

# Semiannual Consolidated Financial Results for the Six-Month Period Ended August 31, 2004

October 7, 2004

**SEVEN-ELEVEN JAPAN CO., LTD.** (URL <http://www.sej.co.jp>)

--Securities Code No. 8183

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

--Address: 8-8, Nibancho, Chiyoda-ku, Tokyo 102-8455, Japan

--Date of the meeting of the Board of Directors to settle consolidated accounts: October 7, 2004

--Parent Company: Ito-Yokado Co., Ltd. (Code No. 8264)

--Percentage of shares parent company is holding: 50.6%

--U.S. GAAP is not applied.

## 1. Business Results for the Current Interim Period (from March 1, 2004 to August 31, 2004)

### (1) Results of Operations

(Millions of yen, except per share amounts)

|                             | Revenue from Operations |       | Operating Income     |       | Ordinary Income              |       |
|-----------------------------|-------------------------|-------|----------------------|-------|------------------------------|-------|
| Current Interim Period      | 257,079                 | 7.4%  | 89,253               | 3.7%  | 94,079                       | 6.1%  |
| Prior Year's Interim Period | 239,378                 | 12.4% | 86,079               | 5.2%  | 88,686                       | 10.4% |
| Prior Fiscal Year           | 474,283                 | 11.8% | 165,698              | 6.3%  | 170,079                      | 10.6% |
|                             | Net Income              |       | Net Income per Share |       | Diluted Net Income per Share |       |
| Current Interim Period      | 53,805                  | 7.6%  | 67.12                | (yen) | 67.08                        | (yen) |
| Prior Year's Interim Period | 49,991                  | 12.4% | 62.00                | (yen) | 61.99                        | (yen) |
| Prior Fiscal Year           | 93,135                  | 12.4% | 115.74               | (yen) | 115.73                       | (yen) |

Notes: 1. All amounts less than one million yen have been disregarded.

#### 2. Equity in earnings of affiliates:

Current interim period: 3,411 million yen      Prior year's interim period: 1,235 million yen  
Prior fiscal year: 2,021 million yen

#### 3. Average number of shares outstanding:

Current interim period: 801,592,303 shares      Prior year's interim period: 806,343,559 shares  
Prior fiscal year: 803,982,149 shares

#### 4. There is no change in accounting policies.

#### 5. Percentages above represent increase/decrease over prior year's interim period/fiscal year, unless otherwise stated.

### (2) Financial Position

(Millions of yen, except per share amounts)

|                   | Total Assets | Shareholders' Equity | Ratio of Shareholders' Equity to Total Assets | Shareholders' Equity per Share |
|-------------------|--------------|----------------------|---|--------------------------------|
| August 31, 2004   | 954,862      | 677,398              | 70.9%   | 845.07 (yen)                   |
| August 31, 2003   | 879,825      | 617,893              | 70.2%   | 770.79 (yen)                   |
| February 29, 2004 | 889,922      | 639,016              | 71.8%   | 797.06 (yen)                   |

Note: Number of outstanding shares at end of period:

Current interim period: 801,584,659 shares      Prior year's interim period: 801,639,199 shares  
Prior fiscal year: 801,611,060 shares

### (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 |
|-----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Current Interim Period      | 83,157                               | (33,013)                             | (9,191)                              | 364,327                                    |
| Prior Year's Interim Period | 107,871                              | (66,514)                             | (66,987)                             | 329,835                                    |
| Prior Fiscal Year           | 144,910                              | (102,225)                            | (74,611)                             | 323,313                                    |

### (4) Matters Concerning Consolidated Subsidiaries and Investments in Companies that are Accounted for Using the Equity Method

- The number of consolidated subsidiaries: 5
- The number of unconsolidated subsidiaries for which the equity method is applied: 0
- The number of affiliated companies accounted for using the equity method: 8

### (5) Changes in the Scope of Consolidation

- There is no change in the scope of consolidation.

## 2. Business Outlook for the Fiscal Year Ending February 28, 2005 (from March 1, 2004 to February 28, 2005)

(Millions of yen)

|             | Revenue from Operations |      | Operating Income |      | Ordinary Income |      | Net Income |      |
|-------------|-------------------------|------|------------------|------|-----------------|------|------------|------|
| Entire Year | 518,000                 | 9.2% | 172,500          | 4.1% | 179,500         | 5.5% | 99,500     | 6.8% |

(Reference) Expected net income per share for the year ending February 28, 2005: 124.13yen

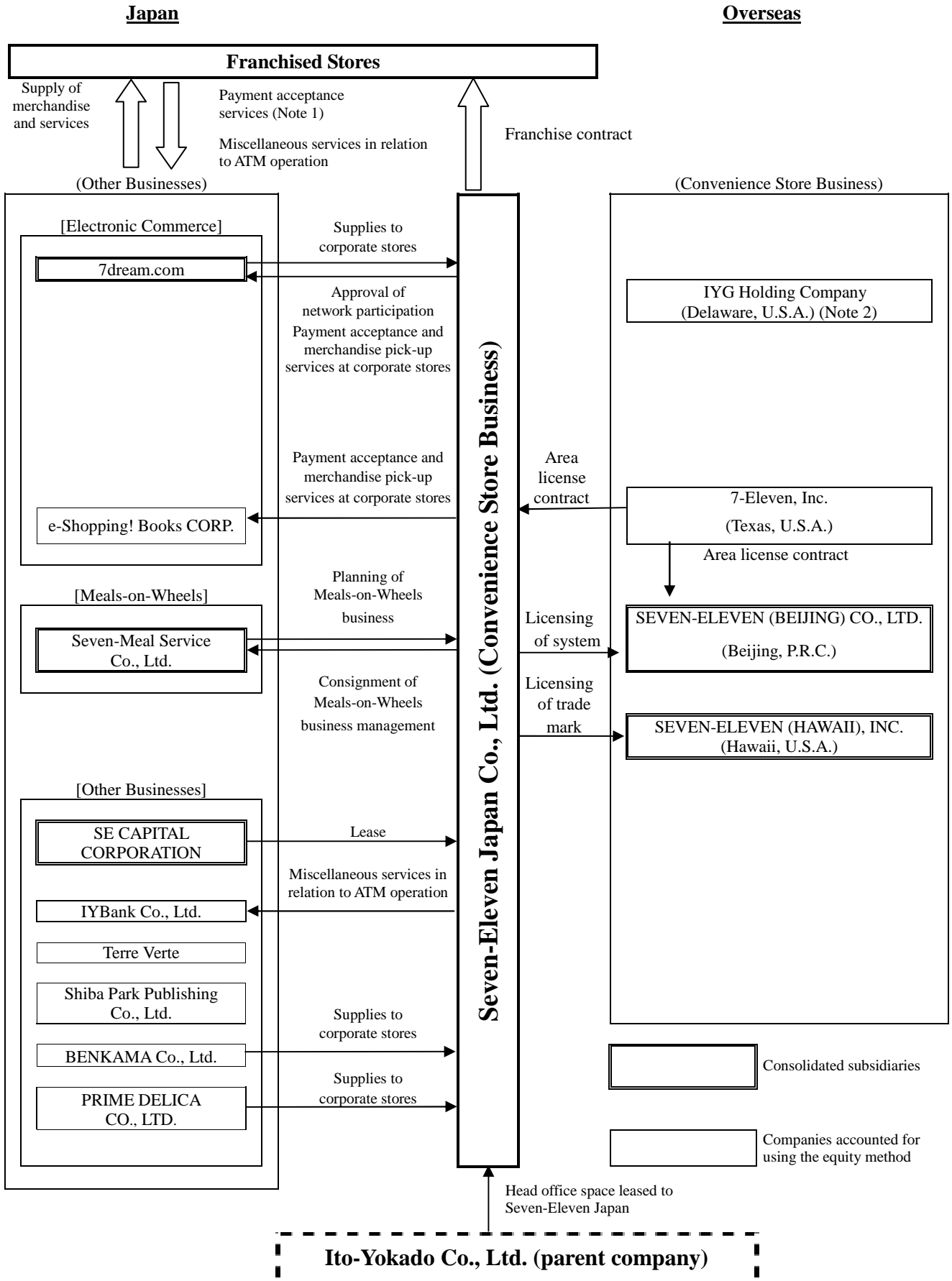
Note: Percentages above represent increase/decrease over prior fiscal year.

