

Semiannual Nonconsolidated 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 accounts: October 7, 2004

--Starting date of payment of interim cash dividends: November 15, 2004

--The Company has a policy of paying interim dividends.

--The Company applies a unit share system.(1unit : 100 shares)

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)

	Total Store Sales		Revenue from Operations		Operating Income	
Current Interim Period	1,247,684	5.9%	240,224	6.3%	91,967	6.2%
Prior Year's Interim Period	1,178,113	5.0%	225,937	12.3%	86,631	4.7%
Prior Fiscal Year	2,343,177	5.9%	445,413	11.2%	166,899	5.7%

	Ordinary Income		Net Income		Net Income per Share
Current Interim Period	92,944	5.7%	51,593	5.6%	64.36 (yen)
Prior Year's Interim Period	87,955	5.2%	48,868	5.0%	60.60 (yen)
Prior Fiscal Year	168,892	5.8%	91,475	5.7%	113.68 (yen)

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

2. Average number of shares outstanding:

Current interim period: 801,598,259 shares Prior year's interim period: 806,348,908 shares

Prior fiscal year: 803,987,681 shares

3. There is no change in accounting policies.

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

(2) Dividends

(Yen)

	Interim Dividends per Share	Year-End Dividends per Share
Current Interim Period	Cash dividends 21.50	Cash dividends -
Prior Year's Interim Period	19.00	-
Prior Fiscal Year	-	39.00

(3) 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	945,961	697,708	73.8%	870.41 (yen)
August 31, 2003	883,734	634,494	71.8%	791.49 (yen)
February 29, 2004	894,460	662,221	74.0%	826.01 (yen)

Notes: 1. Number of outstanding shares at end of period:

Current interim period: 801,590,717 shares Prior year's interim period: 801,644,721 shares

Prior fiscal year: 801,616,890 shares

2. Number of treasury stock at end of period:

Current interim period: 21,299,267 shares Prior year's interim period: 21,245,263 shares

Prior fiscal year: 21,273,094 shares

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

(Millions of yen, except per share amounts)

Total Store Sales	Revenue from Operations	Operating Income	Ordinary Income	Net Income	Annual Cash Dividends per Share (Cash Dividends at year end)
2,480,000 5.8%	486,000 9.1%	175,500 5.2%	177,500 5.1%	96,300 5.3%	43.00 (yen) (21.50 yen)

(Reference) Expected net income per share (for the year ending February 28, 2005) : 120.14 yen

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.

BALANCE SHEETS

(Millions of yen)

	August 31, 2004		August 31, 2003		February 29, 2004	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current assets	400,785	42.4	354,446	40.1	359,324	40.2
Cash and bank deposits	358,892		325,273		317,428	
Accounts receivable due from franchised stores	5,685		10,158		13,280	
Inventories	2,631		2,664		2,920	
Deposits held by financial service company	10,000		-		10,000	
Deferred income taxes	6,101		5,174		5,860	
Other	17,484		11,185		9,847	
Allowance for doubtful accounts	(9)		(10)		(12)	
Non-current assets	545,176	57.6	529,288	59.9	535,136	59.8
Property and equipment	253,796	26.8	257,061	29.1	251,769	28.2
Buildings	80,786		78,634		79,313	
Structures	13,885		12,847		13,462	
Furniture, fixtures and equipment	28,761		27,813		26,308	
Land	130,215		137,474		132,523	
Other	147		292		161	
Intangible assets	6,648	0.7	7,350	0.8	6,666	0.7
Software	2,753		3,602		2,812	
Other	3,894		3,747		3,854	
Investments and other assets	284,731	30.1	264,876	30.0	276,700	30.9
Investments in securities	8,661		7,365		8,520	
Investments in subsidiaries and affiliates	93,790		88,036		93,090	
Investments in convertible bonds of an affiliate	14,940		19,994		14,940	
Investments in SEVEN-ELEVEN (BEIJING) CO., LTD.	1,208		-		1,208	
Long-term loans receivable	3,723		3,582		3,806	
Long-term loans to subsidiaries and affiliates	72,420		68,907		69,930	
Deferred income taxes	4,454		2,119		4,566	
Long-term leasehold deposits	75,182		66,526		71,598	
Other	13,386		10,245		11,592	
Allowance for doubtful accounts	(3,036)		(1,900)		(2,555)	
TOTAL ASSETS	945,961	100.0	883,734	100.0	894,460	100.0

(Millions of yen)

