Consolidated Financial Statements

VT HOLDINGS CO., LTD.

Year Ended March 31, 2015

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries
Consolidated Balance Sheet
March 31, 2015

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2015	**2014**	**2015**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents *(Notes 4, 9, and 13)*	¥ 6,106	¥ 7,657	$ 50,883
Notes and accounts receivable:			
Trade *(Note 13)*	5,017	4,593	41,808
Other	1,152	790	9,600
Allowance for doubtful accounts	(24)	(22)	(200)
Lease receivables and investments in leases *(Notes 12, 13, and 18)*	6,282	5,699	52,350
Inventories *(Notes 5 and 9)*	15,670	10,727	130,583
Deferred tax assets *(Note 15)*	678	880	5,650
Other current assets	1,763	1,316	14,691
Total current assets	36,647	31,642	305,391
PROPERTY AND EQUIPMENT (Notes 7, 8, and 9):			
Land	19,000	17,294	158,333
Buildings and structures	20,254	17,861	168,783
Machinery and vehicles	3,603	3,459	30,025
Leased assets *(Note 12)*	8,437	7,978	70,308
Others	1,588	1,301	13,233
Total	52,884	47,894	440,700
Accumulated depreciation	(18,429)	(17,914)	(153,575)
Property and equipment – net	34,455	29,979	287,125
INTANGIBLE ASSETS *(Note 7)*	13,047	12,240	108,725
INVESTMENTS AND OTHER ASSETS:			
Investment securities *(Notes 6, 9, and 13)*	2,101	1,974	17,508
Investments in unconsolidated subsidiaries and associated companies	4,076	3,443	33,966
Long-term loans receivable *(Note 13)*	327	696	2,725
Guarantee and rental deposits	1,112	1,088	9,266
Deferred tax assets *(Note 15)*	314	303	2,616
Other assets *(Note 13)*	1,648	2,240	13,733
Allowance for doubtful accounts	(958)	(1,271)	(7,983)
Total investments and other assets	8,622	8,474	71,850
TOTAL ASSETS	¥ 92,772	¥ 82,337	$ 773,100

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries
Consolidated Balance Sheet (continued)
March 31, 2015

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2015	**2014**	**2015**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans *(Notes 9 and 13)*	¥ 7,059	¥ 3,752	$ 58,825
Current portion of long-term debt *(Notes 9 and 13)*	3,842	2,904	32,016
Current portion of long-term lease obligations *(Notes 9, 12, and 13)*	8,500	7,630	70,833
Notes and accounts payable:			
Trade *(Notes 9 and 13)*	15,903	15,367	132,525
Other	477	419	3,975
Income taxes payable *(Note 13)*	753	1,968	6,275
Accrued bonuses to employees	862	859	7,183
Other current liabilities	4,417	4,834	36,808
Total current liabilities	41,817	37,736	348,475
LONG-TERM LIABILITIES:			
Long-term debt *(Notes 9 and 13)*	11,376	9,557	94,800
Long-term lease obligations *(Notes 9 and 13)*	3,187	2,468	26,558
Liability for employees' retirement benefits *(Note 10)*	730	761	6,083
Liability for retirement benefits for directors and Audit & Supervisory Board members	596	547	4,966
Accounts payable-other	180	183	1,500
Asset retirement obligations	320	301	2,666
Deferred tax liabilities *(Note 15)*	1,577	1,421	13,141
Other long-term liabilities *(Note 9)*	380	405	3,166
Total long-term liabilities	18,350	15,645	152,916
EQUITY *(Note 11)*:			
Common stock: authorized –169,800,000 shares in 2015 and 56,600,000 shares in 2014 issued – 119,381,034 shares in 2015 and 39,793,678 shares in 2014	4,297	4,297	35,808
Capital surplus	2,832	2,832	23,600
Retained earnings	23,402	20,421	195,016
Treasury stock, at cost – 1,726,578 shares in 2015 and 575,500 shares in 2014	(98)	(98)	816
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities	377	281	3,141
Land revaluation surplus	29	29	241
Foreign currency translation adjustments	73	148	608
Total	30,914	27,912	257,616
Minority interests	1,689	1,042	14,075
Total equity	32,604	28,955	271,700
TOTAL LIABILITIES AND EQUITY	¥ 92,772	¥ 82,337	$ 773,100

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statement of Income

Year Ended March 31, 2015

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2015	**2014**	**2015**
NET SALES	¥ 136,376	¥ 132,682	$ 1,136,466
COST OF SALES	109,621	104,403	913,508
Gross profit	26,755	28,278	222,958
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	19,408	18,196	161,733
Operating income	7,347	10,082	61,225
OTHER INCOME (EXPENSE):			
Interest and dividend income	76	62	633
Interest expense	(330)	(389)	(2,750)
Equity in earnings of associated companies	158	136	1,316
Gain on sales of investment securities *(Note 6)*	3	13	25
Lease revenue received	74	121	616
Loss on sales of investment securities *(Note 6)*	-	(0)	-
Write-down of investment securities *(Note 6)*	(113)	(41)	(941)
Loss on impairment of long-lived assets *(Note 7)*	(71)	(6)	(591)
Loss on sales and disposals of property and equipment – net	(75)	(177)	(625)
Provision for doubtful accounts	-	(323)	-
Cost of real estate leasing	(72)	(103)	(600)
Gain on step acquisition *(Note 3)*	87	-	725
Gain on change in equity *(Note3)*	524	-	4,366
Other – net	152	33	1,266
Other income (expense) – net	413	(675)	3,441
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	¥ 7,760	¥ 9,406	$ 64,666

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statement of Income (continued)

Year Ended March 31, 2015

	Millions of Yen				*Thousands of U.S. Dollars (Note 1)*	
	2015		**2014**		**2015**	
INCOME TAXES *(Note 15)*						
Current	¥	2,496	¥	3,477	$	20,800
Deferred		370		681		3,083
Total income taxes		2,867		4,158		23,891
NET INCOME BEFORE MINORITY INTERESTS		4,893		5,248		40,775
MINORITY INTERESTS IN NET INCOME		259		121		2,158
NET INCOME	¥	4,633	¥	5,126	$	38,608

	Yen				*U.S. Dollars (Note 1)*	
PER SHARE OF COMMON STOCK *(Notes 2(w) and 17)*						
Basic net income *	¥	39.38	¥	46.29	$	0.32
Diluted net income *		-		45.61		-
Cash dividends applicable to the year		14.00		37.00		0.11

*Basic and diluted net income per share for 2014 were calculated and presented as if the three-for-one stock split made on April 1, 2014 was made on April 1, 2013, and those for 2014 were restated accordingly.

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries
Consolidated Statement of Comprehensive Income
Year Ended March 31, 2015

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2015	**2014**	**2015**
NET INCOME BEFORE MINORITY INTERESTS	¥ 4,893	¥ 5,248	$ 40,775
OTHER COMPREHENSIVE INCOME *(Note 16)*:			
Net unrealized gain on available-for-sale securities	99	19	825
Foreign currency translation adjustments	(73)	115	(608)
Share of other comprehensive income in associates	3	(6)	25
Total other comprehensive income	28	127	233
COMPREHENSIVE INCOME	¥4,921	¥ 5,375	$ 41,008
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 4,654	¥ 5,255	$ 38,783
Minority interests	267	119	2,225

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries
Consolidated Statement of Changes in Equity
Year Ended March 31, 2015