### FORWARD-LOOKING STATEMENTS

This document contains certain statements based on Seven-Eleven Japan's current plans, estimates and strategies; all statements that are not of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management based on currently available information. It is possible that the Company's future performance will differ significantly from the contents of these forward-looking statements. Accordingly, there is no assurance that the forward-looking statements in this document will prove to be accurate.

# GROUP ORGANIZATION

The Group is comprised of Seven-Eleven Japan Co., Ltd., five subsidiaries and eight affiliated companies in the convenience store business as well as other businesses.



Notes: 1. The payment acceptance services performed by franchised stores for Seven-Eleven's other businesses are carried out on behalf of 7dream.com and e-Shopping! Books.  
 2. IYG Holding Company, formed by Seven-Eleven Japan and its parent company, Ito-Yokado, is a holding company for 7-Eleven, Inc.

# CONSOLIDATED BALANCE SHEETS

(Millions of yen)

|  | August 31, 2004 |              | August 31, 2003 |              | February 29, 2004 |              |
|--|-----------------|--------------|-----------------|--------------|-------------------|--------------|
|  | Amount          | %            | Amount          | %            | Amount            | %            |
| <b>ASSETS</b>                                    |                 |              |                 |              |                   |              |
| <b>Current assets</b>                            | <b>427,194</b>  | <b>44.7</b>  | <b>369,545</b>  | <b>42.0</b>  | <b>378,875</b>    | <b>42.6</b>  |
| Cash and bank deposits                           | 365,142         |              | 329,835         |              | 323,313           |              |
| Accounts receivable due from franchised stores   | 5,685           |              | 10,158          |              | 13,280            |              |
| Short-term loans receivable                      | 17,011          |              | 1,746           |              | 9,128             |              |
| Inventories                                      | 3,193           |              | 3,001           |              | 3,305             |              |
| Deposits held by financial service company       | 10,000          |              | -               |              | 10,000            |              |
| Deferred income taxes                            | 6,108           |              | 5,180           |              | 5,869             |              |
| Other  | 20,177          |              | 19,693          |              | 14,072            |              |
| Allowance for doubtful accounts                  | (124)           |              | (69)            |              | (93)              |              |
| <b>Non-current assets</b>                        | <b>527,667</b>  | <b>55.3</b>  | <b>510,280</b>  | <b>58.0</b>  | <b>511,046</b>    | <b>57.4</b>  |
| <b>Property and equipment</b>                    | <b>280,253</b>  | <b>29.4</b>  | <b>277,481</b>  | <b>31.6</b>  | <b>274,918</b>    | <b>30.9</b>  |
| Buildings and structures                         | 96,444          |              | 93,448          |              | 94,500            |              |
| Furniture, fixtures and equipment                | 29,147          |              | 28,187          |              | 26,658            |              |
| Land   | 136,803         |              | 144,249         |              | 139,090           |              |
| Other  | 17,857          |              | 11,594          |              | 14,669            |              |
| <b>Intangible assets</b>                         | <b>7,426</b>    | <b>0.8</b>   | <b>8,235</b>    | <b>0.9</b>   | <b>7,510</b>      | <b>0.8</b>   |
| Goodwill   | 710             |              | 820             |              | 765               |              |
| Other  | 6,715           |              | 7,415           |              | 6,745             |              |
| <b>Investments and other assets</b>              | <b>239,988</b>  | <b>25.1</b>  | <b>224,562</b>  | <b>25.5</b>  | <b>228,617</b>    | <b>25.7</b>  |
| Investments in securities                        | 8,717           |              | 7,405           |              | 8,569             |              |
| Investments in affiliates                        | 69,235          |              | 64,920          |              | 64,264            |              |
| Investments in convertible bonds of an affiliate | 14,940          |              | 19,994          |              | 14,940            |              |
| Long-term loans receivable                       | 51,935          |              | 52,033          |              | 52,150            |              |
| Deferred income taxes                            | 5,526           |              | 2,119           |              | 4,608             |              |
| Long-term leasehold deposits                     | 75,143          |              | 66,475          |              | 71,549            |              |
| Other  | 16,236          |              | 12,910          |              | 14,234            |              |
| Allowance for doubtful accounts                  | (1,748)         |              | (1,296)         |              | (1,700)           |              |
| <b>TOTAL ASSETS</b>                              | <b>954,862</b>  | <b>100.0</b> | <b>879,825</b>  | <b>100.0</b> | <b>889,922</b>    | <b>100.0</b> |

