

[Reference]



October 6, 2005

Semiannual Consolidated Financial Results for the Six-Month Period Ended August 31, 2005 Seven-Eleven Japan Co., Ltd.

President and C.O.O.: Toshiro Yamaguchi

Date of the Board of Directors' meeting to approve the consolidated accounts: October 6, 2005

U.S. GAAP is not applied.

1. Business Results for the Current Interim Period (from March 1, 2005 to August 31, 2005)

(1) Results of Operations (Millions of yen, except per share amounts)

	Revenue from Operations		Operating Income		Ordinary Income	
Current Interim Period	952,226	270.4%	104,880	17.5%	106,188	12.9%
Prior Year's Interim Period	257,079	7.4%	89,253	3.7%	94,079	6.1%
Prior Fiscal Year	502,516	6.0%	170,729	3.0%	178,208	4.8%

	Net Income		Net Income per Share		Diluted Net Income per Share	
Current Interim Period	59,186	10.0%	75.17	(yen)	75.09	(yen)
Prior Year's Interim Period	53,805	7.6%	67.12	(yen)	67.08	(yen)
Prior Fiscal Year	96,330	3.4%	120.07	(yen)	120.00	(yen)

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

2. Equity in earnings of affiliates:

Current interim period: 1,103 million yen Prior year's interim period: 3,411 million yen

Prior fiscal year: 4,083 million yen

3. Average number of shares outstanding:

Current interim period: 787,406,445 shares Prior year's interim period: 801,592,303 shares

Prior fiscal year: 801,587,720 shares

4. Change in accounting policies: no

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, 2005	1,316,892	684,404	52.0%	881.90 (yen)
August 31, 2004	954,862	677,398	70.9%	845.07 (yen)
February 28, 2005	1,284,130	712,377	55.5%	888.61 (yen)

Note: Number of outstanding shares at the end of the period

Current interim period: 776,054,364 shares

Prior year's interim period: 801,584,659 shares

Prior fiscal year: 801,581,883 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	120,396	(45,524)	(77,643)	259,587
Prior Year's Interim Period	83,157	(33,013)	(9,191)	364,327
Prior Fiscal Year	127,044	(175,623)	(13,281)	261,386

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

-The number of consolidated subsidiaries: 35

-The number of unconsolidated subsidiaries accounted for using the equity method: 2

-The number of affiliated companies accounted for using the equity method: 7

(5) Changes in the Scope of Consolidation

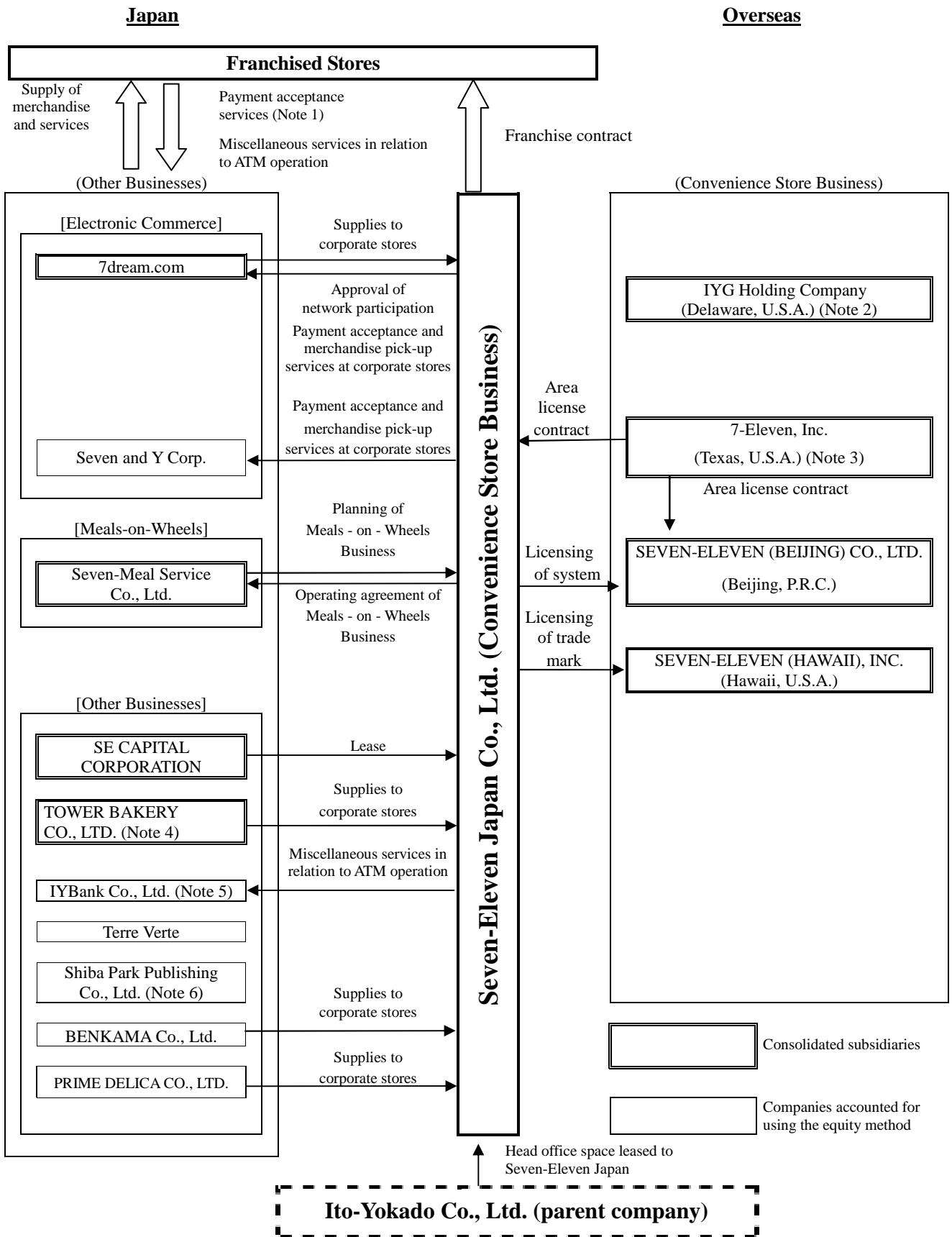
- The number of consolidated subsidiaries increased by 5 and decreased by 1.