		Millions of Yen										
							Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Net Unrealized Gain on Available-for-Sale Securities	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE AT APRIL 1, 2013	36,006,811	¥ 2,493	¥ 1,029	¥ 12	¥ 16,488	¥ (134)	¥ 261	¥ 37	¥ 31	¥ 20,220	¥ 937	¥ 21,157
Issuance of common stock	3,000,000	1,803	1,803	-	-	-	-	-	-	3,607	-	3,607
Cash dividends, ¥33.00 per share	-	-	-	-	(1,191)	-	-	-	-	(1,191)	-	(1,191)
Net income for the year	-	-	-	-	5,126	-	-	-	-	5,126	-	5,126
Change in scope of consolidation	-	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Purchase of treasury stock	(133)	-	-	-	-	(0)	-	-	-	(0)	-	(0)
Exercise of stock options	211,500	-	(0)	-	-	36	-	-	-	35	-	35
Net change in the year	-	-	-	¥ (12)	-	-	20	(7)	116	117	105	222
BALANCE AT MARCH 31, 2014	39,218,178	4,297	2,832	-	20,421	(98)	281	29	148	27,912	1,042	28,955
Cash dividends, ¥28.00 per share	-	-	-	-	(1,647)	-	-	-	-	(1,647)	-	(1,647)
Net income for the year	-	-	-	-	4,633	-	-	-	-	4,633	-	4,633
Change in scope of consolidation	-	-	-	-	(5)	-	-	-	-	(5)	-	(5)
Purchase of treasury stock	(78)	-	-	-	-	(0)	-	-	-	(0)	-	(0)
Stock split *(Note 11)*	78,436,356	-	-	-	-	-	-	-	-	-	-	-
Net change in the year	-	-	-	-	-	-	95	-	(74)	20	646	667
BALANCE AT MARCH 31, 2015	117,654,456	¥ 4,297	¥ 2,832	-	¥ 23,402	¥ (98)	¥ 377	¥ 29	¥ 73	¥ 30,914	¥ 1,689	¥ 32,604

	Thousands of U.S. Dollars (Note 1)										
						Accumulated other comprehensive income					
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Net Unrealized Gain on Available-for-Sale Securities	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE AT MARCH 31, 2014	$ 35,808	$ 23,600	-	$ 170,175	$ (816)	$ 2,341	$ 241	$ 1,233	$ 232,600	$ 8,683	$ 241,291
Cash dividends, $0.23 per share	-	-	-	(13,725)	-	-	-	-	(13,725)	-	(13,725)
Net income for the year	-	-	-	38,608	-	-	-	-	38,608	-	38,608
Change in scope of consolidation	-	-	-	(41)	-	-	-	-	(41)	-	(41)
Purchase of treasury stock	-	-	-	-	(0)	-	-	-	(0)	-	(0)
Net change in the year	-	-	-	-	-	791	-	(616)	166	5,383	5,558
BALANCE AT MARCH 31, 2015	$ 35,808	$ 23,600	-	$ 195,016	$ (816)	$ 3,141	$ 241	$ 608	$ 257,616	$ 14,075	$ 271,700

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries
Consolidated Statement of Cash Flows
Year Ended March 31, 2015

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	**2014**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 7,760	¥ 9,406	$ 64,666
Adjustments for:			
Depreciation and amortization	3,463	3,150	28,858
Amortization of goodwill	967	911	8,058
Loss on impairment of long-lived assets	71	6	591
(Decrease) increase in allowance for doubtful accounts	(8)	319	(66)
(Decrease) increase in accrued bonuses to employees	(25)	49	(208)
(Decrease) increase in liability for employees' retirement benefits	(104)	21	(866)
Increase in liability for retirement benefits for directors and Audit & Supervisory Board members	49	137	408
Interest and dividend income	(76)	(62)	(633)
Interest expense	330	389	2,750
Foreign exchange loss (gain)	3	(0)	25
Equity in earnings of unconsolidated subsidiaries and associated companies	(158)	(136)	(1,316)
Loss on sales and disposals of property and equipment – net	75	177	625
Write-down of investment securities	113	41	941
Gain on sales of investment securities – net	(3)	(13)	(25)
Gain on step acquisitions	(87)	-	(725)
Gain on change in equity	(524)	-	(4,366)
Increase in notes and accounts receivable – trade	(263)	(138)	(2,191)
(Increase) decrease in inventories	(1,794)	303	(14,950)
(Decrease) increase in notes and accounts payable – trade	(609)	2,305	(5,075)
Increase in other current assets	(407)	(8)	(3,391)
(Decrease) increase in other current liabilities	(358)	126	(2,983)
Increase in consumption taxes payable	190	76	1,583
Other – net	(63)	51	(525)
Subtotal	8,541	17,114	71,175
Interest and dividends received	129	119	1,075
Interest paid	(329)	(382)	(2,741)
Income taxes paid	(4,083)	(3,549)	(34,025)
Income taxes refunded	-	627	-
Net cash provided by operating activities	¥ 4,259	¥ 13,929	$ 35,491

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries
Consolidated Statement of Cash Flows (continued)
Year Ended March 31, 2015

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2015	**2014**	**2015**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	¥ (5,461)	¥ (3,032)	$ (45,508)
Proceeds from sales of property and equipment	2,130	2,506	17,750
Purchases of intangible assets	(54)	(41)	(450)
Purchases of investment securities	(10)	(41)	(83)
Proceeds from sales of investment securities	12	65	100
Payments for acquisition of newly consolidated subsidiaries	(1,772)	-	(14,766)
Payment of loans receivable	(25)	(49)	(208)
Proceeds from loans receivable	78	83	650
Payment of security deposits	(104)	(109)	(866)
Proceeds from security deposits	78	70	650
Other–net	110	(20)	916
Net cash used in investing activities	(5,017)	(570)	(41,808)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in short-term bank loans	2,061	(8,315)	17,175
Proceeds from long-term debt	6,502	5,530	54,183
Repayment of long-term debt	(4,665)	(7,201)	(38,875)
Proceeds from issuance of bonds	-	242	-
Redemption of bonds	(368)	(432)	(3,066)
Issuance of common stock	-	3,583	-
Purchase of treasury stock	(0)	(0)	(0)
Sales of treasury stock	-	30	-
Cash dividends paid	(1,647)	(1,191)	(13,725)
Cash dividends paid to minority shareholders	(14)	(14)	(116)
Repayment of lease obligations	(2,644)	(2,168)	(22,033)
Other–net	(1)	(1)	(8)
Net cash used in financing activities	(778)	(9,939)	(6,483)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(9)	14	(75)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,546)	3,433	(12,883)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,597	4,184	63,308
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARY	5	-	41
CASH AND CASH EQUIVALENTS OF SUBSIDIARIES EXCLUDED FROM CONSOLIDATION	-	(20)	-
CASH AND CASH EQUIVALENTS, END OF YEAR *(Note 4)*	¥ 6,056	¥ 7,597	$ 50,466

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries
Consolidated Statement of Cash Flows (continued)
Year Ended March 31, 2015

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2015	**2014**	**2015**
NONCASH FINANCING ACTIVITIES:			
Finance lease transactions:			
Increase in leased assets	¥ 3,305	¥ 2,459	$ 27,541
Increase in lease obligations	3,561	2,492	29,675
ADDITIONAL INFORMATION:			
Reconciliation of the net cash paid for investment in Nissan-Satio-Nara Co., Ltd. was as follows:			
Current assets	¥ 475	-	$ 3,958
Fixed assets	56	-	466
Goodwill	483	-	4,025
Current liabilities	(450)	-	(3,750)
Noncurrent liabilities	(36)	-	(300)
Cost of shares	528	-	4,400
Cash and cash equivalents held by Nissan-Satio-Nara Co., Ltd.	(139)	-	(1,158)
Net cash paid for investment in Nissan-Satio-Nara Co., Ltd.	¥ 389	-	$ 3,241
Reconciliation of the net cash paid for investment in MG HOME Co., Ltd. was as follows:			
Current assets	¥ 2,032	-	$ 16,933
Fixed assets	1,157	-	9,641
Goodwill	693	-	5,775
Current liabilities	(1,897)	-	(15,808)
Non-current liabilities	(594)	-	(4,950)
Minority interests	(405)	-	(3,375)
Cost of shares	985	-	8,208
Cost of shares before the acquisition date	(23)	-	(191)
Gain on step acquisition	(87)	-	(725)
Fair value of the common stocks of subsidiary transferred on the acquisition date	(539)	-	(4,491)
Cash and cash equivalents held by MG HOME Co., Ltd.	(306)	-	(2,550)
Net cash paid for investment in MG HOME Co., Ltd.	¥ 28	-	$ 233

See accompanying notes to the consolidated financial statements.

