Consolidated Financial Statements

VT HOLDINGS CO., LTD.

Years ended March 31, 2010 and 2009
with Report of Independent Auditors

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2010 and 2009

	Thousands of Yen		*Thousands of U.S. Dollars (Note 1)*
	2010	**2009**	**2010**
Assets			
Current assets:			
Cash and cash equivalents *(Notes 3, 9 and 14)*	¥ 7,042,935	¥ 1,908,065	$ 75,697
Notes and accounts receivable:			
Trade *(Note 14)*	3,237,504	3,319,584	34,796
Other	1,351,565	983,988	14,526
Allowance for doubtful accounts	(29,632)	(64,728)	(318)
Lease receivables and investments in leases *(Notes 13 and 14)*	1,997,391	1,461,759	21,468
Inventories *(Note 4)*	7,034,754	5,228,338	75,609
Short-term loans receivable *(Note 14)*	273,627	582,774	2,940
Deferred tax assets *(Note 16)*	646,133	720,979	6,944
Other current assets	1,598,053	1,767,907	17,175
Total current assets	23,152,332	15,908,669	248,842
Property and equipment:			
Land *(Notes 6 and 9)*	16,415,801	18,201,469	176,438
Buildings and structures *(Notes 6, 8 and 9)*	16,653,453	17,836,051	178,992
Machinery, fixtures and vehicles	3,524,596	4,690,726	37,882
Leased assets *(Note 13)*	2,066,675	1,144,687	22,212
Construction in progress	2,314	-	24
	38,662,841	41,872,933	415,550
Accumulated depreciation	(13,351,177)	(12,804,611)	(143,499)
Property and equipment, net	25,311,664	29,068,321	272,051
Intangible assets *(Notes 6 and 7)*	12,502,936	13,315,201	134,382
Investments and other assets:			
Investment securities *(Notes 5, 9 and 14)*	4,655,031	1,361,129	50,032
Investments in unconsolidated subsidiaries and associated companies	73,129	3,528,222	785
Long-term loans receivable *(Note 14)*	433,407	611,903	4,658
Deferred tax assets *(Note 16)*	513,778	1,072,851	5,522
Guarantee and rental deposits	849,997	862,682	9,135
Other assets *(Notes 9 and 14)*	534,191	522,243	5,741
Allowance for doubtful accounts	(197,296)	(246,201)	(2,120)
Total investments and other assets	6,862,239	7,712,830	73,755
Total assets	¥ 67,829,173	¥ 66,005,023	$ 729,032

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Balance Sheets (continued)

March 31, 2010 and 2009

	Thousands of Yen		*Thousands of U.S. Dollars (Note 1)*
	2010	**2009**	**2010**
Liabilities and equity			
Current liabilities:			
Short-term bank loans *(Notes 9 and 14)*	¥ 15,089,398	¥ 21,789,701	$ 162,181
Current portion of long-term debt *(Notes 9 and 14)*	6,168,026	5,169,404	66,294
Lease obligations *(Notes 9, 13 and 14)*	2,597,413	1,776,629	27,917
Notes and accounts payable:			
Trade *(Note 14)*	13,081,061	9,139,723	140,596
Other	377,268	2,247,345	4,054
Income taxes payable *(Note 16)*	1,287,703	509,257	13,840
Accrued bonuses to employees	814,575	825,537	8,755
Other current liabilities	3,477,591	2,907,112	37,377
Total current liabilities	42,893,039	44,364,711	461,017
Long-term liabilities:			
Long-term debt *(Notes 9 and 14)*	10,089,202	7,840,548	108,439
Lease obligations *(Notes 9, 13 and 14)*	943,179	689,200	10,137
Deferred tax liabilities *(Note 16)*	1,249,194	1,265,002	13,426
Liability for employees' retirement benefits *(Note 10)*	1,481,579	1,706,757	15,924
Liability for retirement benefits for directors and corporate auditors	208,133	69,800	2,237
Accounts payable-other	143,437	239,599	1,541
Other long-term liabilities *(Note 9)*	331,628	1,565,692	3,564
Total long-term liabilities	14,446,354	13,376,599	155,270
Commitments and contingent liabilities *(Note 17)*			
Equity *(Note 11)*:			
Common stock:			
Authorized - 56,600,000 shares in 2010 and 2009 Issued - 35,924,118 shares in 2010 and 34,293,693 shares in 2009	2,453,700	2,378,700	26,372
Capital surplus	991,926	908,891	10,661
Stock acquisition rights *(Note 12)*	57,500	46,960	618
Retained earnings	6,315,058	4,505,812	67,874
Net unrealized gain (loss) on available-for-sale securities	109,412	(122,106)	1,175
Treasury stock, at cost - 1,524,344 shares in 2010 and 1,724,315 shares in 2009	(193,334)	(218,694)	(2,077)
Total	9,734,262	7,499,561	104,624
Minority interests	755,516	764,150	8,120
Total equity	10,489,779	8,263,712	112,744
Total liabilities and equity	¥ 67,829,173	¥ 66,005,023	$ 729,032

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Operations

Years ended March 31, 2010 and 2009

	Thousands of Yen		*Thousands of U.S. Dollars (Note 1)*
	2010	**2009**	**2010**
Net sales	¥ 88,276,916	¥ 93,430,646	$ 948,806
Cost of sales	69,362,066	75,168,974	745,508
Gross profit	18,914,850	18,261,671	203,298
Selling, general and administrative expenses	14,450,481	15,868,623	155,314
Operating income	4,464,368	2,393,047	47,983
Other income (expenses):			
Interest and dividend income	76,955	64,315	827
Interest expense	(534,006)	(504,291)	(5,739)
Equity in earnings (loss) of unconsolidated subsidiaries and associated companies	128,736	(51,917)	1,383
Foreign exchange loss, net	(19,434)	(47,519)	(208)
Gain on sales of investment securities	33,609	19,258	361
Gain on sales of property and equipment	69,268	16,429	744
Lease revenue received	108,912	124,979	1,170
Incentives received	73,024	39,661	784
Provision of liability for retirement benefits for directors and corporate auditors	(90,386)	-	(971)
Penalty income	358,664	-	3,854
Condemnation proceeds	-	112,220	-
Investment loss on collective investment vehicle	-	(13,208)	-
Loss on sales of investment securities	(22,663)	(154,471)	(243)
Write-down of investment securities	(375,106)	(566,340)	(4,031)
Loss on impairment of long-lived assets	(359,690)	(488,223)	(3,865)
Loss on sales and disposals of property and equipment	(89,957)	(321,423)	(966)
Provision for doubtful accounts	(12,522)	(92,643)	(134)
Cost of real estate leasing	(84,927)	(99,862)	(912)
Other, net	50,514	(174,630)	542
	(689,012)	(2,137,667)	(7,405)
Income before income taxes and minority interests	¥ 3,775,356	¥ 255,379	$ 40,577