(Millions of yen)

|   | August 31, 2004 |              | August 31, 2003 |              | February 29, 2004 |              |
|---|-----------------|--------------|-----------------|--------------|-------------------|--------------|
|   | Amount          | %            | Amount          | %            | Amount            | %            |
| <b>LIABILITIES</b>  |                 |              |                 |              |                   |              |
| <b>Current liabilities</b>  | <b>253,997</b>  | <b>26.6</b>  | <b>249,962</b>  | <b>28.4</b>  | <b>232,570</b>    | <b>26.1</b>  |
| Accounts payable-trade  | 141,215         |              | 137,565         |              | 115,532           |              |
| Accounts payable due to franchised stores                             | 11,565          |              | 6,628           |              | 4,385             |              |
| Income taxes payable  | 38,573          |              | 38,336          |              | 40,713            |              |
| Deposits received   | 34,005          |              | 41,720          |              | 44,684            |              |
| Allowance for bonuses to employees                                    | 3,058           |              | 2,481           |              | 2,086             |              |
| Allowance for sales promotion   | 381             |              | -               |              | 207               |              |
| Other   | 25,199          |              | 23,230          |              | 24,960            |              |
| <b>Non-current liabilities</b>  | <b>22,266</b>   | <b>2.4</b>   | <b>11,231</b>   | <b>1.3</b>   | <b>17,020</b>     | <b>1.9</b>   |
| Long term debt  | 15,606          |              | 4,552           |              | 10,204            |              |
| Deferred income taxes   | -               |              | 104             |              | -                 |              |
| Allowance for retirement benefits to directors and corporate auditors | 1,192           |              | 1,173           |              | 1,240             |              |
| Other   | 5,468           |              | 5,401           |              | 5,575             |              |
| <b>TOTAL LIABILITIES</b>  | <b>276,264</b>  | <b>29.0</b>  | <b>261,194</b>  | <b>29.7</b>  | <b>249,590</b>    | <b>28.0</b>  |
| <b>MINORITY INTERESTS</b>   | <b>1,198</b>    | <b>0.1</b>   | <b>738</b>      | <b>0.1</b>   | <b>1,314</b>      | <b>0.2</b>   |
| <b>SHAREHOLDERS' EQUITY</b>   |                 |              |                 |              |                   |              |
| <b>Common stock</b>   | <b>17,200</b>   | <b>1.8</b>   | <b>17,200</b>   | <b>2.0</b>   | <b>17,200</b>     | <b>1.9</b>   |
| <b>Capital surplus</b>  | <b>24,565</b>   | <b>2.6</b>   | <b>24,563</b>   | <b>2.8</b>   | <b>24,564</b>     | <b>2.8</b>   |
| <b>Retained earnings</b>  | <b>709,897</b>  | <b>74.3</b>  | <b>644,292</b>  | <b>73.2</b>  | <b>672,204</b>    | <b>75.6</b>  |
| <b>Net unrealized gains on available-for-sale securities</b>          | <b>1,122</b>    | <b>0.1</b>   | <b>634</b>      | <b>0.1</b>   | <b>1,058</b>      | <b>0.1</b>   |
| <b>Cumulative translation adjustments</b>                             | <b>(10,526)</b> | <b>(1.1)</b> | <b>(4,127)</b>  | <b>(0.5)</b> | <b>(11,246)</b>   | <b>(1.3)</b> |
| <b>Treasury stock</b>   | <b>(64,860)</b> | <b>(6.8)</b> | <b>(64,670)</b> | <b>(7.4)</b> | <b>(64,764)</b>   | <b>(7.3)</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                     | <b>677,398</b>  | <b>70.9</b>  | <b>617,893</b>  | <b>70.2</b>  | <b>639,016</b>    | <b>71.8</b>  |
| <b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b> | <b>954,862</b>  | <b>100.0</b> | <b>879,825</b>  | <b>100.0</b> | <b>889,922</b>    | <b>100.0</b> |

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

|   | Current Interim Period |              | Prior Year's Interim Period |              | Prior Fiscal Year |              |
|---|------------------------|--------------|-----------------------------|--------------|-------------------|--------------|
|   | Amount                 | %            | Amount                      | %            | Amount            | %            |
| <b>Operating income and expenses</b>                      |                        |              |                             |              |                   |              |
| <b>Revenue from operations</b>                            | <b>257,079</b>         | <b>100.0</b> | <b>239,378</b>              | <b>100.0</b> | <b>474,283</b>    | <b>100.0</b> |
| Franchise commission from franchised stores               | 175,785                |              | 164,088                     |              | 324,186           |              |
| Other operating revenue                                   | 1,279                  |              | 1,052                       |              | 2,051             |              |
| Net sales of corporate stores                             | 80,014                 |              | 74,237                      |              | 148,044           |              |
| <b>Cost of sales</b>                                      | <b>60,684</b>          | <b>23.6</b>  | <b>55,583</b>               | <b>23.2</b>  | <b>111,441</b>    | <b>23.5</b>  |
| <b>Gross profit</b>                                       | <b>196,395</b>         | <b>76.4</b>  | <b>183,795</b>              | <b>76.8</b>  | <b>362,841</b>    | <b>76.5</b>  |
| Selling, general and administrative expenses              | 107,142                | 41.7         | 97,716                      | 40.8         | 197,143           | 41.6         |
| <b>Operating income</b>                                   | <b>89,253</b>          | <b>34.7</b>  | <b>86,079</b>               | <b>36.0</b>  | <b>165,698</b>    | <b>34.9</b>  |
| <b>Non-operating income and expenses</b>                  |                        |              |                             |              |                   |              |
| <b>Non-operating income</b>                               | <b>4,918</b>           | <b>1.9</b>   | <b>2,718</b>                | <b>1.1</b>   | <b>4,933</b>      | <b>1.1</b>   |
| Interest income   | 1,100                  |              | 1,013                       |              | 2,106             |              |
| Equity in earnings of affiliates                          | 3,411                  |              | 1,235                       |              | 2,021             |              |
| Other   | 407                    |              | 469                         |              | 804               |              |
| <b>Non-operating expenses</b>                             | <b>92</b>              | <b>0.0</b>   | <b>111</b>                  | <b>0.0</b>   | <b>552</b>        | <b>0.1</b>   |
| Provision for allowance for doubtful accounts             | 44                     |              | -                           |              | 346               |              |
| Other   | 48                     |              | 111                         |              | 205               |              |
| <b>Ordinary income</b>                                    | <b>94,079</b>          | <b>36.6</b>  | <b>88,686</b>               | <b>37.1</b>  | <b>170,079</b>    | <b>35.9</b>  |
| <b>Special gains and losses</b>                           |                        |              |                             |              |                   |              |
| <b>Special gains</b>                                      | <b>50</b>              | <b>0.0</b>   | <b>95</b>                   | <b>0.0</b>   | <b>46</b>         | <b>0.0</b>   |
| Gain from sales of property and equipment                 | 50                     |              | 4                           |              | 13                |              |
| Reversal of allowance for doubtful accounts               | -                      |              | 57                          |              | -                 |              |
| Other   | -                      |              | 33                          |              | 33                |              |
| <b>Special losses</b>                                     | <b>4,404</b>           | <b>1.7</b>   | <b>2,578</b>                | <b>1.1</b>   | <b>9,844</b>      | <b>2.1</b>   |
| Loss on sales of property and equipment                   | 1,168                  |              | 1,297                       |              | 3,224             |              |
| Loss on disposals of property and equipment               | 1,348                  |              | 716                         |              | 1,474             |              |
| Valuation loss on property and equipment                  | 1,021                  |              | 308                         |              | 4,884             |              |
| Valuation loss on investments in securities               | 27                     |              | 72                          |              | 72                |              |
| Head office relocation expenses                           | 736                    |              | -                           |              | -                 |              |
| Other   | 101                    |              | 182                         |              | 188               |              |
| <b>Income before income taxes and minority interests</b>  | <b>89,724</b>          | <b>34.9</b>  | <b>86,203</b>               | <b>36.0</b>  | <b>160,281</b>    | <b>33.8</b>  |
| Income taxes - current                                    | 37,279                 |              | 34,986                      |              | 69,586            |              |
| Income taxes - deferred                                   | (1,229)                |              | 1,345                       |              | (2,245)           |              |
| Minority interests in losses of consolidated subsidiaries | 130                    |              | 120                         |              | 194               |              |
| <b>Net income for the period (year)</b>                   | <b>53,805</b>          | <b>20.9</b>  | <b>49,991</b>               | <b>20.9</b>  | <b>93,135</b>     | <b>19.6</b>  |

