
Due within one year	¥ 0	$ 0
Due after one year	0	0
Total	¥ 0	$ 0

Amounts of sublease items, which include interest portion, included in the consolidated balance sheet as of March 31, 2011 were as follows:

	Millions of Yen	*Thousands of U.S. Dollars*
Lease receivables:		
Current assets	¥ 2,597	$ 31,289
Lease obligations:		
Current liabilities	2,707	32,614

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 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". This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Company applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group policy for financial instruments

The Company sells cars and conducts related businesses. The Company finances mainly by bank loans based on its capital financing plan. Cash surpluses, if any, are invested in low risk financial assets. Short-term bank loans are used to fund its daily operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described below.

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

Receivables such as trade notes, trade accounts, lease receivables and investments in leases are exposed to customer credit risk. Securities and investment securities, which are mainly in equity instruments of customers and suppliers of the Company, are exposed to the risk of market price fluctuation. In addition, advances to the Company's customers and suppliers and receivables from them are exposed to credit risk.

The payment terms of payables, such as trade notes and trade accounts, are less than one year. Bank loans and bonds are used to fund M&A for business expansion and facilities in its subsidiaries and their maturities are less than approximately five years. Lease obligations mainly arise from finance lease transactions of cars for rent and their maturities are less than five years. Additionally, bank loans and corporate bonds with variable interest rates and lease obligations are exposed to risks from changes in variable interest rates.

(3) Risk management for financial instruments

Credit Risk Management

The Company manages its credit risk from receivables on the basis of internal guidelines, which includes monitoring of customers' credit records which are reviewed on a regular basis to identify the default risk of customers at an early stage. The Company investigates the credit information of new customers before doing business and to determine whether to enter into the contract or not as well as to define the contract terms with them.

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

Securities and investment securities are managed by monitoring the market values and the financial position of issuers on a regular basis. The Company and some of its subsidiaries apply derivatives such as interest rate swaps to certain bank loans to manage the market risk from changes in variable interest rates.

Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company manages its liquidity risk by planning or revising its cash flow projection on a monthly basis.

(4) Fair values of financial instruments

The fair value of financial instruments is based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Please see Note 15 for the detail of the fair value of derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
	2011		
	Carrying amount	Fair value	Unrealized gain/(loss)
Cash and cash equivalents	¥ 6,412	¥ 6,412	-
Notes and accounts receivable	2,964	2,964	-
Lease receivables and investments in leases	2,753	2,949	¥ 196
Securities and investment securities:			
Available-for-sale securities	803	803	-
Short-term loans receivable	135	137	2
Long-term loans receivable	396	414	18
Claims in bankruptcy:	209		
Less: allowance for doubtful accounts (*)	(208)		
Claims in bankruptcy - net	1	1	-
Total	¥ 13,466	¥ 13,683	¥ 216
Notes and accounts payable	¥ 10,246	¥ 10,246	-
Short-term bank loan (excluding current portion of long-term debt)	10,553	10,553	-
Lease obligation (current and non-current portion)	5,655	5,551	¥ (104)
Long-term debt (including current portion)	15,689	15,710	20
Total	¥ 42,146	¥ 42,062	¥ (83)
Derivatives	-	-	-

	Millions of Yen					
	2010					
	Carrying amount		Fair value		Unrealized gain/(loss)	
Cash and cash equivalents	¥	7,042	¥	7,042		-
Notes and accounts receivable		3,237		3,237		-
Lease receivables and investments in leases		1,997		2,044	¥	46
Securities and investment securities:						
Available-for-sale securities		793		793		-
Short-term loans receivable		273		276		2
Long-term loans receivable		433		451		17
Claims in bankruptcy:		213				
Less: allowance for doubtful accounts (*)		(192)				
Claims in bankruptcy - net		21		21		-
Total	¥	13,799	¥	13,866	¥	66
Notes and accounts payable	¥	13,081	¥	13,081		-
Short-term bank loan (excluding current portion of long-term debt)		15,089		15,089		-
Lease obligation (current and non-current portion)		3,540		3,475	¥	(65)
Long-term debt (including current portion)		16,257		16,282		25
Total	¥	47,968	¥	47,928	¥	(39)
Derivatives		-		-		-

