

May 19, 2006

Summary of Quick Financial Announcement of Consolidated Financial Information For the Year Ended March 31, 2006

Company name : AUTOBACS SEVEN CO., LTD.

Code Number : 9832

(URL <http://www.autobacs.co.jp/>)

Headquarters : Tokyo, Japan

Company Representative : Koichi Sumino, Representative Director

Contact for further information : Satoru Miyoshi, General Manager of Accounting and Finance Department

Telephone : +81-3-6219-8728

Date of the Board of Directors' meeting for approval of annual accounts : May 19, 2006

Stock Exchange Listings : First Section, both of Tokyo, Osaka and London

Adoption of accounting principles generally accepted in the U.S.A. : None

1. Results for the fiscal term (From April 1, 2005 to March 31, 2006)

(Note: Amounts less than 1 million Yen have been rounded down)

(1) Results of operations:

(Unit: Millions of Yen except for per share information, % of increase or decrease(-))

	Net sales		Operating income		Ordinary income	
Year ended						
March 31, 2006	240,207	5.9%	13,637	85.1%	16,922	33.3%
Year ended						
March 31, 2005	226,779	-0.1%	7,368	18.6%	12,694	21.1%
	Net income		Basic net income per share(Yen)		Basic net income per share-diluted(Yen)	
Year ended						
March 31, 2006	7,860	168.4%	210.36		198.57	
Year ended						
March 31, 2005	2,928	-46.2%	79.85		-	
	Net income to shareholders' equity		Ordinary income to total assets		Ordinary income to net sales	
Year ended						
March 31, 2006	5.1%		7.9%		7.0%	
Year ended						
March 31, 2005	2.0%		6.3%		5.6%	

Notes: 1. Equity income on affiliates : 146 million Yen

(Equity income on affiliates for the year ended March 31, 2005 : 184 million Yen)

2. The weighted average number of shares used in computing net income per share : 36,758,260
(For the year ended March 31, 2005 : 35,482,337)

3. Changes in accounting policies : Yes

a. In the past, Rent revenue and Lease revenue and that these corresponding cost have been appropriated as "Non-operating income" and "Selling, general and administrative expenses", "Non-operating expenses."

From this fiscal year, the Company reclassified Rent revenue and Lease revenue and these corresponding cost to "Net Sales" and "Cost of goods sold". The reasons of changing accounting policy are as follow.

The Company estimates continual incomes with increasing number of stores.

The Company has been able to keep incomes and expenses of every store under control because of introduction of a new accounting system.

As a result, "Net sales" increase 3,798 million yen and "Gross profit" increase 1,024 million yen, "Operating income" increase 2,318 million yen compared with the previous policy respectively. These reclassifications have no effect on "Ordinary income".

- b. In the past, lease revenue-system equipment and these corresponding costs have been appropriated as "Non-operating income" and "Selling, general and administrative expenses".

From this fiscal year, the Company reclassified the cost corresponding to lease revenue-system equipment to "Non-operating expenses" for correspondence between incomes and expenses and for enhancement of the quality of consolidated financial statement.

As a result, "Operating income" increases 512 million yen compared with the previous policy respectively. This reclassification has no effect on "Ordinary income".

- c. In the past, as the difference of the closing of the accounting term between the Company and consolidated overseas subsidiaries had been less than three months, the Company adopted financial statement in the closing of the accounting term of consolidated subsidiaries, and made some necessary revisions for consolidation.

From this fiscal year, the Company changed the policy to adopt more rational procedures that conform to the formal accounting procedure to enhance the quality of consolidated financial statement.

As a result, "Net sales" increase 1,025 million yen, "Ordinary income" and "Net income" decrease 79 million yen compared with the previous policy respectively.

- d. Provision for business restructuring provides for losses related to the arrangement of business.

The Company appropriates prospect of losses that exceed the amount of actual investments and credits.

4. Regarding net sales, operating income, ordinary income and net income, percentages show changes from the previous year.