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

(Millions of yen)

|   | Current Interim Period | Prior Year's Interim Period | Prior Fiscal Year |
|---|------------------------|-----------------------------|-------------------|
| <b>Capital surplus</b>  |                        |                             |                   |
| <b>Balance of capital surplus at beginning of period (year)</b>   | <b>24,564</b>          | <b>24,563</b>               | <b>24,563</b>     |
| <b>Increase in capital surplus</b>                                | <b>1</b>               | <b>-</b>                    | <b>0</b>          |
| Gain on sales of treasury stock                                   | 1                      | -                           | 0                 |
| <b>Decrease in capital surplus</b>                                | <b>-</b>               | <b>-</b>                    | <b>-</b>          |
| <b>Balance of capital surplus at end of period (year)</b>         | <b>24,565</b>          | <b>24,563</b>               | <b>24,564</b>     |
|   |                        |                             |                   |
| <b>Retained earnings</b>  |                        |                             |                   |
| <b>Balance of retained earnings at beginning of period (year)</b> | <b>672,204</b>         | <b>609,556</b>              | <b>609,556</b>    |
| <b>Increase in retained earnings</b>                              | <b>53,805</b>          | <b>49,991</b>               | <b>93,135</b>     |
| Net income for the period (year)                                  | 53,805                 | 49,991                      | 93,135            |
| <b>Decrease in retained earnings</b>                              | <b>16,113</b>          | <b>15,256</b>               | <b>30,487</b>     |
| Cash dividends  | 16,032                 | 15,156                      | 30,387            |
| Bonuses to directors and corporate auditors                       | 81                     | 99                          | 99                |
| Loss on sales of treasury stock                                   | -                      | 0                           | -                 |
| <b>Balance of retained earnings at end of period (year)</b>       | <b>709,897</b>         | <b>644,292</b>              | <b>672,204</b>    |

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

|  | Current Interim Period | Prior Year's Interim Period | Prior Fiscal Year |
|--|------------------------|-----------------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                     |                        |                             |                   |
| Income before income taxes and minority interests                                | 89,724                 | 86,203                      | 160,281           |
| Depreciation of property and equipment   | 13,822                 | 12,612                      | 27,058            |
| Amortization of intangible assets  | 793                    | 990                         | 1,902             |
| Decrease of long-term prepaid expenses   | 430                    | 343                         | 712               |
| Provision for (Reversal of) allowance for doubtful accounts                      | 78                     | (16)                        | 411               |
| Interest and dividend income   | (1,162)                | (1,088)                     | (2,199)           |
| Equity in earnings of affiliates   | (3,411)                | (1,235)                     | (2,021)           |
| Valuation loss on investments in securities                                      | 27                     | 72                          | 72                |
| Net loss on sales or disposals of property and equipment                         | 2,537                  | 2,037                       | 4,757             |
| Valuation loss on property and equipment   | 1,021                  | 308                         | 4,884             |
| Decrease (increase) in accounts receivable from and payable to franchised stores | 14,775                 | (368)                       | (5,734)           |
| Other, net   | 3,082                  | 38,277                      | 16,423            |
| Sub-total  | 121,722                | 138,136                     | 206,549           |
| Interest and dividends received  | 854                    | 847                         | 1,696             |
| Income taxes paid  | (39,419)               | (31,112)                    | (63,335)          |
| <b>Net cash provided by operating activities</b>                                 | <b>83,157</b>          | <b>107,871</b>              | <b>144,910</b>    |
| <b>Cash flows from investing activities:</b>                                     |                        |                             |                   |
| Acquisition of property and equipment  | (25,924)               | (23,991)                    | (43,177)          |
| Proceeds from sales of property and equipment                                    | 1,375                  | 1,238                       | 2,149             |
| Acquisition of intangible assets   | (786)                  | (1,007)                     | (1,348)           |
| Acquisition of investments in securities   | (700)                  | (122)                       | (532)             |
| Payment of loans receivable  | (777)                  | (36,356)                    | (36,796)          |
| Collection of loans receivable   | 238                    | 231                         | 406               |
| Payment of long-term leasehold deposits  | (8,828)                | (8,210)                     | (16,544)          |
| Refund of long-term leasehold deposits   | 3,902                  | 1,545                       | 3,909             |
| Increase in deposits held by financial service company                           | -                      | -                           | (10,000)          |
| Payment of long-term prepaid expenses  | (556)                  | (143)                       | (360)             |
| Other  | (956)                  | 302                         | 70                |
| <b>Net cash used in investing activities</b>                                     | <b>(33,013)</b>        | <b>(66,514)</b>             | <b>(102,225)</b>  |
| <b>Cash flows from financing activities:</b>                                     |                        |                             |                   |
| Long-term debt proceeds  | 9,000                  | 1,500                       | 10,000            |
| Repayment of long term debt  | (2,063)                | (733)                       | (1,732)           |
| Purchase of treasury stock   | (102)                  | (53,114)                    | (53,215)          |
| Cash dividends   | (16,029)               | (15,148)                    | (30,374)          |
| Proceeds from issuance of a new subsidiary's interests to minority interest      | -                      | -                           | 650               |
| Other  | 3                      | 508                         | 60                |
| <b>Net cash used in financing activities</b>                                     | <b>(9,191)</b>         | <b>(66,987)</b>             | <b>(74,611)</b>   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>              | <b>61</b>              | <b>(1)</b>                  | <b>(226)</b>      |
| <b>Increase (decrease) in cash and cash equivalents</b>                          | <b>41,013</b>          | <b>(25,632)</b>             | <b>(32,154)</b>   |
| <b>Cash and cash equivalents at beginning of interim period (year)</b>           | <b>323,313</b>         | <b>355,467</b>              | <b>355,467</b>    |
| <b>Cash and cash equivalents at end of interim period (year)</b>                 | <b>364,327</b>         | <b>329,835</b>              | <b>323,313</b>    |

## **Significant Accounting Policies for the Preparation of Semiannual Financial Statements**

### 1. Principles of consolidation

The consolidated semiannual financial statements include the accounts of Seven-Eleven Japan Co., Ltd. (the "Company") and five subsidiaries: SEVEN-ELEVEN (HAWAII), INC., 7dream.com, Seven-Meal Service Co., Ltd., SE CAPITAL CORPORATION and SEVEN-ELEVEN (BEIJING) CO., LTD.

