



October 6, 2005

Management Policies and Outlook for the Fiscal Year Ending February 28, 2006

Seven & I Holdings Co., Ltd.

(URL <http://www.7andi.com>)

Securities Code No. 3382

President and C.O.O.: Noritoshi Murata

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

Starting date of cash payment upon stock-transfer: November 15, 2005

The Company has a policy of paying interim dividends.

U.S. GAAP is not applied.

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

1. Consolidated Business Outlook for the Fiscal Year Ending February 28, 2006

(from March 1, 2005 to February 28, 2006)

(Millions of yen)

	Revenue from Operations	Operating Income	Ordinary Income	Net Income
Fiscal Year Ending February 28, 2006	3,700,000	233,000	230,000	114,700

(Reference) Expected net income per share (for the year ending February 28, 2006) 134.26 yen (Note 1)

Note: The Company was established on September 1, 2005. Forward-looking statements were prepared based on Ito-Yokado's financial statements, assuming that the Company had been established on March 1, 2005.

2. Nonconsolidated Business Outlook for the Fiscal Period Ending February 28, 2006

(from September 1, 2005 to February 28, 2006)

(Millions of yen, except per share amounts)

	Revenue from Operations	Operating Income	Ordinary Income	Net Income	Annual Cash Dividends per Share	
					Year-End	
Fiscal Period Ending February 28, 2006	34,800	33,400	33,400	33,500	28.50 (yen)	Note 2

(Reference) Expected net income per share (for the year ending February 28, 2006) : 24.88 yen (Note 1)

Notes: 1. Number of shares outstanding as of September 1, 2005 are used for the calculation of consolidated and nonconsolidated net income per share. Consolidated number of shares outstanding is calculated by subtracting (1) numbers of shares of the Company held by Seven-Eleven Japan, Ito-Yokado, and Denny's Japan, and (2) numbers of shares of the Company held by affiliates, which are adjusted for the percentages of ownership of the Company to each affiliate, from nonconsolidated number of shares outstanding.

[Number of outstanding shares (as of September 1, 2005)]

Consolidated : 854,305,168 shares

Nonconsolidated : 1,346,383,002 shares

2. Cash payments upon stock-transfer will be made by Seven & I Holdings to the shareholders of Seven-Eleven Japan, Ito-Yokado, and Denny's Japan recorded in the registers of shareholders as of August 31, 2005, instead of the interim dividends payments for the fiscal year ending February 28, 2006. The amount of cash payments upon stock-transfer and annual dividends adjusted for the transfer ratios are the followings. Year-end dividends of 28.50 yen comprise of ordinary dividends of 21.50 yen and memorial dividends of 7.00 yen.

	Interim	Year-End			Annual	
	Cash Payment upon Stock-Transfer	Seven & I Holdings Year-End Dividends per share		Stock-Transfer Ratio	Year-End dividends adjusted for Stock-Transfer Ratio	Actual Cash Dividends per Share
Seven-Eleven Japan Co., Ltd.	yen 21.50	(Ordinary Dividends)	(Memorial Dividends)	1.00	yen 28.50	yen 50.00
Ito-Yokado Co., Ltd.	16.00	21.50 yen	7.00 yen	1.20	34.20	50.20
Denny's Japan Co., Ltd.	15.50			0.65	18.525	34.025

FORWARD-LOOKING STATEMENTS

The outlook for the fiscal year ending February 28, 2006 is based on hypotheses, plans and estimates at the date of publication.

It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of outlook. See the descriptions relating to the above outlook in page 5 of this document.

Management Policies

1. Basic Management Policies

Seven & I Holdings Co., Ltd., is a holding company that was established on September 1, 2005, through a stock transfer by Seven-Eleven Japan Co., Ltd.; Ito-Yokado Co., Ltd.; and Denny's Japan Co., Ltd. Seven & I Holdings, which oversees 70 operating companies, principally in the retail industry, strives to respond promptly to changes in the needs of its customers and in its markets, as well as the ongoing, rapid changes in society. In addition, the Company is working to record continual progress in administrative and operational reform and to establish a global "New Comprehensive Lifestyle Industry."

Objectives of the Company's Establishment

Even prior to Seven & I Holding's establishment, under the slogan Responding to Change While Strengthening Fundamentals, Group companies worked to heighten corporate value by providing products and services that reflect customers' viewpoints. Nevertheless, the companies decided that the establishment of a holding company was necessary in order to respond to the ongoing rapid changes in society and to maximize corporate value by optimizing the Group's business portfolio.

Seven & I Holdings will work to maximize Group corporate value by fortifying governance and pursuing Group synergies while fulfilling its accountability obligations to stakeholders as the Group's representative listed company. Meanwhile, the operating companies will fulfill their responsibilities in designated business areas, exercise autonomy, and enhance earnings growth and capital efficiency.

Creed

- We aim to be a sincere company that our shareholders trust
- We aim to be a sincere company that our customers, business partners, and local communities trust
- We aim to be a sincere company that our employees trust

2. Basic Policies for Returning Profits to Shareholders

The Company's basic policy is to reflect earnings growth in returning profits to shareholders. The Company will strive to increase dividends, with benchmarks of ¥50.00 per year and a consolidated payout ratio of 35%.

Cash payments upon stock transfer to shareholders of Seven-Eleven Japan, Ito-Yokado, and Denny's Japan as of August 31, 2005, have been set at ¥21.50, ¥16.00, and ¥15.50, respectively. Seven & I Holdings plans to pay year-end cash dividends of ¥28.50, which includes a commemorative dividend of ¥7.00. The Company will aggressively invest retained earnings in existing operations while clarifying investment standards, and at the same time will restructure operations through investment in new fields of business.

3. Management Targets

The Company has formulated the following management targets for the fiscal year ending February 2009: operating income of ¥340.0 billion and ROE of 10%.

4. Medium to Long Term Management Strategy and Challenges

Aiming to establish a “New Comprehensive Lifestyle Industry,” we will strive to maximize the corporate value of the Group through the pursuit of synergy benefits. To achieve that goal, we have formulated the following three-point action plan.

- (1) Restructure operations by introducing new businesses
- (2) Formulate financial strategy to promote operational restructuring
- (3) Enhance Group functions
 1. Pursue merchandising synergy benefits in purchasing, distribution, product development, and sales
 2. Consolidate administrative departments with the goal of providing high-value-added services and reducing costs
 3. Integrate management of intellectual property
 4. Emphasize corporate social responsibility in the implementation of business activities

The Group Synergy Committee was established with the aim of sharing and further enhancing the strength of the Group as a whole in Group merchandising. With the Group Merchandising Sub-Committee, which is under the Group Synergy Committee, we have established a system to promote the utilization of the infrastructure of Group companies. Moreover, we will work to increase the precision of merchandising precision and to benefit from economies of scale through the promotion of Group system integration, the reduction of investment and administration costs, and the sharing information within the Group.

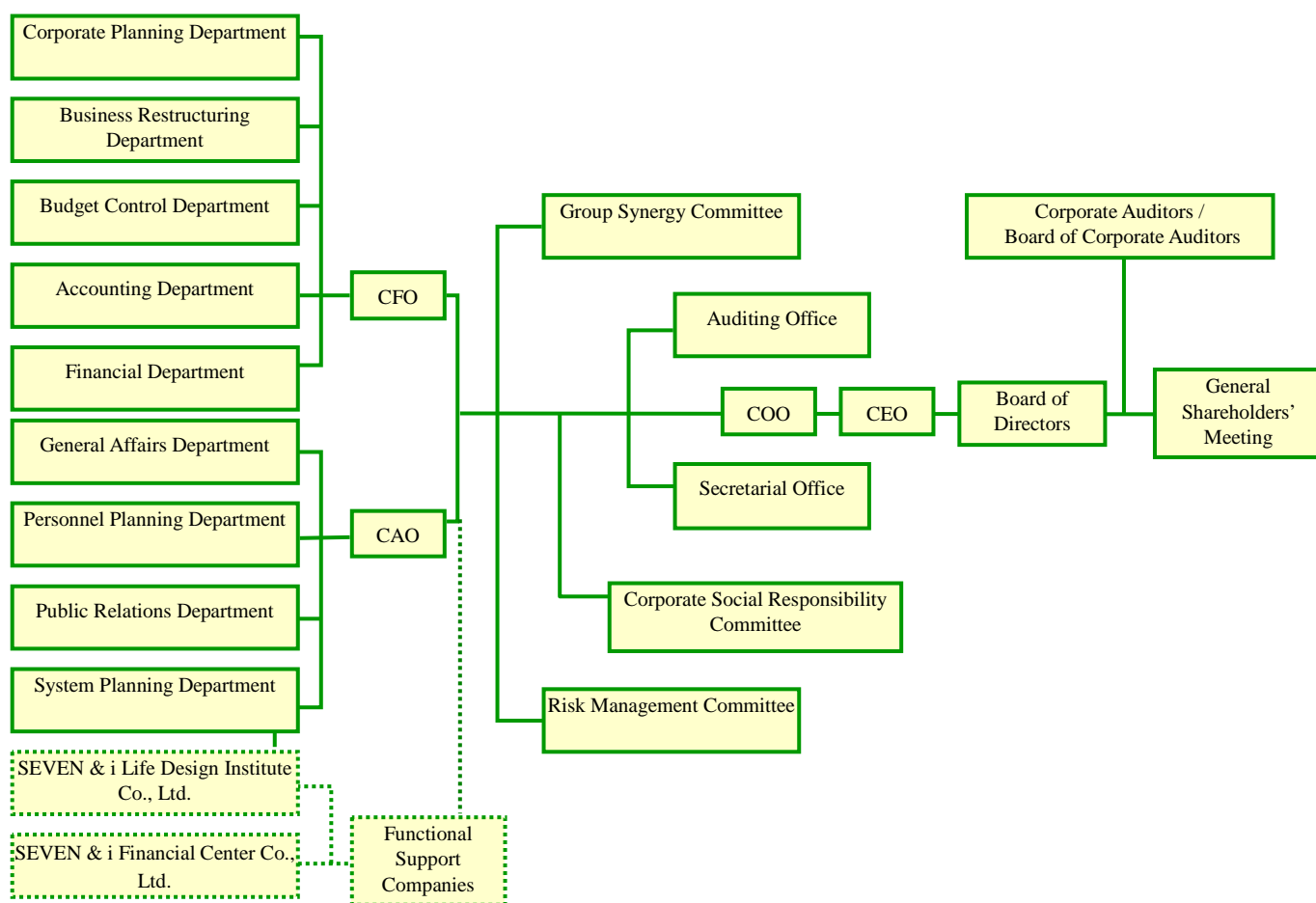
5. Basic Approach to and Implementation of Corporate Governance

(1) Basic Approach to Corporate Governance

As a holding company that oversees operating subsidiaries, our mission is to bolster corporate governance and maximize the corporate value of the Group. In strengthening corporate governance, we primarily take the shareholders’ point of view and pursue Group synergy benefits as we implement appropriate allocation of management resources in accordance with careful monitoring. On the other hand, the operating companies, which principally take the customers’ point of view, have complete responsibility within their operational areas as they operate independently in the pursuit of higher profits and capital efficiency.