(2) Financial position:

(Unit: Millions of Yen except for per share information)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
Year ended				
March 31, 2006	227,707	161,535	70.9%	4,178.23
Year ended				
March 31, 2005	203,224	148,982	73.3%	4,196.25

Note: Number of shares outstanding: 38,630,670

(For the year ended March 31, 2005: 35,481,179)

(3) Statements of cash flows:

(Unit: Millions of Yen)

	Operating activities	Investing activities	Financing activities	Ending balances of cash and cash equivalents
Year ended				
March 31, 2006	24,136	(26,996)	5,177	53,622
Year ended				
March 31, 2005	10,979	(1,276)	236	51,150

(4) Scope of consolidation and application of equity method:

Number of consolidated subsidiaries	62
Number of non-consolidated subsidiaries	2
Number of affiliated companies to which equity method was applied	9

(5) Change in scope of consolidation and application of equity method:

Consolidation	Addition	7
	Exclusion	5
Equity method	Addition	2
	Exclusion	1

2. Forecast for the fiscal year 2007(from April 1, 2006 to March 31, 2007)

(Unit: Millions of Yen)

	Net sales	Ordinary income	Net income
Semiannual	118,000	8,400	4,800
Annual	246,500	17,300	9,400

Notes: 1. The estimated net income per share for the year ending March 31, 2007 will be 240.01Yen.

2. This forecast is based on the assumptions, estimates, recognition of facts and projections, which are currently available to the management of the company. The actual results may differ materially from the projected figures in this release due to differences in actual experience or changes in assumptions.

Consolidated Balance Sheets

(Unit: Millions of Yen)

Assets

	(March 31, 2006)		(March 31, 2005)	
	Amount	Ratio	Amount	Ratio
		%		%
Current assets				
Cash and deposits	34,256		51,306	
Trade notes and accounts receivable	12,914		12,919	
Marketable securities	28,682		5,124	
Inventories	17,015		17,247	
Deferred tax assets	2,794		1,906	
Short-term loans	699		841	
Accounts receivable-other	14,285		14,133	
Other current assets	1,890		1,444	
Allowance for doubtful receivables	(520)		(710)	
Total current assets	112,020	49.2	104,214	51.3
Fixed assets				
Tangible fixed assets				
Buildings and structures	21,613		23,917	
Machinery, equipment and vehicle	1,109		1,298	
Tools, furniture and fixtures	4,462		4,940	
Land	22,330		21,070	
Construction in progress	276		172	
Total tangible fixed assets	49,794	21.9	51,399	25.3
Intangible fixed assets				
Consolidated adjustment account	398		325	
Software	4,753		3,151	
Goodwill	4,975		-	
Other intangible fixed assets	772		776	
Total intangible fixed assets	10,899	4.8	4,253	2.1
Investments				
Investment securities	26,513		12,883	
Long-term loans	1,876		2,657	
Deferred tax assets	4,034		4,802	
Rental deposits	22,698		23,650	
Other investments	1,529		1,880	
Allowance for doubtful receivables	(1,659)		(2,516)	
Total investments	54,993	24.1	43,357	21.3
Total fixed assets	115,687	50.8	99,010	48.7
Total assets	227,707	100.0	203,224	100.0

(Unit: Millions of Yen)

Liabilities and Shareholders' equity

	(March 31, 2006)		(March 31, 2005)	
	Amount	Ratio	Amount	Ratio
		%		%
Current liabilities				
Trade notes and accounts payable-trade	16,094		14,335	
Short-term borrowings	4,768		4,863	
Accrued liabilities	11,436		-	
Income taxes payable	4,800		1,159	
Other current liabilities	6,946		14,252	
Total current liabilities	44,046	19.4	34,609	17.1
Long-term liabilities				
Bonds	-		8	
Zero coupon convertible bonds	270		10,000	
Long-term debt	11,407		415	
Deferred tax liabilities	421		393	
Liability for retirement benefits	275		385	
Accrued retirement benefits for directors and corporate auditors	404		429	
Provision for business restructuring	860		-	
Other long-term liabilities	8,015		7,520	
Total long-term liabilities	21,655	9.5	19,153	9.4
Total liabilities	65,701	28.9	53,763	26.5
Minority interests	469	0.2	478	0.2
Shareholders' equity				
Common stock	33,998	14.9	31,958	15.7
Capital surplus	34,512	15.2	32,241	15.9
Retained earnings	96,113	42.2	90,121	44.3
Net unrealized gain (loss) on available-for-sale securities	744	0.3	206	0.1
Foreign currency translation adjustments	(221)	(0.1)	(426)	(0.2)
Treasury stock, at cost	(3,610)	(1.6)	(5,118)	(2.5)
Total shareholders' equity	161,535	70.9	148,982	73.3
Total liabilities, minority interests and shareholders' equity	227,707	100.0	203,224	100.0