2. Business Outlook for the Fiscal Year Ending February 28, 2006 (from March 1, 2005 to February 28, 2006)

Please see "Management Policies and Outlook for the Fiscal Year Ending February 28, 2006" of Seven & I Holdings Co., Ltd. for business outlook.

GROUP ORGANIZATION

The Group is comprised of Seven-Eleven Japan Co., Ltd., 38 subsidiaries and 7 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 Seven and Y Corp.
 2. IYG Holding Company is a holding company for 7-Eleven, Inc.
 3. 7-Eleven, Inc. has 29 consolidated subsidiaries and 1 affiliated company.
 4. TOWER BAKERY CO., LTD. has 1 consolidated subsidiary.
 5. IY Bank Co., Ltd. will change its name to Seven Bank, Ltd. on October 11, 2005.
 6. Shiba Park Publishing Co., Ltd. will change its name to Seven & I Publishing Co., Ltd. on December 1, 2005.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	August 31, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current assets	394,783	30.0	427,194	44.7	391,584	30.5
Cash and bank deposits	260,750		365,142		262,352	
Accounts receivable-trade	20,947		2,056		19,260	
Accounts receivable due from franchised stores	5,633		5,685		7,373	
Short-term loans receivable	17,823		17,011		17,197	
Inventories	37,717		3,193		35,006	
Deposits held by financial service company	10,000		10,000		10,000	
Deferred income taxes	8,318		6,108		7,749	
Other	34,007		18,121		33,051	
Allowance for doubtful accounts	(414)		(124)		(407)	
Non-current assets	922,109	70.0	527,667	55.3	892,546	69.5
Property and equipment	674,185	51.2	280,253	29.4	656,614	51.1
Buildings and structures	242,411		96,444		233,094	
Furniture, fixtures and equipment	136,604		29,147		134,136	
Land	267,454		136,803		261,898	
Other	27,715		17,857		27,485	
Intangible assets	91,505	6.9	7,426	0.8	90,682	7.1
Goodwill	81,873		710		83,223	
Other	9,632		6,715		7,458	
Investments and other assets	156,418	11.9	239,988	25.1	145,249	11.3
Investments in securities	12,189		8,717		10,222	
Investments in affiliates	17,717		69,235		16,059	
Investments in convertible bonds of an affiliate	-		14,940		-	
Long-term loans receivable	9,912		51,935		9,206	
Deferred income taxes	12,606		5,526		12,718	
Long-term leasehold deposits	85,475		75,143		80,832	
Other	20,254		16,236		18,269	
Allowance for doubtful accounts	(1,738)		(1,748)		(2,060)	
TOTAL ASSETS	1,316,892	100.0	954,862	100.0	1,284,130	100.0

(Millions of yen)