(2) Progress in Implementing Corporate Governance Policies

Our organization is as follows:



Seven & I Holdings uses a system of corporate auditors. The Board of Auditors comprises five auditors, including three outside auditors. With consideration for a balance between reasonable governance and effective auditing, the board has responsibility for confirming the internal control of the core operating companies, providing overall guidance, and implementing internal control of the holding company itself. Independent auditing sections have been established in the core operating companies, which have responsibility for internal control functions.

In our internal control and risk management system, we have established the Risk Management Committee, which is led by the president, representative director, and COO, and the Corporate Social Responsibility Committee, which is led by the CAO. We have built a management system for the Group.

The Company has concluded an auditing contract with ChuoAoyama Audit Corporation as auditor in charge of account auditing. Also, we have concluded advisory contracts with multiple legal offices, from which we receive advice and guidance as needed.

The Board of Directors comprises 11 members, of whom 2 are outside members. In a rapidly changing management environment, our goal is to promote rapid decision making and administrative execution, and to that end we have introduced the executive officer system.

6. Outlook for the Fiscal Year

Our performance forecasts for the fiscal year ending February 2006 are as follows:

(1) Consolidated earnings forecast (March 1, 2005, to February 28, 2006) (Millions of Yen)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income
Fiscal Year Ending February 2006	3,700,000	233,000	230,000	114,700

(2) Nonconsolidated earnings forecast (September 1, 2005, to February 28, 2006) (Millions of Yen)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income
Fiscal Period Ending February 2006	34,800	33,400	33,400	33,500

7. Other Noteworthy Items

(1) Financial Information of Formerly Listed Companies

The financial information of Ito-Yokado, Seven-Eleven Japan, and Denny's Japan is provided for reference purposes.

(2) Forward-Looking Statements

This material contains forward-looking statements that are based upon projections, outlooks, strategies, and policies of the Company as of the date of release of this material. These forward-looking statements include management judgments and assumptions that are based upon information available up to the date of the release of this material. Actual results could differ materially from the forward-looking statements contained in this material as a result of a number of risk factors and uncertainties. Please remember that there is no guarantee of the accuracy of the statements in this material about future forecasts, such as performance forecasts.

Semiannual Consolidated Financial Results for the Six-Month Period Ended August 31, 2005 Ito-Yokado Co., Ltd.

President and C.O.O. : Sakae Isaka

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	1,875,634	4.5 %	127,151	13.2 %	128,330	14.8 %
Prior Year's Interim Period	1,795,602	1.4 %	112,345	13.0 %	111,807	15.7 %
Prior Fiscal Year	3,623,554	2.3 %	211,950	2.0 %	208,267	3.7 %

	Net Income		Net Income per Share		Diluted Net Income per Share	
Current Interim Period	37,493	15.7 %	91.34	(yen)	91.24	(yen)
Prior Year's Interim Period	32,410	39.5 %	77.67	(yen)	77.54	(yen)
Prior Fiscal Year	17,205	(67.9) %	40.73	(yen)	40.51	(yen)

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

2. Equity in earnings of affiliates:

Current interim period: 1,015 million yen Prior year's interim period 1,308 million yen
Prior fiscal year: 653 million yen

3. Average number of shares outstanding:

Current interim period: 410,468,544 shares Prior year's interim period: 417,287,420 shares
Prior fiscal year: 417,273,984 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	2,596,696	1,132,767	43.6%	2,803.53 (yen)
August 31, 2004	2,545,244	1,164,690	45.8%	2,791.17 (yen)
February 28, 2005	2,574,817	1,144,504	44.4%	2,742.42 (yen)

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

Current interim period: 404,050,556 shares Prior year's interim period 417,277,126 shares
Prior fiscal year: 417,257,815 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	133,291	(70,880)	(123,512)	623,379
Prior Year's Interim Period	164,228	(13,516)	(48,873)	670,264
Prior Fiscal Year	266,709	(94,758)	(56,524)	683,100

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

- The number of consolidated subsidiaries: 60
- The number of unconsolidated subsidiaries for which the equity method is applied: 2
- The number of affiliated companies accounted for using the equity method: 6

(5) Change in the Scope of Consolidation

- The number of consolidated subsidiaries increased by 7 and decreased by 1.
- The number of affiliated companies accounted for using the equity method 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.

Major Group Companies

The Group is comprised of 70 diversified retail companies, mainly engaged in superstore operations, convenience store operations, restaurant operations and financial services. Business segments, major group companies and number of companies are as follows.

This segmentation is same as the business segment shown in the section of segment information.

Business Segments (Number of companies belong to each category)	Major Group Companies	Number of Companies
Superstore Operations:		
Superstore (4)	Ito-Yokado Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd.* ¹ Chengdu Ito-Yokado Co., Ltd.	Consolidated Subsidiaries 10 Affiliates 1
Supermarket (4)	York Mart Co., Ltd. K.K. Sanei Beijing Wang fu jing Yokado Commercial Co., Ltd. York-Benimaru Co., Ltd.* ² (Listed on the Tokyo Stock Exchange)	Ito-Yokado 1 Total 12
Department Store (1)	Robinson Department Store Co., Ltd.	
Specialty Shop (2)	Mary Ann Co., Ltd. Oshman's Japan Co., Ltd.	
Food Products & Processing (1)	IY Foods K.K.	
Convenience Store Operations: (39)		
	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. IYG Holding Company SEVEN-ELEVEN (HAWAII), INC. SEVEN-ELEVEN (BEIJING) CO., LTD.	Consolidated Subsidiaries 33 Unconsolidated Subsidiaries 3 Affiliates 3 Total 39
Restaurant Operations: (3)		
	Denny's Japan Co., Ltd. Famil Co., Ltd. York Bussan K.K.	Consolidated Subsidiaries 3
Financial Services: (5)		
	IYBank Co., Ltd.* ³ IY Card Service Co., Ltd. IYG Financial Center Co., Ltd.* ⁴ SE CAPITAL CORPORATION K.K. York Insurance	Consolidated Subsidiaries 5
Others:		
Publishing (1)	Shiba Park Publishing Co., Ltd.* ⁵	
Real Estate (3)	Mall & SC Development Inc.	Consolidated Subsidiaries 9
Services & Others (7)	IY Real Estate Co., Ltd. IYG Life Design Institute Co., Ltd.* ⁴ K.K. York Keibi 7dream.com Seven-Meal Service Co., Ltd. Terre Verte Seven and Y Corp.* ²	Affiliates 2 Total 11

*¹ The Company increased its ownership interest in Hua Tang Yokado Commercial Co., Ltd. from 36.75% to 51.75%, and on May 25, 2005, Hua Tang Yokado Commercial Co., Ltd., which was previously accounted for using the equity method, became a consolidated subsidiary.

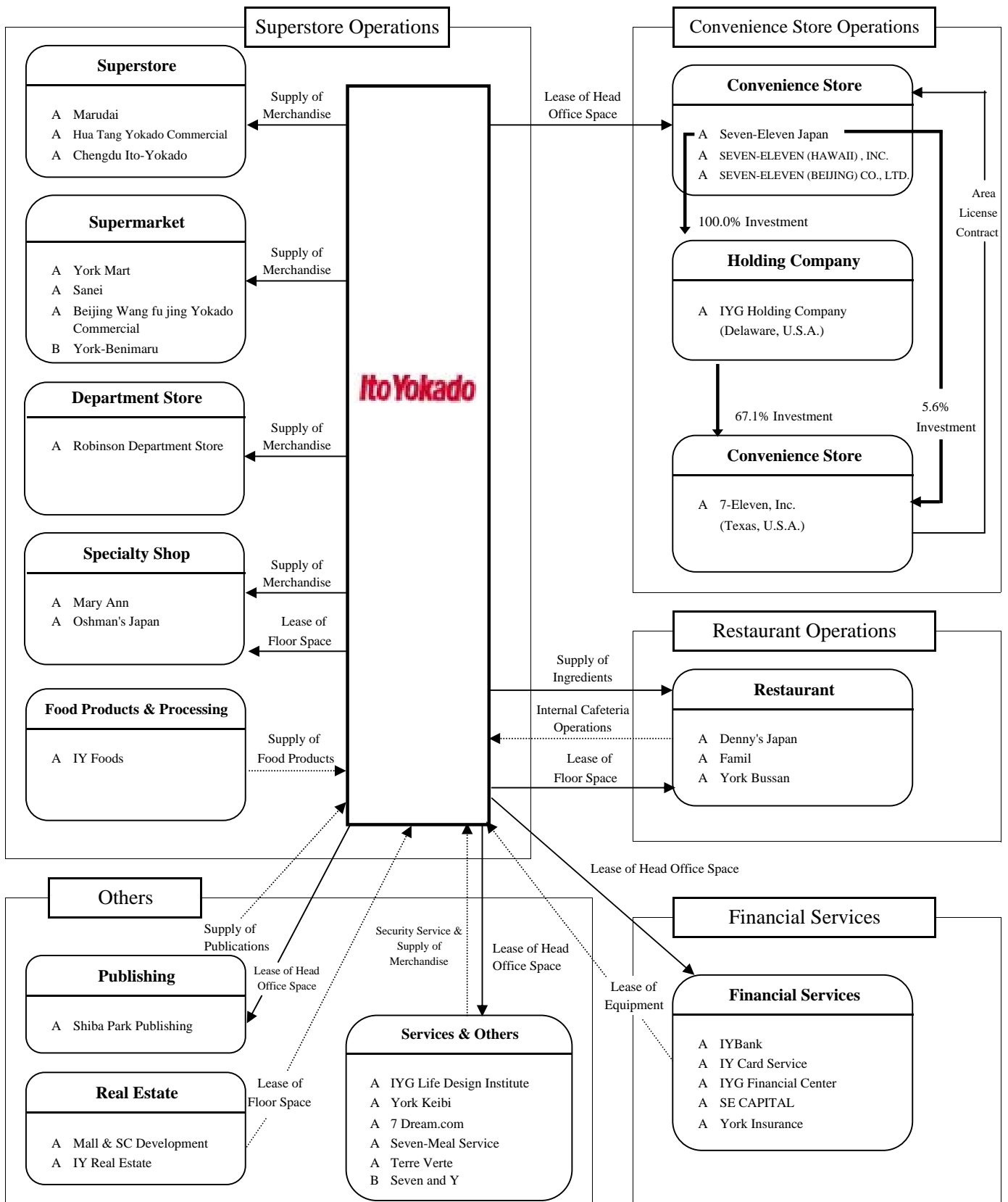
*² Companies stated in the above table are consolidated subsidiaries, except York-Benimaru Co., Ltd., and Seven and Y Corp, which are affiliates accounted for using the equity method.