	Millions of Yen		*Thousands of U.S. Dollars (Note 1)*
	2015	**2014**	**2015**
Reconciliation of the net cash paid for investment in Scotts Motors Artarmon (Pty) Ltd. was as follows:			
Current assets	¥ 611	-	$ 5,091
Fixed assets	258	-	2,150
Goodwill	260	-	2,166
Current liabilities	(566)	-	(4,716)
Noncurrent liabilities	(34)	-	(283)
Cost of shares	529	-	4,408
Cash and cash equivalents held by Scotts Motors Artarmon (Pty) Ltd.	(209)	-	(1,741)
Net cash paid for investment in Scotts Motors Artarmon (Pty) Ltd.	¥ 319	-	$ 2,658
Reconciliation of the net cash paid for investment in Griffin Mill Garages Limited was as follows:			
Current assets	¥ 1,110	-	$ 9,250
Fixed assets	553	-	4,608
Goodwill	424	-	3,533
Current liabilities	(886)	-	(7,383)
Non-current liabilities	(20)	-	(166)
Cost of shares	1,181	-	9,841
Cash and cash equivalents held by Griffin Mill Garages Limited	(146)	-	(1,216)
Net cash paid for investment in Griffin Mill Garages Limited	¥ 1,034	-	$ 8,616

See accompanying notes to the consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 accordance 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 2014 consolidated financial statements to conform to the classifications used in 2015.

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 ¥120 to $1, the approximate rate of exchange at March 31, 2015. 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.

Japanese yen figures less than a million yen are rounded down to the nearest thousand yen. Consequently, the totals shown in the accompanying consolidated financial statements for the years ended March 31, 2015 and 2014 (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 consolidated financial statements as of March 31, 2015, include the accounts of the Company and its significant 27 (23 in 2014) subsidiaries (together, the "Group").

Nissan-Saito-Nara Co., Ltd., MG HOME Co., Ltd., Scotts Motors Artarmon (Pty) Ltd. and Griffin Mill Garages Limited were newly consolidated and Shizuoka Nissan Holdings Co., Ltd. and Archish Gallery Co., Ltd. were excluded from consolidation from the fiscal year ended March 31, 2015, as a result of the business combinations described in Note 3.

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

Investments in two (two in 2014) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies (nine in

2015 and nine in 2014) 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.
The excess of the cost of an acquisition over the fair value of the net assets of an 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 also eliminated.

(b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

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

(c) Business Combinations

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allowed companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

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

(d) Cash Equivalents

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

Cash equivalents consist of cash on hand and deposits in banks (including time deposits).

(e) 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.

(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 purchase method for merchandise such as parts, raw materials, and supplies.

(g) Property and Equipment

Property and equipment are stated at cost, less gains deferred on the sale and replacement of certain assets. Depreciation of property and equipment of the Company and its consolidated domestic 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 or after April 1, 1998, and cars for rental purposes to which the straight-line method is applied, while the straight-line method is applied to all property and equipment of consolidated foreign subsidiaries.

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) 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. In addition, the amortization of software for sales is calculated based on the expected sales quantities (or amortized over three years if the calculated amounts are greater than the above method).

(i) Long-Lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is 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.

(j) 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.

Nonmarketable 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.

(k) Deferred Assets

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

(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 them in the current fiscal year.

(m) Liability for Retirement Benefits for Directors and Audit & Supervisory Board Members

Retirement allowances for directors and Audit & Supervisory Board members are recorded as a liability at the amount that would be required if all directors and Audit & Supervisory Board members retired at each balance sheet date.

(n) Liability for Employees' Retirement Benefits

The Company and certain consolidated subsidiaries have a defined contribution pension plan. In addition, there is a company pension plan, a severance payment plan, and a funded contributory pension plan, all of which are defined benefit pension plans.
The funded contributory pension plan is a multiemployer plan and the Group recognizes the required contribution for the period as net pension cost.
Certain consolidated subsidiaries adopt the simplified method for computing retirement benefit liabilities and retirement benefit expenses.

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

The Company applied the revised accounting standard and guidance for retirement benefit effective March 31, 2014. There was no effect of these changes on the consolidated statement of income for the year ended March 31, 2014.

(Changes in Presentation Method)
"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012) was amended and, accordingly, the Company changed its disclosures about multiemployer pension plans and reclassified the previous consolidated financial statements (see Note 10).

(o) Asset Retirement Obligations

In March 2008, the ASBJ issued 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 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 adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(p) Stock Options

In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options," and related guidance. The new standard and guidance are applicable to stock options newly granted on or after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

(q) 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.

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

(r) 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 this accounting standard, 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 is deemed to 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.

(s) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement 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 income tax rates to the temporary differences.
The Group files a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

(t) Foreign Currency Transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

(u) Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of 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" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

(v) Derivatives and Hedging Activities

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.

Interest rate swaps and interest rate caps that 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 expenses or income.

(w) 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 presented for the year ended March 31, 2015 as there were no diluted securities outstanding during the period.

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

(x) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies - When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation - 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.

(y) New Accounting Pronouncements

Accounting Standards for Business Combinations and Consolidated Financial Statements— In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(*a*) *Transactions with noncontrolling interest*—A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(*b*) *Presentation of the consolidated balance sheet*—In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

(*c*) *Presentation of the consolidated statement of income*—In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

(*d*) *Provisional accounting treatments for a business combination*—If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(*e*) *Acquisition-related costs*—Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interest, (b) presentation of the consolidated balance sheet, (c) presentation of the consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interest and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interest and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the consolidated balance sheet and (c) presentation of the consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of annual periods beginning on or after April 1, 2014.

The Company expects to apply the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which will occur on or after April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. BUSINESS COMBINATION

a. Acquisition of Nissan-Satio-Nara Co., Ltd.

Effective April 1, 2014, The Company acquired 100% of the shares of Nissan-Satio-Nara Co., Ltd. (“Nissan-Satio-Nara”). Nissan-Saito-Nara has been operating Nissan dealerships including sale of Nissan cars and various used cars, maintenance of cars and other related activities, and the acquisition was made in order to expand the Car business of the Group.

As a result of the acquisition, the Company obtained control over Nissan-Saito-Nara because the Company acquired 100% of the voting shares. Profit or loss of Nissan-Satio-Nara has been included in the consolidated profit or loss of the Group after April 1, 2014.

The breakdown of the acquisition cost is as follows:

	Millions of Yen		*Thousands of U.S. Dollars*	
Consideration: Cash and cash equivalents	¥	528	$	4,400
Acquisition related cost		0		0
Total acquisition cost	¥	528	$	4,400

The breakdown of the assets acquired and liabilities assumed is as follows:

	Millions of Yen		*Thousands of U.S. Dollars*	
Current assets	¥	475	$	3,958
Fixed assets		56		466
Total assets acquired	¥	532	$	4,433
Current liabilities	¥	450	$	3,750
Fixed liabilities		36		300
Total liabilities assumed	¥	487	$	4,058

The goodwill amounted to ¥483 million ($4,025 thousand), which represented excess earnings power, and will be amortized over 20 years on a straight-line basis.

b. Acquisition of MG HOME Co., Ltd.

Effective August 1, 2014, the Company acquired an additional 23.02% of the ordinary shares of MG Home Co., Ltd. (“MG Home”), 18.85% of which the Company had already held, in exchange for 100% of the ordinary shares of Archish Gallery Co., Ltd. (“Archish Gallery”), which was a wholly owned subsidiary of the Company.

MG Home is in the business of selling and leasing apartments, and the acquisition was made in order to expand the Home business of the Group.

As a result of the acquisition, the Company concluded that it obtained control over MG Home considering the majority of the board members of MG Home were comprised of the Company’s management and employees in addition to 41.87% of the voting rights the Company held after the transaction.

Profit or loss of MG Home has been included in the consolidated profit or loss of the Group after August 1, 2014. Additionally, MG Home was an associated company of the Company and the equity method was applied to the Company’s interest in MG Home before the acquisition.