	August 31, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current liabilities	384,989	29.2	253,997	26.6	344,593	26.8
Accounts payable-trade	187,758		141,215		165,937	
Accounts payable due to franchised stores	11,371		11,565		4,901	
Income taxes payable	43,344		38,573		37,307	
Deposits received	44,318		34,005		45,234	
Allowance for bonuses to employees	2,590		3,058		2,128	
Allowance for sales promotion	194		381		121	
Other	95,412		25,199		88,962	
Non-current liabilities	198,432	15.1	22,266	2.4	186,424	14.6
Long term debt	42,833		15,606		35,563	
Commercial paper	20,571		-		22,493	
Deferred income taxes	68,769		-		67,424	
Accrued pension and severance costs	7,608		-		7,250	
Allowance for retirement benefits to directors and corporate auditors	1,204		1,192		1,246	
Other	57,445		5,468		52,445	
TOTAL LIABILITIES	583,421	44.3	276,264	29.0	531,017	41.4
MINORITY INTERESTS	49,067	3.7	1,198	0.1	40,735	3.1
SHAREHOLDERS' EQUITY						
Common stock	17,200	1.3	17,200	1.8	17,200	1.3
Capital surplus	24,696	1.9	24,565	2.6	24,565	1.9
Retained earnings	777,053	59.1	709,897	74.3	735,187	57.4
Net unrealized gains on available-for-sale securities	1,662	0.1	1,122	0.1	1,363	0.1
Cumulative translation adjustments	6,907	0.5	(10,526)	(1.1)	(1,069)	(0.1)
Treasury stock	(143,115)	(10.9)	(64,860)	(6.8)	(64,869)	(5.1)
TOTAL SHAREHOLDERS' EQUITY	684,404	52.0	677,398	70.9	712,377	55.5
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	1,316,892	100.0	954,862	100.0	1,284,130	100.0

CONSOLIDATED 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	952,226	100.0	257,079	100.0	502,516	100.0
Franchise commission from franchised stores	182,138		175,785		343,617	
Other operating revenue	6,222		1,279		2,525	
Net sales	763,865		80,014		156,373	
Cost of sales	571,569	60.0	60,684	23.6	119,590	23.8
Gross profit	380,656	40.0	196,395	76.4	382,925	76.2
Selling, general and administrative expenses	275,776	29.0	107,142	41.7	212,196	42.2
Operating income	104,880	11.0	89,253	34.7	170,729	34.0
Non-operating income and expenses						
Non-operating income	3,562	0.4	4,918	1.9	8,244	1.6
Interest income	847		1,100		2,254	
Equity in earnings of affiliates	1,103		3,411		4,083	
Foreign exchange gain	1,083		1		1,024	
Other	528		405		881	
Non-operating expenses	2,254	0.2	92	0.0	764	0.1
Interest expense	2,089		-		-	
Provision for allowance for doubtful accounts	-		44		657	
Other	164		48		106	
Ordinary income	106,188	11.2	94,079	36.6	178,208	35.5
Special gains and losses						
Special gains	648	0.0	50	0.0	121	0.0
Gain from sales of property and equipment	249		50		96	
Gain from sales of investments in securities	19		-		25	
Reversal of allowance for doubtful accounts	379		-		-	
Special losses	4,762	0.5	4,404	1.7	14,714	2.9
Loss on sales of property and equipment	93		1,168		1,672	
Loss on disposals of property and equipment	982		1,348		2,362	
Impairment loss on property and equipment	2,593		-		4,867	
Valuation loss on property and equipment	-		1,021		1,543	
Head office relocation expenses	-		736		736	
Amortization of prior service costs	-		-		3,355	
Loss on cancellation of lease agreement	696		-		-	
Other	396		128		177	
Income before income taxes and minority interests	102,075	10.7	89,724	34.9	163,615	32.6
Income taxes - current	44,051	4.6	37,279	14.5	70,358	14.0
Income taxes - deferred	(2,819)	(0.3)	(1,229)	(0.5)	(2,828)	(0.6)
Minority interests in gains (losses) of consolidated subsidiaries	1,656	0.2	(130)	(0.0)	(244)	(0.0)
Net income for the period (year)	59,186	6.2	53,805	20.9	96,330	19.2

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

	Current Interim Period	Prior Year's Interim Period	Prior Fiscal Year
Capital surplus			
Balance of capital surplus at beginning of period (year)	24,565	24,564	24,564
Increase in capital surplus	131	1	1
Gain on sales of treasury stock	0	1	1
Increase resulting from adoption of U.S. GAAP by foreign subsidiary	131	-	-
Decrease in capital surplus	-	-	-
Balance of capital surplus at end of period (year)	24,696	24,565	24,565
Retained earnings			
Balance of retained earnings at beginning of period (year)	735,187	672,204	672,204
Increase in retained earnings	59,186	53,805	96,330
Net income for the period (year)	59,186	53,805	96,330
Decrease in retained earnings	17,321	16,113	33,347
Cash dividends	17,234	16,032	33,266
Bonuses to directors and corporate auditors	86	81	81
Balance of retained earnings at end of period (year)	777,053	709,897	735,187