*³ IYBank Co., Ltd. will change its corporate name to Seven Bank, Ltd. on Oct.11, 2005.

*⁴ IYG Financial Center Co., Ltd. and IYG Life Design Institute Co., Ltd. changed its corporate name to SEVEN & i Financial Center Co., Ltd. and SEVEN & i Life Design Institute Co., Ltd. respectively, on Sep.1, 2005.

*⁵ Shiba Park Publishing Co., Ltd. will change its corporate name to SEVEN & i Publishing Co., Ltd. on Dec.1, 2005.

Group Organization



- Notes:
- A Consolidated subsidiary
 - B Affiliate accounted for using the equity method

29 consolidated subsidiaries, three unconsolidated subsidiaries and four affiliates were not included in this chart because of their immaterial scale.

Besides above chart, there are inter-group transactions as follows:

SE CAPITAL CORPORATION leases store buildings and furniture and fixtures to Seven Eleven Japan Co., Ltd. and Denny's Japan Co., Ltd
 K.K. York Keibi principally provides security services to Robinson Department Store Co., Ltd., Marudai Co., Ltd. and other group companies
 Shiba Park Publishing Co., Ltd. sells magazine issued twice a month to group retail companies through agencies
 As of August 31, 2005, IYBank Co., Ltd. placed 10,583 units of ATM machines in the stores of group companies

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	August 31, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current Assets:						
Cash and bank deposits	616,542		648,248		664,124	
Accounts and notes receivable, trade	82,295		72,345		72,465	
Trade accounts receivable - financial services	36,376		28,904		32,840	
Marketable securities	11,000		25,830		19,941	
Inventories	123,815		128,618		120,300	
Prepaid expenses	26,503		24,763		21,442	
Deferred income taxes	27,452		26,360		31,201	
Other	81,607		79,744		96,772	
Allowance for doubtful accounts	(1,267)		(387)		(465)	
Total Current Assets	1,004,325	38.7	1,034,429	40.6	1,058,623	41.1
Property and Equipment:						
Buildings and structures	335,690		335,071		321,523	
Furniture and fixtures	152,463		146,724		147,821	
Vehicles	103		15		50	
Land	353,821		369,113		353,136	
Construction in progress	23,992		10,510		16,795	
Total Property and Equipment	866,072	33.4	861,435	33.9	839,327	32.6
Intangible Assets	190,530	7.3	146,964	5.8	148,792	5.8
Investments and Other Assets:						
Investments in securities	103,878		85,550		95,997	
Long-term loans	20,759		22,922		20,140	
Long-term leasehold deposits	357,559		351,766		352,236	
Advances for store construction	7,429		11,103		11,946	
Deferred income taxes	24,763		14,883		28,246	
Other	24,878		22,318		26,073	
Allowance for doubtful accounts	(3,501)		(6,130)		(6,568)	
Total Investments and Other Assets	535,767	20.6	502,415	19.7	528,073	20.5
Total Non-Current Assets	1,592,370	61.3	1,510,815	59.4	1,516,193	58.9
TOTAL ASSETS	2,596,696	100.0	2,545,244	100.0	2,574,817	100.0

(Millions of yen)

	August 31, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current Liabilities:						
Accounts and notes payable, trade	283,321		284,877		250,095	
Short-term loans	14,328		2,820		5,654	
Current portion of long-term loans	15,008		18,147		11,467	
Current portion of bonds	20,000		-		20,000	
Income taxes payable	47,485		46,242		55,583	
Accrued expenses	64,733		63,441		69,526	
Deposits received	68,754		54,433		73,100	
Allowance for bonuses to employees	11,223		11,671		9,983	
Other	181,885		140,914		177,292	
Total Current Liabilities	706,741	27.2	622,548	24.4	672,703	26.1
Non-Current Liabilities:						
Bonds	115,000		135,000		115,000	
Long-term loans	97,233		84,207		90,676	
Commercial paper	20,571		22,216		22,493	
Deferred income taxes	18,170		14,952		18,811	
Accrued pension and severance costs	9,198		8,902		10,463	
Allowance for retirement benefits to directors and corporate auditors	2,876		2,629		2,867	
Deposits received from tenants and franchised stores	45,332		43,993		45,342	
Other	53,893		48,917		49,091	
Total Non-Current Liabilities	362,277	14.0	360,819	14.2	354,747	13.8
Total Liabilities	1,069,018	41.2	983,368	38.6	1,027,450	39.9
Minority Interests	394,910	15.2	397,185	15.6	402,862	15.7
SHAREHOLDERS' EQUITY						
Common stock	47,987	1.8	47,987	1.9	47,987	1.9
Capital surplus	123,570	4.8	121,811	4.8	122,653	4.8
Retained earnings	1,013,457	39.0	1,005,569	39.5	983,675	38.2
Unrealized gains on available-for-sale securities	3,977	0.1	2,684	0.1	3,080	0.1
Cumulative translation adjustments	(3,466)	(0.1)	(9,346)	(0.4)	(8,850)	(0.4)
Treasury stock, at cost	(52,759)	(2.0)	(4,016)	(0.1)	(4,041)	(0.2)
Total Shareholders' Equity	1,132,767	43.6	1,164,690	45.8	1,144,504	44.4
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	2,596,696	100.0	2,545,244	100.0	2,574,817	100.0

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Interim Period		Prior Year's Interim Period		Prior Fiscal Year	
	Amount	%	Amount	%	Amount	%
[Revenue from operations]	[1,875,634]		[1,795,602]		[3,623,554]	
Net sales	1,644,827	100.0	1,581,544	100.0	3,200,997	100.0
Cost of sales	1,182,480	71.9	1,128,006	71.3	2,292,457	71.6
Gross profit on sales	462,346	28.1	453,537	28.7	908,540	28.4
Other operating revenue	230,806	14.0	214,057	13.5	422,556	13.2
Gross profit from operations	693,153	42.1	667,595	42.2	1,331,097	41.6
Selling, general and administrative expenses	566,001	34.4	555,249	35.1	1,119,146	35.0
Operating income	127,151	7.7	112,345	7.1	211,950	6.6
Non-operating income and expenses						
Non-operating income	4,813	0.3	3,886	0.3	5,242	0.2
Interest and dividend income	1,520		1,170		2,438	
Equity in earnings of affiliates	1,015		1,308		653	
Foreign currency exchange gain	1,377		353		83	
Other	900		1,054		2,068	
Non-operating expenses	3,634	0.2	4,424	0.3	8,926	0.3
Interest expense	2,480		3,280		5,819	
Interest on bonds	695		700		1,389	
Other	458		443		1,717	
Ordinary income	128,330	7.8	111,807	7.1	208,267	6.5
Special gains and losses						
Special gains	2,702	0.1	1,453	0.1	7,902	0.2
Gain from sales of property and equipment	843		53		116	
Gain from reversal of allowance for doubtful accounts	514		679		654	
Gain from sales of subsidiary's common stock	909		-		5	
Gain from reversal of allowance for retirement benefits to directors and corporate officer	-		565		565	
Gain on increase of the Company's interest in consolidated subsidiaries	0		3		5,999	
Other	434		151		559	
Special losses	8,616	0.5	8,211	0.6	65,336	2.0
Loss on sales of property and equipment	160		1,177		1,838	
Loss on disposals of property and equipment	1,694		2,408		4,592	
Loss related to the establishment of the holding company	1,098		-		-	
Impairment loss	4,653		-		26,514	
Valuation loss on property and equipment	-		1,021		1,543	
Provision for business reengineering	-		-		20,882	
Head office relocation expenses	-		2,191		2,205	
Other	1,007		1,411		7,759	
Income before income taxes and minority interests	122,417	7.4	105,049	6.6	150,832	4.7
Income taxes - current	46,855	2.8	44,607	2.8	97,120	3.0
Income taxes - deferred	3,314	0.2	(2,257)	(0.1)	(16,695)	(0.5)
Minority interests in earnings of consolidated subsidiaries	34,754	2.1	30,289	1.9	53,202	1.7
Net income	37,493	2.3	32,410	2.0	17,205	0.5

