

February 10, 2006

Summary of Quick Financial Announcement of Consolidated Financial Information for the Third Quarter Ended December 31, 2005

Company name: AUTOBACS SEVEN CO., LTD.

Code number: 9832

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

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

1. Notes concerning the preparation of the consolidated financial statements for the nine months ended

(1) Whether the company has adopted simplified accounting procedures: None

(2) Accounting policies that differ from the fiscal year ended March 31, 2005: Yes

The Company reclassified Rent revenue and Lease revenue to "Net Sales" and the cost corresponding to these revenues to "Cost of goods sold".

And the Company also reclassified the cost corresponding to the "Lease revenue - system equipment" to "Non-operating expenses".

(3) Change in the scope of application of consolidation or the equity method: Yes

Number of consolidated companies: New:3 Excluded:4

Number of companies to which the equity method is applied: New:1 Excluded:1

2. Results for the nine months ended (from April 1, 2005 to December 31, 2005)

(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	
Nine months ended December 31, 2005	193,149	6.8%	13,303	87.8%	16,168	51.2%
Nine months ended December 31, 2004	180,835	(0.9%)	7,084	3.2%	10,695	3.5%
(Reference) Year ended March 31, 2005	226,779		7,368		12,694	

	Net income		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
Nine months ended December 31, 2005	8,329	226.4%	230.48	213.94
Nine months ended December 31, 2004	2,551	(51.1%)	71.91	-
(Reference) Year ended March 31, 2005	2,928		79.85	-

(2) Financial position:

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

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
Nine months ended December 31, 2005	243,781	164,325	67.4%	4,251.26
Nine months ended December 31, 2004	209,469	148,537	70.9%	4,186.29
(Reference) Year ended March 31, 2005	203,224	148,982	73.3%	4,196.25

(3) Statements of cash flows:

(Unit: Millions of Yen)

	Operating activities	Investing activities	Financing activities	Ending balances of cash and cash equivalents
Nine months ended December 31, 2005	13,648	(16,361)	9,357	57,915
Nine months ended December 31, 2004	1,621	(4,660)	(1,563)	36,631
(Reference) Year ended March 31, 2005	10,979	(1,276)	236	51,150

3. Forecast for the fiscal year 2006 (from April 1, 2005 to March 31, 2006)

(Unit: Millions of Yen)

	Net sales	Ordinary income	Net income	Basic net income per share (Yen)
Annual	237,500	17,200	8,500	217.16

Note: 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.

The differences between this forecast and the last forecast, which was published by Summary of Quick Financial Announcement on November 11, 2005, are as follows.

(Unit: Millions of Yen)

	Net sales	Ordinary income	Net income
Last forecast	225,000	15,000	8,400
Present forecast	237,500	17,200	8,500
Increase or decrease ()			
Amount	12,500	2,200	100
Ratio (%)	5.6	14.7	1.2

Consolidated Balance Sheets
(Unit: Millions of Yen)

Assets	December 31, 2005		December 31, 2004		March 31, 2005	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Current assets						
Cash and deposits	37,486		36,801		51,306	
Trade notes and accounts receivable	23,314		20,824		12,919	
Marketable securities	29,591		5,988		5,124	
Inventories	19,459		22,505		17,247	
Deferred tax assets	2,116		2,309		1,906	
Accounts receivable-other	22,340		17,628		14,133	
Other current assets	2,950		2,914		2,285	
Allowance for doubtful receivables	(654)		(1,128)		(710)	
Total current assets	136,603	56.0	107,844	51.5	104,214	51.3
Fixed assets						
Tangible fixed assets						
Buildings and structures	22,115		24,998		23,917	
Land	20,932		22,345		21,070	
Other tangible fixed assets	5,812		6,997		6,411	
Total tangible fixed assets	48,860		54,340		51,399	
Intangible fixed assets						
Goodwill	248		350		325	
Software	3,904		2,549		3,151	
Other intangible fixed assets	845		287		776	
Total intangible fixed assets	4,998		3,187		4,253	
Investments						
Investment securities	24,631		13,343		12,883	
Long-term loans	2,046		2,811		2,657	
Deferred tax assets	4,897		3,729		4,802	
Rental deposits	23,058		24,383		23,650	
Other investments	1,492		1,720		1,880	
Allowance for doubtful receivables	(2,807)		(1,891)		(2,516)	
Total investments	53,318		44,096		43,357	
Total fixed assets	107,177	44.0	101,625	48.5	99,010	48.7
Total assets	243,781	100.0	209,469	100.0	203,224	100.0