Consolidated Statements of Income
(Unit: Millions of Yen)

	Year ended March 31, 2006		Year ended March 31, 2005	
	Amount	Ratio	Amount	Ratio
		%		%
Net sales	240,207	100.0	226,779	100.0
Cost of goods sold	166,257	69.2	158,583	69.9
Gross profit	73,949	30.8	68,196	30.1
Selling, general and administrative Expenses	60,312	25.1	60,827	26.8
Operating income	13,637	5.7	7,368	3.2
Non-operating income				
Interest income	235		209	
Dividend income	18		86	
Equity income on affiliates	146		184	
Rental income	97		2,211	
Commission Income	580		-	
Lease revenue – system equipment	851		862	
Other non-operating income	3,322		4,346	
Total non-operating income	5,252	2.1	7,900	3.5
Non-operating expenses				
Interest expenses	81		60	
Lease cost – system equipment	512		-	
Loss on disposal of fixed assets	263		147	
Other non-operating expenses	1,109		2,366	
Total non-operating expenses	1,967	0.8	2,574	1.1
Ordinary income	16,922	7.0	12,694	5.6
Extraordinary gains				
Gain on sale of fixed assets	-		76	
Gain on sale of investment securities	-		609	
Reversal of allowance for doubtful receivables	774		577	
Total extraordinary gains	774	0.3	1,262	0.5
Extraordinary losses				
Loss on sale of fixed assets	-		554	
Loss on disposal of fixed assets	-		99	
Impairment losses on fixed assets	1,151		4,384	
Loss on write down of investment securities	206		17	
Loss on sale of securities of affiliated company	-		7	
Provision for directors' retirement allowance	-		226	
Expense of transition to defined contribution pension plan	-		339	
Provision for business restructuring	1,848		-	
Special severance payments for early retired employees	258		99	
Loss on arrangement of stores	-		1,146	
Loss on disposal of obsolete inventories	-		69	
Loss on write-down of inventories	366		107	
Expense of legal settlement	-		30	
Total extraordinary losses	3,831	1.5	7,081	3.1
Income before income taxes and minority interests	13,865	5.8	6,875	3.0
Income taxes – current	6,454	2.7	3,910	1.7
Income taxes – deferred	(447)	(0.2)	268	0.1
Minority interests	1	0.0	231	0.1
Net income	7,860	3.3	2,928	1.3

Consolidated Statements of Capital Surplus and Retained Earnings
(Unit: Millions of Yen)

	Year ended March 31, 2006	Year ended March 31, 2005
(Capital surplus)		
Capital surplus at beginning of year	32,241	32,241
Increase in capital surplus		
Issuing of new stock by conversion of convertible bonds	2,036	-
Gain from disposal of treasury stock	234	-
Capital surplus at end of year	34,512	32,241
(Retained earnings)		
Retained earnings at beginning of year	90,121	88,651
Increase in retained earnings		
Net income	7,860	2,928
Decrease in retained earnings		
Cash dividends	(1,774)	(1,384)
Bonuses to directors and corporate auditors	(95)	(73)
Loss on disposal of treasury stock	-	(0)
Retained earnings at end of year	96,113	90,121