	Thousands of U.S. Dollars					
	2011					
	Carrying amount		Fair value		Unrealized gain/(loss)	
Cash and cash equivalents	$	77,253	$	77,253		-
Notes and accounts receivable		35,710		35,710		-
Lease receivables and investments in leases		33,168		35,530	$	2,361
Securities and investment securities						
Available-for-sale securities		9,674		9,674		-
Short-term loans receivable		1,626		1,650		24
Long-term loans receivable		4,771		4,987		216
Claims in bankruptcy		2,518				
Less: allowance for doubtful accounts (*)		(2,506)				
Claims in bankruptcy - net		12		12		-
Total	$	162,240	$	164,855	$	2,602

Notes and accounts payable	$ 123,445	$ 123,445	-
Short-term bank loan (excluding current portion of long-term debt)	127,144	127,144	-
Lease obligation (current and non-current portion)	68,132	66,879	$ (1,253)
Long-term debt (including current portion)	189,024	189,277	240
Total	$ 507,783	$ 506,771	$ (1,000)
Derivatives	-	-	-

(*) Claims in bankruptcy are disclosed after deduction of the allowance for doubtful accounts.

Assets

Cash and cash equivalents and Notes and accounts receivable
The carrying amount of these accounts approximate fair value because of their short maturities.

Lease receivables and Investments in leases
The fair values of these accounts are determined by discounting total nominal amount with the rate reflecting the credit risk. Accordingly, the carrying amount of these accounts is different from the fair value because they are carried at the nominal amount.

Securities and Investment securities
The fair values of these accounts are measured at the quoted market prices of the stock exchange for equity instruments.

Short-term loans receivable and Long-term loans receivable
The fair values of these accounts are determined by discounting the cash flow with the rate reflecting the payment term and the credit risk by each item. In addition, the carrying amount of short-term loans receivable approximates the fair value because of their short maturities.

Claims in bankruptcy
The fair value of claims in bankruptcy represents the carrying amount as of the balance sheet date less the bad-debt allowance, which is calculated based on the estimated recoverable amount with guarantee and collateral.

Liabilities

Notes and accounts payable and short-term loans payable
The carrying amount of these accounts approximate fair value because of their short maturities.

Lease obligations
The fair values of lease obligations are determined by discounting the nominal amount with the rate reflecting the credit risk. In addition, the carrying amount of lease obligations related to sublease transactions is different from their fair value because the carrying amount includes interest expense.

Long-term debt
The fair value of long-term debt is determined by discounting the cash flow related to debt at the Group's assumed corporate borrowing rate. Some of the long-term bank loans with

variable interest rates are accounted for together with the interest rate swaps which meet the certain criteria and the fair value of the swaps was included in that of long-term debt.

Derivatives

The information on the fair value of derivatives is included in Note 15.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Unlisted equity securities	¥ 307	¥ 367	$ 3,698

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

	Millions of Yen			
	2011			
	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	¥ 6,412	-	-	-
Notes and accounts receivable	2,964	-	-	-
Lease receivables and investments in leases	1,016	¥ 1,733	¥ 3	-
Securities and investment securities				
Available-for-sale securities with contractual maturities	-	-	5	¥ 203
Short-term loans receivable and long-term loans receivable	166	135	63	166
Total	¥ 10,560	¥ 1,869	¥ 72	¥ 369

	Thousands of U.S. Dollars			
	2011			
	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	$ 77,253	-	-	-
Notes and accounts receivable	35,710	-	-	-
Lease receivables and investments in leases	12,240	$ 20,879	$ 36	-
Securities and investment securities				
Available-for-sale securities with contractual maturities	-	-	60	$ 2,445
Short-term loans receivable and long-term loans receivable	2,000	1,626	759	2,000
Total	$ 127,228	$ 22,518	$ 867	$ 4,445

Please see Note 9 for annual maturities of long-term debt and obligations under finance leases.