(Unit: Millions of Yen)

Liabilities and Shareholders' equity	December 31, 2005		December 31, 2004		March 31, 2005	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
Current liabilities						
Trade notes and accounts payable-trade	25,762		22,898		14,335	
Short-term borrowings	5,145		2,959		4,863	
Account payable-other	15,138		-		9,020	
Income taxes payable	4,992		414		1,159	
Other current liabilities	4,915		15,404		5,231	
Total current liabilities	55,953	23.0	41,676	19.9	34,609	17.1
Long-term liabilities						
Bonds	-		8		8	
Zero coupon convertible bonds	1,775		10,000		10,000	
Long-term debt	11,343		516		415	
Liability for retirement benefits	374		509		385	
Accrued retirement benefits for directors and corporate auditors	421		115		429	
Allowance for business restructuring	874		-		-	
Other long-term liabilities	8,193		7,498		7,914	
Total long-term liabilities	22,983	9.4	18,648	8.9	19,153	9.4
Total liabilities	78,937	32.4	60,324	28.8	53,763	26.5
Minority interests	518	0.2	608	0.3	478	0.2
Shareholders' equity						
Common stock	33,247	13.6	31,958	15.3	31,958	15.7
Capital Surplus	33,763	13.9	32,241	15.4	32,241	15.9
Retained earnings	96,583	39.6	89,745	42.8	90,121	44.3
Net unrealized gain on available-for-sale securities	1,011	0.4	75	0.0	206	0.1
Foreign currency translation adjustments	(243)	(0.1)	(368)	(0.2)	(426)	(0.2)
Treasury stock, at cost	(35)	(0.0)	(5,116)	(2.4)	(5,118)	(2.5)
Total shareholders' equity	164,325	67.4	148,537	70.9	148,982	73.3
Total liabilities, minority interests and shareholders' equity	243,781	100.0	209,469	100.0	203,224	100.0

Consolidated Statements of Income

(Unit: Millions of Yen)

	Nine months ended December 31, 2005		Nine months ended December 31, 2004		Year ended March 31, 2005	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Net sales	193,149	100.0	180,835	100.0	226,779	100.0
Cost of goods sold	135,185	70.0	128,584	71.1	158,583	69.9
Gross profit	57,963	30.0	52,251	28.9	68,196	30.1
Selling, general and administrative expenses	44,660	23.1	45,166	25.0	60,827	26.8
Operating income	13,303	6.9	7,084	3.9	7,368	3.2
Non-operating income						
Interest income	193		158		209	
Rental income	79		1,650		2,211	
Lease revenue - system equipment	633		642		862	
Other non-operating income	3,501		2,960		4,617	
Total non-operating income	4,407	2.3	5,413	3.0	7,900	3.5
Non-operating expenses						
Interest expenses	43		12		60	
Lease system equipment cost	437		-		-	
Loss on disposal of fixed assets	127		78		147	
Other non-operating expenses	934		1,711		2,366	
Total non-operating expenses	1,542	0.8	1,802	1.0	2,574	1.1
Ordinary income	16,168	8.4	10,695	5.9	12,694	5.6
Extraordinary gains						
Gain on sale of fixed assets	-		-		76	
Gain on sale of investment securities	-		609		609	
Reversal of allowance for doubtful receivables	143		234		577	
Total extraordinary gains	143	0.1	843	0.4	1,262	0.5
Extraordinary losses						
Loss on sale of fixed assets	-		279		554	
Loss on disposal of fixed assets	-		95		99	
Impairment losses on fixed assets	-		4,384		4,384	
Write down of investment securities	6		-		17	
Cost of transition to defined contribution pension plan	-		339		339	
Loss on business restructuring	2,022		-		-	
Loss on arrangement of stores	-		-		1,146	
Other extraordinary losses	-		29		540	
Total extraordinary losses	2,029	1.1	5,129	2.8	7,081	3.1

(Unit: Millions of Yen)

	Nine months ended December 31, 2005		Nine months ended December 31, 2004		Year ended March 31, 2005	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Income before income taxes and minority interests	14,283	7.4	6,408	3.5	6,875	3.0
Income taxes – current	6,743	3.5	2,921	1.6	3,910	1.7
Income taxes – deferred	(822)	(0.4)	1,043	0.6	268	0.1
(Gain) Loss of minority interests	(32)	(0.0)	108	0.1	231	0.1
Net income	8,329	4.3	2,551	1.4	2,928	1.3