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	Year ended March 31, 2006	Year ended March 31, 2005
	Amount	Amount
Operating activities:		
Income before income taxes and minority interests	13,865	6,875
Depreciation and amortization	4,935	5,536
Impairment losses on fixed assets	1,151	4,384
Loss on arrangement in subsidiary Companies	-	1,146
Amortization of consolidated adjustment income	132	82
Provision for business restructuring	860	-
(Reversal of) provision for doubtful receivables	(1,046)	186
Reversal of retirement benefits	(109)	(1,009)
(Decrease) increase in retirement benefits for directors and corporate auditors	(25)	270
Interest and dividend income	(254)	(296)
Interest expenses	81	60
Gain on foreign currency translation	(1)	(239)
Equity income on affiliates	(146)	(184)
Lease revenue	-	(2,164)
Gain on sale of marketable securities	-	0
Loss on sale or disposal of fixed assets	285	701
Gain on sale of investment securities	-	(601)
Write-down of investment securities	206	17
Increase in trade notes and accounts receivable	(22)	(1,286)
Decrease in inventories	10	1,492
Increase in trade notes and accounts payable	1,893	135
Payment for bonuses for directors and corporate auditors	(95)	(73)
Others	5,219	1,506
Subtotal	26,940	16,545
Interest and dividend received	288	792
Interest paid	(67)	(80)
Taxes paid	(3,024)	(6,276)
Net cash provided by operating activities	24,136	10,979
Investing activities:		
Decrease in time deposit	38	4
Payment for marketable securities	(13,809)	(4,814)
Proceeds from sale of marketable securities	7,000	3,399
Payment for tangible and intangible fixed assets other than software	(9,397)	(4,491)
Proceeds from sale of tangible and intangible fixed assets other than software	279	1,376
Payment for software development	(2,002)	(1,857)
Payment for investment securities	(15,865)	(5,369)
Proceeds from sale of investment securities	5,686	6,382
Cash of subsidiaries acquired	113	-
Payment for loans	(253)	(1,303)
Collection of loans	1,172	1,980
Payment for rental deposits	(965)	(1,741)
Collection of rental deposits	478	1,560
Lease revenue	-	1,719
Others	529	1,876
Net cash used in investing activities	(26,996)	(1,276)
Financing activities:		
Net (decrease) increase in short-term borrowings	(299)	1,922
Proceeds from long-term debt	13,000	120
Repayments of long-term debt	(1,848)	(587)
Purchase of treasury stock	(3,909)	(7)
Proceeds from issuance of subsidiary stock	15	197
Dividends paid	(1,774)	(1,384)
Others	(5)	(25)
Net cash provided by (used in) financing activities	5,177	236
Effect of exchange rate changes on cash and cash equivalents	102	55
Net increase (decrease) in cash and cash equivalents	2,420	9,994
Cash and cash equivalents, beginning of year	51,150	41,155
Increase in cash and cash equivalents resulting from initial consolidation of subsidiary	51	-
Cash and cash equivalents, end of year	53,622	51,150

Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

Divisions	Year ended March 31, 2006		Year ended March 31, 2005		Increase or (decrease) Ratio
	Amount	Ratio	Amount	Ratio	
		%		%	%
Wholesale	139,543	58.1	133,384	58.8	4.6
Retail	96,865	40.3	93,395	41.2	3.7
Others	3,798	1.6	-	-	-
Total	240,207	100.0	226,779	100.0	5.9

Note: "Others" is consisted of Rent revenue and Lease revenue.

Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

Products	Year ended March 31, 2006		Year ended March 31, 2005		Increase or (decrease) Ratio
	Amount	Ratio	Amount	Ratio	
		%		%	%
Tyres and wheels	50,024	20.8	45,965	20.3	8.8
Car electronics	69,185	28.8	65,358	28.8	5.9
Oil and batteries	17,341	7.2	16,564	7.3	4.7
Car exterior items	25,762	10.7	23,257	10.3	10.8
Car interior items	22,280	9.3	20,347	8.9	9.5
Motor sports goods and others	-	-	55,285	24.4	-
Motor sports	22,034	9.2	-	-	-
Services	13,255	5.5	-	-	-
Others	20,322	8.5	-	-	-
Total	240,207	100.0	226,779	100.0	5.9

Note: From year ended March 31, 2006, "Motor sports goods and Others" is divided into "Motor sports", "Services" and "Others". "Others" is consisted of Revenue of car sales, Rent revenue and Lease revenue.