

CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2004

January 7, 2005

Ito-Yokado Co., Ltd.

(URL http://www.itoyokado.iyg.co.jp/company/index1_e.htm)

Securities Code No. 8264

The Company's shares are listed on the First Section of the Tokyo Stock Exchange

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Items pertaining to preparation of quarterly consolidated accounts

1. Adoption of simplified accounting methods: Yes
2. Change in accounting policies: None
3. Changes in scope of consolidation and application of equity method:
Consolidated subsidiaries: Increase three company Decrease two company

1. Consolidated results for the nine months ended November 30, 2004 [from March 1, 2004 to November 30, 2004]

(1) Results of Operations

(Millions of Yen, except per-share data)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income	
Nine months ended November 30, 2004	2,702,460	1.5	164,182	12.9	163,360	16.1	45,694	42.7
Nine months ended November 30, 2003	2,662,765	-	145,421	-	140,740	-	32,016	-
Fiscal year ended February 29, 2004	3,542,146	0.3	207,783	3.2	200,787	5.9	53,632	15.0

	Net Income per Share	Diluted Net Income per Share
Nine months ended November 30, 2004	109.51	109.25
Nine months ended November 30, 2003	76.92	76.84
Fiscal year ended February 29, 2004	128.25	128.22

- NOTES: 1. All amounts less than one million yen have been disregarded.
2. Percentages above represent the change from the same period of previous year.
3. While results for the same period of previous year were not posted, they have been prepared in a manner substantially identical to the preparation of the results for nine months under review for comparison purpose.

Qualitative Information Regarding Trends in Consolidated Performance

In the nine months ended November 30, 2004, the Japanese economy gradually moved toward recovery against a background of increased exports, principally to the United States and China; improvement in corporate profitability, centered on the manufacturing industry; and growth in capital investment.

Nonetheless, the consumer spending situation remained uncertain. In the retail industry, strong sales were recorded by certain products, such as summer goods, which were supported by the hot weather, and digital electronics products. However, consumer purchasing behavior remained cautious. Unseasonably high temperatures from summer through autumn led to lackluster apparel sales, while a series of large typhoons and the Niigata Chuetsu Earthquake adversely affected consumer spending.

In this operating environment, Ito-Yokado was guided by its principle of "responding to change and strengthening fundamentals." The Company moved beyond work practices that depend on past data and experience, and, from the viewpoint of today's customers, strove to continue to rapidly and appropriately provide products and services with new value.

In the consolidated results for the nine months ended November 30, 2004, consolidated operating revenues was up 1.5%, to 2,702.4 billion yen, operating income rose 12.9%, to 164.1 billion yen. Ordinary income was up 16.1%, to 163.3 billion yen, and net income increased 42.7%, to 45.6 billion yen.

Higher revenues and profits were primarily attributable to continued strong results in domestic and foreign convenience store operations and to a substantial improvement in the profitability of financial services operations from the same period of the previous year.

(2) Financial Position

(Millions of Yen, except per-share data)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
As of November 30, 2004	2,567,699	1,177,418	45.9%	2,821.78
As of February 29, 2004	2,461,927	1,138,210	46.2%	2,726.99

(3) Cash Flows

(Millions of Yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of Period
Nine months ended November 30, 2004	180,408	(46,769)	(62,535)	640,030
Fiscal year ended February 29, 2004	237,956	(117,632)	(153,731)	567,389

Qualitative Information Regarding changes in Consolidated Financial Position

Total assets at the end of the quarter increased 105.7 billion yen from the end of February 2004. This increase was attributable to increases of 25.5 billion yen in total liabilities, 40.9 billion yen in minority interest in consolidated subsidiaries, and 39.2 billion yen in shareholders' equity. The shareholders' equity ratio was 45.9%.

Cash and cash equivalents at the end of the quarter were up 72.6 billion yen from the end of February 2004, to 640.0 billion yen. This increase was the result of 180.4 billion yen in cash provided by operating activities, 46.7 billion yen in cash used in investing activities, and 62.5 billion yen in cash used in financing activities.

