

# Consolidated Financial Results for the Nine-Month Period Ended November 30, 2004

January 7, 2005

## **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 : Applied  
Changes in Accounting Method : None  
Changes in the Scope of Consolidation : None

### 2. Business Results for the Nine-Month Period (from March 1, 2004 to November 30, 2004)

#### (1) Results of operations

(Millions of yen, except per share amounts)

	Revenue from Operations		Operating Income		Ordinary Income	
Nine Months Ended November 30, 2004	380,397	6.3%	132,242	4.3%	139,860	7.1%
Nine Months Ended November 30, 2003	357,699	-	126,777	-	130,532	-
Fiscal Year Ended February 29, 2004	474,283	11.8%	165,698	6.3%	170,079	10.6%

	Net Income		Net Income per Share		Diluted Net Income per Share	
Nine Months Ended November 30, 2004	78,810	6.2%	98.32	(yen)	98.23	(yen)
Nine Months Ended November 30, 2003	74,178	-	92.17	(yen)	92.15	(yen)
Fiscal Year Ended February 29, 2004	93,135	12.4%	115.74	(yen)	115.73	(yen)

- Notes : 1. Percentages above represent increase/decrease over prior year corresponding period unless otherwise stated.  
2. Although the Nine-Month Period information was not required to disclose in prior year, the Nine Months Ended November 30, 2003 was prepared based on a same method as current period and disclosed for comparative purposes.

#### (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
November 30, 2004	935,780	686,545	73.4%	856.49 (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 Period
Nine Months Ended November 30, 2004	82,073	(48,283)	(18,111)	339,131
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	
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)

	November 30, 2004		February 29, 2004	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>Current assets</b>	<b>401,487</b>	<b>42.9</b>	<b>378,875</b>	<b>42.6</b>
Cash and bank deposits	339,910		323,313	
Accounts receivable due from franchised stores	8,113		13,280	
Short-term loans receivable	17,128		9,128	
Inventories	3,575		3,305	
Deposits held by financial service company	10,000		10,000	
Deferred income taxes	4,950		5,869	
Other	17,938		14,072	
Allowance for doubtful accounts	(129)		(93)	
<b>Non-current assets</b>	<b>534,293</b>	<b>57.1</b>	<b>511,046</b>	<b>57.4</b>
<b>Property and equipment</b>	<b>281,481</b>	<b>30.1</b>	<b>274,918</b>	<b>30.9</b>
Buildings and structures	96,634		94,500	
Furniture, fixtures and equipment	27,992		26,658	
Land	136,167		139,090	
Other	20,687		14,669	
<b>Intangible assets</b>	<b>7,678</b>	<b>0.8</b>	<b>7,510</b>	<b>0.8</b>
Goodwill	683		765	
Other	6,994		6,745	
<b>Investments and other assets</b>	<b>245,133</b>	<b>26.2</b>	<b>228,617</b>	<b>25.7</b>
Investments in securities	8,515		8,569	
Investments in affiliates	72,762		64,264	
Investments in convertible bonds of an affiliate	14,940		14,940	
Long-term loans receivable	51,612		52,150	
Deferred income taxes	6,845		4,608	
Long-term leasehold deposits	76,738		71,549	
Other	15,398		14,234	
Allowance for doubtful accounts	(1,679)		(1,700)	
<b>TOTAL ASSETS</b>	<b>935,780</b>	<b>100.0</b>	<b>889,922</b>	<b>100.0</b>

(Millions of yen)

	November 30, 2004		February 29, 2004	
	Amount	%	Amount	%
<b>LIABILITIES</b>				
<b>Current liabilities</b>	<b>218,441</b>	<b>23.3</b>	<b>232,570</b>	<b>26.1</b>
Accounts payable-trade	127,458		115,532	
Accounts payable due to franchised stores	4,037		4,385	
Income taxes payable	20,252		40,713	
Deposits received	37,439		44,684	
Allowance for bonuses to employees	334		2,086	
Allowance for sales promotion	436		207	
Other	28,481		24,960	
<b>Non-current liabilities</b>	<b>29,639</b>	<b>3.2</b>	<b>17,020</b>	<b>1.9</b>
Long-term debt	21,277		10,204	
Accrued pension and severance costs	1,696		-	
Allowance for retirement benefits to directors and corporate auditors	1,219		1,240	
Other	5,446		5,575	
<b>TOTAL LIABILITIES</b>	<b>248,080</b>	<b>26.5</b>	<b>249,590</b>	<b>28.0</b>
<b>MINORITY INTERESTS</b>	<b>1,155</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>1.9</b>
<b>Capital surplus</b>	<b>24,565</b>	<b>2.6</b>	<b>24,564</b>	<b>2.8</b>
<b>Retained earnings</b>	<b>717,667</b>	<b>76.7</b>	<b>672,204</b>	<b>75.6</b>
<b>Net unrealized gains on available-for-sale securities</b>	<b>993</b>	<b>0.1</b>	<b>1,058</b>	<b>0.1</b>
<b>Cumulative translation adjustments</b>	<b>(9,018)</b>	<b>(0.9)</b>	<b>(11,246)</b>	<b>(1.3)</b>
<b>Treasury stock</b>	<b>(64,863)</b>	<b>(6.9)</b>	<b>(64,764)</b>	<b>(7.3)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>686,545</b>	<b>73.4</b>	<b>639,016</b>	<b>71.8</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>935,780</b>	<b>100.0</b>	<b>889,922</b>	<b>100.0</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Nine Months Ended November 30, 2004		Fiscal Year Ended February 29, 2004	
	Amount	%	Amount	%
<b>Operating income and expenses</b>				
<b>Revenue from operations</b>	<b>380,397</b>	<b>100.0</b>	<b>474,283</b>	<b>100.0</b>
Franchise commission from franchised stores and other	262,602		326,238	
Net sales of corporate stores	117,794		148,044	
<b>Cost of sales</b>	<b>89,333</b>	<b>23.5</b>	<b>111,441</b>	<b>23.5</b>
<b>Gross profit</b>	<b>291,063</b>	<b>76.5</b>	<b>362,841</b>	<b>76.5</b>
Selling, general and administrative expenses	158,821	41.7	197,143	41.6
<b>Operating income</b>	<b>132,242</b>	<b>34.8</b>	<b>165,698</b>	<b>34.9</b>
<b>Non-operating income and expenses</b>				
<b>Non-operating income</b>	<b>8,008</b>	<b>2.1</b>	<b>4,933</b>	<b>1.1</b>
<b>Non-operating expenses</b>	<b>389</b>	<b>0.1</b>	<b>552</b>	<b>0.1</b>
<b>Ordinary income</b>	<b>139,860</b>	<b>36.8</b>	<b>170,079</b>	<b>35.9</b>
<b>Special gains and losses</b>				
<b>Special gains</b>	<b>117</b>	<b>0.0</b>	<b>46</b>	<b>0.0</b>
<b>Special losses</b>	<b>8,777</b>	<b>2.3</b>	<b>9,844</b>	<b>2.1</b>
<b>Income before income taxes and minority interests</b>	<b>131,200</b>	<b>34.5</b>	<b>160,281</b>	<b>33.8</b>
Income taxes - current	53,889		69,586	
Income taxes - deferred	(1,310)		(2,245)	
Minority interests in losses of consolidated subsidiaries	189		194	
<b>Net income for the period (year)</b>	<b>78,810</b>	<b>20.7</b>	<b>93,135</b>	<b>19.6</b>

# CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

	Nine Months Ended November 30, 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>1</b>	<b>0</b>
Gain on sales of treasury stock	1	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>78,810</b>	<b>93,135</b>
Net income for the period (year)	78,810	93,135
<b>Decrease in retained earnings</b>	<b>33,347</b>	<b>30,487</b>
Cash dividends	33,266	30,387
Bonuses to directors and corporate auditors	81	99
<b>Balance of retained earnings at end of period (year)</b>	<b>717,667</b>	<b>672,204</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Nine Months Ended November 30, 2004	Fiscal Year Ended February 29, 2004
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	131,200	160,281
Depreciation and amortization	22,623	28,961
Interest and dividend income	(1,725)	(2,199)
Equity in earnings of affiliates	(5,741)	(2,021)
Decrease (increase) in accounts receivable from and payable to franchised stores	4,819	(5,734)
Other, net	3,815	27,262
Sub-total	154,992	206,549
Interest and dividends received	1,431	1,696
Income taxes paid	(74,350)	(63,335)
<b>Net cash provided by operating activities</b>	<b>82,073</b>	<b>144,910</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(37,806)	(43,177)
Proceeds from sales of property and equipment	2,328	2,149
Acquisition of intangible assets	(1,378)	(1,348)
Acquisition of investments in securities	(700)	(532)
Payment of loans receivable	(875)	(36,796)
Collection of loans receivable	481	406
Payment of long-term leasehold deposits	(12,217)	(16,544)
Refund of long-term leasehold deposits	3,217	3,909
Increase in deposits held by financial service company	-	(10,000)
Other	(1,333)	(290)
<b>Net cash used in investing activities</b>	<b>(48,283)</b>	<b>(102,225)</b>
<b>Cash flows from financing activities:</b>		
Long-term debt proceeds	18,000	10,000
Repayment of long-term debt	(3,764)	(1,732)
Purchase of treasury stock	(107)	(53,215)
Cash dividends	(33,267)	(30,374)
Other	1,028	711
<b>Net cash used in financing activities</b>	<b>(18,111)</b>	<b>(74,611)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>139</b>	<b>(226)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>15,817</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>339,131</b>	<b>323,313</b>

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

	February 29, 2004	November 30, 2004
Hokkaido	803	804
Iwate	7	7
Miyagi	312	316
Yamagata	108	114
Fukushima	348	352
Ibaraki	446	445
Tochigi	316	323
Gunma	317	318
Saitama	745	756
Chiba	706	708
Tokyo	1,328	1,362
Kanagawa	793	802
Niigata	288	296
Yamanashi	139	139
Nagano	337	338
Shizuoka	392	404
Aichi	193	260
Shiga	129	135

	February 29, 2004	November 30, 2004
Kyoto	130	141
Osaka	414	440
Hyogo	295	311
Nara	31	44
Wakayama	30	33
Okayama	148	157
Hiroshima	342	351
Yamaguchi	193	191
Fukuoka	604	618
Saga	112	117
Nagasaki	35	42
Kumamoto	144	149
Oita	17	17
Miyazaki	101	106
Sub-total	10,303	10,596
Hawaii	53	53
Beijing	-	8
Total	10,356	10,657

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

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

(Millions of yen)

	Fiscal year ended February 29, 2004		Nine months ended November 30, 2004	
	Sales (Millions of yen)	% of Total Sales (%)	Sales (Millions of yen)	% of Total Sales (%)
Processed Food	725,382	30.8	578,574	31.0
Fast Food	704,440	29.9	551,695	29.6
Daily Food	304,993	12.9	241,138	12.9
Nonfood	623,934	26.4	492,968	26.5
Total	2,358,750	100.0	1,864,377	100.0

All amounts less than one million yen have been disregarded.