Consolidated Statements of Cash Flows
(Unit: Millions of Yen)

	Nine months ended December 31, 2005 Amount	Nine months ended December 31, 2004 Amount	Year ended March 31, 2005 Amount
Operating Activities:			
Income before income taxes and minority interests	14,283	6,408	6,875
Depreciation and amortization	3,542	4,141	5,536
Impairment losses on fixed assets	-	4,384	4,384
Loss on business restructuring	874	-	-
Lease revenue	-	(1,658)	(2,164)
Increase in trade notes and accounts receivable	(18,502)	(12,598)	(1,286)
(Increase) decrease in inventories	(2,094)	(3,745)	1,492
Increase in trade notes and accounts payable	11,376	8,719	135
Others	6,842	1,458	1,569
Subtotal	<u>16,321</u>	<u>7,110</u>	<u>16,545</u>
Interest and dividend received	189	576	792
Interest paid	(40)	(30)	(80)
Taxes paid	(2,821)	(6,035)	(6,276)
Net cash provided by operating activities	<u>13,648</u>	<u>1,621</u>	<u>10,979</u>
Investing Activities:			
Payment for marketable securities	(10,809)	-	(4,814)
Proceeds from redemption and sales of marketable securities	4,500	-	3,399
Payment for tangible and intangible fixed assets other than software	(2,029)	(3,520)	(4,491)
Payment for software development	(1,192)	(1,038)	(1,857)
Acquisition of investment securities	(12,982)	(5,269)	(5,369)
Disposition of investment securities	4,718	4,270	6,382
Proceeds from loans	(253)	(878)	(1,303)
Collection of loans	905	1,565	1,980
Payment for rental deposits	(683)	(1,508)	(1,741)
Lease revenue	-	1,333	1,719
Others	1,465	385	4,817
Net cash used in investing activities	<u>(16,361)</u>	<u>(4,660)</u>	<u>(1,276)</u>
Financing Activities:			
Net (decrease) increase in short-term borrowings	(34)	(106)	1,922
Proceeds from long-term debt	12,500	120	120
Repayments of long-term debt	(1,291)	(360)	(587)
Purchase of treasury stock	(331)	(5)	(7)
Dividends paid	(1,773)	(1,384)	(1,384)
Others	288	172	172
Net cash provided by (used in) financing activities	<u>9,357</u>	<u>(1,563)</u>	<u>236</u>
Effect of exchange rate changes on cash and cash equivalents	68	78	55
Net increase (decrease) in cash and cash equivalents	6,713	(4,523)	9,994
Cash and cash equivalents, beginning of the period / year	51,150	41,155	41,155
Increase in cash and cash equivalents resulting from initial consolidation of subsidiaries	51	-	-
Cash and cash equivalents, end of the period / year	<u>57,915</u>	<u>36,631</u>	<u>51,150</u>

Consolidated Sales Component and Percentage by Division

(Unit: Millions of Yen)

Divisions	Nine months ended December 31, 2005		Nine months ended December 31, 2004		Year ended March 31, 2005	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Wholesale	115,258	59.7	109,573	60.6	133,384	58.8
Retail	74,973	38.8	71,261	39.4	93,395	41.2
Others	2,917	1.5	-	-	-	-
Total	193,149	100.0	180,835	100.0	226,779	100.0

Notes: "Others" is Rent revenue and Lease revenue.

Consolidated Sales Component and Percentage by Product Category

(Unit: Millions of Yen)

Products	Nine months ended December 31, 2005		Nine months ended December 31, 2004		Year ended March 31, 2005	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Tires and wheels	42,286	21.9	38,125	21.1	45,965	20.3
Car electronics	57,518	29.8	54,533	30.1	65,358	28.8
Oil and batteries	13,577	7.0	13,307	7.4	16,564	7.3
Car exterior items	19,875	10.3	18,091	10.0	23,257	10.3
Car interior items	17,281	9.0	16,042	8.9	20,347	8.9
Motor sports goods and others	-	-	40,734	22.5	55,285	24.4
Motor sports goods	17,184	8.9	-	-	-	-
Service	10,118	5.2	-	-	-	-
Others	15,306	7.9	-	-	-	-
Total	193,149	100.0	180,835	100.0	226,779	100.0

Notes: "Motor sports goods", "Service" and "Others" were reclassified from "Motor sports goods and others" from this fiscal year.

"Others" is Sales of Automobile, Rent revenue, Lease revenue and others.