

August 10, 2004

Summary of Quick Financial Announcement of Consolidated Financial Information for the First Quarter Ended June 30, 2004

Company name: AUTOBACS SEVEN CO., LTD.

Code number: 9832

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

Headquarters: Tokyo, Japan

Company Representative: Koichi Sumino, Representative Director

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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 three months ended

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

(2) Accounting policies that differ from the fiscal year ended March 31, 2004: None

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

Number of consolidated companies: New:1 Excluded:0

Number of companies to which the equity method is applied: New:0 Excluded:0

2. Results for the three months ended (from April 1, 2004 to June 30, 2004)

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

(1) Results of operations:

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

	Net sales		Operating income		Ordinary income	
Three months ended						
June 30, 2004	56,711	(0.9%)	1,253	2.9%	2,193	12.0%
Three months ended						
June 30, 2003	57,200	-	1,217	-	1,958	-
(Reference) Year ended						
March 31, 2004	227,077		6,210		10,480	

	Net income		Basic net income per share (Yen)	Basic net income per share - diluted (Yen)
Three months ended				
June 30, 2004	826	82.5%	23.30	-
Three months ended				
June 30, 2003	452	-	12.21	-
(Reference) Year ended				
March 31, 2004	5,443		149.80	-

(2) Financial position:

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

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share (Yen)
Three months ended June 30, 2004	205,214	147,827	72.0%	4,166.12
Three months ended June 30, 2003	189,512	143,935	76.0%	4,024.82
(Reference) Year ended March 31, 2004	202,760	147,532	72.8%	4,153.92

(3) Statements of cash flows:

(Unit: Millions of Yen)

	Operating activities	Investing activities	Financing activities	Ending balances of cash and cash equivalents
Three months ended June 30, 2004	(684)	(1,545)	(860)	38,037
Three months ended June 30, 2003	238	(2,041)	(3,622)	18,005
(Reference) Year ended March 31, 2004	13,807	(645)	4,605	41,155

3. Forecast for the fiscal year 2005 (from April 1, 2004 to March 31, 2005)

(Unit: Millions of Yen)

	Net sales	Ordinary income	Net income	Basic net income per share (Yen)
Semiannual	110,000	4,300	(2,000)	-
Annual	234,000	12,000	2,100	59.18

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.

And in this forecast, the Company scheduled to make an early application of impairment accounting standards on fixed assets at this interim closing, to enhance the soundness of financial position and to make a highly transparent disclosure. The Company will recognize a devaluation loss of approximately 4,500million yen mainly on unused lands. As a result, after considering tax effect, Net income was decreased by 4,100million yen in both semiannual and annual forecasts. However, Net sales and Ordinary income remain unchanged.

The differences between this forecast and the last forecast, which was published by Summary of Quick Financial Announcement on May 20, 2004, are as follows.

(1) Semiannual

(Unit: Millions of Yen)

	Net sales	Ordinary income	Net income
Last forecast	110,000	4,300	2,100
Present forecast	110,000	4,300	(2,000)
Increase or decrease ( )			
Amount	-	-	(4,100)
Ratio (%)	-	-	-

(2) Annual  
(Unit: Millions of Yen)

	Net sales	Ordinary income	Net income
Last forecast	234,000	12,000	6,200
Present forecast	234,000	12,000	2,100
Increase or decrease ( )			
Amount	-	-	(4,100)
Ratio (%)	-	-	(66.1)

Consolidated Balance Sheets  
(Unit: Millions of Yen)