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

	Current Interim Period	Prior Year's Interim Period	Prior Fiscal Year
Capital surplus			
Capital surplus at beginning of period	122,653	121,807	121,807
Increase in capital surplus			
Gain on sales of treasury stock	0	4	5
Increase resulting from adoption of U.S. GAAP by foreign subsidiaries	917	-	840
Total	917	4	846
Capital surplus at end of period	123,570	121,811	122,653
Retained earnings			
Retained earnings at beginning of period	983,675	980,876	980,876
Increase in retained earnings			
Net income	37,493	32,410	17,205
Increase resulting from adoption of U.S. GAAP by foreign subsidiaries	-	18	9
Total	37,493	32,429	17,214
Decrease in retained earnings			
Cash dividends	7,513	7,514	14,193
Directors' and corporate auditors' bonuses	194	222	222
Decrease resulting from adoption of U.S. GAAP by foreign subsidiaries	2	-	-
Total	7,710	7,736	14,415
Retained earnings at end of period	1,013,457	1,005,569	983,675

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	122,417	105,049	150,832
Depreciation and amortization	45,838	46,146	95,160
Impairment loss	4,653	-	26,514
Increase in allowance for bonuses to employees	1,163	2,046	357
(Decrease) increase in accrued pension and severance costs	(1,663)	(463)	1,318
Interest and dividend income	(1,520)	(1,170)	(2,438)
Interest expense and interest on bonds	3,175	3,980	7,208
Foreign currency (gain) loss	(894)	(320)	907
Equity in earnings of affiliates	(1,015)	(1,308)	(653)
Loss on sales or disposals of property and equipment	1,855	3,586	6,431
Valuation loss on property and equipment	-	1,021	1,543
Provision for business reengineering	-	-	20,882
Gain on sales of subsidiary's common stock	(909)	-	(5)
Increase in accounts and notes receivable, trade	(7,469)	(6,595)	(9,188)
Increase in trade accounts receivable - financial services	(3,535)	(8,147)	(12,083)
Increase in inventories	(990)	(10,082)	(17,366)
Increase in accounts and notes payable, trade	27,798	33,239	657
Proceeds from long-term debt and issuance of bonds in subsidiary (Bank)	-	25,000	35,000
Other	255	18,126	52,932
Subtotal	189,160	210,108	358,012
Interest and dividends received	1,245	998	1,908
Interest paid	(2,957)	(4,253)	(6,789)
Income taxes paid	(54,156)	(42,624)	(86,422)
Net cash provided by operating activities	133,291	164,228	266,709
Cash flows from investing activities:			
Acquisitions of property and equipment	(59,593)	(55,763)	(125,700)
Proceeds from sales of property and equipment	3,202	27,068	29,138
Payment for purchase of investments in securities	(29,576)	(9,002)	(32,129)
Proceeds from sale and maturity of investments in securities	24,375	9,162	28,447
Proceeds from sale of investments in subsidiary	4,345	-	73
Acquisition of investments in a newly consolidated subsidiary	(1,874)	(151)	(151)
Payment of loans receivable	(653)	(858)	(822)
Collection of loans receivable	690	569	1,028
Payment for long-term leasehold deposits and advances for store construction	(10,443)	(17,426)	(34,626)
Refund of long-term leasehold deposits	8,796	39,823	51,383
Proceeds from deposits from tenants	1,889	1,487	3,580
Return of deposits from tenants	(1,655)	(1,643)	(3,291)
Other	(10,385)	(6,782)	(11,688)
Net cash used in investing activities	(70,880)	(13,516)	(94,758)
Cash flows from financing activities:			
Increase (decrease) in short-term loans	7,145	(1,562)	1,307
Proceeds from long-term debt	14,000	9,000	22,000
Repayment of long-term debt	(5,148)	(26,526)	(50,105)
Proceeds from commercial paper issued by foreign subsidiary	297,600	371,937	614,226
Payments for redemption of commercial paper issued by foreign subsidiary	(298,953)	(384,262)	(619,793)
Increase of deposits received from affiliate	1,500	-	5,000
Contribution from minority interests of consolidated subsidiary	940	-	768
Dividends paid	(7,511)	(7,513)	(14,192)
Dividends paid for minority interests	(8,507)	(7,935)	(16,446)
Purchase of treasury stock	(48,716)	(112)	(137)
Purchase of subsidiaries' treasury stock	(78,253)	(132)	(147)
Other	2,389	(1,765)	996
Net cash used in financing activities	(123,512)	(48,873)	(56,524)
Effect of exchange rate changes on cash and cash equivalents	1,380	384	(368)
Net (decrease) increase in cash and cash equivalents	(59,720)	102,222	115,058
Cash and cash equivalents at beginning of period	683,100	567,389	567,389
Cash and cash equivalents of newly consolidated variable interest entities at beginning of period	-	651	651
Cash and cash equivalents at end of period	623,379	670,264	683,100

Significant Accounting Policies for the Preparation of Semiannual Consolidated Financial Statements

1. Principles of consolidation

(1) Number of consolidated subsidiaries: 60

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd.,
Denny's Japan Co., Ltd. and 7-Eleven, Inc.

Mall & SC Development Inc. and three overseas subsidiaries were established during the period and included in the consolidation. TOWER BAKERY CO., LTD. and its subsidiary were included in consolidation due to the acquisition of shares of TOWER BAKERY CO., LTD. Hua Tang Yokado Commercial Co., Ltd., used to be accounted for using the equity method, became a consolidated subsidiary by the acquisition of additional ownership interest. One overseas subsidiary was liquidated and excluded from the consolidation.

(2) Number of unconsolidated subsidiaries: 3

Names: 7-Eleven, Limited, Puerto Rico-7, Inc. and Brazos Comercial E Empreendimentos Ltda.

Reason for non-consolidation: Their total assets, sales, the Company's portion of their interim net income or loss, retained earnings and the effect on the Company's consolidated financial statements are not considered 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. and Brazos Comercial E Empreendimentos Ltda.

(2) Number of affiliates to which the equity method was applied: 6

Major affiliate: York-Benimaru Co., Ltd.

The number of affiliates to which equity method was applied was decreased by one because Hua Tang Yokado Commercial Co., Ltd. became a consolidated subsidiary by the acquisition of additional ownership interest.

(3) Name of unconsolidated subsidiary to which the equity method was not applied:

7-Eleven, Limited

Reason for not applying equity method: The Company's portion of its interim net income or loss (as calculated by the equity method), retained earnings (as calculated by the equity method) and the effect on the Company's consolidated financial statements are not considered material.

(4) Procedure for applying equity method

- (a) The affiliates which have different half-year closing dates are included in the consolidated financial statements based on their respective fiscal half year-end.
- (b) The investments and advance to an affiliate that has negative net assets was reduced to zero and a reserve for additional loss was provided.

3. Interim accounting period of consolidated subsidiaries

Overseas subsidiaries, including 7-Eleven, Inc. and its subsidiaries, and certain domestic subsidiaries are

included in the Consolidated Financial Statements on the basis of fiscal half-year ended June 30. All material transactions during the period from July 1 to August 31 were adjusted for in the Consolidated Financial Statements in the procedure of its consolidation.

The interim closing date of IYBank Co., Ltd. is September 30. Pro forma interim statements as of August 31 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared for IYBank Co., Ltd. in order to facilitate its consolidation.

4. Summary of significant accounting policies

(1) Valuation method for major assets

(a) Securities valuation

(I) Held-to-maturity debt securities are carried at cost, and amortized using the straight-line method.

(II) Available-for-sale securities are classified into two categories:

(i) Fair value is available

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 shareholders' equity at a net-of-tax amount. Cost of sales is determined using the moving-average method.

(ii) Fair value is not available.

Securities, whose fair value is not available, are valued at cost. Cost is determined using the moving-average method.

(b) Derivatives valuation:

Fair value

(c) Inventories Valuation

(I) Merchandise:

Inventories are valued principally at the lower of cost or market. Cost is determined principally by the average retail method for domestic companies and the LIFO method for foreign subsidiaries.

(II) Supplies:

Supplies are carried at cost. Cost is determined by the last purchase price method.

(2) Depreciation and amortization

(a) Property and equipment

Depreciation of property and equipment is computed generally on the declining-balance method for the Company and its domestic subsidiaries and on the straight-line method for foreign subsidiaries.

(b) Intangible assets

Intangible assets, except software for internal use, are amortized using the straight-line method. Software for internal use is amortized using the straight-line method on estimated useful life (5 years). The subsidiaries in the United States make an impairment test for goodwill and other intangible 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.

(3) Allowances

(a) Allowance for doubtful accounts

An allowance for doubtful accounts is provided against potential losses on collection at an

amount measured by a historical bad debt ratio, plus an amount individually measured on collectibility of receivables that are expected to be uncollectible due to bad financial condition or insolvency.

(b) Allowance for bonuses to employees

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

(c) 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 arose.

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

All assets and liabilities of the Company and its domestic subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statements of Income.

All balance sheets accounts, except shareholders' equity, of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates and all income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in "Minority interests in consolidated subsidiaries and "Cumulative translation adjustments".

(5) Leases

Finance leases, 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.

(6) Hedge accounting

(a) Hedge accounting

If interest rate swaps are used as hedges and meet certain hedging criteria, the Company defers recognition of gains and losses resulting from the changes in fair value of interest rate swaps until the related gains and losses on the hedged item are recognized. However, certain interest rate swaps which meet specific hedging criteria are not measured at fair value but the differences between paid and received under the swap agreements are recognized and included in interest income or expense as incurred.

(b) Hedge instruments and hedged items

Hedge instruments---Interest swap

Hedged items---Fixed-rate bonds

(c) Hedging policies

The Company and its subsidiaries utilize derivative instruments for the purposes of hedging its exposure to fluctuation in foreign currency rates, interest rates, and reducing financing costs.

The Company and its subsidiaries do not hold or issue derivative instruments for trading or speculative purposes.