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Operations (continued)

Years ended March 31, 2010 and 2009

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2010	**2009**	**2010**
Income Taxes *(Note 16)*			
Current	¥ 1,415,401	¥ 818,986	$ 15,212
Deferred	509,783	(197,406)	5,479
Total income taxes	1,925,185	621,489	20,692
Minority interests in net income	40,925	57,074	439
Net income (loss)	¥ 1,809,245	¥ (423,184)	$ 19,445

	Yen		U.S. Dollars (Note 1)
Per share of common stock *(Notes 2(r) and 18)*			
Basic net income (loss)	¥ 53.62	¥ (12.61)	$ 0.58
Diluted net income	52.13	-	0.56
Cash dividends applicable to the year	2.00	2.00	0.02

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity

Years ended March 31, 2010 and 2009

		Thousands of Yen								
	Outstanding number of shares of common stock	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Net unrealized (loss) gain on available-for-sale securities	Treasury stock	Total	Minority interests	Total equity
Balance at April 1, 2008	33,918,228	¥ 2,378,700	¥ 976,278	-	¥ 5,073,799	¥ (201,197)	¥ (100,964)	¥ 8,126,616	¥ 2,635,544	¥ 10,762,160
Net loss for the year	-	-	-	-	(423,184)	-	-	(423,184)	-	(423,184)
Cash dividends, ¥6.00 per share	-	-	(67,387)	-	(135,672)	-	-	(203,060)	-	(203,060)
Purchase of treasury stock	(1,348,850)	-	-	-	-	-	(117,730)	(117,730)	-	(117,730)
Transfer from capital surplus to retained earnings	-	-	-	-	(9,129)	-	-	(9,129)	-	(9,129)
Net change in the year	-	-	-	¥ 46,960	-	79,090	-	126,050	(1,871,394)	(1,745,343)
Balance at March 31, 2009	32,569,378	2,378,700	908,891	46,960	4,505,812	(122,106)	(218,694)	7,499,561	764,150	8,263,712
Exercising stock acquisition rights	1,630,425	75,000	75,000	-	-	-	-	150,000	-	150,000
Net income for the year		-	-	-	1,809,245	-	-	1,809,245	-	1,809,245
Purchase of treasury stock	(29)	-	-	-	-	-	(4)	(4)	-	(4)
Sales of treasury stock	200,000	-	8,035	-	-	-	25,365	33,400	-	33,400
Net change in the year		-	-	10,539	-	231,519	-	242,059	(8,633)	233,425
Balance at March 31, 2010	34,399,774	¥ 2,453,700	¥ 991,926	¥ 57,500	¥ 6,315,058	¥ 109,412	¥ (193,334)	¥ 9,734,262	¥ 755,516	¥ 10,489,779

	Thousands of U.S. Dollars (Note 1)								
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Net unrealized (loss) gain on available-for-sale securities	Treasury stock	Total	Minority interests	Total equity
Balance at March 31, 2009	$ 25,566	$ 9,768	$ 504	$ 48,428	$ (1,312)	$ (2,350)	$ 80,605	$ 8,213	$ 88,818
Exercising stock acquisition rights	806	806	-	-	-	-	1,612	-	1,612
Net income for the year	-	-	-	19,445	-	-	19,445	-	19,445
Purchase of treasury stock	-	-	-	-	-	(0)	(0)	-	(0)
Sales of treasury stock	-	86	-	-	-	272	358	-	358
Net change in the year	-	-	113	-	2,488	-	2,601	(92)	2,508
Balance at March 31, 2010	$ 26,372	$ 10,661	$ 618	$ 67,874	$ 1,175	$ (2,077)	$ 104,624	$ 8,120	$ 112,744

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 3,775,356	¥ 255,379	$ 40,577
Adjustments for:			
Depreciation and amortization	2,404,127	2,557,543	25,839
Loss on impairment of long-lived assets	359,690	488,223	3,865
Increase in allowance for doubtful accounts	11,958	104,398	128
Decrease in accrued bonuses	(10,962)	(79,804)	(117)
Decrease in liability for employees' retirement benefits	(225,178)	(98,688)	(2,420)
Increase in liability for retirement benefits for directors and corporate auditors	138,332	17,166	1,486
Interest and dividend income	(76,955)	(64,315)	(827)
Interest expense	534,006	504,291	5,739
Foreign exchange loss	20,856	45,013	224
Equity in (earnings) loss of unconsolidated subsidiaries and associated companies	(128,736)	51,917	(1,383)
Loss on sales and disposals of property and equipment - net	20,689	304,993	222
Write-down of investment securities	375,106	566,340	4,031
(Gain) loss on sales of investment securities - net	(10,945)	135,213	(117)
(Increase) decrease in notes and accounts receivable, trade	(179,315)	1,721,842	(1,927)
(Increase) decrease in inventories	(1,831,982)	1,676,048	(19,690)
Increase (decrease) in notes and accounts payable, trade	3,941,337	(7,042,589)	42,361
(Increase) decrease in other current assets	(38,260)	506,930	(411)
Increase (decrease) in other current liabilities	613,844	(171,751)	6,597
Other - net	(340,343)	(116,189)	(3,658)
Subtotal	9,352,628	1,361,966	100,522
Interest and dividends received	55,575	101,255	597
Interest paid	(542,838)	(481,176)	(5,834)
Income taxes paid	(1,538,649)	(1,726,630)	(16,537)
Income taxes refunded	692,246	152,362	7,440
Net cash provided by (used in) operating activities	¥ 8,018,962	¥ (592,223)	$ 86,188