The breakdown of the acquisition cost is as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Consideration—Fair value of the ordinary shares of MG Home that the Company held before the acquisition date	¥	441	$	3,675
Consideration—Fair value of the ordinary shares of Archish Gallery transferred on the acquisition date		539		4,491
Acquisition-related cost—advisor fees, etc.		4		33
Total acquisition cost	¥	985	$	8,208

The ordinary shares of MG Home which the Company held before the acquisition date were revaluated at the fair value as of the acquisition date and ¥87 million ($725 thousand) was recognized in profit or loss as gain on step acquisition.

The breakdown of the assets acquired and liabilities assumed is as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Current assets	¥	2,032	$	16,933
Fixed assets		1,157		9,641
Total assets acquired	¥	3,189	$	26,575
Current liabilities	¥	1,897	$	15,808
Fixed liabilities		594		4,950
Total liabilities assumed	¥	2,492	$	20,766

The transaction was accounted for in accordance with ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." As a result, the goodwill amounted to ¥693 million ($5,775 thousand), which represented excess earnings power, and will be amortized over 20 years on a straight-line basis. ¥524 million ($4,366 thousand) of gain on change in equity was recognized in profit or loss.

The summary of the difference between pro forma information assuming that the acquisition date was April 1, 2014 and the actual consolidated financial statements is as follows:

(Unaudited)	Millions of Yen		Thousands of U.S. Dollars	
Sales	¥	173	$	1,441
Operating loss		121		1,008
Ordinary loss		137		1,141
Loss before income taxes and minority interests		137		1,141
Net loss		84		700

c. Acquisition of Scotts Motors Artarmon (Pty) Ltd.

Effective October 24, 2014, the Company acquired 100% of the shares of Scotts Motors Artarmon (Pty) Ltd. ("Scotts Motors"). Scotts Motors has been operating Honda dealerships including sales of Honda cars, sale of various used cars, maintenance of cars and other related activities in Australia and the acquisition was made in order to expand the Car business of the Group.

As a result of the acquisition, the Company obtained control over Scotts Motors because the Company acquired 100% of the voting shares of Scotts Motors. The transaction was accounted for with a deemed acquisition date of October 1, 2014 and profit or loss of Scotts Motors thereafter has been included in the consolidated profit or loss of the Group.

The breakdown of the acquisition cost is as follows:

	Millions of Yen		*Thousands of U.S. Dollars*		*Millions of Australian Dollars*	
Considerations: Cash and cash equivalents	¥	503	$	4,191	A$	5
Acquisition-related cost		25		208		
Total acquisition cost	¥	528	$	4,400		

The breakdown of the assets acquired and liabilities assumed is as follows:

	Millions of Yen		*Thousands of U.S. Dollars*		*Millions of Australian Dollars*	
Current assets	¥	611	$	5,091	A$	6
Noncurrent assets		258		2,150		2
Total assets acquired	¥	869	$	7,241	A$	8
Current liabilities	¥	566	$	4,716	A$	6
Noncurrent liabilities		34		283		0
Total liabilities assumed	¥	601	$	5,008	A$	6

The goodwill amounted to ¥260 million ($2,166 thousand), which represented excess earnings power, and will be amortized over 20 years on a straight-line basis.

The summary of the difference between pro forma information assuming that the acquisition date was April 1, 2014 and the actual consolidated financial statements is as follows:

(Unaudited)	*Millions of Yen*		*Thousands of U.S. Dollars*	
Sales	¥	2,796	$	23,300
Operating loss		34		283
Ordinary loss		46		383
Loss before income taxes and minority interests		47		391
Net loss		16		133

d. Acquisition of Griffin Mill Garages Limited

Effective December 5, 2014, the Company acquired 100% of the shares of Griffin Mill Garages Limited (“Griffin Mill”). Griffin Mill has been operating two automobile dealers, including sale of Nissan, Kia, Fiat and Peugeot cars, sale of various used cars, maintenance of cars and other related activities, in the United Kingdom and the acquisition was made in order to expand the Car business of the Group.

As a result of the acquisition, the Company obtained control over Griffin Mill because the Company acquired 100% of the voting shares of Griffin Mill. The transaction was accounted for with a deemed acquisition date of December 31, 2014 and profit or loss of Griffin Mill after January 1, 2015 has been included in the consolidated profit or loss of the Group.

The breakdown of the acquisition cost is as follows:

	Millions of Yen		*Thousands of U.S. Dollars*		*Millions of Pound Sterling*	
Consideration: Cash and Cash equivalent	¥	1,154	$	9,616	£	6
Acquisition-related cost		26		216		
Total acquisition	¥	1,181	$	9,841		

The breakdown of the assets acquired and liabilities assumed is as follows:

	Millions of Yen		*Thousands of U.S. Dollars*		*Millions of Pound Sterling*	
Current assets	¥	1,110	$	9,250	£	5
Noncurrent assets		553		4,608		2
Total assets acquired	¥	1,664	$	13,866	£	8
Current liabilities	¥	886	$	7,383	£	4
Noncurrent liabilities		20		166		0
Total liabilities assumed	¥	907	$	7,558	£	4

The goodwill amounted to ¥424 million ($3,533 thousand), which represented excess earning power, and will be amortized over 20 years on a straight-line basis.
The summary of the difference between pro forma information assuming that the acquisition date was April 1, 2014 and the actual consolidated financial statements is as follows:

(Unaudited)	*Millions of Yen*		*Thousands of U.S. Dollars*	
Sales	¥	6,400	$	53,333
Operating income		123		1,025
Ordinary income		108		900
Income before income taxes and minority interests		108		900
Net income		82		683

e. Merger of Shizuoka Nissan Auto Sales Co., Ltd. and Shizuoka Nissan Holdings Co., Ltd.

Effective September 1, 2014, Shizuoka Nissan Auto Sales Co., Ltd. (“Shizuoka Nissan Auto Sales”), which is a consolidated subsidiary of the Company, merged with Shizuoka Nissan Holdings Co., Ltd. (“Shizuoka Nissan Holdings”), which was a consolidated subsidiary of the Company, with Shizuoka Nissan Auto Sales as the surviving company after the merger.

Both subsidiaries operated businesses involved in the sale of cars and other related activities and the transaction was made in order to improve the efficiency of the Group’s management.

The transaction was accounted for as a business combination under common control in accordance with ASBJ Statement No. 21, "Accounting Standard for Business Combinations" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

4. CASH AND CASH EQUIVALENTS

A reconciliation between the cash and cash equivalents in the consolidated balance sheets and the consolidated statements of cash flows for the years ended March 31, 2015 and 2014, was as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
Cash and cash equivalents in the consolidated balance sheets	¥ 6,106	¥ 7,657	$ 50,883
Time deposits	(50)	(60)	(416)
Cash and cash equivalents in the consolidated statements of cash flows	¥ 6,056	¥ 7,597	$ 50,466

5. INVENTORIES

Inventories as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
New and used cars	¥ 12,924	¥ 9,661	$ 107,700
Parts	462	382	3,850
Other merchandise	1,415	286	11,791
Total merchandise	14,803	10,330	123,358
Raw materials	5	5	41
Work in process	805	328	6,708
Supplies	56	63	466
Total	¥ 15,670	¥ 10,727	$ 130,583

6. INVESTMENT SECURITIES

Investment securities as of March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
Noncurrent:			
Equity securities	¥ 1,825	¥ 1,702	$ 15,208
Trust fund investments and other	275	271	2,291
Total	¥ 2,101	¥ 1,974	$ 17,508

Information regarding investment securities classified as available-for-sale securities at March 31, 2015 and 2014, is summarized as follows:

	Millions of Yen			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥ 279	¥ 532	-	¥ 812
Other	242	34	¥ (1)	275
Total	¥ 521	¥ 567	¥ (1)	¥ 1,088

	Millions of Yen			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥ 250	¥ 409	¥ (0)	¥ 659
Other	242	29	(0)	271
Total	¥ 493	¥ 438	¥ (1)	¥ 930

	Thousands of U.S. Dollars			
March 31, 2015	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	$ 2,325	$ 4,443	-	$ 6,766
Other	2,016	283	$ (8)	2,291
Total	$ 4,341	$ 4,725	$ (8)	$ 9,066

The information of the available-for-sale securities that were sold during the years ended March 31, 2015 and 2014, was as follows:

	Millions of Yen		
March 31, 2015	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 11	¥ 3	-

	Millions of Yen		
March 31, 2014	Proceeds	Realized Gains	Realized Losses
Equity securities	¥ 44	¥ 13	¥ 0

	Thousands of U.S. Dollars		
March 31, 2015	Proceeds	Realized Gains	Realized Losses
Equity securities	$ 91	$ 25	-

The impairment losses on securities for the years ended March 31, 2015 and 2014, were ¥113 million ($941 thousand) and ¥41 million, respectively.