(d) Assessing hedge effectiveness

The Company assesses hedge effectiveness for interest rate swap quarterly except for those that meet specific hedging criteria.

(7) Other accounting issues

(a) Accounting for franchised stores in convenience store operations

7-Eleven, Inc. includes the assets, liabilities, equity and results of operations of its franchised stores in its consolidated financial statements. Seven-Eleven Japan Co., Ltd. recognizes franchise fees from its franchised stores as revenue and includes it in “Other operating revenue”.

(b) Accounting for consumption taxes and excise tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the Consolidated Statements of Income. The excise tax levied in the U.S. and Canada is included in the revenue from operations.

5. Cash and cash equivalents

Cash and cash equivalents in the accompanying consolidated semiannual statements of cash flows are comprised of cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

Notes to Interim Consolidated Financial Statements

Consolidated Balance Sheets

1. Depreciation of Property and Equipment

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Accumulated Depreciation	772,885	701,785	728,217

2. Collateral Assets

Assets pledged as collateral

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Buildings	-	10,081	-
Land	7,319	11,673	7,319
Furniture and fixtures	-	1,578	-
Investments in securities	16,519	16,503	16,511
Total	23,838	39,837	23,830
Debt for which above assets are pledged as collateral (including current portion of long-term debt)	6,375	26,163	6,750

Assets pledged as collateral for the debts of affiliates and vendor

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Buildings	1,545	1,663	1,602
Land	2,628	2,628	2,628
Debt of affiliates and vendors for which above assets are pledged as collateral	5,542	6,325	6,045

Assets pledged as collateral for fund transfer

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Investments in securities	5,534	5,499	5,499

3. Guarantees

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
7-Eleven Mexico, S.A. de C.V.	257	406	387
Goshogawara Machi Dukuri K.K.	825	941	883
K.K. Delica Land	-	600	600
Employees' housing Loans	1,238	1,391	1,342
Total	2,321	3,340	3,213

4. Trade accounts receivable – financial services

Trade accounts receivable of subsidiaries in Financial services segment.

Consolidated Statements of Income

- The franchised fee from Seven-Eleven Japan Co., Ltd.'s franchised stores is included in "Other operating revenue". The franchised fee from franchised stores and net sales of franchised stores 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
Franchised fee from franchised stores	182,138	175,785	343,617
Net sales of franchised stores	1,203,067	1,184,417	2,319,544

- Major items included in "Selling, general and administrative expenses" 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
Advertising expense	44,727	41,292	79,273
Salaries and wages	156,140	155,793	325,463
Land and building rent	82,151	76,902	156,818
Depreciation expense	43,828	45,096	92,908

- Major items included in "Gain from sales of property and equipment" are as follows:

(Millions of yen)

	For the six-month period ended August 31, 2005	For the year ended February 28, 2005
Buildings and structures	173	38
Land	666	78
Others	2	0
Total	843	116

4. Major items included in “Loss on sales of property and equipment” 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
Buildings and structures	-	83	239
Furniture and fixtures	56	-	1,481
Land	84	1,085	-
Others	20	9	118
Total	160	1,177	1,838

5. Major items included in “Loss on disposals of property and equipment” 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
Buildings and structures	1,118	1,491	3,360
Furniture and fixtures	327	635	1,073
Others	248	281	158
Total	1,694	2,408	4,592

6. Impairment Loss

In the six-month period ended August 31, 2005, the Company and its consolidated subsidiaries recognized 4,653 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location	Amount
Stores (Superstores)	Land and buildings, etc.	Saitama Pref. 1 Store	4,653
		Chiba Pref. 1 Store	
Stores (Convenience stores)	Land and buildings, etc.	Hokkaido 17 Stores	
		Kanagawa Pref. 17 Stores	
		Other 151 Stores	
Stores (Restaurants)	Buildings and structures	Tokyo & other 9 Stores	
Other facilities etc.			-
Total			4,653

The Company and its consolidated domestic subsidiaries group their fixed assets by store which is the minimum cash-generating unit.

The book value of stores whose land had significantly depreciated, or which incurred consecutive operating losses, were reduced to recoverable amounts, and such deducted amounts were recorded as impairment loss in special losses.

A breakdown of impairment loss is as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Buildings and structures	1,730	-	1,730
Land	2,021	-	2,021
Other	901	-	901
Total	4,653	-	4,653

In the case where net selling price were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards, and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.1%-6.0% discount rates were applied.

In the year ended February 28, 2005, the Company and its consolidated subsidiaries recognized 26,514 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location	Amount
Stores (Superstores Department stores)	Land and buildings, etc.	Aichi Pref. 2 Stores	22,958
		Chiba Pref. 3 Stores	
		Other 9 Stores	
Stores (Convenience stores)	Land and buildings, etc.	Tokyo 11 Stores	
		Saitama Pref. 7 Stores	
		Other (including U.S.)	
Stores (Restaurants)	Buildings and structures	Tokyo & other 36 Stores	3,556
Stores (Other)	Buildings etc.	Chiba & other 5 Stores	
Other facilities etc.	Land and buildings, etc.	Saitama & other 5 Stores	26,514
Total			

The Company and its consolidated domestic subsidiaries group their fixed assets by store, which is the minimum cash-generating unit.

The book value of stores whose land had significantly depreciated, or which incurred consecutive operating losses, were reduced to recoverable amounts, and such deducted amounts were recorded as impairment loss in special losses.

A breakdown of impairment loss are as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Buildings and structures	11,837	119	11,957
Land	9,984	3,435	13,420
Other	1,135	1	1,137
Total	22,958	3,556	26,514

In the case where net selling price were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards, and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.1%-6.5% discount rates were applied.

Impairment loss for the year ended February 28, 2005 includes 538 million yen of impairment loss incurred in the consolidated subsidiaries in the United States, and 791 million yen of impairment loss for the previous year was recorded in other in special losses.

Consolidated Statements of Cash Flows

1. Reconciliation of cash and cash equivalents in the Consolidated Statements of Cash Flows and account balances in 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	616,542	648,248	664,124
Marketable securities	11,000	25,830	19,941
Total	627,543	674,079	684,066
Time deposits with an original maturity of more than three months	(1,162)	(815)	(965)
Marketable securities other than MMF and CP	(3,001)	(3,000)	-
Cash and cash equivalents	623,379	670,264	683,100

Leases

1. Finance leases, except those for which ownership of the leased assets is considered to be transferred to lessees

(1) As lessee

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

Furniture and fixtures		(Millions of yen)		
	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005	
Acquisition cost	43,859	40,980	41,227	
Accumulated depreciation	23,130	18,908	20,576	
Net book value	20,728	22,072	20,651	

(b) 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	7,765	7,475	7,335	
Over one year	12,963	14,596	13,316	
Total	20,728	22,072	20,651	

(c) Lease payments and depreciation expense 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	4,164	4,221	8,378	
Depreciation expense	4,164	4,221	8,378	

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

(2) As lessor

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

Furniture and fixtures		(Millions of yen)		
	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005	
Acquisition cost	19,271	14,849	17,449	
Accumulated depreciation	7,095	4,630	6,070	
Net book value	12,176	10,219	11,379	

(b) 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	3,331	2,677	3,023
Over one year	9,087	7,689	8,533
Total	12,418	10,366	11,557

(c) Lease income, depreciation expense and interest income 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	1,819	1,385	3,013
Depreciation expense	1,675	1,279	2,793
Interest income	182	145	311

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

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	59,689	56,258	54,982
Over one year	346,495	312,358	313,736
Total	406,185	368,616	368,718

Securities Information

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

(Millions of yen)

	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	9	9	0	0	0	0	0	0	0

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

(Millions of yen)

	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	11,044	19,077	8,033	10,110	15,223	5,113	10,078	16,225	6,146
Debt securities	31,695	31,682	(13)	22,126	22,115	(11)	26,639	26,624	(14)
Total	42,740	50,760	8,020	32,236	37,338	5,102	36,718	42,850	6,131

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
Held-to-maturity debt securities - bond	199	199	199
Available-for-sale securities			
-Unlisted securities (excluding OTC securities)	1,607	1,192	1,193
-Unlisted foreign securities	5,010	5,009	5,009
-Medium term notes	-	3,000	-
-Commercial paper	7,999	22,830	19,941
-Governmental bonds	3,001	-	-

Derivative Transactions

Contract amount, estimated fair value and unrealized gains (losses) of derivative instruments

1. Currency-related transactions

(Millions of yen)

	As of August 31, 2005				As of August 31, 2004				As of February 28, 2005			
	Contract amount total	Contract amount, due over one year	Estimated fair value	Unrealized gains (losses)	Contract amount total	Contract amount, due over one year	Estimated fair value	Unrealized gains (losses)	Contract amount total	Contract amount, due over one year	Estimated fair value	Unrealized gains (losses)
Forward exchange contracts												
Buy:												
U.S. Dollar	4,760	-	4,781	21	6,992	-	6,831	(160)	5,259	-	5,011	(248)
Euro	24	-	25	0	18	-	17	(0)	42	-	43	0
U.K. Pound	-	-	-	-	16	-	15	(0)	-	-	-	-
Danish Krone	-	-	-	-	1	-	1	(0)	1	-	1	0
Currency swaps:												
U.S. Dollar	47,472	47,472	4,352	4,352	47,472	47,472	3,908	3,908	47,472	47,472	6,839	6,839
Total	52,257	47,472	9,159	4,374	54,500	47,472	10,774	3,746	52,776	47,472	11,895	6,590

Note: Calculation of estimated fair value

The estimated fair values of these contracts are based on values presented by financial institution

2. Interest-related transactions

(Millions of yen)