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2010 and 2009

	Thousands of yen		*Thousands of U.S. dollars (Note 1)*
	2010	**2009**	**2010**
Cash flows from investing activities:			
Purchases of property and equipment	¥ (1,182,234)	¥ (5,364,701)	$ (12,706)
Proceeds from sales of property and equipment	3,106,333	1,739,315	33,387
Purchases of intangible assets	(34,662)	(439,436)	(372)
Purchases of investment securities	(89,012)	(809,019)	(956)
Proceeds from sales of investment securities	327,672	738,871	3,521
Cash received in sales of subsidiaries, net of cash relinquished	105,173	-	1,130
Increase in loans receivable	(16,926)	(956,062)	(181)
Decrease in loans receivable	1,177,195	974,476	12,652
Increase in security deposits paid	(48,696)	(129,988)	(523)
Decrease in security deposits paid	32,913	113,391	353
Other	(190,934)	351,384	(2,052)
Net cash provided by (used in) investing activities	3,186,820	(3,781,769)	34,252
Cash flows from financing activities:			
Net (decrease) increase in short-term bank loans	(6,700,302)	6,868,701	(72,015)
Proceeds from long-term debt	7,500,000	2,360,000	80,610
Repayment of long-term debt	(6,172,724)	(4,702,753)	(66,344)
Proceeds from issuance of bonds	283,000	195,431	3,041
Redemption of bonds	(30,000)	(300,000)	(322)
Guarantee deposits-received	-	219,052	-
Guarantee deposits-refunded	(551,968)	(42,932)	(5,932)
Purchase of treasury stock	(4)	(117,720)	(0)
Sales of treasury stock	28,400	-	305
Purchase of treasury stock by a subsidiary	(24,574)	(65,362)	(264)
Cash dividends paid	-	(203,060)	-
Cash dividends paid to minority shareholders	(12,032)	(43,150)	(129)
Repayment of lease obligations	(442,408)	(174,868)	(4,755)
Net cash (used in) provided by financing activities	(6,122,614)	3,993,335	(65,806)
Foreign currency translation adjustments on cash and cash equivalents	(8,298)	(9,015)	(89)
Net increase (decrease) in cash and cash equivalents	5,074,869	(389,673)	54,545
Cash and cash equivalents, beginning of year	1,908,065	2,297,738	20,508
Cash and cash equivalents, end of year *(Note 3)*	¥ 6,982,935	¥ 1,908,065	$ 75,053

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2010 and 2009

	Thousands of Yen		*Thousands of U.S. Dollars (Note 1)*
	2010	**2009**	**2010**
Non-Cash financing activities:			
Finance lease transactions:			
Increase in leased assets	¥ 930,058	¥ 1,146,778	$ 9,996
Increase in lease obligations	977,264	1,204,623	10,503
Acquisition of preferred stock issued by a consolidated subsidiary:			
Decrease in minority interests	-	1,800,000	-
Increase in accounts payable - other	-	1,800,000	-
Execution of stock aquisition rights:			
Increase in common stock	75,000	-	806
Increase in capital surplus	75,000	-	806
The following are the amount of assets and liabilities of a subisidiary excluded from the consolidation scope with the sales of share capital, as of December 22, 2009: (HD asset management Co., Ltd.)			
Current assets	35,429	-	380
Non-current assets	914,017	-	9,823
Current liabilities	(38,052)	-	(408)
Non-current liabilities	(803,643)	-	(8,637)
Gain on sales of security of HD Asset Management Co., Ltd.	31,672	-	340
Value of sales of security of HD Asset Management Co., Ltd.	139,423	-	1,498
Cash and cash equivalents of HD Asset Management Co., Ltd.	(34,250)	-	(368)
Cash received in sales of HD Asset Management Co., Ltd.	105,173	-	1,130

See accompanying notes to the consolidated financial statements.

VT HOLDINGS CO., LTD. and Consolidated Subsidiaries

Notes to the Consolidated Financial Statements

March 31, 2010 and 2009

1. Basis of Preparation

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 consolidated financial statements to conform to the classifications used in 2010.

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 ¥93.04 = U.S.$1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

As permitted by the Japanese Financial Instruments and Exchange Act, amounts of less than one thousand yen for the years ended March 31, 2010 and 2009 have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements for the years ended March 31, 2010 and 2009 (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Consolidation

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

The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 22 significant (24 in 2009) subsidiaries (together, the "Group").

HD Asset Management Co., Ltd. and Naganichi Real-estate Co., Ltd. are excluded from consolidation as of March 31, 2010 because the Company sold all investments in HD Asset Management Co., Ltd. at December 22, 2009 and Naganichi Real-estate Co., Ltd. was liquidated at December 31, 2009.

GMP collective investment vehicle and GYAKUSAN collective investment vehicle were excluded from consolidation as of March 31, 2010 because the effect of these collective investment vehicles on the accompanying consolidated financial statements would not be material.

Investments in 3 (3 in 2009) associated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and associated companies (8 in 2010 and 9 in 2009) are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

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

(b) Cash and cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash and cash equivalents consist of cash on hand and deposits in banks (including time deposits). The Company considers all time deposits with an original maturity of one year or less to be cash equivalents. Generally, such time deposits can be withdrawn at any time without penalty or diminution of the principal amount.

(c) Foreign currency translation

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

(d) Allowance for doubtful accounts

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

(e) Investment securities

Investment securities are classified and accounted for, depending on management’s intent, as follows:

Available-for-sale securities, which are classified as neither trading securities nor held-to-maturity securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The Company held a 20%-to-50% interest in 1 collective investment vehicle in 2010 (1 in 2009). The investment vehicle is not treated as an associated company because the Company is not able to exercise significant influence over the investment vehicle.

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

(f) Inventories

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

(g) Property and equipment

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

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

(h) Long-lived assets

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

(i) Intangible assets

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

(j) Deferred assets

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

(k) Liability for employees' retirement benefits

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

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

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

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

(m) Accrued bonuses to employees

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

(n) Leases

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

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

transactions.