7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2015 and 2014. As a result, the Group recognized impairment losses of ¥71 million ($591 thousand) and ¥6 million, respectively. For the year ended March 31, 2015, a loss was recognized for long-lived assets used for the Car industry due to a decrease in profitability and management's decision to dispose of the assets. For the year ended March 31, 2014, a loss was recognized for long-lived assets used for the Car industry due to a decrease in profitability. Carrying amounts of assets were written down to the recoverable amounts, which were measured at net selling price.

Impairment losses consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
Buildings and structures	¥ 65	¥ 6	$ 541
Intangible assets	3	-	25
Other	1	-	8
Total	¥ 71	¥ 6	$ 591

8. INVESTMENT PROPERTY

In November 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."

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, 2014	Increase (Decrease)	March 31, 2015	March 31, 2015
Investment properties	¥ 4,133	¥ 616	¥ 4,749	¥ 4,303
Properties that include portions used as investment properties	1,429	(10)	1,418	1,505

	Millions of Yen			
	Carrying Amount			Fair Value
	April 1, 2013	Decrease	March 31, 2014	March 31, 2014
Investment properties	¥ 4,168	¥ (35)	¥ 4,133	¥ 3,699
Properties that include portions used as investment properties	1,544	(114)	1,429	1,508

	Thousands of U.S. Dollars			
	Carrying Amount			Fair Value
	April 1, 2014	Increase (Decrease)	March 31, 2015	March 31, 2015
Investment properties	$ 34,441	$ 5,133	$ 39,575	$ 35,858
Properties that include portions used as investment properties	11,908	(83)	11,816	12,541

Notes:
1) The carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2) The fair value of properties as of March 31, 2015 and 2014, is measured by the Group in accordance with its Real-Estate Appraisal Standard.
3) The major increase in the carrying amount was due to assets acquired through the acquisition of MG Home Co., Ltd. amounting to ¥742 million ($6,183 thousand).

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

	Millions of Yen			
March 31, 2015	Rental Income	Cost of Rent	Net Rental Income	Other Income
Investment properties	¥ 351	¥ 176	¥ 174	¥ 0
Properties that include portions used as investment properties	53	26	26	-

	Millions of Yen			
March 31, 2014	Rental Income	Cost of Rent	Net Rental Income	Other Expenses
Investment properties	¥ 310	¥ 163	¥ 147	-
Properties that include portions used as investment properties	92	60	31	¥ (103)

	Thousands of U.S. Dollars			
March 31, 2015	Rental Income	Cost of Rent	Net Rental Income	Other Income
Investment properties	$ 2,925	$ 1,466	$ 1,450	$ 0
Properties that include portions used as investment properties	441	216	216	-

Notes:

1) Rental income arising from parts used by the Group for its business and administration relating to properties that include portions used as investment properties are not included above. In addition, costs arising from such properties for business use (e.g., depreciation expense, repair cost, insurance cost, tax, and public charges) are deducted from cost of rent.
2) Other expenses incurred for the fiscal years ended March 31, 2015 and 2014, were loss on sales of property and loss on impairment of long-lived assets, respectively, which were included in the consolidated statement of income.

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 0.64% and 0.85% at March 31, 2015 and 2014, respectively.

Long-term debt at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
Loans from banks and other financial institutions due serially to 2021 with weighted-average interest rates of 0.74% in 2015 and 0.89% in 2014	¥ 13,993	¥ 10,961	$ 116,608
Unsecured three months' TIBOR+0.20% domestic bonds due serially to 2016	120	200	1,000
Unsecured 0.61% domestic bonds due serially to 2016	200	200	1,666
Unsecured 0.72% domestic bonds due serially to 2019	250	250	2,083
Unsecured 0.79% domestic bonds due serially to 2017	120	180	1,000
Unsecured 0.79% domestic bonds due serially to 2017	200	300	1,666
Unsecured 0.59% domestic bonds due serially to 2018	240	320	2,000
Unsecured 1.40% domestic bonds due serially to 2016	16	30	133
Unsecured 1.34% domestic bonds due serially to 2015	-	20	-
Unsecured 0.84% domestic bonds due serially to 2020	79	-	658
Long-term lease obligations	5,462	4,536	45,516
Unsecured 1.90% in 2015 and 2014 domestic other long-term debt due serially to 2029*	14	15	116
Total	¥ 20,694	¥ 17,012	$ 172,450
Less current portion	(6,117)	(4,972)	(50,975)
Long-term debt, less current portion	¥ 14,577	¥ 12,040	$ 121,475

* Unsecured 1.90% domestic other long-term debt due serially to 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, 2015, are summarized as follows:

Long-term debt (including current portion)	*Millions of Yen* 2015	*Thousands of U.S. Dollars* 2015
2016	¥ 3,842	$ 32,016
2017	4,398	36,650
2018	2,639	21,991
2019	2,664	22,200
2020	444	3,700
2021 and thereafter	1,230	10,250
Total	¥ 15,217	$ 126,808

Long-term lease obligations (including current portion)	*Millions of Yen* 2015	*Thousands of U.S. Dollars* 2015
2016*	¥ 2,275	$ 18,958
2017	1,676	13,966
2018	939	7,825
2019	248	2,066
2020	72	600
2021 and thereafter	251	2,091
Total	¥ 5,461	$ 45,508

*Lease obligations on subleases were not included in the schedule above and, as result, the current portion of long-term lease obligations presented in the consolidated balance sheet exceeds that in the above schedule by ¥6,224 million ($51,866 thousand).

The assets pledged as collateral for accounts payable of ¥673 million ($5,608 thousand), short-term bank loans of ¥1,248 million ($10,400 thousand), and long-term debt of ¥4,734 million ($39,450 thousand) including the current portion at March 31, 2015, were as follows:

	Millions of Yen 2015	*Thousands of U.S. Dollars* 2015
Time deposit	¥ 251	$ 2,091
Merchandise and vehicles	824	6,866
Land	6,638	55,316
Buildings	2,198	18,316
Investment securities	5	41
Total	¥ 9,919	$ 82,658

10. RETIREMENT AND PENSION PLAN

The Company and certain consolidated subsidiaries have a defined contribution pension plan. In addition, there is a company pension plan, a severance payment plan, and a funded defined benefit plan, all of which are defined benefit plans.
Nissan Satio Nara Co., Ltd., which is a new consolidated subsidiary, has a company pension plan, a severance payment plan, and a defined contribution pension plan. MG HOME Co., Ltd. has a severance payment plan and a defined contribution pension plan. Scotts Motors Artarmon (Pty) Ltd and Griffin Mill Garages Limited have a defined contribution pension plan.