Assets	June 30, 2004		June 30, 2003		March 31, 2004	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
<b>Current assets</b>						
Cash and deposits	38,170		18,271		41,316	
Trade notes and accounts receivable	16,881		16,839		12,456	
Marketable securities	3,747		8,707		4,776	
Inventories	20,298		19,582		18,731	
Deferred tax assets	2,271		2,682		2,195	
Accounts receivable-other	11,803		12,415		13,372	
Other current assets	3,330		4,644		2,659	
Allowance for doubtful receivables	(899)		(2,057)		(1,149)	
<b>Total current assets</b>	<b>95,603</b>	<b>46.6</b>	<b>81,085</b>	<b>42.8</b>	<b>94,358</b>	<b>46.5</b>
<b>Fixed assets</b>						
<b>Tangible fixed assets</b>						
Buildings and structures	26,650		26,077		26,561	
Land	25,449		24,996		26,064	
Other fixed assets	7,471		8,529		7,668	
<b>Total tangible fixed assets</b>	<b>59,572</b>		<b>59,603</b>		<b>60,294</b>	
<b>Intangible fixed assets</b>						
Goodwill	400		-		324	
Software	2,526		2,145		2,456	
Other intangible fixed assets	295		432		298	
<b>Total intangible fixed assets</b>	<b>3,223</b>		<b>2,578</b>		<b>3,079</b>	
<b>Investments</b>						
Investment securities	13,928		13,991		12,277	
Long-term loans	3,411		3,834		3,392	
Deferred tax assets	4,708		2,636		4,782	
Rental deposits	24,865		25,204		24,662	
Other investments	1,984		2,018		1,687	
Allowance for doubtful receivables	(2,081)		(1,440)		(1,773)	
<b>Total investments</b>	<b>46,815</b>		<b>46,245</b>		<b>45,028</b>	
<b>Total fixed assets</b>	<b>109,611</b>	<b>53.4</b>	<b>108,427</b>	<b>57.2</b>	<b>108,402</b>	<b>53.5</b>
<b>Total assets</b>	<b>205,214</b>	<b>100.0</b>	<b>189,512</b>	<b>100.0</b>	<b>202,760</b>	<b>100.0</b>

(Unit: Millions of Yen)

Liabilities and Shareholders' equity	June 30, 2004		June 30, 2003		March 31, 2004	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%
<b>Current liabilities</b>						
Trade notes and accounts payable-trade	19,265		18,432		14,136	
Short-term borrowings	1,918		1,928		2,130	
Income taxes payable	1,296		1,590		3,525	
Other current liabilities	13,035		11,806		13,891	
Total current liabilities	35,516	17.3	33,757	17.8	33,684	16.6
<b>Long-term liabilities</b>						
Bonds	8		8		8	
Zero coupon convertible bonds	10,000		-		10,000	
Long-term debt	1,728		2,513		1,680	
Liability for retirement benefits	1,407		1,297		1,394	
Accrued retirement benefits for directors and corporate auditors	119		233		159	
Goodwill	-		21		-	
Other long-term liabilities	7,918		7,253		7,592	
Total long-term liabilities	21,182	10.3	11,327	6.0	20,835	10.3
Total liabilities	56,698	27.6	45,084	23.8	54,519	26.9
Minority interests	687	0.4	493	0.2	708	0.3
<b>Shareholders' equity</b>						
Common stock	31,958	15.6	31,958	16.9	31,958	15.8
Capital Surplus	32,241	15.7	32,241	17.0	32,241	15.9
Retained earnings	88,766	43.3	84,320	44.5	88,651	43.7
Net unrealized gain (loss) on available-for-sale securities	282	0.1	29	0.0	192	0.1
Foreign currency translation adjustments	(309)	(0.2)	(228)	(0.1)	(400)	(0.2)
Treasury stock, at cost	(5,111)	(2.5)	(4,387)	(2.3)	(5,111)	(2.5)
Total shareholders' equity	147,827	72.0	143,935	76.0	147,532	72.8
<b>Total liabilities, minority interests and shareholders' equity</b>						
	205,214	100.0	189,512	100.0	202,760	100.0

**Consolidated Statements of Income**  
(Unit: Millions of Yen)

	Three months ended June 30, 2004		Three months ended June 30, 2003		Year ended March 31, 2004	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Net sales	56,711	100.0	57,200	100.0	227,077	100.0
Cost of goods sold	40,884	72.1	41,394	72.4	159,271	70.1
Gross profit	15,826	27.9	15,805	27.6	67,806	29.9
Selling, general and administrative expenses	14,573	25.7	14,587	25.5	61,595	27.1
Operating income	1,253	2.2	1,217	2.1	6,210	2.8
Non-operating income						
Interest income	73		68		233	
Rental income	523		538		2,271	
Lease revenue - system equipment	210		199		836	
Other non-operating income	1,177		693		3,667	
Total non-operating income	1,984	3.5	1,500	2.6	7,009	3.0
Non-operating expenses						
Interest expenses	29		36		99	
Loss on disposal of fixed assets	27		36		190	
Equity expenses on affiliates	30		172		17	
Other non-operating expenses	956		514		2,431	
Total non-operating expenses	1,044	1.8	759	1.3	2,738	1.2
Ordinary income	2,193	3.9	1,958	3.4	10,480	4.6
Extraordinary gains						
Gain on sale of investment securities	-		-		467	
Gain on sale of securities of subsidiary companies	-		-		112	
Reversal of allowance for doubtful receivables	-		-		702	
Total extraordinary gains	-	-	-	-	1,283	0.5
Extraordinary losses						
Loss on disposal of fixed assets	-		-		158	
Loss on sale of fixed assets	186		-		-	
Loss on arrangement of stores	-		-		166	
Depreciation of land	-		-		377	
Write down of investment securities	-		-		266	
Loss on reorganization of stores in Europe	-		-		1,167	
Total extraordinary losses	186	0.4	-	-	2,137	0.9
Income before income taxes and minority interests	2,006	3.5	1,958	3.4	9,626	4.2
Income taxes – current	1,241	2.1	1,541	2.6	5,948	2.6
Income taxes – deferred	(43)	(0.1)	(21)	(0.0)	(1,764)	(0.8)
Minority interests	18	0.0	14	0.0	1	0.0
Net income	826	1.5	452	0.8	5,443	2.4