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

(Sublease)
Prior to April 1, 2008, lease revenue received was recorded as sales and lease expense paid was recorded as cost of sales. However, effective April 1, 2008 net gains on sublease transactions was recorded as sales. Also, the Group accounted for leases which existed at the transition date and did not transfer ownership of the leased assets to the lessee in accordance with the new accounting method.

(o) Construction Contracts

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

The Company applied the new accounting standard effective April 1, 2009. There are no effects of this change to operations and segment information for the year ended March 31, 2010.

(p) Income taxes

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

(q) Derivatives and Hedge accounting

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

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

(r) Per share information

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

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

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

(s) New accounting pronouncements

Asset Retirement Obligations—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21 “Guidance on Accounting Standard for Asset Retirement Obligations.” Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

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

(1) Changes in Accounting Policies

When a new accounting policy is applied with a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

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

Segment Information Disclosures—In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. Cash and cash equivalents

A reconciliation between the cash and cash equivalents on the consolidated balance sheets and consolidated statements of cash flows for the years ended March 31, 2010 and 2009 was as follows:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Cash and cash equivalents on the consolidated balance sheet	¥ 7,042,935	¥ 1,908,065	$ 75,697
Time deposits	(60,000)	-	(644)
Cash and cash equivalents on the consolidated statements of cash flows	¥ 6,982,935	¥ 1,908,065	$ 75,053

4. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
New and used cars	¥ 6,218,017	¥ 3,989,099	$ 66,831
Parts	240,222	181,467	2,581
Other merchandise	299,895	585,038	3,223
Total merchandise	6,758,134	4,755,606	72,636
Raw materials	42,860	41,386	460
Work in process	188,669	386,728	2,027
Supplies	45,089	44,617	484
Total	¥ 7,034,754	¥ 5,228,338	$ 75,609

5. Investment Securities

Information regarding investment securities classified as available-for-sale securities at March 31, 2010 and 2009 is summarized as follows:

	Thousands of Yen							
	2010							
	Cost		Unrealized gain		Unrealized loss		Fair value	
Equity securities	¥	310,460	¥	209,752	¥	18,839	¥	501,372
Other		282,143		16,592		7,093		291,642
Total	¥	592,603	¥	226,344	¥	25,933	¥	793,014

	Thousands of Yen							
	2009							
	Cost		Unrealized gain		Unrealized loss		Fair value	
Equity securities	¥	424,486	¥	4,537	¥	39,408	¥	389,615
Other		288,966		-		55,804		233,162
Total	¥	713,453	¥	4,537	¥	95,212	¥	622,778

	Thousands of U.S. Dollars							
	2010							
	Cost		Unrealized gain		Unrealized loss		Fair value	
Equity securities	$	3,336	$	2,254	$	202	$	5,388
Other		3,032		178		76		3,134
Total	$	6,369	$	2,432	$	278	$	8,523

(b) Available-for-sale securities whose fair value is not reliably determined as of March 31, 2009 was as follows. Similar information for 2010 is disclosed in Note 13.

	Thousands of Yen	
	2009	
Unlisted equity securities	¥	559,396
Investment vehicle or others		178,953
Total	¥	738,350

(c) Proceeds from sales of available-for-sale securities for the year ended March 31, 2009 were ¥675,246 thousand. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥8,708 thousand and ¥154,471 thousand, respectively, for the year ended March 31, 2009.

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

	Thousands of Yen		
	2010		
	Proceeds	Realized gains	Realized lossws
Equity securities	¥ 271,881	¥ 31,867	¥ 11,177
Other	17,092	1,742	946
Total	¥ 288,973	¥ 33,609	¥ 12,124

	Thousands of U.S. Dollars		
	2010		
	Proceeds	Realized gains	Realized losses
Equity securities	$ 2,922	$ 342	$ 120
Other	183	18	10
Total	$ 3,105	$ 361	$ 130

(d) The impairment losses on available-for-sale equity securities for the years ended March 31, 2010 and 2009 were ¥8,488 thousand ($91 thousand) and ¥509,443 thousand, respectively.

(e) The Carrying amount of available-for-sale securities with contractual maturities at March 31, 2010 is disclosed in Note 13.

6. Long-lived Assets

The Group reviewed its long-lived assets for impairment as of March 31, 2010 and 2009, and as a result, recognized impairment losses of ¥359,690 thousand ($3,865 thousand) and ¥488,223 thousand, respectively. At March 31, 2010, impairments were recorded for land and a building and others. The carrying amounts of the assets in the real estate segment were written down by the difference between the estimated sales amount of idle assets and their carrying amounts. The carrying amount of the business assets in the investment segment were written down to the net selling value based on appraisal values estimated based on the Real-estate Appraisal Standard.

Impairment losses consisted of the following:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Buildings and structures	¥ 235,472	¥ 81,278	$ 2,530
Goodwill	-	43,934	-
Dealership	-	336,380	-
Land	113,629	-	1,221
Other	10,589	26,628	113
Total	¥ 359,690	¥ 488,223	$ 3,865

7. Intangible Assets

Intangible assets at March 31, 2010 and 2009 consisted of the following:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Goodwill, net	¥ 11,882,367	¥ 12,649,790	$ 127,712
Other	620,568	665,411	6,669
Total	¥ 12,502,936	¥ 13,315,201	$ 134,382

8. Investment Property

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

The Company and its consolidated subsidiaries hold some rental properties such as office buildings and shops in Aichi and other areas.

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

	Thousands of Yen			
	Carrying amount			Fair value
	April 1, 2009	Increase/ Decrease	March 31, 2010	March 31, 2010
Investment properties	¥ 6,467,975	¥ (3,077,184)	¥ 3,390,791	¥ 3,567,623
Properties which include parts used as investment properties	1,518,746	(17,416)	1,501,330	1,825,299

	Thousands of U.S.Dollars			
	Carrying amount			Fair value
	April 1, 2009	Increase/ Decrease	March 31, 2010	March 31, 2010
Investment properties	$ 69,518	$ (33,073)	$ 36,444	$ 38,345
Properties which include parts used as investment properties	16,323	(187)	16,136	19,618

Notes:

1) The carrying amount recognized in the balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2) The decrease during the fiscal year ended March 31, 2010 primarily represents the disposal of shops of ¥1,752,763 thousand ($18,838 thousand) and the exclusion of a subsidiary which owns investment properties from consolidation ¥910,237 thousand ($9,783 thousand).
3) The fair value of properties as of March 31, 2010 is measured by the Group in accordance with its Real-estate Appraisal Standard.