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Current Interim Period	Prior Year's Interim Period	Prior Fiscal Year
Cash flows from operating activities:			
Income before income taxes and minority interests	102,075	89,724	163,615
Depreciation of property and equipment	35,701	13,822	29,559
Amortization of intangible assets	842	793	1,514
Impairment loss on property and equipment	2,593	-	4,867
Amortization of goodwill	2,159	54	109
Decrease of long-term prepaid expenses	500	430	876
(Reversal of) provision for allowance for doubtful accounts	(375)	78	674
(Reversal of) provision for accrued pension and severance costs	(17)	-	1,645
Interest and dividend income	(917)	(1,162)	(2,345)
Foreign exchange gain	(1,083)	(1)	(1,024)
Equity in earnings of affiliates	(1,103)	(3,411)	(4,083)
Net loss on sales or disposals of property and equipment	963	2,537	4,116
Valuation loss on property and equipment	-	1,021	1,543
Decrease in accounts receivable from and payable to franchised stores	8,210	14,775	6,422
Other, net	10,073	3,056	(7,741)
Sub-total	159,624	121,722	199,750
Interest and dividends received	1,257	854	1,644
Interest paid	(2,923)	-	-
Income taxes paid	(37,562)	(39,419)	(74,350)
Net cash provided by operating activities	120,396	83,157	127,044
Cash flows from investing activities:			
Acquisition of property and equipment	(35,553)	(25,924)	(48,993)
Proceeds from sales of property and equipment	2,312	1,375	2,682
Acquisition of intangible assets	(3,256)	(786)	(1,751)
Acquisition of investments in securities	(1,461)	(700)	(19,894)
Acquisition of investments in a newly consolidated subsidiary	(1,399)	-	(95,049)
Payment of loans receivable	(653)	(777)	(741)
Collection of loans receivable	433	238	412
Payment of long-term leasehold deposits	(7,375)	(8,828)	(17,529)
Refund of long-term leasehold deposits	2,671	3,902	6,427
Payment of long-term prepaid expenses	(188)	(556)	(552)
Other	(1,053)	(956)	(633)
Net cash used in investing activities	(45,524)	(33,013)	(175,623)
Cash flows from financing activities:			
Proceeds from long-term debt	14,000	9,000	22,000
Repayment of long term debt	(4,436)	(2,063)	(4,931)
Proceeds from commercial paper	297,600	-	-
Redemption of commercial paper	(298,953)	-	-
Purchase of treasury stock	(78,247)	(102)	(111)
Cash dividends	(17,226)	(16,029)	(33,257)
Other	9,619	3	3,018
Net cash used in financing activities	(77,643)	(9,191)	(13,281)
Effect of exchange rate changes on cash and cash equivalents	971	61	(65)
(Decrease) increase in cash and cash equivalents	(1,799)	41,013	(61,926)
Cash and cash equivalents at beginning of interim period (year)	261,386	323,313	323,313
Cash and cash equivalents at end of interim period (year)	259,587	364,327	261,386

Significant Accounting Policies for the Preparation of Semiannual Consolidated Financial Statements

1. Principles of consolidation

(1) Number of consolidated subsidiaries: 35

Major consolidated subsidiaries of Seven-Eleven Japan Co., Ltd. (the "Company"):

SEVEN-ELEVEN (HAWAII) ,INC.

7dream.com

Seven-Meal Service Co., Ltd.

SE CAPITAL CORPORATION

TOWER BAKERY CO., LTD.

SEVEN-ELEVEN (BEIJING) CO., LTD.

IYG Holding Company

7-Eleven, Inc.

The number of consolidated subsidiaries increased by 4;

TOWER BAKERY CO., LTD. and its subsidiary were included in consolidation due to the acquisition of shares of TOWER BAKERY CO., LTD.

3 foreign subsidiaries were established for the six-month period ended August 31, 2005.

1 subsidiary was liquidated for the six-month period ended August 31, 2005.

IYG Holding Company (holding company of 7-Eleven, Inc.) was included in consolidation due to the acquisition of shares in the fiscal year ended February 28, 2005. In the consolidation process, the balance sheet was consolidated and the equity method was applied to the statement of income due to the fact that the acquisition date was February 28, 2005. From the six-month period ended August 31, 2005, the statement of income was consolidated.