	As of August 31, 2005				As of August 31, 2004				As of February 28, 2005			
	Contract amount total	Contract amount, due over one year	Estimated fair value	Unrealized gains (losses)	Contract amount total	Contract amount, due over one year	Estimated fair value	Unrealized gains (losses)	Contract amount total	Contract amount, due over one year	Estimated fair value	Unrealized gains (losses)
Interest rate swaps:												
Receive float / Pay fixed	35,000	35,000	(557)	(557)	35,000	35,000	(331)	(331)	35,000	35,000	(477)	(477)
Total	35,000	35,000	(557)	(557)	35,000	35,000	(331)	(331)	35,000	35,000	(477)	(477)

Note: Calculation of estimated fair value

The estimated fair values of these contracts are based on values presented by financial institution

SEGMENT INFORMATION

1. Business Segments

For the six-month period ended August 31, 2005

(Millions of yen)

	Superstore operations	Convenience store operations	Restaurant operations	Financial services	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income								
Revenue								
1. Customers	831,345	941,691	63,512	33,924	5,159	1,875,634	-	1,875,634
2. Intersegment	6,368	329	892	5,746	3,190	16,526	(16,526)	-
Total revenue	837,714	942,020	64,405	39,670	8,350	1,892,161	(16,526)	1,875,634
Operating expenses	830,745	833,244	61,797	31,136	8,088	1,765,011	(16,529)	1,748,482
Operating income	6,969	108,776	2,607	8,534	261	127,149	2	127,151

Notes:

- The classification of business segment is made by the type of products and services and the type of sales.
- Major businesses of each segment are as follows:
 - Superstore operations ----- Superstore, supermarket, department store and specialty shop
 - Convenience store operations ----- Convenience store business operated by corporate stores and franchised stores under the name of "7-Eleven".
 - Restaurant operations ----- Coffee shop style restaurant, family restaurant operated in shopping center and catering
 - Financial services ----- Bank, credit card and lease business
 - Others ----- Electronic commerce business and other services

For the six-month period ended August 31, 2004

(Millions of yen)

	Superstore operations	Convenience store operations	Restaurant operations	Financial services	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income (loss)								
Revenue								
1. Customers	813,351	887,708	64,553	24,496	5,493	1,795,602	-	1,795,602
2. Intersegment	5,936	176	902	3,874	2,929	13,820	(13,820)	-
Total revenue	819,288	887,884	65,455	28,371	8,422	1,809,422	(13,820)	1,795,602
Operating expenses	813,063	786,068	62,897	26,540	8,548	1,697,119	(13,862)	1,683,256
Operating income (loss)	6,224	101,816	2,558	1,830	(126)	112,303	42	112,345

For the year ended February 28, 2005

(Millions of yen)

	Superstore operations	Convenience store operations	Restaurant operations	Financial services	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income (loss)								
Revenue								
1. Customers	1,630,144	1,805,810	124,364	52,125	11,108	3,623,554	-	3,623,554
2. Intersegment	12,119	357	1,817	9,110	6,086	29,492	(29,492)	-
Total revenue	1,642,264	1,806,168	126,181	61,236	17,195	3,653,046	(29,492)	3,623,554
Operating expenses	1,634,449	1,610,783	122,561	55,834	16,984	3,440,613	(29,009)	3,411,603
Operating income (loss)	7,814	195,385	3,620	5,401	211	212,433	(482)	211,950

2. Geographic area segments

For the six-month period ended August 31, 2005

(Millions of yen)

	Japan	U.S.A.	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income						
Revenue						
1. Customers	1,171,479	631,460	72,694	1,875,634	-	1,875,634
2. Intersegment	91	1,190	-	1,282	(1,282)	-
Total revenue	1,171,571	632,651	72,694	1,876,916	(1,282)	1,875,634
Operating expenses	1,059,837	617,405	72,521	1,749,765	(1,282)	1,748,482
Operating income	111,733	15,245	172	127,151	-	127,151

For the six-month period ended August 31, 2004

(Millions of yen)

	Japan	U.S.A.	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income						
Revenue						
1. Customers	1,142,075	596,204	57,322	1,795,602	-	1,795,602
2. Intersegment	34	1,172	-	1,206	(1,206)	-
Total revenue	1,142,109	597,376	57,322	1,796,809	(1,206)	1,795,602
Operating expenses	1,043,611	584,047	56,804	1,684,463	(1,206)	1,683,256
Operating income	98,497	13,329	518	112,345	-	112,345

For the year ended February 28, 2005

(Millions of yen)

	Japan	U.S.A.	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income						
Revenue						
1. Customers	2,271,682	1,231,259	120,611	3,623,554	-	3,623,554
2. Intersegment	73	2,722	-	2,796	(2,796)	-
Total revenue	2,271,756	1,233,982	120,611	3,626,350	(2,796)	3,623,554
Operating expenses	2,086,029	1,208,391	119,927	3,414,348	(2,745)	3,411,603
Operating income (loss)	185,726	25,591	683	212,002	(51)	211,950

Notes

1. The classification of geographic area segments is made according to the geographical distances.
2. Others consist of the business results mainly in People's Republic of China ("P.R.C.") and Canada.

3. Overseas sales

For the six-month period ended August 31, 2005

(Millions of yen)

	U.S.A.	Others	Total
Overseas sales	631,460	72,694	704,154
Consolidated sales	-	-	1,875,634
Percentage of overseas sales to consolidated sales(%)	33.7	3.9	37.5

For the six-month period ended August 31, 2004

(Millions of yen)

	U.S.A.	Others	Total
Overseas sales	596,204	57,322	653,527
Consolidated sales	-	-	1,795,602
Percentage of overseas sales to consolidated sales(%)	33.2	3.2	36.4

For the year ended February 28, 2005

(Millions of yen)

	U.S.A.	Others	Total
Overseas sales	1,231,259	120,611	1,351,871
Consolidated sales	-	-	3,623,554
Percentage of overseas sales to consolidated sales(%)	34.0	3.3	37.3

Notes

1. The classification of geographic area segments is made according to the geographical distances.
2. Others consists of sales mainly in P.R.C. and Canada.
3. Overseas sales represent net sales and other operating revenue of consolidated subsidiaries in countries and areas outside of Japan.

(Subsequent Event)

On September 1, 2005, the Company established Seven & I Holdings, Co., Ltd. with Seven-Eleven Japan Co., Ltd. ("SEJ") and Denny's Japan Co., Ltd. ("Denny's") by means of stock-transfer and the Company, SEJ and Denny's became wholly owned subsidiaries of Seven & I Holdings, Co., Ltd. Accordingly, SEJ, Denny's and other 35 companies were excluded from the consolidation. IY Bank Co., Ltd. became an affiliate accounted for using the equity method from a consolidated subsidiary and 6 companies were excluded from affiliates accounted for using the equity method.

The Company's treasury stock of 52,670 million yen were converted to the stock of the parent company and recorded in "Current Assets" instead of deduction item in "Shareholders' Equity".

(Reference)

As of August 31, 2005

Seven-Eleven Japan Co., Ltd. (Consolidated)

(Millions of yen)

Total Assets	Shareholders' Equity	Revenue from Operations	Net Income
1,316,892	684,404	952,226	59,186

Denny's Japan Co., Ltd.

(Millions of yen)

Total Assets	Shareholders' Equity	Revenue from Operations	Net Income
68,371	58,407	49,526	1,138



October 6, 2005

[Reference]

Semiannual Nonconsolidated Financial Results for the Six-Month Period Ended August 31, 2005

Ito-Yokado Co., Ltd.

President and C.O.O. : Sakae Isaka

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

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		Net Sales		Operating Income	
Current Interim Period	743,036	0.9 %	731,747	0.6 %	5,420	(23.5) %
Prior Year's Interim Period	736,218	(0.2) %	727,134	(0.1) %	7,082	0.5 %
Prior Fiscal Year	1,473,583	(1.4) %	1,455,358	(1.3) %	8,800	(63.5) %

	Ordinary Income		Net Income		Net Income per Share	
Current Interim Period	15,018	(6.9) %	11,927	(1.1) %	29.05	(yen)
Prior Year's Interim Period	16,128	5.3 %	12,065	8.2 %	28.90	(yen)
Prior Fiscal Year	27,081	(36.0) %	17,509	(39.0) %	41.74	(yen)

- Notes :
- All amounts less than one million yen have been disregarded.
 - Average number of shares outstanding:
Current interim period: 410,658,249 shares Prior year's interim period: 417,457,968 shares
Prior Fiscal Year: 417,452,036 shares
 - Change in accounting policies: no
 - 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	1,034,556	708,400	68.5 %	1,752.43 (yen)
August 31, 2004	1,085,796	752,969	69.3 %	1,803.75 (yen)
February 28, 2005	1,076,957	752,003	69.8 %	1,801.25 (yen)

- Notes :
- Number of outstanding shares at the end of period:
Current interim period: 404,240,261 shares Prior year's interim period: 417,447,674 shares
Prior Fiscal Year: 417,443,495 shares
 - Number of treasury stock at the end of period:
Current interim period: 14,477,424 shares Prior year's interim period: 1,270,011 shares
Prior Fiscal Year: 1,274,190 shares

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

(Millions of yen)

Revenue from Operations	Net Sales	Operating Income	Ordinary Income	Net Income
1,520,000 3.1 %	1,500,000 3.1 %	20,000 127.3 %	39,000 44.0 %	27,000 54.2 %

<Reference> Expected net income per share (for the year ending February 28, 2006) : 66.59 yen