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

	Thousands of Yen			
	Rental income	Cost of rent	Total	Other income/ expenses
Investment properties	¥ 439,164	¥ 242,317	¥ 196,847	¥ (10,284)
Properties which include parts used as investment properties	71,212	22,490	48,722	-

	Thousands of U.S.Dollars			
	Rental income	Cost of rent	Total	Other income/ expenses
Investment properties	$ 4,720	$ 2,604	$ 2,115	$ (110)
Properties which include parts used as investment properties	765	241	523	-

Note:

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

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

Short-term bank loans principally represent short-term notes and overdrafts.
The average annual interest rates applicable to the short-term bank loans were 1.30% and 1.02% at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Loans from banks and other financial institutions due serially to 2013 with interest rates ranging from 0.72% to 3.38% (0.95% to 1.83% in 2009)	¥ 15,937,228	¥ 12,809,952	$ 171,294
Unsecured 1.40% domestic bonds due 2016	86,000	100,000	924
Unsecured 1.34% domestic bonds due 2015	84,000	100,000	902
Unsecured 5.0% domestic convertible debentures, convertible into common stock at ¥92 per share due 2012	150,000	-	1,612
Lease obligations	1,556,506	1,027,774	16,729
Unsecured 1.90% (1.94% in 2009) domestic other long-term debt due 2029	18,849	758,183	202
Total	¥ 17,832,583	¥ 14,795,909	$ 191,665
Less current portion	(6,782,194)	(5,477,978)	(72,895)
Long-term debt, less current portion	¥ 11,050,388	¥ 9,317,931	$ 118,770

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

The aggregate annual maturities of long-term debt and lease obligations subsequent to March 31, 2010 are summarized as follows:

	Thousands of Yen	*Thousands of U.S. Dollars*
Long-term debt	**2010**	**2010**
2011	¥ 6,168,867	$ 66,303
2012	4,169,175	44,810
2013	2,752,444	29,583
2014	2,036,780	21,891
2015	728,535	7,830
2016 and thereafter	420,272	4,517
Total	¥ 16,276,077	$ 174,936

	Thousands of Yen	*Thousands of U.S. Dollars*
Lease obligations	**2010**	**2010**
2011	¥ 613,326	$ 6,592
2012	569,695	6,123
2013	309,103	3,322
2014	60,324	648
2015	3,234	34
2016 and thereafter	821	8
Total	¥ 1,556,506	$ 16,729

Lease obligations on sub-leases were not included in the schedule above and , as result, lease obligations presented in the current liabilities section of consolidated balance sheet are larger by ¥1,984,086 thousand ($21,325 thousand) than that in the above schedule.

The assets pledged as collateral for short-term bank loans of ¥8,750,000 thousand ($94,045 thousand) as long-term debt of ¥4,050,522 thousand ($43,535 thousand) including the current portion at March 31, 2010 were as follows:

	Thousands of Yen	*Thousands of U.S. Dollars*
	2010	**2010**
Land	¥ 2,434,170	$ 26,162
Buildings	9,484,759	101,942
Investment securities	11,820	127
Time deposit	160,000	1,719
Total	¥ 12,090,749	$ 129,952

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

Financial covenants relating to syndicate loans of ¥5,634,000 thousand ($60,554 thousand) are as follows:

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

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

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

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

The Company and certain consolidated subsidiaries contracted bank overdraft agreements with 18 banks for efficient fund raising. The Company and certain consolidated subsidiaries are able to overdraw the maximum amount of ¥25,150,000 thousand ($270,313 thousand) at March 31, 2010. The outstanding balance of overdrafts was ¥14,412,727 thousand ($154,908 thousand) at March 31, 2010.

10. Retirement and Pension Plans

The following table sets forth the funded and accrued status of certain consolidated subsidiaries' defined benefit pension plans and the amounts recognized in the consolidated balance sheets at March 31, 2010 and 2009 for the plan:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Projected benefit obligation	¥ (2,313,991)	¥ (2,561,141)	$ (24,870)
Plan assets at fair value	802,992	835,817	8,630
Unfunded retirement benefit obligation	(1,510,999)	(1,725,324)	(16,240)
Unrecognized transitional obligation	(59,234)	(71,081)	(636)
Unrecognized actuarial loss	(11,025)	(22,623)	(118)
Unrecognized prior service cost	99,679	112,270	1,071
Liability for retirement benefits	¥ (1,481,579)	¥ (1,706,757)	$ (15,924)

The components of net periodic benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Service cost	¥ 86,992	¥ 91,968	$ 934
Interest cost	48,917	53,313	525
Amortization of transitional obligation	(11,846)	(11,846)	(127)
Recognized actuarial loss	4,387	6,715	47
Amortization of prior service cost	12,591	12,591	135
Contribution to defined contribution pension plan	159,866	165,567	1,718
Prepaid retirement payments	14,845	14,209	159
Other periodic benefit costs	142,679	147,374	1,533
Net periodic benefit costs	¥ 458,433	¥ 479,893	$ 4,927

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Periodic recognition of projected benefit obligation	Straight-line method	Straight-line method
Discount rate	2.0%	2.0%
Amortization period of prior service cost	11 years	11 years
Recognition period of actuarial gain / loss	10 to 11 years	10 to 11 years
Amortization period of transitional obligation	As incurred	As incurred

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

The funded status of the multi-employer pension plans at March 31, 2009 and 2008 (available information as of March 31, 2010 and 2009), to which contributions were recorded as net periodic retirement benefit costs, was as follows:

2009	*Thousands of Yen*	
	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund
Fair value of plan assets	¥ 22,514,603	¥ 24,841,169
Pension obligation recorded by pension fund	28,292,854	38,116,471
Difference	¥ (5,778,250)	¥ (13,275,301)
The Group's contribution percentage for multi-employer pension plans for the year ended March 31, 2009	3.9%	8.5%

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

2009	*Thousands of U.S.Dollars*	
	Pension Fund of Honda Car Dealers	Shizuoka Automobile Pension Fund
Fair value of plan assets	$ 241,988	$ 266,994
Pension obligation recorded by pension fund	304,093	409,678
Difference	$ (62,105)	$ (142,683)

Notes:

(Pension Fund of Honda Car Dealers)

Difference in 2009 mainly resulted from deficiency of reserve.

