

# Consolidated Financial Results for the First Quarter Ended May 31, 2004

July 6, 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.

### 1. Matters Concerning the Preparation of the Quarterly Financial Results

Adoption of Simplified Accounting Method : Applicable

Changes in Accounting Method : None

Changes in the Scope of Consolidation : None

### 2. Business Results for the First Quarter ended May 31, 2004 (from March 1, 2004 to May 31, 2004)

#### (1) Results of operations

(Millions of yen, except per share amounts)

	Revenue from Operations		Operating Income		Ordinary Income		Net Income	
First Quarter Ended May 31, 2004	122,669	6.9%	42,003	1.8%	43,133	4.1%	24,162	3.4%
First Quarter Ended May 31, 2003	114,771	-	41,264	-	41,422	-	23,368	-
Fiscal Year Ended February 29, 2004	474,283	11.8%	165,698	6.3%	170,079	10.6%	93,135	12.4%

	Net Income per Share		Diluted Net Income per Share	
First Quarter Ended May 31, 2004	30.14	(yen)	30.12	(yen)
First Quarter Ended May 31, 2003	28.81	(yen)	28.77	(yen)
Fiscal Year Ended February 29, 2004	115.74	(yen)	115.73	(yen)

Notes : 1. Percentages above represent increase/decrease over prior first quarter/fiscal year unless otherwise stated.

2. While quarterly results were not posted in previous terms, they have been prepared here using standard accounting practices for the sake of comparison with first quarter performance in the term under review.

#### (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
May 31, 2004	885,066	646,639	73.1%	806.69 (yen)
February 29, 2004	889,922	639,016	71.8%	797.06 (yen)

#### (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 Year
First Quarter Ended May 31, 2004	26,886	(16,130)	(14,488)	319,554
Fiscal Year Ended February 29, 2004	144,910	(102,225)	(74,611)	323,313

### 3. 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	
Interim Period	262,000	9.4%	89,000	3.4%	92,000	3.7%	52,000	4.0%
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, 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.

# CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	May 31, 2004		February 29, 2004	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>Current assets</b>	<b>371,705</b>	<b>42.0</b>	<b>378,875</b>	<b>42.6</b>
Cash and bank deposits	320,228		323,313	
Accounts receivable due from franchised stores	5,925		13,280	
Short-term loans receivable	13,873		9,128	
Inventories	3,426		3,305	
Deferred income taxes	4,336		5,869	
Deposits held at financial service company	10,000		10,000	
Other	14,016		14,072	
Allowance for doubtful accounts	(101)		(93)	
<b>Non-current assets</b>	<b>513,361</b>	<b>58.0</b>	<b>511,046</b>	<b>57.4</b>
<b>Property and equipment</b>	<b>274,183</b>	<b>31.0</b>	<b>274,918</b>	<b>30.9</b>
Buildings and structures	93,926		94,500	
Furniture, fixture and equipment	26,619		26,658	
Land	137,331		139,090	
Other	16,306		14,669	
<b>Intangible assets</b>	<b>7,549</b>	<b>0.8</b>	<b>7,510</b>	<b>0.8</b>
Goodwill	738		765	
Other	6,811		6,745	
<b>Investments and other assets</b>	<b>231,628</b>	<b>26.2</b>	<b>228,617</b>	<b>25.7</b>
Investments in securities	9,328		8,569	
Investments in affiliates	64,771		64,264	
Investments in convertible bonds of an affiliate	14,940		14,940	
Long-term loans receivable	52,037		52,150	
Deferred income taxes	4,282		4,608	
Long-term leasehold deposits	72,606		71,549	
Other	15,248		14,234	
Allowance for doubtful accounts	(1,586)		(1,700)	
<b>TOTAL ASSETS</b>	<b>885,066</b>	<b>100.0</b>	<b>889,922</b>	<b>100.0</b>

(Millions of yen)