(2) Unconsolidated subsidiaries of the Company

Names:

7-Eleven Limited.

Puerto Rico-7, Inc.

Brazos Comercial E Empreendimentos Ltda.

Reason for unconsolidation:

The 3 unconsolidated subsidiaries are small. Their total assets, sales, the Company's portion of their net income or loss and retained earnings are immaterial and the effect on the Company's consolidated financial statements would not be material .

2. Application of the equity method of accounting for investments

(1) Number of unconsolidated subsidiaries to which the equity method was applied: 2

Names:

Puerto Rico-7, Inc.

Brazos Comercial E Empreendimentos Ltda.

(2) Number of affiliates to which the equity method was applied: 7

Major affiliates:

IYBank Co, Ltd.

PRIME DELICA CO., LTD.

(3) Unconsolidated subsidiary to which the equity method was not applied

Name:

7-Eleven Limited.

Reason for not applying equity method:

The Company's portion of its net income or loss(as calculated by the equity method) and retained earnings (as the calculated by the equity method) are immaterial and the effect on the Company's consolidated financial statements would not be material.

3. Six-month period-end of consolidated subsidiaries

The six-month period-end of consolidated subsidiaries, except for SE CAPITAL CORPORATION and TOWER BAKERY CO., LTD, is June 30, 2005, which is different from the Company'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 during the period from July 1, 2005 to August 31, 2005 are adjusted in the consolidation process.

4. Summary of significant accounting policies

(a) Valuation method for major assets

(1) Valuation method for 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 for derivatives

Derivative financial instruments are valued at fair value.

(3) Valuation method for inventories

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

Merchandise inventories for foreign consolidated subsidiaries are valued at lower of cost or market value, determined by the LIFO method.

(b) Depreciation and amortization

(1) Property and equipment

The Company and its domestic consolidated subsidiaries

Depreciation expense is computed principally using the declining-balance method.

Foreign consolidated subsidiaries

Depreciation expense is computed using the straight-line method.

(2) Intangible assets

Amortization expenses for intangible assets are computed using the straight-line method for the Company and its domestic consolidated subsidiaries. Software is amortized using the straight-line method over an estimated useful life of 5 years. Consolidated subsidiaries in the United States carry out an impairment test for goodwill and other intangible fixed assets with indefinite lives in accordance with the provisions of Statement of Financial Accounting Standard No.142, "Goodwill and Other Intangible Assets", and decrease the book value if required.

(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 fiscal year. Unrecognized actuarial differences are amortized on a straight-line basis over the 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 semiannual average rate. Resulting translation adjustments are included in shareholders' equity as "Cumulative translation adjustment".

(e) Leases

Finance lease, except those for which ownership of the leased assets is considered to be transferred to lessee, are principally accounted for as operating leases for the Company and its domestic consolidated subsidiaries. Foreign consolidated subsidiaries account for finance leases as assets and obligations at an amount equal to the present value of the lease payments during the lease term.

(f) Hedge accounting

(1) Hedge accounting

Certain interest rate swaps which meet specific hedging criteria are not measured at fair value but the differences between the amounts paid and received under the swap agreements are recognized and included in interest income or interest expense as incurred.

(2) Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting was adopted for the interim period ended August 31, 2005 are as follows:

(i) Hedging instruments

Currency swap contracts

(ii) Hedged items

Long-term debt

(3) Hedging policy

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

(g) Other significant accounting policies for the preparation of Semiannual Consolidated Financial statements.

(1) Accounting for franchised stores in convenience store operations

The Company recognized the franchise commission from franchised stores in "Revenue from operations".

7-Eleven, Inc. included the assets, liabilities, shareholders' equity and result of operations of the franchisees' convenience store operations in its financial statements.

(2) Accounting for consumption taxes and excise tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statements of Income. Excise tax levied in the U.S.A and Canada is included in the accompanying Consolidated Statements of income.

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, 2005	As of August 31, 2004	As of February 28, 2005
1. Accumulated depreciation of property and equipment	499,411	191,717	453,522
2. Assets pledged as collateral	1,711	1,771	1,740
3. Contingent liabilities	268	619	1,005

Consolidated Statements of Income

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

(Millions of yen)

	For the six-month period ended August 31, 2005
Salaries and wages	55,226
Franchisee expense	45,572
Rent expense	33,766
Depreciation expense	32,773
Utilities	20,337

(Millions of yen)

	For the six-month period ended August 31, 2004	For the year ended February 28, 2005
Salaries and wages	16,697	32,865
Rent expense	18,529	38,534
Depreciation expense	11,745	24,851
Utilities	12,121	25,567
Advertising expense	11,425	22,718

2. Accounting for Impairment of Fixed Assets

The Company recognized impairment loss for the following groups.