(Shizuoka Automobile Pension Fund)

1. Difference resulted mainly from deficiency of reserve of ¥8,654,950 thousand for 2009 and prior service cost of ¥4,620,352 thousand and ¥4,869,580 thousand for 2009 and 2008, respectively.
2. Prior service cost is amortized over 20 years and special contribution of ¥34,296 thousand ($368 thousand) and ¥34,707 thousand was expensed for the years ended March 31, 2010 and 2009.

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

11. Equity

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

(a) Dividends

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

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

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

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

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. Stock Options

Expenses arising from stock options included in the statements of operations for the year ended March 31, 2010 and 2009 were ¥15,539 thousand ($167 thousand) and ¥46,960 thousand, respectively.

The outstanding stock options granted by the Group as of March 31, 2010 are as follows:

Stock option (granted by)	Persons granted	Number of options granted (shares)	Date of grant	Exercise price *Yen (U.S. dollars)*	Exercise period
2005 Stock option (the Company)	6 advisors and 5 employees of the Company 13 directors and 10 employees of subsidiaries	106,500	July 20, 2005	¥ 776 ($ 8.34)	From August 1, 2007 To June 30, 2011
2008 Stock option (the Company)	3 directors of the Company	2,500,000	June 30, 2008	¥ 142 ($ 1.53)	From July 1, 2009 To June 30, 2013

The stock option activity is as follows:

(Stock option granted by the Company)

	2004 Stock option (Shares)	2005 Stock option (Shares)	2008 Stock option (Shares)
For the year ended March 31, 2009			
Non-vested			
March 31, 2008 - Outstanding	-	-	-
Granted	-	-	2,500,000
Canceled	-	-	-
Vested	-	-	-
March 31, 2009 - Outstanding	-	-	2,500,000
Vested			
March 31, 2008 - Outstanding	2,500,000	92,500	-
Vested	-	-	-
Exercised	-	-	-
Canceled	2,500,000	-	-
March 31, 2009 - Outstanding	-	92,500	-
For the year ended March 31, 2010			
Non-vested			
March 31, 2009 - Outstanding	-	-	2,500,000
Granted	-	-	-
Canceled	-	-	-
Vested	-	-	1,843,000
March 31, 2010 - Outstanding	-	-	657,000
Vested			
March 31, 2009 - Outstanding	-	92,500	-
Vested	-	-	1,843,000
Exercised	-	-	200,000
Canceled	-	-	-
March 31, 2010 - Outstanding	-	92,500	1,643,000
Exercise price	¥ 680	¥ 776	¥ 142
(yen and U.S. dollars)	($ 7.31)	($ 8.34)	($ 1.53)
Average stock price at exercise			¥ 187
(yen and U.S. dollars)	-	-	($ 2.01)
Fair value price at grant date			¥ 25
(yen and U.S. dollars)	-	-	($ 0.27)

13. Leases

(As lessee)

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

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

Lease payments relating to finance leases accounted for as operating leases in the consolidated financial statements amounted to ¥543,679 thousand ($5,843 thousand) and ¥795,720 thousand for the years ended March 31, 2010 and 2009, respectively.

Pro forma information for the years ended March 31, 2010 and 2009 of leased assets such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that did not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis was as follows:

	Thousands of Yen			
	2010			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Machinery and vehicles	¥ 1,142,751	¥ 803,194	¥ 3,095	¥ 336,461
Other	105,796	62,635	-	43,160
Total	¥ 1,248,548	¥ 865,829	¥ 3,095	¥ 379,622

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

	Thousands of U.S. Dollars			
	2010			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Machinery and vehicles	$ 12,282	$ 8,632	$ 33	$ 3,616
Other	1,137	673	-	463
Total	$ 13,419	$ 9,305	$ 33	$ 3,005

Obligations under finance leases:

	Thousands of Yen	*Thousands of U.S. Dollars*
Due within one year	¥ 288,039	$ 3,095
Due after one year	105,558	1,134
Total	¥ 393,597	$ 4,230

Allowance for impairment loss on leased assets of ¥269 thousand ($2 thousand) as of March 31, 2010 is not included in the obligations under finance leases.

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

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

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Reversal of allowance for impairment loss on leased assets	¥ 3,777	¥ 4,155	$ 40
Depreciation expense	430,567	670,341	4,627
Interest expense	17,940	33,622	192

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

The minimum rental commitments under noncancellable operating leases at March 31, 2010 were as follows:

	Thousands of Yen	*Thousands of U.S. Dollars*
Due within one year	¥ 3,088	$ 33
Due after one year	837	8
Total	¥ 3,926	$ 42

(As lessor)

The Group leases certain machinery and vehicles as lessor.

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

Lease revenues received relating to finance leases accounted for as operating leases in the consolidated financial statements amounted to ¥2,961 thousand ($31 thousand) and ¥3,145 thousand for the years ended March 31, 2010 and 2009, respectively.

The following amounts represent the acquisition cost, accumulated depreciation and carrying amount of those leased assets at March 31, 2010 and 2009.

	Thousands of Yen		
	2010		
	Acquisition cost	Accumulated depreciation	Carrying amount
Machinery and vehicles	¥ 7,237	¥ 4,812	¥ 2,424

	Thousands of Yen		
	2009		
	Acquisition cost	Accumulated depreciation	Carrying amount
Machinery and vehicles	¥ 10,309	¥ 4,474	¥ 5,834

	Thousands of U.S. Dollars		
	2010		
	Acquisition cost	Accumulated depreciation	Carrying amount
Machinery and vehicles	$ 77	$ 51	$ 26

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

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Depreciation expense	¥ 1,447	¥ 2,471	$ 15
Interest income	545	673	5

Interest income is computed by the interest method.