(1) Multiemployer pension plan

Total contributions for the multiemployer pension plans were ¥174 million ($1,450 thousand) and ¥188 million, respectively, for the years ended March 31, 2015 and 2014.
The Company and certain consolidated subsidiaries participate in the Pension Fund of Honda Car Dealers. Certain consolidated subsidiaries participate in the Shizuoka Automobile Pension Fund and the Saitama Machine Industry Pension Fund.
The Company and certain consolidated subsidiaries received approval from the Minister of Health, Labor and Welfare with respect to their application for exemption from the benefit obligation related to future employee services under the substitutional portion of the Pension Fund of Honda Car Dealers on January 1, 2015.
The board of representatives of Shizuoka Automobile Pension Fund and Saitama Machine Industry Pension Fund decided to dissolve the funds based on the conclusion that efficient administration of the funds will become difficult in the future. Further, the Shizuoka Automobile Pension Fund will be dissolved in July 2015 and the dissolution of the fund will result in additional costs. However, the estimated impact cannot be reasonably calculated at this point of time.

The funded status of the multiemployer pension plans at March 31, 2015 and 2014, whose contributions were recorded as net periodic retirement benefit costs, was as follows:

	Millions of Yen		
March 31, 2015	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund	Saitama Machine Industry Pension Fund
Fair value of plan assets	¥ 35,042	¥ 27,530	¥ 78,815
Pension obligation recorded by pension fund	37,831	36,448	87,533
Difference	¥ (2,789)	¥ (8,917)	¥ (8,718)

	Millions of Yen		
March 31, 2014	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund	Saitama Machine Industry Pension Fund
Fair value of plan assets	¥ 31,165	¥ 26,281	¥ 72,033
Pension obligation recorded by pension fund	34,453	35,328	83,606
Difference	¥ (3,287)	¥ (9,046)	¥ (11,573)

	Thousands of U.S. Dollars		
March 31, 2015	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund	Saitama Machine Industry Pension Fund
Fair value of plan assets	$ 292,016	$ 229,416	$ 656,791
Pension obligation recorded by pension fund	315,258	303,733	729,441
Difference	$ (23,241)	$ (74,308)	$ (72,650)

The Group’s contribution percentages for the multiemployer pension plans for the year ended March 31, 2015, are as follows:

	2015	**2014**
Pension Fund of Honda Car Dealers	4.2 %	4.5 %
Shizuoka Automobile Pension Fund	7.6	7.9
Saitama Machine Industry Pension Fund	1.9	1.9

The difference of funded status of the multiemployer pension plans at March 31, 2015 and 2014, consisted of the following:

	Millions of Yen		
March 31, 2015	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund	Saitama Machine Industry Pension Fund
Deficiency of reserve	-	¥ (3,907)	-
Reserve	¥ 1,455	-	¥ 1,151
Prior service cost	(4,244)	(5,010)	(9,870)
Difference	¥ (2,789)	¥ (8,917)	¥ (8,718)

	Millions of Yen		
March 31, 2014	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund	Saitama Machine Industry Pension Fund
Deficiency of reserve	-	¥ (4,079)	¥ (1,202)
Reserve	¥ 1,004	-	-
Prior service cost	(4,292)	(4,966)	(10,371)
Difference	¥ (3,287)	¥ (9,046)	¥ (11,573)

	Thousands of U.S. Dollars		
March 31, 2015	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund	Saitama Machine Industry Pension Fund
Deficiency of reserve	-	$ (32,558)	-
Reserve	$ 12,125	-	$ 9,591
Prior service cost	(35,366)	(41,750)	(82,250)
Difference	$ (23,241)	$ (74,308)	$ (72,650)

Notes:

(Pension Fund of Honda Car Dealers)

Prior service cost is amortized over 20 years and special contributions of ¥16 million ($133 thousand) and ¥16 million were expensed for the years ended March 31, 2015 and 2014, respectively.

(Shizuoka Automobile Pension Fund)

Prior service cost is amortized over 20 years and special contributions of ¥32 million ($266 thousand) and ¥33 million were expensed for the years ended March 31, 2015 and 2014, respectively.

(Saitama Machine Industry Pension Fund)

Prior service cost is amortized over 20 years and special contributions of ¥17 million ($141 thousand) and ¥21 million were expensed for the years ended March 31, 2015 and 2014, respectively.

(2) Defined benefit pension plan

The changes in defined benefit obligation, which applied the simplified method for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	2014	2015
Balance at beginning of year	¥ 761	¥ 740	$ 6,341
Increase from the changes in the scope of consolidation	72	-	600
Periodic benefit costs	38	105	316
Benefits paid	(79)	(66)	(658)
Contributions from the employer	(20)	(18)	(166)
Decrease due to transfer to a defined contribution plan	(42)	-	(350)
Balance at end of year	¥ 730	¥ 761	$ 6,083

Notes:
Certain consolidated subsidiaries transferred a portion of their defined benefit plan to their defined contribution plan, and no impact was recognized in profit or loss.

A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets is as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	2014	2015
Funded defined benefit obligation	¥ 74	¥ 336	$ 616
Plan assets	(64)	(84)	(533)
	10	252	83
Unfunded defined benefit obligation	720	509	6,000
Net liability arising from defined benefit obligation	¥ 730	¥ 761	$ 6,083

(3) Defined contribution pension plan

Total contribution for the defined contribution pension plan was ¥277 million ($2,308 thousand) and ¥264 million for the years ended March 31, 2015 and 2014, respectively.

11. EQUITY

Japanese companies are 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 including such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year 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 (noncash 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 aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be 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 a 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.

On April 1, 2014, the Company made a three-for-one stock split by way of a free share distribution at the rate of three shares for each outstanding share. 78,436,356 shares were issued to shareholders on April 1, 2014.

12. LEASES

The Group's leased assets primarily consist of maintenance machinery and cars for rent in the Car industry.

Amounts of sublease items, which include the interest portion, included in the consolidated balance sheets as of March 31, 2015 and 2014, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
Lease receivables and investments in leases	¥ 5,959	¥ 5,392	$ 49,658
Current portion of long-term lease obligations	6,224	5,561	51,866

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group sells cars and conducts related businesses. The Group finances itself mainly through 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 not used 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 Group, are exposed to the risk of market price fluctuation. In addition, advances to the Group's customers and suppliers and receivables from them are exposed to credit risk.

Payment terms of payables, such as trade notes, trade accounts, and income taxes payable, are less than one year. Bank loans and bonds are used to fund mergers and acquisitions for business expansion and facilities in its subsidiaries with maturities less than approximately five years. Lease obligations mainly arise from finance lease transactions of cars for rent with maturities less than five years. Additionally, bank loans and 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 Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of customers' credit records which are reviewed on a regular basis to identify the default risk of customers at an early stage. The Group investigates the credit information of new customers before doing business to determine whether to enter into the contract or not, as well as to define the contract terms with them.

Market risk management

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 and interest rate caps 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 Group cannot meet its contractual obligations in full on maturity dates. The Group 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 14 for the details of the fair value of derivatives.

(a) Fair value of financial instruments

	Millions of Yen					
March 31, 2015		Carrying Amount		Fair Value		Unrealized Gain (Loss)
Cash and cash equivalents	¥	6,106	¥	6,106		-
Notes and accounts receivable		5,017		5,017		-
Lease receivables and investments in leases		6,282		6,930	¥	648
Securities and investment securities:						
Available-for-sale securities		1,088		1,088		-
Long-term loans receivable:		327		341		14
Claims in bankruptcy:		952				
Less: allowance for doubtful accounts (*)		(952)				
Claims in bankruptcy – net		-		-		-
Total	¥	18,822	¥	19,485	¥	663
Notes and accounts payable	¥	15,903	¥	15,903		-
Short-term bank loans (excluding current portion of long-term debt)		7,059		7,059		-
Income taxes payable		753		753		-
Long-term lease obligations (including current portion)		11,688		11,525	¥	163
Long-term debt (including current portion)		15,218		15,225		(7)
Total	¥	50,624	¥	50,469	¥	154