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

FORWARD-LOOKING STATEMENTS

This document contains certain statements based on Ito-Yokado'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, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current assets:						
Cash and bank deposits	164,810		102,662		202,170	
Accounts receivable, trade	18,928		18,461		17,982	
Marketable securities	11,000		25,830		19,941	
Inventories	77,051		84,797		76,376	
Short-term loans	679		673		646	
Deposits held by financial service company	9,500		38,000		20,000	
Other	44,257		40,736		41,663	
Total current assets	326,227	31.5	311,162	28.7	378,780	35.2
Non-current assets:						
Property and equipment:						
Buildings	104,381		106,000		97,971	
Land	146,440		155,710		146,510	
Other	35,865		26,674		28,335	
Total property and equipment	286,688	27.7	288,385	26.6	272,818	25.3
Intangible assets	5,099	0.5	5,954	0.5	5,872	0.5
Investments and other assets:						
Investments in subsidiaries and affiliates	101,629		153,609		104,346	
Investments in a subsidiary's convertible bonds	-		15,550		-	
Long-term loans	11,534		11,889		11,705	
Long-term leasehold deposits	242,986		243,077		239,608	
Prepaid pension cost	24,557		22,859		23,677	
Advances for store construction	7,419		12,572		15,542	
Other	29,819		24,791		28,756	
Allowance for doubtful accounts	(1,405)		(4,055)		(4,149)	
Total investments and other assets	416,541	40.3	480,294	44.2	419,486	39.0
Total non-current assets	708,329	68.5	774,634	71.3	698,176	64.8
Total Assets	1,034,556	100.0	1,085,796	100.0	1,076,957	100.0

(Millions of yen)

	August 31, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current liabilities:						
Notes payable, trade	17		1,298		928	
Accounts payable, trade	80,815		86,793		71,409	
Current portion of bonds	20,000		-		20,000	
Short-term loans	2,465		2,465		2,465	
Income taxes payable	1,346		469		16,069	
Allowance for bonus to employees	6,668		6,271		5,960	
Allowance for sales promotion	3,280		2,839		2,964	
Notes payable, acquisition property and equipment	4,206		1,461		3,337	
Other	45,627		47,865		42,636	
Total current liabilities	164,428	15.9	149,464	13.8	165,771	15.4
Non-current liabilities:						
Bonds	100,000		120,000		100,000	
Long-term loans	8,775		9,450		9,112	
Deposits received from tenants	46,465		44,777		46,509	
Allowance for retirement benefits to directors and corporate auditors	1,301		1,167		1,230	
Other	5,185		7,968		2,330	
Total non-current liabilities	161,727	15.6	183,362	16.9	159,183	14.8
Total Liabilities	326,156	31.5	332,827	30.7	324,954	30.2
SHAREHOLDERS' EQUITY						
Common stock	47,987	4.6	47,987	4.4	47,987	4.5
Capital surplus						
Additional paid-in capital	121,477		121,477		121,477	
Other capital surplus	181		179		181	
Total capital surplus	121,658	11.8	121,657	11.2	121,658	11.3
Retained earnings						
Legal reserve	11,700		11,700		11,700	
General reserve	510,425		510,459		510,459	
Unappropriated retained earnings at the end of period	66,393		63,263		62,028	
Total retained earnings	588,518	56.9	585,422	53.9	584,187	54.2
Net unrealized gains on available-for-sale securities	2,906	0.3	1,838	0.2	2,124	0.2
Treasury stock	(52,670)	(5.1)	(3,937)	(0.4)	(3,956)	(0.4)
Total Shareholders' Equity	708,400	68.5	752,969	69.3	752,003	69.8
Total Liabilities & Shareholders' Equity	1,034,556	100.0	1,085,796	100.0	1,076,957	100.0

STATEMENTS OF INCOME

(Millions of yen)

	Current Interim Period		Prior Year's Interim Period		Prior Fiscal Year	
	Amount	%	Amount	%	Amount	%
[Revenue from operations]	[743,036]		[736,218]		[1,473,583]	
Sales	731,747	100.0	727,134	100.0	1,455,358	100.0
Cost of sales	531,499	72.6	526,798	72.4	1,060,081	72.8
Gross profit on sales	200,248	27.4	200,336	27.6	395,276	27.2
Other operating revenue	11,288	1.5	9,084	1.2	18,225	1.2
Gross profit from operations	211,537	28.9	209,420	28.8	413,501	28.4
Selling, general and administrative expenses	206,117	28.2	202,338	27.8	404,700	27.8
Operating income	5,420	0.7	7,082	1.0	8,800	0.6
Non-operating income and expenses:						
Non-operating income	10,598	1.5	10,020	1.3	20,494	1.4
Non-operating expenses	1,000	0.1	974	0.1	2,213	0.1
Ordinary income	15,018	2.1	16,128	2.2	27,081	1.9
Special gains	1,903	0.3	705	0.1	39,414	2.7
Special losses	3,306	0.5	1,876	0.2	41,815	2.9
Income before income taxes	13,614	1.9	14,957	2.1	24,680	1.7
Income taxes - current	242	0.1	384	0.1	17,496	1.2
Income taxes - deferred	1,444	0.2	2,507	0.3	(10,325)	(0.7)
Net income	11,927	1.6	12,065	1.7	17,509	1.2
Retained earnings at beginning of period	54,465		51,198		51,198	
Interim cash dividends	-		-		6,679	
Unappropriated retained earnings at the end of period	66,393		63,263		62,028	

Significant Accounting Policies for the Preparation of Semiannual Financial Statements

1. Valuation method of major assets

(1) Securities valuation

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

Available-for-sale securities

Fair value is available

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 shareholders' equity at a net-of-tax amount. Cost of sales is determined using the moving-average method.

Fair value is not available.

Securities, whose fair value is not available, are valued at cost, determined using the moving-average method.

(2) Inventories valuation

Fresh foods :

Cost, determined using the last purchase price method.

Merchandise at stores (except fresh foods) :

The lower of cost or market. Cost is determined using the retail method.

Merchandise at distribution centers

(except fresh foods):

Cost, determined using the moving-average method.

Supplies :

Cost, determined using the last purchase price method.

(3) Derivatives valuation

Fair value

2. Depreciation and amortization

Property and equipment:

Decline-balance method

Intangible assets:

Straight-line method

Software for internal use is amortized using the straight-line method over an estimated useful life (5 years).

3. Allowances

Allowance for doubtful accounts

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

Allowance for bonuses to employees

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

Allowance for accrued pension and severance costs (Prepaid pension cost)

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 the plan assets at the end of the fiscal year. 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, 2005. Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arose.

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.

Allowance for sales promotion expenses

An allowance for sales promotion expenses is provided for future usage of 'points' that entitle customers to receive reductions in the price of goods. This point card program was established as a sales promotion program.

4. Foreign currency translation for major assets and liabilities denominated in foreign currencies

All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates. Translation gains or losses are included in the accompanying Statements of Income.

5. Leases

Finance lease contracts other than those for which the ownership of the leased assets is considered to be transferred to lessee, are accounted for as in the same manner as operating leases.

6. Hedge accounting

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the Company defers recognition of gains and losses resulting from the changes in fair value of interest rate swaps until the related gains and losses on the hedged item are recognized. However, certain interest rate swap contracts which meet specific hedging criteria are not measured at market value but the differences between paid and received amounts under the swap contracts are included in interest income or expenses as incurred.

7. Consumption taxes

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

NOTES

<Nonconsolidated Balance sheets>

	<u>As of August 31, 2005</u>	<u>As of August 31, 2004</u>	(Millions of yen) <u>As of February 28, 2005</u>
1. Accumulated depreciation of property and equipment	208,052	201,768	207,008
2. Assets pledged as collateral			
Buildings	764	821	791
Land	1,698	1,698	1,698
	<u>2,463</u>	<u>2,520</u>	<u>2,490</u>
3. Guarantees	17,120	14,214	45,866

<Nonconsolidated Statements of Income>

	For the six-month period ended <u>August 31, 2005</u>	For the six-month period ended <u>August 31, 2004</u>	(Millions of yen) For the year ended <u>February 28, 2005</u>
1. Depreciation and amortization expenses			
Property and equipment	7,692	8,280	17,180
Intangible assets	519	1,281	1,955
	<u>8,212</u>	<u>9,562</u>	<u>19,135</u>
2. Major items of non-operating income			
Interest income	447	670	1,408
Dividends	9,617	9,034	18,566
3. Major items of non-operating expenses			
Interest expense	158	159	315
Interest on straight bonds	695	700	1,389
4. Major items of special gains			
Gain from sales of investments in subsidiaries	1,448	-	35,709
Gain from sales of subsidiary's convertible bond	-	-	2,816
Gain from reversal of allowance for retirement benefits to directors and corporate officers	-	565	-
5. Major items of special losses			
Loss on disposals of property and equipment	525	542	1,551
Impairment loss	1,900	-	17,819
Loss related to the establishment of the holding company	591	-	-
Provision for business reengineering	-	-	20,882
Head office relocation expenses	-	1,216	1,230
6. Impairment Loss			

The Company groups its fixed assets by store, which is the minimum cash-generating unit.

The book value of stores whose land had significantly depreciated, or which incurred consecutive operating losses, were reduced to recoverable amounts, and such deducted amounts were recorded as impairment loss in special losses.

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards, and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.1% discount rate was applied.

For the six-month period ended August 31, 2005

(Millions of yen)

Description	Classification	Location	Amount
Stores	Land and buildings, etc.	Saitama Pref. 1 Store	1,900
		Chiba Pref. 1 Store	
Other facilities etc.	-	-	-
Total			1,900

(Millions of yen)

	Stores	Other facilities etc.	Total
Buildings and structures	990	-	990
Land	54	-	54
Other	855	-	855
Total	1,900	-	1,900

For the six-month period ended August 31, 2004: None

For the year ended February 28, 2005

(Millions of yen)

Description	Classification	Location	Amount
Stores	Land and buildings, etc.	Aichi Pref. 3 Stores	14,945
		Chiba Pref. 3 Stores	
		Other 9 Stores	
Other facilities etc.	Land and buildings, etc.	Saitama & other	2,873
Total			17,819

(Millions of yen)

	Stores	Other facilities etc.	Total
Buildings and structures	8,778	119	8,898
Land	5,434	2,752	8,187
Other	732	1	733
Total	14,945	2,873	17,819

<Lease Transaction>

1. Financial lease contracts other than those for which the ownership of the leased assets is considered to be transferred to lessees.