15. DERIVATIVES

The Group enters into interest rate swap and cap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedge assets or liabilities.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

The information of derivative transactions to which hedge accounting is applied at March 31, 2011 and 2010 is as follows:

	Millions of Yen			
	2011			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps: (fixed rate payment, variable rate receipt)	Long-term debt	¥ 1,393	¥ 956	(*)
Interest rate caps	Long-term debt	360	280	(*)

	Millions of Yen			
	2010			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps: (fixed rate payment, variable rate receipt)	Long-term debt	¥ 1,750	¥ 1,750	(*)

	Thousands of U.S. Dollars			
	2011			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps: (fixed rate payment, variable rate receipt)	Long-term debt	$ 16,783	$ 11,518	(*)
Interest rate caps	Long-term debt	4,337	3,373	(*)

The contract amounts of derivatives which are shown above do not represent the amounts exchanged by the parties and do not measure the Company’s exposure to credit or market risk.

(*) The above interest rate swaps and caps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 14 is included in that of hedged items (i.e. long-term bank loans).

16. 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% for the years ended March 31, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2011	**2010**	**2011**
Deferred tax assets:			
Accrued enterprise tax	¥ 159	¥ 106	$ 1,915
Tax loss carryforwards	1,782	1,563	21,469
Liability for employees’ retirement benefits	212	613	2,554
Accrued bonuses to employees	302	324	3,638
Allowance for doubtful accounts	90	82	1,084
Loss on impairment of long-lived assets	360	482	4,337
Write-down of investment securities	295	282	3,554
Gain on acquisition of warrants	195	195	2,349
Accounts payable - other, non-current	207	59	2,493
Other	810	719	9,759
Subtotal	4,415	4,428	53,192
Less: Valuation allowance	(2,847)	(2,841)	(34,301)
Deferred tax assets	¥ 1,568	¥ 1,587	$ 18,891
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (125)	¥ (90)	$ (1,506)
Unrealized gain on subsidiaries’ assets and liabilities arising from consolidation	(1,574)	(1,583)	(18,963)
Other	(47)	(2)	(566)
Deferred tax liabilities	¥ (1,747)	¥ (1,676)	$ (21,048)
Net deferred tax liabilities	¥ (178)	¥ (89)	$ (2,144)

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

	2011	2010
Statutory tax rate	40.1%	40.5%
Adjustment due to liquidation of a consolidated subsidiary	-	8.3
Amortization of goodwill	5.6	8.1
Valuation allowance	(1.7)	(6.9)
Tax rate differences for certain consolidated subsidiaries	1.7	-
Dividend received from subsidiaries taxable for income tax purposes	-	3.6
Changes in tax loss carryforward	1.3	(1.9)
Equity in earnings of unconsolidated subsidiaries and associated companies	(1.3)	-
Impairment on goodwill	0.7	-
Per capita tax	0.7	0.9
Income tax for prior years	0.6	-
Unrealized gain	-	0.8
Realization of unrealized gain on subsidiaries' assets and liabilities arising from consolidation	-	(0.7)
Other	0.1	(1.7)
Effective tax rate	47.8%	51.0%

17. CONTINGENT LIABILITIES

Showa Corporation Co., Ltd. brought a lawsuit on December 11, 2008 for ¥ 1,370 million against the Company and others, claiming that its loss in the car-import business was due to the Company's breach of cooperation or duty to act in good faith in the business. The lawsuit reached at an out-of-court settlement on April 26, 2011.

18. COMPREHENSIVE INCOME

For the year ended March 31, 2010

Total comprehensive income for the year ended March 31, 2010 was the following:

	Millions of Yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥ 2,040
Minority interests	48
Total comprehensive income	¥ 2,088

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
	2010
Other comprehensive income (loss):	
Unrealized gain on available-for-sale-securities	¥ 238
Share of other comprehensive loss in associates	(0)
Total other comprehensive income	¥ 238

19. NET INCOME PER SHARE

Reconciliation of the difference between basic and diluted net income per share ("EPS") for the year ended March 31, 2011 and 2010 is presented as follows:

	Millions of Yen	*Shares*	*Yen*	*U.S. Dollars*
	Net income	Weighted average shares	EPS	
For the year ended March 31, 2011				
Basic EPS				
Net income available to common shareholders	¥ 2,763	34,254,045	¥ 80.69	$ 0.97
Effect of Dilutive Securities				
Stock acquisition rights	3	1,688,463		
Diluted EPS				
Net income for computation	¥ 2,767	35,942,508	¥ 76.99	$ 0.93
For the year ended March 31, 2010				
Basic EPS				
Net income available to common shareholders	¥ 1,809	33,742,831	¥ 53.62	
Effect of Dilutive Securities				
Stock acquisition rights	4	1,054,193		
Diluted EPS				
Net income for computation	¥ 1,814	34,797,024	¥ 52.13	