2. Outlook for the fiscal year ending February 28, 2005 [From March 1, 2004 to February 28, 2005]

(Millions of Yen)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income
Full Year	3,560,000 0.5%	226,000 8.8%	220,000 9.6%	62,000 15.6%

< Reference > Expected consolidated net income per share for the fiscal year ending February 28, 2005 ----- 148.01 yen

At the release of this document, no change is expected in the outlook for fiscal year ending February 28, 2005, announced on April 8, 2004.

The outlook for fiscal year ending February 28, 2005 are based on Ito-Yokado's hypotheses, plans and estimates at the date of publication of the document. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of outlook.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Millions of Yen)

	As of November 30, 2004	% of total assets	As of February 29, 2004	% of total assets
<ASSETS>				
Current Assets:				
Cash and deposits	621,311		567,389	
Accounts and notes receivable, trade	80,705		65,364	
Trade accounts receivable - Financial services	30,827		20,757	
Marketable securities	19,498		-	
Inventories	142,588		99,530	
Deferred income taxes	27,121		24,875	
Other	112,865		138,197	
Allowance for doubtful accounts	(396)		(494)	
Total Current Assets	1,034,521	40.3	915,621	37.2
Property and Equipment:				
Buildings and structures	336,238		343,251	
Furniture and fixtures	148,601		148,391	
Vehicles	35		16	
Land	370,227		373,605	
Construction in progress	12,777		10,687	
Total Property and Equipment	867,880	33.8	875,951	35.6
Intangible Assets	154,721	6.0	148,178	6.0
Investments and Other Assets:				
Investments in securities	89,772		83,517	
Long-term leasehold deposits	353,000		379,220	
Deferred income taxes	17,467		14,742	
Other	56,394		50,778	
Allowance for doubtful accounts	(6,059)		(6,082)	
Total Investments and Other Assets	510,575	19.9	522,176	21.2
Total Non-Current Assets	1,533,177	59.7	1,546,305	62.8
Total Assets	2,567,699	100.0	2,461,927	100.0

CONDENSED CONSOLIDATED BALANCE SHEETS (Cont.)

(Millions of Yen)

	As of November 30, 2004	% of total assets	As of February 29, 2004	% of total assets
<LIABILITIES>				
Current Liabilities:				
Accounts and notes payable, trade	276,182		250,800	
Short-term loans	2,778		4,367	
Current portion of long-term loans	10,474		7,971	
Current portion of bonds	20,000		-	
Income taxes payable	22,887		44,167	
Deposits received	58,145		65,071	
Other	<u>236,090</u>		<u>209,248</u>	
Total Current Liabilities	626,560	24.4	581,626	23.6
Non-Current Liabilities:				
Bonds	115,000		135,000	
Long-term debt	104,448		86,353	
Commercial paper	10,019		34,135	
Deferred income taxes	18,267		15,025	
Accrued pension and severance costs	11,552		9,304	
Allowance for retirement benefits to directors and corporate auditors	2,806		4,566	
Deposits received from tenants and franchised stores	45,137		44,245	
Other	<u>49,508</u>		<u>47,466</u>	
Total Non-Current Liabilities	356,741	13.9	376,097	15.3
Total Liabilities	983,302	38.3	957,724	38.9
Minority interest in earnings of consolidated subsidiaries	406,978	15.8	365,992	14.9
<SHAREHOLDERS' EQUITY>				
Common stock	47,987	1.9	47,987	2.0
Capital surplus	121,812	4.8	121,807	4.9
Retained earnings	1,012,173	39.4	980,876	39.8
Unrealized gains on available-for-sale securities	2,567	0.1	2,225	0.1
Translation adjustment	(3,092)	(0.1)	(10,773)	(0.4)
Treasury stock, at cost	<u>(4,030)</u>	<u>(0.2)</u>	<u>(3,913)</u>	<u>(0.2)</u>
Total Shareholders' Equity	1,177,418	45.9	1,138,210	46.2
Total Liabilities & Shareholders' Equity	2,567,699	100.0	2,461,927	100.0