(Millions of yen)

	For the six-month period ended August 31, 2005	For the six-month period ended August 31, 2004	For the year ended February 28, 2005
Land	1,967	-	4,142
Buildings and structures	596	-	605
Others	29	-	118
Total	2,593	-	4,867
Description	Operating stores	-	Operating stores
Classification	Land, Buildings and structures, and Other	-	Land, Buildings and structures, and Other
Location	(Number of stores)		(Number of stores)
	Hokkaido 17		Tokyo 11
	Kanagawa 17	-	Saitama 7
	Other 151		Other 45

The Company and its consolidated subsidiaries group their fixed assets by operating stores, which is the minimum cash-generating unit. Impairment loss was recognized and recorded in "Special losses" in accordance with the "Accounting Standard for Impairment of Fixed Assets." Impairment loss is carrying amounts in excess of the recoverable value of stores whose land has significantly depreciated, which will be closed in the near future, or which have made consecutive operating losses.

Recoverable value of the group of assets is the higher amount of net selling price or value in use. Net selling price was calculated based on land assessments which is used for appraisal value of inheritance tax, and value in use was calculated by discounting estimated future cash flows to which the 6.0% discount rate was applied.

Consolidated Statements of Cash Flows

1. 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, 2005	As of August 31, 2004	As of February 28, 2005
Cash and bank deposits	260,750	365,142	262,352
Time deposits with an original maturity of more than three months	(1,162)	(815)	(965)
Cash and cash equivalents	259,587	364,327	261,386

Leases

[1] Information for 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 of leased assets, including the interest portion, are summarized as follows:

(Millions of yen)

	As of August 31, 2005			As of August 31, 2004	As of February 28, 2005
	Facilities and equipment	Others	Total	Facilities and equipment	Facilities and equipment
Acquisition cost	441	3,892	4,334	2,924	2,693
Accumulated depreciation	295	3,558	3,854	1,193	1,482
Net book value	145	333	479	1,730	1,210

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

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Within one year	328	522	373
Over one year	151	1,208	837
Total	479	1,730	1,210

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

(Millions of yen)

	For the six-month period ended August 31, 2005	For the six-month period ended August 31, 2004	For the year ended February 28, 2005
Lease payments	339	262	536
Depreciation expense	339	262	536

(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 of leased assets are summarized as follows:

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
	Other assets	Other assets	Other assets
Acquisition cost	33,001	23,806	30,061
Accumulated depreciation	11,352	6,589	9,090
Net book value	21,649	17,216	20,970

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

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Within one year	5,937	4,353	5,407
Over one year	16,093	13,076	15,842
Total	22,030	17,429	21,249

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

(Millions of yen)

	For the six-month period ended August 31, 2005	For the six-month period ended August 31, 2004	For the year ended February 28, 2005
Lease income	3,228	2,218	4,995
Depreciation expense	3,006	2,058	4,648
Interest income	309	226	499

(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 as sub-lessor, which are not included in (2) above, are summarized as follows:

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Within one year	7,094	5,951	6,530
Over one year	12,450	13,290	12,410
Total	19,544	19,242	18,941

(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, 2005	As of August 31, 2004	As of February 28, 2005
Within one year	1,083	1,027	1,036
Over one year	4,144	3,292	3,141
Total	5,227	4,319	4,177

Securities Information

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

(Millions of yen)

Description	As of August 31, 2005			As of August 31, 2004			As of February 28, 2005		
	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, 2005			As of August 31, 2004			As of February 28, 2005		
	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	6,297	9,106	2,808	5,341	6,984	1,643	5,359	7,652	2,293
Total	6,297	9,106	2,808	5,341	6,984	1,643	5,359	7,652	2,293

3. Major securities whose fair value is not available.

(Millions of yen)

Description	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
	Book value	Book value	Book value
(1) Held-to-maturity debt securities			
-Bond	199	199	199
-Unlisted foreign bond	3	-	3
(2) Available-for-sale securities			
-Unlisted securities (excluding OTC securities)	1,873	533	1,360
-Foreign securities	1,006	1,000	1,006
(2) Convertible bonds issued by an affiliate	-	14,940	-
Total	3,083	16,673	2,570

Derivative Transactions

Notional amounts, fair value and unrealized gain (loss) on derivative instruments

1. Currency-related transactions (Millions of yen)

Description	As of August 31, 2005				As of August 31, 2004				As of February 28, 2005			
	Notional amounts total	Notional amounts, due over one year	Fair value	Unrealized gain (loss)	Notional amounts total	Notional amounts, due over one year	Fair value	Unrealized gain (loss)	Notional amounts total	Notional amounts, due over one year	Fair value	Unrealized gain (loss)
Currency swap transactions U.S. dollars	47,472	47,472	4,352	4,352	-	-	-	-	47,472	47,472	6,839	6,839

Note: 1. Calculation of fair value --- The fair value is based on prices obtained from financial institutions.