	Millions of Yen		
March 31, 2014	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	¥ 7,657	¥ 7,657	-
Notes and accounts receivable	4,593	4,593	-
Lease receivables and investments in leases	5,699	6,223	¥ 523
Securities and investment securities:			
Available-for-sale securities	930	930	-
Long-term loans receivable:	696		
Less: allowance for doubtful accounts (*)	(343)		
Long-term loans receivable - net	353	369	16
Claims in bankruptcy:	608		
Less: allowance for doubtful accounts (*)	(600)		
Claims in bankruptcy – net	8	8	-
Total	¥ 19,242	¥ 19,782	¥ 540
Notes and accounts payable	¥ 15,367	¥ 15,367	-
Short-term bank loans (excluding current portion of long-term debt)	3,752	3,752	-
Income taxes payable	1,968	1,968	-
Long-term lease obligations (including current portion)	10,098	9,965	¥ 132
Long-term debt (including current portion)	12,461	12,472	(10)
Total	¥ 43,648	¥ 43,526	¥ 121

	Thousands of U.S. Dollars		
March 31, 2015	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 50,883	$ 50,883	-
Notes and accounts receivable	41,808	41,808	-
Lease receivables and investments in leases	52,350	57,750	$ 5,400
Securities and investment securities			
Available-for-sale securities	9,066	9,066	-
Long-term loans receivable	2,725	2,841	116
Claims in bankruptcy	7,933		
Less: allowance for doubtful accounts (*)	(7,933)		
Claims in bankruptcy – net	-	-	-
Total	$ 156,850	$ 162,375	$ 5,525
Notes and accounts payable	$ 132,525	$ 132,525	-
Short-term bank loans (excluding current portion of long-term debt)	58,825	58,825	-
Income taxes payable	6,275	6,275	-
Long-term lease obligations (including current portion)	97,400	96,041	$ 1,358
Long-term debt (including current portion)	126,816	126,875	(58)
Total	$ 421,866	$ 420,575	$ 1,283

(*) Allowance for long-term loans receivable and claims in bankruptcy is deducted from the carrying amount.

Assets

Cash and Cash Equivalents and Notes and Accounts Receivable
The carrying amounts 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 the 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.

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. The fair value of certain doubtful long-term loans receivable represents the carrying amount as of the balance sheet date less bad debt allowance because the allowances are estimated based on the recoverable amount of those receivables, which approximate fair value.

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 because the allowances are estimated based on the recoverable amount which considers any guarantees and collateral, which approximate fair value.

Liabilities

Notes and Accounts Payable, Income taxes payable, and Short-Term Bank Loans
The carrying amount of these accounts approximates fair value because of their short maturities.

Long-term Lease Obligations
The fair values of long-term lease obligations are determined by discounting the nominal amount at 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 and interest rate caps that meet certain criteria, and the fair value of the swaps and the caps was included in long-term debt.

Derivatives

Fair value information for derivatives is included in Note 14.

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

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
Unlisted equity securities	¥ 1,013	¥ 1,043	$ 8,441

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

March 31, 2015	Millions of Yen Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 6,106	-	-	-
Notes and accounts receivable	5,017	-	-	-
Lease receivables and investments in leases	2,637	¥ 3,624	¥ 21	-
Securities and investment securities				
Available-for-sale securities with contractual maturities	-	3	-	¥ 194
Long-term loans receivable	33	110	51	131
Total	¥ 13,795	¥ 3,738	¥ 72	¥ 326

March 31, 2015	Thousands of U.S. Dollars Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 50,883	-	-	-
Notes and accounts receivable	41,808	-	-	-
Lease receivables and investments in leases	21,975	$ 30,200	$ 175	-
Securities and investment securities				
Available-for-sale securities with contractual maturities	-	25	-	$ 1,616
Long-term loans receivable	275	916	425	1,091
Total	$ 114,958	$ 31,150	$ 600	$ 2,716

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

14. 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 the Group's 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.

Information concerning derivative transactions to which hedge accounting was applied at March 31, 2015 and 2014, is as follows:

	Millions of Yen			
March 31, 2015	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate caps	Long-term debt	¥ 20	-	(*)

March 31, 2014	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps: (fixed rate payment, variable rate receipt)	Long-term debt	¥ 200	-	(*)
Interest rate caps	Long-term debt	120	¥ 40	(*)

	Thousands of U.S. Dollars			
March 31, 2015	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate caps	Long-term debt	$ 166	-	(*)

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

(*) The above interest rate swaps and 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 the swap and the cap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps and caps in Note 13 is included in the hedged items (i.e., long-term bank loans).

15. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 35.3% and 37.7%, respectively, for the years ended March 31, 2015 and 2014.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, are as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	**2014**	**2015**
Deferred tax assets:			
Accrued enterprise tax	¥ 58	¥ 225	$ 483
Accrued bonuses to employees	278	287	2,316
Liability for employees' retirement benefits	251	277	2,091
Allowance for doubtful accounts	325	460	2,708
Loss on impairment of long-lived assets	242	136	2,016
Write-down of investment securities	54	297	450
Tax loss carryforwards	1,049	690	8,741
Accounts payable - other, noncurrent	51	66	425
Other	1,257	939	10,475
Subtotal	3,570	3,380	29,750
Less: Valuation allowance	(1,863)	(1,436)	(15,525)
Deferred tax assets	¥ 1,706	¥ 1,944	$ 14,216
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥ (182)	¥ (154)	$ (1,516)
Unrealized gain on subsidiaries' assets and liabilities arising from consolidation	(1,201)	(1,225)	(10,008)
Gain on valuation of investment securities	(210)	(220)	(1,750)
Adjustments for assets	(506)	(353)	(4,216)
Adjustments for liabilities	(67)	(105)	(558)
Other	(126)	(121)	(1,050)
Deferred tax liabilities	¥ (2,294)	¥ (2,181)	$ (19,116)
Net deferred tax liabilities	¥ (587)	¥ (237)	$ (4,891)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2014 is as follows:

	2014
Normal effective statutory tax rate	37.7%
Amortization of goodwill	3.0
Changes in valuation allowance	1.7
Tax rate differences in subsidiaries	1.8
Tax loss carryforward	(1.2)
Equity in earnings of associated companies	(0.6)
Per capita tax	0.4
Other-net	1.3
Actual effective tax rate	44.2%

Since the difference between the normal effective statutory tax rate and the actual effective tax rate is not significant, reconciliation is not presented for the year ended March 31, 2015.

New tax reform laws enacted in 2015 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2015, from 35.3% to 32.8% and for the fiscal year beginning on or after April 1, 2016, to 32.0%. The effect of these changes was immaterial.

16. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Yen		*Thousands of U.S. Dollars*
	2015	2014	2015
Net unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 127	¥ 6	$ 1,058
Reclassification adjustments to profit or loss	(3)	26	(25)
Amount before income tax effect	124	33	1,033
Income tax effect	(25)	(14)	(208)
Total	¥ 99	¥ 19	$ 825
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (73)	¥ 115	$ (608)
Total	¥ (73)	¥ 115	$ (608)
Share of other comprehensive income in associates:			
Gains arising during the year	¥ 3	¥ (6)	$ 25
Total	¥ 3	¥ (6)	$ 25
Total other comprehensive income	¥ 28	¥ 127	$ 233

17. NET INCOME PER SHARE

A reconciliation of the difference between basic and diluted net income per share ("EPS") for the years ended March 31, 2015 and 2014, is presented as follows:

	Millions of Yen	*Shares*	*Yen*	*U.S. Dollars*
	Net Income	Weighted-Average Shares	EPS	
For the year ended March 31, 2015				
Basic EPS				
Net income available to common shareholders	¥ 4,633	117,654,458	¥ 39.38	$ 0.32
For the year ended March 31, 2014				
Basic EPS				
Net income available to common shareholders	¥ 5,126	110,756,908	¥ 46.29	
Effect of Dilutive Securities				
Stock acquisition rights	-	1,646,660		
Diluted EPS				
Net income for computation	¥ 5,126	112,403,568	¥ 45.61	

As described in Note 11 to the consolidated financial statements, the Company made a three-for-one stock split effective on April 1, 2014. Accordingly, the weighted-average number of shares for the year ended March 31, 2014 was retrospectively restated to reflect the stock split as if it was made on April 1, 2013. Diluted net income per share is not presented for the year ended March 31, 2015 as there were no diluted securities outstanding during the period.