### 2. Application of the equity method of accounting for investments

The equity method is applied to eight affiliates, including 7-Eleven, Inc., and IYBank Co., Ltd. It is not applied to nonconsolidated subsidiaries.

### 3. Six-month period-end of consolidated subsidiaries

The six-month period-end of consolidated subsidiaries, except for SE CAPITAL CORPORATION, is June 30, 2004, which is different from the Company's and SE CAPITAL CORPORATION's six-month period-end of August 31. The financial statements of these subsidiaries as of and for the period ended June 30 are used in preparation of the Company's consolidated semiannual financial statements. All material transactions occurring during the period from July 1, 2004 to August 31, 2004 are adjusted for during the consolidation process.

### 4. Summary of significant accounting policies

#### (a) Valuation method of major assets

##### (1) Valuation method of securities

Held-to-maturity debt securities are carried at amortized cost.

Available-for-sale securities are classified into two categories: (i) fair value is available and (ii) fair value is not available.

(i) Securities, whose fair value is available, are valued at the quoted market price prevailing at the end of the interim period. Net unrealized gains or losses on these securities are reported as a separate component of the shareholders' equity at a net-of-tax amount. Cost of sales is determined by the moving-average method.

(ii) Securities, whose fair value is not available, are valued at cost, determined by the moving-average method.

##### (2) Valuation method of derivatives

Derivative financial instruments are valued at fair value.

##### (3) Valuation method of inventories

Merchandise inventories are primarily valued at cost, determined by the retail method.

#### (b) Depreciation and amortization

##### (1) Property and equipment

###### The Company and domestic consolidated subsidiaries

Depreciation expense is computed using the declining-balance method.

###### Foreign consolidated subsidiary

Depreciation expense is computed using the straight-line method.

For leased assets, depreciation expense is computed using the straight-line method over the lease term. The residual value is equal to estimated disposal value of the assets at the end of the lease term.

##### (2) Intangible assets

Amortization expense of intangible assets is computed using the straight-line method. Software is amortized using the straight-line method over its estimated useful life (5 years).

(c) Allowances

(1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided against potential losses on collection at an amount measured using a historical bad debt ratio for normal receivables, plus an amount individually measured on collectibility of receivables that are expected to be uncollectible due to bad financial condition or insolvency.

(2) Allowance for bonuses to employees

An allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(3) Allowance for sales promotion

An allowance for sales promotion is provided for the use of points given to customers at the amount expected to be used on the balance sheet date in accordance with the sales promotion point card program.

(4) Allowance for accrued pension and severance costs

An allowance for accrued pension and severance costs is provided at the amount incurred during the interim period, which is based on the estimated present value of the projected benefit obligation less the estimated fair value of plan assets at the end of the interim period. The excess of the estimated fair value of the plan assets over the estimated present value of projected benefit obligation adjusted by unrecognized actuarial differences is recognized as prepaid pension cost for the interim period ended August 31, 2004. Unrecognized actuarial differences are amortized on a straight-line basis over a period of 10 years from the next year in which they arise.

(5) Allowance for retirement benefits to directors and corporate auditors

An allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy.

(d) Foreign currency translation for major assets and liabilities denominated in foreign currency

All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into yen at the spot rate prevailing at the interim period end. Resulting translation gains or losses are credited or charged to income.

Assets and liabilities of foreign subsidiaries are translated into yen at a spot rate prevailing at the respective interim period end of those subsidiaries, while income and expenses are translated at the annual average rate. Resulting translation adjustments are included in "shareholders' equity".

(e) Leases

All finance lease contracts, other than those for which the ownership of the leased assets is to be transferred to lessees, are mainly accounted for as operating leases.

(f) Hedge accounting

(1) Method of hedge accounting

Certain currency swap contracts which meet certain hedging criteria are accounted for using the contract rate.

(2) Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting was adopted for the interim period ended August 31, 2004 are as follows:

(i) Hedging instruments

Currency swap contracts

(ii) Hedged items

Financial receivables denominated in foreign currencies

(3) Hedging policy

The Company utilizes financial instruments to hedge foreign currency exchange rate fluctuation exposure associated with hedged items.

(g) Accounting for consumption taxes

Consumption taxes are separately accounted for, and are excluded from the amounts of the underlying income and expense transactions.

5. Cash and cash equivalents

Cash and cash equivalents in the accompanying consolidated semiannual statements of cash flows are composed of cash on hand, bank deposits which are able to be withdrawn at any time, and short-term investments with an original maturity of three months or less, which are considered to represent a low risk of market price fluctuation.

## **Notes to Consolidated Financial Statements**

### *Consolidated Balance Sheets*

(Millions of yen)

|   | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|---|-----------------------|-----------------------|-------------------------|
| 1. Accumulated depreciation of property and equipment | 191,717               | 177,628               | 186,162                 |
| 2. Assets pledged as collateral                       | 1,771                 | 1,836                 | 1,802                   |
| 3. Contingent liabilities                             | 619                   | 623                   | 621                     |

### *Consolidated Statements of Income*

Major items included in "Selling, general and administrative expenses" are as follows:

(Millions of yen)

|                      | For the six-month period ended August 31, 2004 | For the six-month period ended August 31, 2003 | For the year ended February 29, 2004 |
|----------------------|--|--|--------------------------------------|
| Rent expense         | 18,529   | 15,942   | 33,328                               |
| Salaries and wages   | 16,697   | 15,901   | 31,634                               |
| Utilities            | 12,121   | 11,304   | 24,285                               |
| Depreciation expense | 11,745   | 11,479   | 24,313                               |
| Advertising expense  | 11,425   | 12,801   | 23,054                               |

### *Consolidated Statements of Cash Flows*

Reconciliation of cash and cash equivalents for the consolidated statements of cash flows to account balances for the consolidated balance sheets

(Millions of yen)

|   | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|---|-----------------------|-----------------------|-------------------------|
| Cash and bank deposits  | 365,142               | 329,835               | 323,313                 |
| Time deposits with an original maturity of more than three months | (815)                 | -                     | -                       |
| Cash and cash equivalents   | 364,327               | 329,835               | 323,313                 |

## **Segment Information**

### 1. Business segment information

Business segment information for the six-month periods ended August 31 2004 and 2003 have not been disclosed because revenue from operations and operating income of the convenience store business constituted over 90% of the consolidated totals, respectively.