2. Currency swap contracts presented above exclude those for which hedge accounting has been adopted.

2. Interest-related transactions

Interest rate swap transactions which meet specific hedging criteria have not been disclosed.

Segment Information

1. Business segment information

Business segment information for the six-month periods ended August 31 2005 and 2004 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 28, 2005 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

For the six-month period ended August 31, 2005

(Million of yen)

	Japan	U.S.A.	Others	Total	Elimination	Consolidation Total
Revenue and operating income (loss)						
Revenue:						
(1) Customers	265,381	631,116	55,728	952,226	-	952,226
(2) Intersegment	6	1,279	-	1,285	(1,285)	-
Total revenue	265,387	632,395	55,728	953,511	(1,285)	952,226
Operating expenses	170,451	622,145	56,034	848,631	(1,285)	847,345
Operating income (loss)	94,935	10,250	(305)	104,880	(0)	104,880

Notes: 1. The classification of geographic area segments is made by the geographical distance.

2. Others consist of the business results in the P.R. of China and Canada.

For the six-month period ended August 31, 2004

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

For the Fiscal year ended February 28, 2005

(Millions of yen)

	Japan	U.S.A.	Others	Total	Elimination	Consolidation Total
Revenue and operating income (loss)						
Revenue:						
(1) Customers	486,699	15,651	165	502,516	-	502,516
(2) Intersegment	11	-	-	11	(11)	-
Total revenue	486,710	15,651	165	502,527	(11)	502,516
Operating expenses	315,981	15,517	298	331,798	(11)	331,786
Operating income (loss)	170,728	133	(133)	170,729	(0)	170,729

Notes: 1. The classification of geographic area segments is made by the geographical distance.

2. Others consist of the business results in the P.R. of China and Canada.

3. Overseas sales

For the six-month period ended August 31, 2005

(Millions of yen)

	U.S.A.	Others	Total
. Overseas revenue	631,116	55,728	686,844
. Revenue from operations	-	-	952,226
. The ratio of overseas revenue to revenue from operations (%)	66.3	5.9	72.1

Notes: 1. The classification of geographic area segments is made by the geographical distances.

2. Others consist of the business results in the P.R. of China and Canada.

3. Overseas revenue represents net sales of corporate stores and other operating revenue of consolidated subsidiaries in countries and areas outside of Japan.

Net sales incurred in overseas operations for the six-month period ended August 31, 2004 and for the year ended February 28, 2005 have not been disclosed because such sales constituted less than 10% of consolidated revenue from operations.

Subsequent Events

1. Establishment of a holding company by means of stock-transfer

On September 1, 2005, the Company established Seven & I Holdings, Co., Ltd. with Ito-Yokado Co., Ltd. (“Ito-Yokado”) and Denny’s Japan Co., Ltd. (“Denny’s”) by means of stock-transfer and the Company, Ito-Yokado and Denny’s became wholly owned subsidiaries of Seven & I Holdings, Co., Ltd. As a result, the Company’s treasury stock of ¥143,092 million were converted to the stock of the parent company and recorded in “Current Assets” instead of deduction item in “Shareholders’ Equity”.

2. Commencement of a tender offer for common stock of 7-Eleven, Inc.

In order to make 7-Eleven Inc. a wholly owned subsidiary, Seven-Eleven Japan Co., Ltd. (“SEJ”) adopted a resolution, at its Board of Directors Meeting on September 1, to commence a tender offer (the “Tender Offer”) through IYG Holding Co. (“IYGHC”), a wholly owned subsidiary of the company incorporated in Delaware, for all of the outstanding shares of common stock (the “Shares”) of 7-Eleven, Inc., a Texas corporation (“SEI”), that IYGHC and SEJ do not already own and to acquire any Shares not tendered by SEI’s minority shareholders in the Tender Offer pursuant to a “short form” merger of IYGHC with and into SEI if IYGHC acquires beneficial ownership of at least 90% of the Shares.

The Tender Offer is subject to the rules governing tender offers in the United States and is not subject to Article 27-2, Paragraph 1 of Japanese Securities and Exchange Law.

Outline of the Tender Offer as of October 6, 2005 is described at the section “Outlines of the Tender Offer” below.