	May 31, 2004		February 29, 2004	
	Amount	%	Amount	%
<b>LIABILITIES</b>				
<b>Current liabilities</b>	<b>219,754</b>	<b>24.8</b>	<b>232,570</b>	<b>26.1</b>
Accounts payable-trade	125,105		115,532	
Accounts payable due to franchised stores	10,220		4,385	
Income taxes payable	17,245		40,713	
Allowance for bonuses to employees	3,881		2,086	
Allowance for sales promotion	291		207	
Deposits received	42,944		44,684	
Other	20,066		24,960	
<b>Non-current liabilities</b>	<b>17,382</b>	<b>2.0</b>	<b>17,020</b>	<b>1.9</b>
Long-term debt	10,673		10,204	
Allowance for retirement benefits to directors and corporate auditors	1,141		1,240	
Other	5,567		5,575	
<b>TOTAL LIABILITIES</b>	<b>237,137</b>	<b>26.8</b>	<b>249,590</b>	<b>28.0</b>
<b>MINORITY INTERESTS</b>	<b>1,290</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>1.9</b>	<b>17,200</b>	<b>1.9</b>
<b>Capital surplus</b>	<b>24,565</b>	<b>2.8</b>	<b>24,564</b>	<b>2.8</b>
<b>Retained earnings</b>	<b>680,254</b>	<b>76.9</b>	<b>672,204</b>	<b>75.6</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>1,482</b>	<b>0.2</b>	<b>1,058</b>	<b>0.1</b>
<b>Cumulative translation adjustments</b>	<b>(12,028)</b>	<b>(1.4)</b>	<b>(11,246)</b>	<b>(1.3)</b>
<b>Treasury stock</b>	<b>(64,834)</b>	<b>(7.3)</b>	<b>(64,764)</b>	<b>(7.3)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>646,639</b>	<b>73.1</b>	<b>639,016</b>	<b>71.8</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>885,066</b>	<b>100.0</b>	<b>889,922</b>	<b>100.0</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	First Quarter Ended May 31, 2004		Fiscal Year Ended February 29, 2004	
	Amount	%	Amount	%
<b>Operating income and expenses</b>				
<b>Revenue from operations</b>	<b>122,669</b>	<b>100.0</b>	<b>474,283</b>	<b>100.0</b>
Franchise commission from franchised stores and other operating revenue	83,225		326,238	
Net sales of corporate stores	39,443		148,044	
<b>Cost of sales</b>	<b>30,025</b>	<b>24.5</b>	<b>111,441</b>	<b>23.5</b>
<b>Gross profit</b>	<b>92,643</b>	<b>75.5</b>	<b>362,841</b>	<b>76.5</b>
Selling, general and administrative expenses	50,640	41.3	197,143	41.6
<b>Operating income</b>	<b>42,003</b>	<b>34.2</b>	<b>165,698</b>	<b>34.9</b>
<b>Non-operating income and expenses</b>				
<b>Non-operating income</b>	<b>1,144</b>	<b>1.0</b>	<b>4,933</b>	<b>1.1</b>
<b>Non-operating expenses</b>	<b>13</b>	<b>0.0</b>	<b>552</b>	<b>0.1</b>
<b>Ordinary income</b>	<b>43,133</b>	<b>35.2</b>	<b>170,079</b>	<b>35.9</b>
<b>Special gains and losses</b>				
<b>Special gains</b>	<b>156</b>	<b>0.1</b>	<b>46</b>	<b>0.0</b>
<b>Special losses</b>	<b>2,044</b>	<b>1.7</b>	<b>9,844</b>	<b>2.1</b>
<b>Income before income taxes and minority interests</b>	<b>41,245</b>	<b>33.6</b>	<b>160,281</b>	<b>33.8</b>
Income taxes - current	15,554		69,586	
Income taxes - deferred	1,548		(2,245)	
Minority interests in losses of consolidated subsidiaries	20		194	
<b>Net income</b>	<b>24,162</b>	<b>19.7</b>	<b>93,135</b>	<b>19.6</b>

# CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

	First Quarter Ended May 31, 2004	Fiscal Year Ended February 29, 2004
<b>Capital surplus</b>		
<b>Balance of capital surplus at beginning of period (year)</b>	<b>24,564</b>	<b>24,563</b>
<b>Increase in capital surplus</b>	<b>0</b>	<b>0</b>
Gain on sales of treasury stock	0	0
<b>Decrease in capital surplus</b>	<b>-</b>	<b>-</b>
<b>Balance of capital surplus at end of period (year)</b>	<b>24,565</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>Increase in retained earnings</b>	<b>24,162</b>	<b>93,135</b>
Net income	24,162	93,135
<b>Decrease in retained earnings</b>	<b>16,113</b>	<b>30,487</b>
Cash dividends	16,032	30,387
Bonuses to directors and corporate auditors	81	99
<b>Balance of retained earnings at end of period (year)</b>	<b>680,254</b>	<b>672,204</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	First Quarter Ended May 31, 2004	Fiscal Year Ended February 29, 2004
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	41,245	160,281
Depreciation of property and equipment	6,985	28,961
Interest and dividend income	(555)	(2,199)
Equity in losses of affiliates	(435)	(2,021)
Decrease (increase) in accounts receivable from and payable to franchised stores	13,189	(5,734)
Other, net	5,112	27,262
Sub-total	65,541	206,549
Interest and dividends received	367	1,696
Income taxes paid	(39,022)	(63,335)
<b>Net cash provided by operating activities</b>	<b>26,886</b>	<b>144,910</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(11,758)	(43,177)
Proceeds from sales of property and equipment	984	2,149
Acquisition of intangible assets	(728)	(1,348)
Acquisition of investments in securities	(700)	(532)
Increase in loans receivable	(370)	(36,796)
Collection of loans receivable	121	406
Payment of long-term leasehold deposits	(2,986)	(16,544)
Refund of long-term leasehold deposits	525	3,909
Increase in deposits held at financial service company	-	(10,000)
Other	(1,218)	(290)
<b>Net cash used in investing activities</b>	<b>(16,130)</b>	<b>(102,225)</b>
<b>Cash flows from financing activities:</b>		
Long-term debt proceeds	2,000	10,000
Repayment of long-term debt	(1,397)	(1,732)
Purchase of treasury stock	(75)	(53,215)
Cash dividends	(16,036)	(30,374)
Other	1,020	711
<b>Net cash used in financing activities</b>	<b>(14,488)</b>	<b>(74,611)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(27)</b>	<b>(226)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(3,759)</b>	<b>(32,154)</b>
<b>Cash and cash equivalents at beginning of period (year)</b>	<b>323,313</b>	<b>355,467</b>
<b>Cash and cash equivalents at end of period (year)</b>	<b>319,554</b>	<b>323,313</b>

### **Number of Stores by Geographical Areas**

	February 29, 2004	May 31, 2004
Hokkaido	803	797
Iwate	7	7
Miyagi	312	311
Yamagata	108	109
Fukushima	348	350
Ibaraki	446	444
Tochigi	316	315
Gunma	317	318
Saitama	745	746
Chiba	706	706
Tokyo	1,328	1,341
Kanagawa	793	794
Niigata	288	289
Yamanashi	139	138
Nagano	337	336
Shizuoka	392	391
Aichi	193	214
Shiga	129	130

	February 29, 2004	May 31, 2004
Kyoto	130	130
Osaka	414	421
Hyogo	295	297
Nara	31	35
Wakayama	30	30
Okayama	148	148
Hiroshima	342	343
Yamaguchi	193	191
Fukuoka	604	608
Saga	112	114
Nagasaki	35	38
Kumamoto	144	145
Oita	17	17
Miyazaki	101	102
Sub-total	10,303	10,355
Hawaii	53	53
Beijing	-	3
Total	10,356	10,411

### **Breakdown of Sales by Product Category (Consolidated)**

**(Total store sales of convenience store operations)**

(Millions of yen)

	For the year ended February 29, 2004		For the first quarter ended May 31, 2004	
	Sales	% of Total Sales	Sales	% of Total Sales
Processed Food	725,382	30.8	184,130	30.7
Fast Food	704,440	29.9	179,085	29.9
Daily Food	304,993	12.9	78,086	13.0
Nonfood	623,934	26.4	157,783	26.4
Total	2,358,750	100.0	599,085	100.0

All amounts less than one million yen have been disregarded.