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

	Three months ended June 30, 2004 Amount	Three months ended June 30, 2003 Amount	Year ended March 31, 2004 Amount
<b>Operating Activities:</b>			
Income before income taxes and minority interests	2,006	1,958	9,626
Depreciation and amortization	1,290	1,369	5,798
Lease revenue	(564)	(599)	(2,042)
Increase in trade notes and accounts receivable	(2,852)	(3,591)	(219)
Increase in inventories	(1,571)	(1,835)	(1,022)
Increase in trade notes and accounts payable	5,129	4,894	540
Others	(811)	180	5,162
Subtotal	<u>2,626</u>	<u>2,376</u>	<u>17,843</u>
Interest and dividend received	188	196	827
Interest paid	(29)	(39)	(97)
Taxes paid	(3,470)	(2,294)	(4,765)
Net cash (used in) provided by operating activities	<u>(684)</u>	<u>238</u>	<u>13,807</u>
<b>Investing Activities:</b>			
Payment for tangible and intangible fixed assets other than software	(1,313)	(1,750)	(6,832)
Acquisition of investment securities	(2,075)	(1,796)	(4,664)
Disposition of investment securities	1,533	990	10,088
Collection of loans	268	882	2,173
Payment for rental deposits	(605)	(245)	(943)
Lease revenue	449	489	1,603
Others	197	(612)	(2,070)
Net cash used in investing activities	<u>(1,545)</u>	<u>(2,041)</u>	<u>(645)</u>
<b>Financing Activities:</b>			
Net decrease in short-term borrowings	(326)	(1,219)	(1,509)
Repayments of long-term debt	-	(104)	(972)
Proceeds from issuance of zero coupon convertible bonds	-	-	10,000
Purchase of treasury stock	(1)	(1,791)	(2,503)
Dividends paid	(638)	(659)	(1,303)
Others	105	152	894
Net cash (used in) provided by financing activities	<u>(860)</u>	<u>(3,622)</u>	<u>4,605</u>
Effect of exchange rate changes on cash and cash equivalents	(26)	6	(37)
Net (decrease) increase in cash and cash equivalents	(3,117)	(5,419)	17,730
Cash and cash equivalents, beginning of the period / year	41,155	23,437	23,437
Decrease in cash and cash equivalents exclusion of a consolidated subsidiary	-	(12)	(12)
Cash and cash equivalents, end of the period / year	<u>38,037</u>	<u>18,005</u>	<u>41,155</u>

**Consolidated Sales Component and Percentage by Division**

(Unit: Millions of Yen)

Divisions	Three months ended June 30, 2004		Three months ended June 30, 2003		Year ended March 31, 2004	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Wholesale	35,370	62.4	36,343	63.5	135,551	59.7
Retail	21,341	37.6	20,856	36.5	91,526	40.3
Total	56,711	100.0	57,200	100.0	227,077	100.0

**Consolidated Sales Component and Percentage by Product Category**

(Unit: Millions of Yen)

Products	Three months ended June 30, 2004		Three months ended June 30, 2003		Year ended March 31, 2004	
	Amount	Ratio %	Amount	Ratio %	Amount	Ratio %
Tires and wheels	10,437	18.4	9,979	17.5	45,514	20.0
Car electronics	18,629	32.9	19,087	33.4	67,346	29.7
Oil and batteries	3,955	7.0	4,201	7.3	17,653	7.7
Car exterior items	5,065	8.9	5,623	9.8	24,136	10.6
Car interior items	5,280	9.3	5,887	10.3	20,317	9.0
Motor sports goods and others	13,343	23.5	12,420	21.7	52,109	23.0
Total	56,711	100.0	57,200	100.0	227,077	100.0