Expected revenues from such finance lease that existed at the transition date and were accounted for as operating leases at March 31, 2010 were as follows:

	Thousands of Yen	*Thousands of U.S. Dollars*
Due within one year	¥ 1,519	$ 16
Due after one year	1,025	11
Total	¥ 2,545	$ 27

Amounts of sublease items, which include interest portion, included in the consolidated balance sheet as of March 31, 2010 were as follows:

	Thousands of Yen	*Thousands of U.S. Dollars*
Lease receivables:		
Current assets	¥ 1,912,371	$ 20,554
Lease obligations:		
Current liabilities	1,984,086	21,325

14. Financial Instruments and Related Disclosures

In March 2008, the ASBJ revised ASBJ Statement No.10 “Accounting Standard for Financial Instruments” and issued ASBJ Guidance No.19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures”. This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Company applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group policy for financial instruments

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

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

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

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

(3) Risk management for financial instruments

Credit Risk Management

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

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

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

Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company manages its liquidity risk by planning or revising its cashflow 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 detail of the fair value of derivatives.

(a) Fair value of financial instruments

	Thousands of Yen		
	2010		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 7,042,935	¥ 7,042,935	-
Notes and accounts receivable	3,237,504	3,237,504	-
Lease receivables and investments in leases	1,997,391	2,004,107	¥ 46,715
Securities and investment securities			
Available-for-sale securities	793,014	793,014	-
Short-term loans receivable	273,627	276,088	2,461
Long-term loans receivable	433,407	451,048	17,641
Claims in bankruptcy	213,952		
Less: allowance for doubtful accounts (*)	(192,040)		
Claims in bankruptcy - net	21,911	21,911	-
Total	¥ 13,799,792	¥ 13,866,610	¥ 66,817
Notes and accounts payable	¥ 13,081,061	¥ 13,081,061	-
Short-term bank loan (excluding current portion of long-term debt)	15,089,398	15,089,398	-
Lease obligation (current and non-current portion)	3,540,593	3,475,566	¥ (65,026)
Long-term debt (including current portion)	16,257,228	16,282,828	25,600
Total	¥ 47,968,281	¥ 47,928,855	¥ (39,426)
Derivatives	-	-	-

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

	Thousands of U.S. Dollars		
	2010		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 75,697	$ 75,697	-
Notes and accounts receivable	34,796	34,796	-
Lease receivables and investments in leases	21,468	21,970	$ 502
Securities and investment securities			
Available-for-sale securities	8,523	8,523	-
Short-term loans receivable	2,940	2,967	26
Long-term loans receivable	4,658	4,847	189
Claims in bankruptcy	2,299		
Less: allowance for doubtful accounts (*)	(2,064)		
Claims in bankruptcy - net	235	235	-
Total	$ 148,321	$ 149,039	$ 718
Notes and accounts payable	$ 140,596	$ 140,596	-
Short-term bank loan (excluding current portion of long-term debt)	162,181	162,181	-
Lease obligation (current and non-current portion)	38,054	37,355	$ (698)
Long-term debt (including current portion)	174,733	175,008	275
Total	$ 515,566	$ 515,142	$ (423)
Derivatives	-	-	-

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

Assets

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

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

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

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

Claims in bankruptcy

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

Liabilities

Notes and accounts payable and short-term loans payable

The carrying amount of these accounts approximate fair value because of their short maturities.

Lease obligations

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

Long-term debt

The fair value of long-term debt is determined by discounting the cash flow related to debt at the Group's assumed corporate borrowing rate. Some of the long-term bank loans with variable interest rates are accounted for together with the interest rate swaps which meet the certain criteria and the fair value of the swaps was included in that of long-term debt.

Derivatives

The information on the fair value of derivatives is included in Note 14.

(b) Financial instruments whose fair value cannot be reliably determined:

	Thousands of Yen	*Thousands of U.S. Dollars*
	2010	**2010**
	Carrying amount	
Unlisted equity securities	¥ 367,403	$ 3,948

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

	Thousands of Yen			
	2010			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 7,042,935	-	-	-
Notes and accounts receivable	3,237,504	-	-	-
Lease receivables and investments in leases	711,666	¥ 1,285,725	-	-
Securities and investment securities				
Available-for-sale securities with contractual maturities	3,842	10,662	¥ 6,059	¥ 197,806
Short-term loans receivable and long-term loans receivable	287,899	101,724	68,561	248,848
Total	¥ 11,283,847	¥ 1,398,113	¥ 74,621	¥ 446,655

	Thousands of U.S. Dollars			
	2010			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	$ 75,697	-	-	-
Notes and accounts receivable	34,796	-	-	-
Lease receivables and investments in leases	7,649	$ 13,819	-	-
Securities and investment securities				
Available-for-sale securities with contractual maturities	41	114	$ 65	$ 2,126
Short-term loans receivable and long-term loans receivable	3,094	1,093	736	2,674
Total	$ 121,279	$ 15,027	$ 802	$ 4,800

Please see Note 8 for annual maturities of long-term debt and obligations under finance leases.

15. Derivatives

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

	Thousands of Yen			
	2010			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps: (fixed rate payment, variable rate receipt)	Long-term debt	¥ 1,750,000	¥ 1,750,000	(*)

	Thousands of U.S. Dollars			
	2010			
	Hedge item	Contract amount	Contract amount due after one year	Fair value
Interest rate swaps: (fixed rate payment, variable rate receipt)	Long-term debt	$ 18,809	$ 18,809	(*)

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

In 2009, the Group did not enter into any derivative transactions.

(*) The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 13 is included in that of hedged items (i.e. long-term bank loans).

16. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 40.5% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2010 and 2009 are as follows:

	Thousands of Yen		*Thousands of U.S. Dollars*
	2010	**2009**	**2010**
Deferred tax assets:			
Accrued enterprise tax	¥ 106,062	¥ 42,759	$ 1,139
Tax loss carryforwards	1,563,993	2,469,816	16,809
Liability for employees' retirement benefits	613,232	697,499	6,591
Accrued bonuses to employees	324,586	336,795	3,488
Allowance for doubtful accounts	82,688	441,591	888
Loss on impairment of long-lived assets	482,345	622,441	5,184
Write-down of investment securities	282,093	155,789	3,031
Gain on acquisition of warrants	195,123	198,860	2,097
Accounts payable - other, non-current	59,653	98,227	641
Other	719,066	773,728	7,728
Subtotal	4,428,847	5,837,508	47,601
Less: Valuation allowance	(2,841,542)	(3,693,335)	(30,541)
Deferred tax assets	1,587,305	2,144,173	17,060
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(90,560)	(860)	(973)
Unrealized gain on subsidiaries' assets and liabilities arising from consolidation	(1,583,914)	(1,594,480)	(17,024)
Other	(2,113)	(20,003)	(22)
Deferred tax liabilities	(1,676,587)	(1,615,344)	18,020
Net deferred tax (liabilities) assets	¥ (89,282)	¥ 528,828	$ (959)

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the years ended March 31, 2010 and 2009 were as follows:

	2010	**2009**
Statutory tax rate	40.5%	40.5%
Adjustment due to liquidation of a consolidated subsidiary	8.3	-
Amortization of goodwill	8.1	125.7
Valuation allowance	(6.9)	(212.6)
Dividend received from subsidiaries taxable for income tax purposes	3.6	45.3
Changes in tax loss carryforward	(1.9)	231.2
Per capita tax	0.9	14.6
Unrealized gain	0.8	10.9
Realization of unrealized gain on subsidiaries' assets and liabilities arising from consolidation	(0.7)	(19.5)
Other	(1.7)	7.3
Effective tax rate	51.0%	243.4%

17. Contingent Liabilities

Showa Corporation Co., Ltd. brought a lawsuit for ¥1,370,124 thousand against the Company and others claiming that its loss in the car-import business was due to the Company's breach of cooperation duties in the business at December 11, 2008. Management believes that the claim was not the case and there was no reason to accept it and the Company is in the process of responding.

18. Net Income Per Share

Reconciliation of the difference between basic and diluted net income per share ("EPS") for the year ended March 31, 2010 and net loss per share for the year ended March 31, 2009 is presented as follows:

	Thousands of Yen	*Shares*	*Yen*	*U.S. Dollars*
	Net income (loss)	Weighted average shares	EPS	
For the year ended March 31, 2010				
Basic EPS				
Net income available to common shareholders	¥ 1,809,245	33,742,831	¥ 53.62	$ 0.58
Effect of Dilutive Securities				
Stock aqcuisition rights	4,849	1,054,193		
Diluted EPS				
Net income for computation	1,814,094	34,797,024	52.13	0.56
For the year ended March 31, 2009				
Basic EPS				
Net loss available to common shareholders	¥ (423,184)	33,571,975	¥ (12.61)	

19. Related Party Transactions

Transactions with related parties, excluding subsidiaries and associated companies, for the years ended March 31, 2010 and 2009 were as follows:

Related party	Nature of transaction	*Thousands of Yen* 2010	*Thousands of Yen* 2009	*Thousands of U.S. Dollars* 2010
Representative director of the Company	Exercising of stock options	¥ 28,400	-	$ 305
Representative director of the Company	Guarantee for bank loans	2,456,688	¥ 60,000	26,404
A company which is owned by close relative of a representative director of the Company	Sale of real estate held for sale	328,194	-	3,527
Director of a significant subsidiary	Sale of real estate held for sale	-	29,171	-

Subsidiaries of the Company accept guarantees from a representative director of the Company for bank loans.
The sales price of real estate was determined by the internal rules of the Company.

20. Segment Information

(a) Industry segments

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

The business segment information of the Group for the years ended March 31, 2010 and 2009 is outlined as follows:

	Thousands of Yen							
	2010							
	Car	Housing	Real estate	Investment	Environment	Total	Elimina-tions or corporate	Consolida-ted
I. Sales and operating income:								
Sales to third parties	¥83,594,389	¥ 2,926,501	¥ 388,161	¥ 4,294	¥ 1,363,570	¥88,276,916	-	¥88,276,916
Intersegment sales	34,998	107,518	45,311	35,087	2,453	225,370	¥ (225,370)	-
Total sales	83,629,387	3,034,020	433,473	39,381	1,366,024	88,502,287	(225,370)	88,276,916
Operating expenses	79,471,476	3,016,987	276,560	65,264	1,078,565	83,908,855	(96,307)	83,812,547
Operating income (loss)	¥ 4,157,910	¥ 17,032	¥ 156,912	¥ (25,882)	¥ 287,458	¥4,593,431	¥ (129,062)	¥ 4,464,368
II. Assets, depreciation, impairment loss and capital expenditures:								
Assets	¥64,852,260	¥ 949,817	¥ 2,485,753	¥13,839,074	¥ 377,486	¥82,504,392	¥(14,675,219)	¥67,829,173
Depreciation	1,573,144	7,838	65,327	-	6,832	1,653,142	(5,413)	1,647,728
Impairment loss	-	-	349,101	10,589	-	359,690	-	359,690
Capital expenditures	2,094,261	11,623	20,481	-	3,488	2,129,853	(7,044)	2,122,809

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

	Thousands of U.S. Dollars							
	2010							
	Car	Housing	Real estate	Investment	Environment	Total	Elimina-tions or corporate	Consolida-ted
I. Sales and operating income:								
Sales to third parties	$ 898,477	$ 31,454	$ 4,171	$ 46	$ 14,655	$ 948,806	$ -	$ 948,806
Intersegment sales	376	1,155	487	377	26	2,422	(2,422)	-
Total sales	898,854	32,609	4,658	423	14,682	951,228	(2,422)	948,806
Operating expenses	854,164	32,426	2,972	701	11,592	901,857	(1,035)	900,822
Operating income (loss)	$ 44,689	$ 183	$ 1,686	$ (278)	$ 3,089	$ 49,370	$ 1,387	$ 47,983
II. Assets, depreciation, impairment loss and capital expenditures:								
Assets	$ 697,036	$ 10,208	$ 26,717	$ 148,743	$ 4,057	$ 886,762	$ (157,730)	$ 729,032
Depreciation	16,908	84	702	-	73	17,768	(58)	17,709
Impairment loss	-	-	3,752	113	-	3,865	-	3,865
Capital expenditures	22,509	124	220	-	37	22,891	(75)	22,816

(b) Geographical segments

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

(c) Sales to foreign customers

Information regarding sales to foreign customers is not disclosed for the years ended March 31, 2010 and 2009 because sales to foreign customers were less than 10% of consolidated sales.

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