20. RELATED PARTY TRANSACTIONS

Transactions with related parties, excluding subsidiaries and associated companies, for the years ended March 31, 2011 and 2010 were as follows:

Related party	Nature of transaction	*Millions of Yen* 2011	*Millions of Yen* 2010	*Thousands of U.S. Dollars* 2011
Representative director of the Company	Exercising of stock options	¥ 11	¥ 28	$ 132
	Guarantee for bank loans *(Note 1)*	1,934	2,456	23,301
	Repairing Houses *(Note 2)*	17	-	204
Executive director of the Company	Exercising of stock options	11	-	132
A company which is owned by close relative of a representative director of the Company	Sale of real estate held for sale	-	328	-

Notes:
1. Subsidiaries of the Company accept guarantees from a representative director of the Company for bank loans.
2. A subsidiary whose business is to repair houses contracted with a representative director of the Company to have a house repaired. The price was determined by the internal rules of the subsidiary.

21. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2011 was approved at the Company’s shareholders meeting held on June 29, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥10 ($0.12) per share	¥ 346	$ 4,168

22. SEGMENT INFORMATION

For the years ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17 “Accounting Standard for Segment Information Disclosures” and issued ASBJ Guidance No.20 “Guidance on Accounting Standard for Segment Information Disclosures”. Under the standard and guidance, 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.
The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments

The Group’s reportable segments are those for which separately financial information is available and regular evaluation by the Company’s management is being performed in order to decide how resources are allocated among the Group.
The Group employs the holding company system. The Company devises group-wide business strategies and administrates the Group as a holding company, and its subsidiaries operate businesses. The Group consists of the Car, Environment and Housing.
Car industry Car consists of primarily dealer businesses such as new or used car sales and the car service and maintenance repair. It also includes related businesses such as import of new cars, export of used cars and rental cars.
Environment industry consists of design, development and sales of control devices of electric power.
Housing industry consists of home sales, construction of houses and related business.

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

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

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

	Millions of Yen 2011						
	Reportable segment						
	Car	Environment	Housing	Other	Total	Reconciliations	Consolidated
Sales							
Sales to external customers	¥ 88,914	¥ 1,440	¥ 2,140	¥ 162	¥ 92,657	-	¥ 92,657
Intersegment sales or transfers	63	3	205	631	903	¥ (903)	-
Total	¥ 88,977	¥ 1,443	¥ 2,345	¥ 794	¥ 93,561	¥ (903)	¥ 92,657
Segment income (loss)	¥ 5,760	¥ 303	¥ (120)	¥ (9)	¥ 5,934	¥ (14)	¥ 5,919
Segment assets	65,487	479	1,198	5,960	73,126	(7,396)	65,730
Other:							
Depreciation	¥ 1,840	¥ 7	¥ 13	¥ 23	¥ 1,884	¥ (13)	¥ 1,871
Amortization of goodwill	751	-	5	-	756	-	756
Impairment losses of assets	165	-	-	-	165	-	165
Investments in associated companies	1,062	-	-	2,427	3,489	-	3,489
Increase in property, equipment and intangible assets	3,733	20	11	9	3,775	(29)	3,745

	Millions of Yen 2010						
	Reportable segment						
	Car	Environment	Housing	Other	Total	Reconciliations	Consolidated
Sales							
Sales to external customers	¥ 83,681	¥ 1,363	¥ 2,937	¥ 293	¥ 88,276	-	¥ 88,276
Intersegment sales or transfers	51	2	109	536	699	¥ (699)	-
Total	¥ 83,733	¥ 1,366	¥ 3,047	¥ 830	¥ 88,976	¥ (699)	¥ 88,276
Segment income (loss)	¥ 4,226	¥ 282	¥ 22	¥ (32)	¥ 4,498	¥ (34)	¥ 4,464
Segment assets	66,973	1,181	341	6,849	75,346	(7,517)	67,829
Other:							
Depreciation	¥ 1,588	¥ 6	¥ 11	¥ 62	¥ 1,669	¥ (21)	¥ 1,647
Amortization of goodwill	751	-	5	-	756	-	756
Impairment losses of assets	-	-	-	359	359	-	359
Investments in associated companies	976	-	-	2,347	3,324	-	3,324
Increase in property and equipment and intangible assets	3,536	3	11	20	3,572	(1,449)	2,122