SEJ has issued the following press release after commencing the Tender Offer on September 6, 2005.

September 20, 2005

At the request of the special committee and in order to provide the special committee and SEI shareholders with additional time to evaluate the terms of the Tender Offer, SEJ has decided to extend the terms of the Tender Offer by 10 business days, subject to the other terms and conditions set forth in its Offer to Purchase, dated September 6, 2005. The Tender Offer, which was scheduled to expire at 12:00 midnight, New York City time, on Monday, October 3, 2005, will be extended until 12:00 midnight, New York City time, on Tuesday, October 18, 2005.

September 23, 2005

SEI announced that the special committee has determined that the Tender Offer is inadequate, and that the special committee has instructed its financial and legal advisors to discuss the offer with SEJ’s financial and legal advisors. SEJ is disappointed with the special committee’s recommendation and believes that its offer of \$32.50 per share represents a compelling value to SEI’s shareholders. When the special committee communicates to SEJ the reasons for its position, SEJ will make a determination whether to (i) continue with the offer at the \$32.50 per share price, (ii) continue discussions with the special committee and/or its advisors regarding the offer, or (iii) withdraw the offer.

Outline of the Tender Offer (as of October 6, 2005)

1. Purpose

In order to achieve a better-governed group structure and increase the investment in merchandising, store renovation, distribution and logistics systems, and information systems.

2. Summary of SEI (as of the end of June 2005)

Headquarters: Dallas, Texas

Principal Business: Operates, franchises and licenses convenience stores worldwide

Stock Listing: New York Stock Exchange

Shares Outstanding: 115,435,471

3. Tender Offer Price

\$32.50 per Share

4. Public Tender Offer Period

From September 6, 2005 to 12:00 midnight on October 18, 2005 (New York City time)

5. Number of shares to acquire

All of the outstanding Shares, except approximately 72.7% of the Shares that SEJ and IYGHC already own.

6. Total amount of funds

The total amount of funds required to complete the Going Private Plan is estimated to be approximately \$1.0 billion at a tender offer price of \$32.50 per Share, and SEJ intends to use cash on hand to fund the Going Private Plan

7. Other condition

The Tender Offer is conditioned upon, among other things, the tender of a majority of the Shares not held by SEJ, IYGHC and the officers and directors of any of SEJ, IYGHC and SEI, and the ownership by SEJ of at least 90% of the Shares on a fully diluted basis.

Breakdown of Sales by Product Category

(Millions of yen)

	For the six-month period ended August 31, 2005		Increase from prior year (%)	For the six-month period ended August 31, 2004		For the year ended February 28, 2005	
	Sales	%		Sales	%	Sales	%
Processed Food	551,051	32.3	140.1	393,311	31.3	758,445	30.9
Fast Food	440,062	25.8	116.5	377,710	30.1	718,396	29.2
Daily Food	196,033	11.5	122.6	159,883	12.7	317,988	12.9
Sub-total	1,187,148	69.6	127.5	930,905	74.1	1,794,830	73.0
Non-food	516,711	30.4	159.3	324,352	25.9	661,834	27.0
Total	1,703,859	100.0	135.7	1,255,258	100.0	2,456,664	100.0

Number of Stores by Geographical Areas (As of August 31, 2005)

Area	Number of Stores	Area	Number of Stores
Hokkaido	820	Nara	53
Iwate	7	Wakayama	36
Miyagi	316	Okayama	168
Yamagata	121	Hiroshima	369
Fukushima	355	Yamaguchi	195
Ibaraki	465	Fukuoka	639
Tochigi	328	Saga	119
Gunma	328	Nagasaki	51
Saitama	779	Kumamoto	155
Chiba	718	Oita	19
Tokyo	1,414	Miyazaki	112
Kanagawa	818	Domestic – total	10,985
Niigata	307	United States	5,325
Yamanashi	144	Canada	489
Nagano	337	Hawaii	53
Shizuoka	420	Beijing	20
Aichi	318	Consolidated Subsidiaries - total	5,887
Shiga	138	Total	16,872
Kyoto	148	Foreign area licensees total	11,714
Osaka	458	Grand total of Seven-Eleven's stores worldwide	28,586
Hyogo	330		

Notes: 1. The figures for the number of stores in Japan are as of August 31, 2005 and others are as of Jun, 2005.

2. The number of stores in the United States and Canada includes corporate stores and franchised stores of 7-Eleven, Inc.

3. The number of stores in Hawaii and China includes corporate stores of SEVEN-ELEVEN (HAWAII), INC., and those of SEVEN-ELEVEN (BEIJING) CO., LTD.

All amounts less than one million yen have been disregarded.