Business segment information for the year ended February 29, 2004 has not been disclosed because revenue from operations, operating income and total assets of the convenience store business constituted over 90% of the consolidated total.

## 2. Geographic segment information

Geographic segment information for the six-month periods ended August 31, 2004 and 2003 have not been disclosed because revenue from operations in Japan constituted over 90% of the consolidated totals, respectively.

Geographic segment information for the year ended February 29, 2004 has not been disclosed because revenue from operations and total assets in Japan constituted over 90% of the consolidated total.

## 3. Overseas sales

Net sales incurred in overseas operations for the six-month period ended August 31, 2004 and 2003 and for the year ended February 29, 2004 have not been disclosed because such sales constituted less than 10% of consolidated revenue from operations.

## Leases

[1] Financial lease contracts other than those for which the ownership of the leased assets is to be transferred to lessee

### 1. As lessee

(1) Acquisition cost, accumulated depreciation and net book value, including the interest portion, are summarized as follows:

(Millions of yen)

|                          | As of August 31, 2004    | As of August 31, 2003    | As of February 29, 2004  |
|--------------------------|--------------------------|--------------------------|--------------------------|
|                          | Facilities and equipment | Facilities and equipment | Facilities and equipment |
| Acquisition cost         | 2,924                    | 2,143                    | 2,480                    |
| Accumulated depreciation | 1,193                    | 698                      | 930                      |
| Net book value           | 1,730                    | 1,444                    | 1,550                    |

(2) The amounts of outstanding future lease payments, including the interest portion, are summarized as follows:

(Millions of yen)

|                 | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|-----------------|-----------------------|-----------------------|-------------------------|
| Within one year | 522                   | 424                   | 481                     |
| Over one year   | 1,208                 | 1,020                 | 1,069                   |
| Total           | 1,730                 | 1,444                 | 1,550                   |

(3) Lease payments and depreciation expense are as follows:

(Millions of yen)

|                      | For the six-month period ended August 31, 2004 | For the six-month period ended August 31, 2003 | For the year ended February 29, 2004 |
|----------------------|--|--|--------------------------------------|
| Lease payments       | 262  | 198  | 427                                  |
| Depreciation expense | 262  | 198  | 427                                  |

(4) Depreciation expense is computed using the straight-line method over the lease term of the leased assets assuming no residual value.

### 2. As lessor

(1) Acquisition cost, accumulated depreciation and net book value are summarized as follows:

(Millions of yen)

|                          | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|--------------------------|-----------------------|-----------------------|-------------------------|
|                          | Other assets          | Other assets          | Other assets            |
| Acquisition cost         | 23,806                | 14,341                | 19,097                  |
| Accumulated depreciation | 6,589                 | 3,039                 | 4,597                   |
| Net book value           | 17,216                | 11,301                | 14,499                  |

(2) The amounts of outstanding future lease payments to be received are summarized as follows:

(Millions of yen)

|                 | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|-----------------|-----------------------|-----------------------|-------------------------|
| Within one year | 4,353                 | 2,709                 | 3,592                   |
| Over one year   | 13,076                | 8,714                 | 10,860                  |
| Total           | 17,429                | 11,424                | 14,452                  |

(3) Lease income, depreciation expense and interest income are as follows:

(Millions of yen)

|                      | For the six-month period ended August 31, 2004 | For the six-month period ended August 31, 2003 | For the year ended February 29, 2004 |
|----------------------|--|--|--------------------------------------|
| Lease income         | 2,218  | 1,204  | 2,914                                |
| Depreciation expense | 2,058  | 1,113  | 2,690                                |
| Interest income      | 226  | 132  | 320                                  |

(4) Allocation of interest income to each period is computed using the interest method.

(5) The amounts of outstanding future lease payments to be received for sub-leases, which are not included in (2) above, are summarized as follows:

(Millions of yen)

|                 | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|-----------------|-----------------------|-----------------------|-------------------------|
| Within one year | 5,951                 | 3,974                 | 4,720                   |
| Over one year   | 13,290                | 10,426                | 11,123                  |
| Total           | 19,242                | 14,400                | 15,844                  |

(Note: The amounts of outstanding future lease payments as lessee are the same.)

[2] Operating leases

As lessee

The amounts of outstanding future lease payments, including the interest portion, are summarized as follows:

(Millions of yen)

|                 | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|-----------------|-----------------------|-----------------------|-------------------------|
| Within one year | 1,027                 | 906                   | 1,000                   |
| Over one year   | 3,292                 | 4,452                 | 3,505                   |
| Total           | 4,319                 | 5,359                 | 4,505                   |

## **Securities Information**

1. Held-to-maturity debt securities (fair value is available)

(Millions of yen)

| Description                      | As of August 31, 2004 |            |            | As of August 31, 2003 |            |            | As of February 29, 2004 |            |            |
|----------------------------------|-----------------------|------------|------------|-----------------------|------------|------------|-------------------------|------------|------------|
|                                  | Book value            | Fair value | Difference | Book value            | Fair value | Difference | Book value              | Fair value | Difference |
| Governmental and municipal bonds | 0                     | 0          | 0          | 0                     | 0          | 0          | 0                       | 0          | 0          |
| Total                            | 0                     | 0          | 0          | 0                     | 0          | 0          | 0                       | 0          | 0          |

2. Available-for-sale securities (fair value is available)

(Millions of yen)

| Description       | As of August 31, 2004 |            |                               | As of August 31, 2003 |            |                               | As of February 29, 2004 |            |                               |
|-------------------|-----------------------|------------|-------------------------------|-----------------------|------------|-------------------------------|-------------------------|------------|-------------------------------|
|                   | Acquisition cost      | Book value | Net unrealized gains/(losses) | Acquisition cost      | Book value | Net unrealized gains/(losses) | Acquisition cost        | Book value | Net unrealized gains/(losses) |
| Equity securities | 5,341                 | 6,984      | 1,643                         | 5,143                 | 5,844      | 701                           | 5,347                   | 6,808      | 1,460                         |
| Total             | 5,341                 | 6,984      | 1,643                         | 5,143                 | 5,844      | 701                           | 5,347                   | 6,808      | 1,460                         |

### 3. Major securities whose fair value is not available.

(Millions of yen)

| Description  | As of August 31, 2004 | As of August 31, 2003 | As of February 29, 2004 |
|--|-----------------------|-----------------------|-------------------------|
|  | Book value            | Book value            | Book value              |
| (1) Held-to-maturity debt securities               |                       |                       |                         |
| -Bond  | 199                   | -                     | 199                     |
| (2) Available-for-sale securities                  |                       |                       |                         |
| -Unlisted securities<br>(excluding OTC securities) | 533                   | 560                   | 560                     |
| -Foreign securities                                | 1,000                 | 1,000                 | 1,000                   |
| (2) Convertible bonds issued by an affiliate       | 14,940                | 19,994                | 14,940                  |
| Total  | 16,673                | 21,554                | 16,700                  |

## Derivative Transactions

Information regarding derivative transactions has not been disclosed because the Group companies apply hedge accounting for the derivative transactions for the six-month periods ended August 31, 2004 and 2003 and for the year ended February 29, 2004.