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	Nine months ended November 30, 2004	% of net sales	Fiscal year ended February 29, 2004	% of net sales
Revenues from Operations	[2,702,460]		[3,542,146]	
Net Sales	2,383,574	100.0	3,161,316	100.0
Cost of sales	<u>1,699,988</u>	71.3	<u>2,240,910</u>	70.9
Gross profit on sales	683,585	28.7	920,405	29.1
Other income	318,885	13.4	380,829	12.1
Gross profit from operations - Total	1,002,471	42.1	1,301,235	41.2
Selling, general and administrative expenses	838,288	35.2	1,093,451	34.6
Operating income	164,182	6.9	207,783	6.6
Non-operating income	6,119	0.3	7,392	0.2
Non-operating expenses	(6,941)	(0.3)	(14,387)	(0.4)
Ordinary income	163,360	6.9	200,787	6.4
Special gains	1,641	0.0	2,593	0.0
Special losses	(13,882)	(0.6)	(25,597)	(0.8)
Income before income taxes and minority interest	151,120	6.3	177,784	5.6
Income taxes - Current	61,984	2.6	76,353	2.4
Income taxes - Deferred	(963)	(0.0)	108	0.0
Minority interest in earnings of consolidated subsidiaries	44,404	1.8	47,689	1.5
Net income	45,694	1.9	53,632	1.7

CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS

(Millions of Yen)

	Nine months ended November 30, 2004	Fiscal year ended February 29, 2004
Capital surplus		
Capital surplus at beginning of period	121,807	121,477
Increase in capital surplus		
Increase through a stock-for-stock exchange	-	154
Gain on sales of treasury stock	5	175
Total	5	329
Capital surplus at end of period	121,812	121,807
Retained earnings		
Retained earnings at beginning of period	980,876	941,280
Increase in retained earnings		
Net income	45,694	53,632
Increase resulting from adoption of U.S. GAAP by foreign subsidiary	18	422
Total	45,712	54,054
Decrease in retained earnings		
Dividends paid	14,193	14,163
Directors' and corporate auditors' bonuses	222	294
Total	14,415	14,458
Retained earnings at end of period	1,012,173	980,876

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

	Nine months ended November 30, 2004	Fiscal year ended February 29, 2004
Cash flows from operating activities:		
Income before income taxes and minority interest	151,120	177,784
Depreciation and amortization	70,260	94,984
Equity in earnings of affiliates	(2,056)	(2,460)
Increase in accounts and notes receivable	(14,359)	(15,977)
Increase in trade accounts receivable - Financial services	(10,070)	(12,634)
Increase in inventories	(23,253)	(3,316)
Increase in accounts and notes payable	23,378	17,357
Proceeds from debt and issuance of bonds in subsidiary (Bank)	30,000	20,000
Others	43,446	39,940
Subtotal	268,465	315,678
Interest and dividends received	1,463	2,882
Interest paid	(6,292)	(11,270)
Income taxes paid	(83,228)	(69,334)
Net cash provided by operating activities	180,408	237,956
Cash flows from investing activities:		
Acquisitions of property and equipment	(78,988)	(126,732)
Proceeds from sale of property and equipment	28,423	20,100
Payment for purchase of investments in securities	(28,127)	(416)
Proceeds from sale and maturity of investments in securities	24,368	976
Payment for long-term leasehold deposits and advance for store construction	(28,951)	(30,645)
Refund of long-term leasehold deposits	46,630	27,193
Others	(10,124)	(8,108)
Net cash used in investing activities	(46,769)	(117,632)
Cash flows from financing activities:		
Proceeds from long-term debt	18,000	17,500
Repayment of long-term debt	(29,224)	(5,239)
Proceeds from commercial paper issued by foreign subsidiary	470,855	592,106
Payments for redemption of commercial paper issued by foreign subsidiary	(495,735)	(610,359)
Dividends paid	(14,144)	(14,163)
Dividends paid for minority interests	(16,375)	(15,255)
Others	4,088	(118,320)
Net cash used in financing activities	(62,535)	(153,731)
Effect of exchange rate changes on cash and cash equivalents	885	(4,097)
Net increase (decrease) in cash and cash equivalents	71,988	(37,505)
Cash and cash equivalents at beginning of period	567,389	604,895
Cash and cash equivalents of newly consolidated variable interest entities at beginning of period	651	-
Cash and cash equivalents at end of period	640,030	567,389