	August 31, 2004		August 31, 2003		February 29, 2004	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current liabilities	242,068	25.6	243,394	27.5	226,196	25.3
Accounts payable-trade	136,081		134,727		113,599	
Accounts payable due to franchised stores	11,565		6,628		4,385	
Income taxes payable	38,524		38,293		40,639	
Deposits received	34,238		42,110		45,110	
Allowance for bonuses to employees	3,034		2,458		2,066	
Allowance for sales promotion	381		-		207	
Other	18,243		19,177		20,188	
Non-current liabilities	6,184	0.6	5,845	0.7	6,041	0.7
Guarantee deposits received from franchised stores	4,994		4,672		4,801	
Allowance for retirement benefits to directors and corporate auditors	1,190		1,173		1,240	
TOTAL LIABILITIES	248,253	26.2	249,240	28.2	232,238	26.0
SHAREHOLDERS' EQUITY						
Common stock	17,200	1.8	17,200	2.0	17,200	1.9
Capital surplus	24,565	2.6	24,563	2.8	24,564	2.7
Additional paid-in capital	24,563		24,563		24,563	
Other capital surplus	1		-		0	
Gain on sales of treasury stock	1		-		0	
Retained earnings	719,828	76.1	656,971	74.3	684,347	76.5
Legal reserve	4,300		4,300		4,300	
General reserve	646,209		585,209		585,209	
Unappropriated retained earnings	69,318		67,462		94,838	
Net unrealized gains on available-for-sale securities	953	0.1	409	0.0	854	0.1
Treasury stock	(64,838)	(6.8)	(64,650)	(7.3)	(64,744)	(7.2)
TOTAL SHAREHOLDERS' EQUITY	697,708	73.8	634,494	71.8	662,221	74.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	945,961	100.0	883,734	100.0	894,460	100.0

STATEMENTS OF INCOME

(Millions of yen)

	Current Interim Period		Prior Year's Interim Period		Prior Fiscal Year	
	Amount	%	Amount	%	Amount	%
Operating income and expenses						
Revenue from operations	240,224	100.0	225,937	100.0	445,413	100.0
Franchise commission from franchised stores	175,785		164,088		324,186	
Net sales reported by franchised stores						
Current interim period:	1,184,417					
Prior year's interim period:	1,117,275					
Prior fiscal year:	2,223,998					
Total net sales						
(including net sales of corporate stores)						
Current interim period:	1,247,684					
Prior year's interim period:	1,178,113					
Prior fiscal year:	2,343,177					
Other operating revenue	1,171		1,010		2,047	
Net sales of corporate stores	63,267		60,837		119,178	
Cost of sales	46,236	19.2	44,455	19.7	87,401	19.6
Gross Profit	193,987	80.8	181,481	80.3	358,011	80.4
Selling, general and administrative expenses	102,020	42.5	94,849	42.0	191,112	42.9
Operating income	91,967	38.3	86,631	38.3	166,899	37.5
Non-operating income and expenses						
Non-operating income	1,500	0.6	1,459	0.7	2,877	0.6
Non-operating expenses	523	0.2	136	0.1	884	0.2
Ordinary income	92,944	38.7	87,955	38.9	168,892	37.9
Special gains and losses						
Special gains	50	0.0	11	0.0	19	0.0
Special losses	4,366	1.8	2,660	1.1	9,906	2.2
Income before income taxes	88,628	36.9	85,306	37.8	159,005	35.7
Income taxes - current	37,231		34,944		69,475	
Income taxes - deferred	(197)		1,493		(1,944)	
Net income for the period (year)	51,593	21.5	48,868	21.6	91,475	20.5
Retained earnings brought forward	17,725		18,594		18,594	
Interim dividends	-		-		15,231	
Loss on sales of treasury stock	-		0		-	
Unappropriated retained earnings	69,318		67,462		94,838	

Significant Accounting Policies for the Preparation of Semiannual Financial Statements

1. Valuation method of major assets

(1) Valuation method of securities

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

Investments in subsidiaries and affiliates are valued at cost, determined using the moving-average method.

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 of Seven-Eleven Japan Co., Ltd. (the "Company") are valued at cost, determined by the retail method.

2. Depreciation and amortization

(1) Property and equipment

Depreciation expense is computed using the declining-balance method, at rates based on the estimated useful lives of assets.

(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).

3. 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.

4. Lease

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

5. 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:

(a) Hedging instruments

Currency swap contracts

(b) 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.

6. Accounting for consumption taxes

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

Notes to Nonconsolidated Financial Statements

Nonconsolidated 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	181,675	171,077	178,212
2. Assets pledged as collateral	2,104	2,182	2,142
3. Contingent liabilities	619	623	621

Nonconsolidated Statements of Income

(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
1. Interest income included in non-operating income	761	536	1,233
2. Depreciation and amortization			
- Property and equipment	11,617	11,346	24,050
- Intangible assets	781	980	1,881

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	7,005	4,237	5,208
Accumulated depreciation	2,136	1,076	1,557
Net book value	4,868	3,161	3,651

(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	1,326	836	1,019
Over one year	3,542	2,324	2,631
Total	4,868	3,161	3,651

(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	578	389	871
Depreciation expense	578	389	871

(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) 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	924	648	753
Over one year	2,531	2,015	2,065
Total	3,456	2,664	2,819

(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	741	714	705
Over one year	645	570	575
Total	1,386	1,285	1,281

Securities Information

Investments in subsidiaries and affiliates whose fair value are available, for the six-months period ended August 31, 2004, are as follows:

(Millions of yen)			
Description	Book value	Fair value	Difference
Investments in affiliates	5,054	6,763	1,709

There are no investments in subsidiaries and affiliates whose fair value are available, for the six-months period ended August 31, 2003.

Investments in subsidiaries and affiliates whose fair value are available, for the year ended February 29, 2004, are as follows:

(Millions of yen)			
Description	Book value	Fair value	Difference
Investments in affiliates	5,054	5,692	638