## Breakdown of Sales by Product Category

(Millions of yen)

|                | For the six-month period ended August 31, 2004 |       | Increase from prior year (%) | For the six-month period ended August 31, 2003 |       | For the year ended February 29, 2004 |       |
|----------------|--|-------|------------------------------|--|-------|--------------------------------------|-------|
|                | Sales  | %     |                              | Sales  | %     | Sales                                | %     |
| Processed Food | 393,311  | 31.3  | 106.9                        | 367,943  | 31.0  | 725,382                              | 30.8  |
| Fast Food      | 377,710  | 30.1  | 104.5                        | 361,341  | 30.5  | 704,440                              | 29.9  |
| Daily Food     | 159,883  | 12.7  | 104.2                        | 153,466  | 12.9  | 304,993                              | 12.9  |
| Sub-total      | 930,905  | 74.1  | 105.5                        | 882,752  | 74.4  | 1,734,816                            | 73.6  |
| Non-food       | 324,352  | 25.9  | 107.0                        | 303,004  | 25.6  | 623,934                              | 26.4  |
| Total          | 1,255,258                                      | 100.0 | 105.9                        | 1,185,756                                      | 100.0 | 2,358,750                            | 100.0 |

## Number of Stores by Geographical Areas (As of August 31, 2004)

| Area      | Number of stores | Area      | Number of stores | Area      | Number of stores | Area      | Number of stores |
|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| Hokkaido  | 806              | Chiba     | 709              | Kyoto     | 137              | Saga      | 117              |
| Iwate     | 7                | Tokyo     | 1,358            | Osaka     | 434              | Nagasaki  | 40               |
| Miyagi    | 314              | Kanagawa  | 802              | Hyogo     | 309              | Kumamoto  | 146              |
| Yamagata  | 115              | Niigata   | 291              | Nara      | 42               | Oita      | 17               |
| Fukushima | 351              | Yamanashi | 139              | Wakayama  | 33               | Miyazaki  | 105              |
| Ibaraki   | 448              | Nagano    | 337              | Okayama   | 156              | Sub-total | 10,559           |
| Tochigi   | 320              | Shizuoka  | 402              | Hiroshima | 350              | Hawaii    | 53               |
| Gunma     | 319              | Aichi     | 250              | Yamaguchi | 193              | Beijing   | 5                |
| Saitama   | 757              | Shiga     | 136              | Fukuoka   | 619              | Total     | 10,617           |

All amounts less than one million yen have been disregarded.

**BRIEF SUMMARY**  
**of**  
**RESULTS in the First Half of FY2005**

**SEVEN-ELEVEN JAPAN CO., LTD.**

# SUMMARY OF RESULTS in the First Half of FY2005

## <CONSOLIDATED BUSINESS RESULTS>

### 1. Financial Results : Review & Estimation

|                         | 03/8        |         | 04/2        |         | 04/8        |         | 05/2(est.)  |         |
|-------------------------|-------------|---------|-------------|---------|-------------|---------|-------------|---------|
|                         | million yen | YOY %   | million yen | YOY %   | million yen | YOY %   | million yen | YOY %   |
| Revenue from Operations | 239,378     | 112.4   | 474,283     | 111.8   | 257,079     | 107.4   | 518,000     | 109.2   |
| Operating Income        | 86,079      | 105.2   | 165,698     | 106.3   | 89,253      | 103.7   | 172,500     | 104.1   |
| Ordinary Income         | 88,686      | 110.4   | 170,079     | 110.6   | 94,079      | 106.1   | 179,500     | 105.5   |
| Net Income              | 49,991      | 112.4   | 93,135      | 112.4   | 53,805      | 107.6   | 99,500      | 106.8   |
| Earnings per Share      | yen 62.00   | % 114.7 | yen 115.74  | % 115.0 | yen 67.12   | % 108.3 | yen 124.13  | % 107.2 |
| Number of Stores        | 10,056      |         | 10,356      |         | 10,617      |         | 11,011      |         |
| Net Store Increase      | + 313       |         | + 613       |         | + 261       |         | + 655       |         |

## 2. CAPITAL EXPENDITURES

(million yen)

|                      | 03/8   | YOY    | 04/2   | YOY   | 04/8   | YOY    |
|----------------------|--------|--------|--------|-------|--------|--------|
| Investment to stores | 30,427 | 99.3%  | 59,374 | 97.4% | 33,097 | 108.8% |
| Software development | 730    | 159.8% | 858    | 79.1% | 716    | 98.1%  |
| Total                | 31,158 | 100.2% | 60,233 | 97.1% | 33,814 | 108.5% |

\* Estimated capital expenditures for FY2005: 63,500 million yen

## 3. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

(million yen)

|                               | 03/8   | YOY     | 04/2    | YOY     | 04/8    | YOY     |
|-------------------------------|--------|---------|---------|---------|---------|---------|
| Advertising and publicity     | 12,801 | 139.7%  | 23,054  | 119.5%  | 11,425  | 89.2%   |
| Salaries and wages            | 23,036 | 109.4%  | 46,210  | 110.1%  | 24,669  | 107.1%  |
| Depreciation and amortization | 13,602 | 104.5%  | 28,961  | 105.3%  | 14,616  | 107.5%  |
| [Amortization]                | [990]  | [65.6%] | [1,902] | [69.2%] | [793]   | [80.2%] |
| Rent                          | 15,942 | 124.7%  | 33,328  | 123.8%  | 18,529  | 116.2%  |
| Utilities                     | 11,304 | 103.1%  | 24,285  | 105.5%  | 12,121  | 107.2%  |
| Others                        | 21,027 | 90.3%   | 41,303  | 96.3%   | 25,779  | 122.6%  |
| Total                         | 97,716 | 108.2%  | 197,143 | 108.5%  | 107,142 | 109.6%  |

\*Amortization of intangible assets is included in "Depreciation and amortization".