	Thousands of U.S. Dollars						
	2011						
	Reportable segment						
	Car	Environment	Housing	Other	Total	Reconciliations	Consolidated
Sales							
Sales to external customers	$ 1,071,253	$ 17,349	$ 25,783	$ 1,951	$ 1,116,349	-	$ 1,116,349
Intersegment sales or transfers	759	36	2,469	7,602	10,879	$ (10,879)	-
Total	$ 1,072,012	$ 17,385	$ 28,253	$ 9,566	$ 1,127,240	$ (10,879)	$ 1,116,349
Segment income (loss)	$ 69,397	$ 3,650	$ (1,445)	$ (108)	$ 71,493	$ (168)	$ 71,313
Segment assets	789,000	5,771	14,433	71,807	881,036	(89,108)	791,927
Other:							
Depreciation	$ 22,168	$ 84	$ 156	$ 277	$ 22,698	$ (156)	$ 22,542
Amortization of goodwill	9,048	-	60	-	9,108	-	9,108
Impairment losses of assets	1,987	-	-	-	1,987	-	1,987
Investments in associated companies	12,795	-	-	29,240	42,036	-	42,036
Increase in property and equipment and intangible assets	44,975	240	132	108	45,481	(349)	45,120

Notes:
1. Other consists of group-wide departments of management.
2. Reconciliation consists of intersegment transactions.
3. Segment income is reconciled to operating income in the consolidated statements of income.

For the year ended March 31, 2010

The Company operates in the following industries:
Car industry consists of sales of cars, repairs to cars, car rentals and sales of car parts.
Housing industry consists of home sales, construction of houses and related business.
Real estate industry consists of leasing real estate properties.
Investment industry consists of investment in securities and consulting services.
Environment industry consists of design, development and sales of control devices of electric power.

(1) Industry Segments

The business segment information of the Group for the year ended March 31, 2010 is outlined as follows:

	Millions of Yen							
	2010							
	Car	Housing	Real estate	Investment	Environment	Total	Eliminations or corporate	Consolidated
I. Sales and operating income:								
Sales to third parties	¥ 83,594	¥ 2,926	¥ 388	¥ 4	¥ 1,363	¥ 88,276	-	¥ 88,276
Intersegment sales	34	107	45	35	2	225	¥ (225)	-
Total sales	83,629	3,034	433	39	1,366	88,502	(225)	88,276
Operating expenses	79,471	3,016	276	65	1,078	83,908	(96)	83,812
Operating income (loss)	¥ 4,157	¥ 17	¥ 156	¥ (25)	¥ 287	¥ 4,593	¥ (129)	¥ 4,464
II. Assets, depreciation, impairment loss and capital expenditures:								
Assets	¥ 64,852	¥ 949	¥ 2,485	¥ 13,839	¥ 377	¥ 82,504	¥ (14,675)	¥ 67,829
Depreciation	1,573	7	65	-	6	1,653	(5)	1,647
Impairment loss	-	-	349	10	-	359	-	359
Capital expenditures	2,094	11	20	-	3	2,129	(7)	2,122

Notes:
1. Business segments are divided based on segments which are used for internal management.
2. Depreciation and capital expenditures include depreciation and increase of long-term prepaid expenses, respectively.
3. Eliminations or corporate unallocated operating expenses are ¥636 million. They consist of selling, general and administrative expenses which are incurred by corporate management across many departments. Eliminations or corporate unallocated assets are ¥2,981 million. They consist of long-term investments and assets which are used by corporate management across many departments.

(2) 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.

(3) Sales to Foreign Customers

Information regarding sales to foreign customers is not disclosed for the year ended March 31, 2010 because sales to foreign customers were less than 10% of consolidated sales.

* * * * * *