18. RELATED-PARTY TRANSACTIONS

Transactions with related parties for the years ended March 31, 2015 and 2014, were as follows:

		Millions of Yen		*Thousands of U.S. Dollars*
Related Party	Nature of Transaction	**2015**	**2014**	**2015**
Representative director of the Company	Exercising of stock options	-	¥ 11	-
Executive director of the Company	Exercising of stock options	-	18	-
An associated company	Automotive subleases	¥ 2,829	1,907	$ 23,575
	Investments in leases	3,945	3,231	32,875

Note: Subsidiaries of the Company accept guarantees from a representative director of the

Company for bank loans.

19. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2015, was approved at the Company's Board of Directors' meeting held on May 8, 2015:

	Millions of Yen	*Thousands of U.S. Dollars*
Year-end cash dividends, ¥7.00 ($0.58) per share	¥ 823	$ 6,858

b. Issuance of stock option

At the Board of Directors' meeting held on June 1, 2015, issuance of stock acquisition rights without consideration to employees and directors of the Company and its subsidiaries was approved and the Company granted the stock acquisition rights on June 16, 2015.

Details of the stock options are as follows:

Number of stock acquisition rights issued	5,880
Class and number of shares to be issued upon exercise of stock acquisition rights	588,000 shares of common stock of the Company
Exercise price of stock acquisition rights	¥71,800 ($598) per stock acquisition granted, ¥718 ($5) per share
Exercise period of the stock acquisition rights	From June 17, 2017 to June 16, 2022

20. SEGMENT INFORMATION

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

1. Description of Reportable Segments

The Group's reportable segments are those for which separate 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 administers the Group as a holding company, while its subsidiaries operate the businesses. The Group's reportable segments consist of the Car and Housing industries.

The Car industry consists primarily of dealer businesses such as sales of new or used cars and repairs to cars. It also consists of related businesses such as import of cars, export of used cars, and rental of cars.

The Housing industry consists of sale and leasing of homes, construction of houses, and related business.

2. Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

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

3. Information about Sales, Profit (Loss), Assets, and Other Items

	Millions of Yen					
	2015					
	Reportable Segment					
	Car	Housing	Other	Total	Reconciliations	Consolidated
Sales						
Sales to external customers	¥ 131,292	¥ 4,940	¥ 142	¥ 136,376	-	¥ 136,376
Intersegment sales or transfers	52	756	804	1,612	¥ (1,612)	-
Total	¥ 131,345	¥ 5,697	¥ 946	¥ 137,989	¥ (1,612)	¥ 136,376
Segment profit (loss)	¥ 7,307	¥ 243	¥ (110)	¥ 7,440	¥ (93)	¥ 7,347
Segment assets	85,088	4,890	5,822	95,801	(3,028)	92,772
Other:						
Depreciation and amortization	¥ 3,444	¥ 15	¥ 22	¥ 3,482	¥ (19)	¥ 3,463
Amortization of goodwill	941	25	-	967	-	967
Impairment losses of assets	71	-	-	71	-	71
Investments in associated companies	610	-	2,719	3,330	-	3,330
Increase in property, equipment and intangible assets	8,845	6	11	8,863	(104)	8,759

	Millions of Yen					
	2014					
	Reportable Segment					
	Car	Housing	Other	Total	Reconciliations	Consolidated
Sales						
Sales to external customers	¥ 130,387	¥ 2,147	¥ 147	¥ 132,682	-	¥ 132,682
Intersegment sales or transfers	47	129	757	934	¥ (934)	-
Total	¥ 130,435	¥ 2,277	¥ 905	¥ 133,617	¥ (934)	¥ 132,682
Segment profit (loss)	¥ 10,139	¥ 66	¥ (125)	¥ 10,080	¥ 1	¥ 10,082
Segment assets	79,888	1,339	6,096	87,324	(4,987)	82,337
Other:						
Depreciation and amortization	¥ 3,140	¥ 7	¥ 20	¥ 3,168	¥ (17)	¥ 3,150
Amortization of goodwill	906	5	-	911	-	911
Impairment losses of assets	6	-	-	6	-	6
Investments in associated companies	580	-	2,639	3,219	-	3,219
Increase in property, equipment and intangible assets	5,678	14	27	5,720	(16)	5,703

	Thousands of U.S. Dollars					
	2015					
	Reportable Segment					
	Car	Housing	Other	Total	Reconciliations	Consolidated
Sales						
Sales to external customers	$ 1,094,100	$ 41,166	$ 1,183	$ 1,136,466	-	$ 1,136,466
Intersegment sales or transfers	433	6,300	6,700	13,433	$ (13,433)	-
Total	$ 1,094,541	$ 47,475	$ 7,883	$ 1,149,908	$ (13,433)	$ 1,136,466
Segment profit (loss)	$ 60,891	$ 2,025	$ (916)	$ 62,000	$ (775)	$ 61,225
Segment assets	709,066	40,750	48,516	798,341	(25,233)	773,100
Other:						
Depreciation and amortization	$ 28,700	$ 125	$ 183	$ 29,016	$ (158)	$ 28,858
Amortization of goodwill	7,841	208	-	8,058	-	8,058
Impairment losses of assets	591	-	-	591	-	591
Investments in associated companies	5,083	-	22,658	27,750	-	27,750
Increase in property, equipment and intangible assets	73,708	50	91	73,858	(866)	72,991

Notes:
1. “Other” consists of group-wide departments of management.
2. “Reconciliations” consists of intersegment transactions.
3. Segment profit is reconciled to operating income in the consolidated statement of income.

Associated Information

1. Information by Product and Service

	Millions of Yen					
Year ended March 31, 2015	Selling New Automobiles	Selling Used Automobiles	Automotive Repair Service	Rental Car Service	Other	Total
Sales to external customers	¥ 59,542	¥ 39,395	¥ 26,632	¥ 5,722	¥ 5,083	¥ 136,376

	Millions of Yen					
Year ended March 31, 2014	Selling New Automobiles	Selling Used Automobiles	Automotive Repair Service	Rental Car Service	Other	Total
Sales to external customers	¥ 63,577	¥ 35,024	¥ 26,239	¥ 5,545	¥ 2,294	¥ 132,682

	Thousands of U.S. Dollars					
Year ended March 31, 2015	Selling New Automobiles	Selling Used Automobiles	Automotive Repair Service	Rental Car Service	Other	Total
Sales to external customers	$ 496,183	$ 328,291	$ 221,933	$ 47,683	$ 42,358	$ 1,136,466

2. Geographical Information

(1) Net Sales

Millions of Yen						
2015						
Japan	Africa	North & South America	Oceania	Europe	Asia	Total
¥ 109,247	¥ 6,009	¥ 1,004	¥ 3,353	¥ 15,815	¥ 946	¥ 136,376

Millions of Yen						
2014						
Japan	Africa	North & South America	Oceania	Europe	Asia	Total
¥ 116,712	¥ 6,109	¥ 756	¥ 921	¥ 7,425	¥ 757	¥ 132,682

Thousands of U.S. Dollars						
2015						
Japan	Africa	North & South America	Oceania	Europe	Asia	Total
$ 910,391	$ 50,075	$ 8,366	$ 27,941	$ 131,791	$ 7,883	$ 1,136,466

(2) Property and Equipment

Disclosures are omitted because property and equipment located in Japan account for more than 90% of the property and equipment in the consolidated balance sheet.

3. Information by Major Customer

Disclosures are omitted because there are no customers for which sales account for more than 10% of net sales in the consolidated statement of income.

4. Information about Goodwill by Reportable Segment

	Millions of Yen			
March 31, 2015	Car	Housing	Other	Total
Amount of goodwill	¥ 11,832	¥ 687	-	¥ 12,520

	Millions of Yen			
March 31, 2014	Car	Housing	Other	Total
Amount of goodwill	¥ 11,649	¥ 46	-	¥ 11,696

	Thousands of U.S. Dollars			
March 31, 2015	Car	Housing	Other	Total
Amount of goodwill	$ 98,600	$ 5,725	-	$ 104,333

Information about amortization of goodwill was omitted because equivalent information was disclosed above.