Estimated depreciation and amortization for FY2005:31,000 million yen

## 4. CASH FLOWS

(million yen)

|   | 03/8    | Increase /<br>Decrease | 04/2     | Increase /<br>Decrease | 04/8    | Increase /<br>Decrease |
|---|---------|------------------------|----------|------------------------|---------|------------------------|
| Cash flows from operating activities              | 107,871 | 12,614                 | 144,910  | 19,030                 | 83,157  | -24,713                |
| Cash flows from investing activities              | -66,514 | -32,401                | -102,225 | -26,535                | -33,013 | 33,501                 |
| Cash flows from financing activities              | -66,987 | -55,498                | -74,611  | -38,700                | -9,191  | 57,795                 |
| Increase or decrease in cash and cash equivalents | -25,632 | -75,105                | -32,154  | -46,249                | 41,013  | 66,646                 |
| Cash and cash equivalents at end of period        | 329,835 | -61,010                | 323,313  | -32,154                | 364,327 | 34,492                 |

\* Increase / Decrease means increase or decrease from previous fiscal year or interim period.

## 5. MAJOR FINANCIAL INDICATORS

|                                | 03/8       | 04/2       | 04/8       |
|--------------------------------|------------|------------|------------|
| Return on total assets         | 5.8 %      | 10.7 %     | 5.8 %      |
| Return on shareholders' equity | 8.0 %      | 14.6 %     | 8.2 %      |
| Current ratio                  | 147.8 %    | 162.9 %    | 168.2 %    |
| Fixed asset ratio              | 82.6 %     | 80.0 %     | 77.9 %     |
| Shareholders' equity ratio     | 70.2 %     | 71.8 %     | 70.9 %     |
| Earnings per share             | 62.00 yen  | 115.74 yen | 67.12 yen  |
| Book value per share           | 770.79 yen | 797.06 yen | 845.07 yen |

## <NONCONSOLIDATED BUSINESS RESULTS>

### 1. Financial Results : Review & Estimation

|  | 03/8        |         | 04/2        |         | 04/8        |         | 05/2(est.)  |         |
|--|-------------|---------|-------------|---------|-------------|---------|-------------|---------|
|  | million yen | YOY %   | million yen | YOY %   | million yen | YOY %   | million yen | YOY %   |
| Total Store Sales                            | 1,178,113   | 105.0   | 2,343,177   | 105.9   | 1,247,684   | 105.9   | 2,480,000   | 105.8   |
| Revenue from Operations                      | 225,937     | 112.3   | 445,413     | 111.2   | 240,224     | 106.3   | 486,000     | 109.1   |
| Operating Income                             | 86,631      | 104.7   | 166,899     | 105.7   | 91,967      | 106.2   | 175,500     | 105.2   |
| Ordinary Income                              | 87,955      | 105.2   | 168,892     | 105.8   | 92,944      | 105.7   | 177,500     | 105.1   |
| Net Income                                   | 48,868      | 105.0   | 91,475      | 105.7   | 51,593      | 105.6   | 96,300      | 105.3   |
| Earnings per Share                           | yen: 60.60  | % 107.1 | yen: 113.68 | % 108.0 | yen: 64.36  | % 106.2 | yen: 120.14 | % 105.7 |
| Number of Domestic Stores                    | 10,002      |         | 10,303      |         | 10,559      |         | 10,953      |         |
| Net Store Increase                           | + 312       |         | + 613       |         | + 256       |         | + 650       |         |
| Net Sales Increase, Existing Stores Only (%) | - 1.0       |         | - 0.6       |         | + 0.3       |         | ±0.0        |         |
| Gross Margin (%)                             | 30.9        | + 0.2   | 30.6        | + 0.1   | 30.8        | - 0.1   | 30.7        | + 0.1   |
| Average Daily Sales per Store (thousand yen) | 657         | - 13    | 647         | - 9     | 656         | - 1     |             |         |

## 2. CAPITAL EXPENDITURES

(million yen)

|                      | 03/8   | YOY    | 04/2   | YOY   | 04/8   | YOY    |
|----------------------|--------|--------|--------|-------|--------|--------|
| Investment to stores | 25,145 | 88.4%  | 49,173 | 87.9% | 27,559 | 109.6% |
| Software development | 696    | 153.8% | 800    | 74.1% | 715    | 102.7% |
| Total                | 25,841 | 89.4%  | 49,973 | 87.7% | 28,274 | 109.4% |

\*Estimated capital expenditures for FY2005: 53,000 million yen

## 3. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

(million yen)

|                               | 03/8   | YOY     | 04/2    | YOY     | 04/8    | YOY     |
|-------------------------------|--------|---------|---------|---------|---------|---------|
| Advertising and publicity     | 12,733 | 140.6%  | 22,866  | 119.8%  | 11,330  | 89.0%   |
| Salaries and wages            | 21,767 | 110.5%  | 43,584  | 110.9%  | 23,412  | 107.6%  |
| Depreciation and amortization | 12,327 | 100.5%  | 25,931  | 100.6%  | 12,398  | 100.6%  |
| [Amortization]                | [980]  | [65.2%] | [1,881] | [68.8%] | [781]   | [79.6%] |
| Rent                          | 15,735 | 125.4%  | 32,969  | 124.6%  | 18,353  | 116.6%  |
| Utilities                     | 11,168 | 103.1%  | 24,013  | 105.5%  | 11,991  | 107.4%  |
| Others                        | 21,117 | 93.4%   | 41,745  | 100.2%  | 24,533  | 116.2%  |
| Total                         | 94,849 | 109.0%  | 191,112 | 109.2%  | 102,020 | 107.6%  |

\*Amortization of intangible fixed assets is included in "Depreciation and amortization".

Estimated depreciation and amortization for FY2005: 26,500 million yen

## 4. MAJOR FINANCIAL INDICATORS

|                                   | 03/8       | 04/2       | 04/8       |
|-----------------------------------|------------|------------|------------|
| Return on total assets            | 5.6 %      | 10.5 %     | 5.6 %      |
| Return on shareholders' equity    | 7.6 %      | 13.9 %     | 7.6 %      |
| Current ratio                     | 145.6 %    | 158.9 %    | 165.6 %    |
| Fixed asset ratio                 | 83.4 %     | 80.8 %     | 78.1 %     |
| Shareholders' equity ratio        | 71.8 %     | 74.0 %     | 73.8 %     |
| Earnings per share                | 60.60 yen  | 113.68 yen | 64.36 yen  |
| Book value per share              | 791.49 yen | 826.01 yen | 870.41 yen |
| Dividends on shareholders' equity | 2.4 %      | 4.8 %      | 2.5 %      |

\*Dividends on shareholders' equity =  $\frac{\text{Total cash dividends}}{\text{Average shareholders' equity}} \times 100$