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

	<u>As of August 31, 2005</u>	<u>As of August 31, 2004</u>	<u>As of February 28, 2005</u>
Furniture and equipment:			
Acquisition cost	13,030	11,403	12,790
<u>Accumulated depreciation</u>	<u>3,733</u>	<u>6,197</u>	<u>5,370</u>
Net book value	9,297	5,205	7,420

(2) Future lease payments

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

	<u>As of August 31, 2005</u>	<u>As of August 31, 2004</u>	<u>As of February 28, 2005</u>
Within one year	2,453	1,767	2,008
Over one year	6,843	3,438	5,411
<u>Total</u>	<u>9,297</u>	<u>5,205</u>	<u>7,420</u>

(3) Lease payments and depreciation expense

	<u>For the six-month period ended August 31, 2005</u>	<u>For the six-month period ended August 31, 2004</u>	<u>For the year ended February 28, 2005</u>
Lease payments	1,226	1,390	2,602
Depreciation expenses	1,226	1,390	2,602

(4) Depreciation method:

Depreciation expense is computed using the straight-line method over the lease term assuming no residual value.

2. Lease transaction through a special purpose company.

	<u>As of August 31, 2005</u>	<u>As of August 31, 2004</u>	<u>(Millions of yen) As of February 28, 2005</u>
(1) Acquisition cost			
Land	695	695	695
Buildings	399	399	399
(2) Lease payments			
	<u>For the six-month period ended August 31, 2005</u>	<u>For the six-month period ended August 31, 2004</u>	<u>For the year ended February 28, 2005</u>
	28	28	57

3. Operating leases

	<u>As of August 31, 2005</u>	<u>As of August 31, 2004</u>	<u>(Millions of yen) As of February 28, 2005</u>
Future lease payments			
Within one year	30,762	30,436	30,710
Over one year	177,135	167,300	178,515
<u>Total</u>	<u>207,898</u>	<u>197,737</u>	<u>209,225</u>

<Securities Information>

Investments in subsidiaries and affiliates (fair value is available)

	<u>As of August 31, 2005</u>	<u>As of August 31, 2004</u>	<u>(Millions of yen) As of February 28, 2005</u>
Investments in subsidiaries			
Book value	21,747	21,747	21,747
Fair value	1,398,533	1,427,198	1,358,162
<u>Difference</u>	<u>1,376,786</u>	<u>1,405,451</u>	<u>1,336,414</u>
Investments in affiliates			
Book value	9,591	5,478	9,591
Fair value	51,941	39,352	48,923
<u>Difference</u>	<u>42,349</u>	<u>33,874</u>	<u>39,331</u>

All amount less than one million yen have been disregarded.

<Subsequent Event>

On September 1, 2005, the Company established Seven & I Holdings, Co., Ltd. with Seven-Eleven Japan Co., Ltd. ("SEJ") and Denny's Japan Co., Ltd. ("Denny's") by means of stock-transfer and the Company, SEJ and Denny's became wholly owned subsidiaries of Seven & I Holdings, Co., Ltd. As a result, the Company's treasury stock of 52,670 million yen were converted to the stock of the parent company and recorded in "Current Assets" instead of deduction item in "Shareholders' Equity".

[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

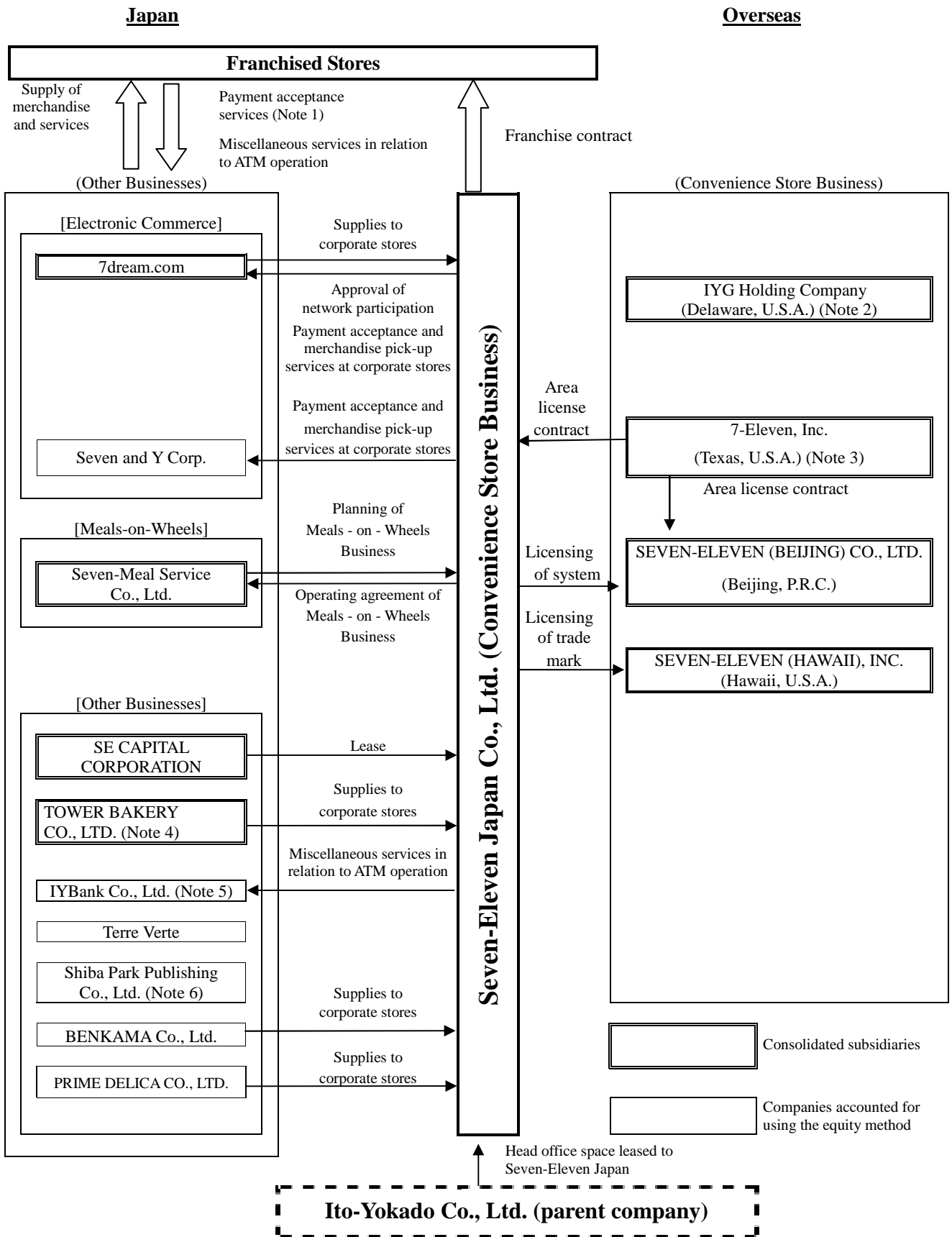
- The number of consolidated subsidiaries increased by 5 and decreased by 1.

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.

[Reference]



Semiannual Nonconsolidated Financial Results for the Six-Month Period Ended August 31, 2005

October 6, 2005

Seven-Eleven Japan Co., Ltd.

--President and C.O.O.: Toshiro Yamaguchi

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

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)

	Total Store Sales		Revenue from Operations		Operating Income	
Current Interim Period	1,270,766	1.8%	251,089	4.5%	94,771	3.0%
Prior Year's Interim Period	1,247,684	5.9%	240,224	6.3%	91,967	6.2%
Prior Fiscal Year	2,440,853	4.2%	467,233	4.9%	174,365	4.5%

	Ordinary Income		Net Income		Net Income per Share
Current Interim Period	96,870	4.2%	55,185	7.0%	70.08 (yen)
Prior Year's Interim Period	92,944	5.7%	51,593	5.6%	64.36 (yen)
Prior Fiscal Year	176,070	4.2%	92,891	1.5%	115.78 (yen)

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

2. Average number of shares outstanding:

Current interim period: 787,412,902 shares Prior year's interim period: 801,598,259 shares

Prior fiscal year: 801,593,803 shares

3. Change in accounting policies: no

4. 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	940,243	682,055	72.5%	878.87 (yen)
August 31, 2004	945,961	697,708	73.8%	870.41 (yen)
February 28, 2005	948,488	722,145	76.1%	900.79 (yen)

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

Current interim period: 776,060,926 shares Prior year's interim period: 801,590,717 shares

Prior fiscal year: 801,588,197 shares

2. Number of treasury stock at the end of the period:

Current interim period: 46,829,058 shares Prior year's interim period: 21,299,267 shares

Prior fiscal year: 21,301,787 shares

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

(Millions of yen)

Total Store Sales	Revenue from Operations	Operating Income	Ordinary Income	Net Income
2,557,000 4.8%	496,000 6.2%	181,000 3.8%	181,500 3.1%	100,000 7.7%

(Reference) Expected net income per share (for the year ending February 28, 2006) : 128.86 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, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current assets	277,553	29.5	400,785	42.4	278,769	29.4
Cash and bank deposits	240,195		358,892		243,534	
Accounts receivable due from franchised stores	5,633		5,685		7,373	
Inventories	2,912		2,631		3,051	
Deposits held by financial service company	10,000		10,000		10,000	
Deferred income taxes	5,046		6,101		5,130	
Other	13,784		17,484		9,689	
Allowance for doubtful accounts	(21)		(9)		(10)	
Non-current assets	662,690	70.5	545,176	57.6	669,718	70.6
Property and equipment	249,032	26.5	253,796	26.8	250,702	26.4
Buildings	82,325		80,786		82,142	
Structures	14,488		13,885		14,327	
Furniture, fixtures and equipment	28,814		28,761		28,420	
Land	122,441		130,215		124,978	
Other	962		147		833	
Intangible assets	6,804	0.7	6,648	0.7	6,880	0.7
Software	2,804		2,753		3,029	
Other	4,000		3,894		3,850	
Investments and other assets	406,854	43.3	284,731	30.1	412,136	43.5
Investments in securities	12,071		8,661		10,127	
Investments in subsidiaries and affiliates	202,004		93,790		200,803	
Investments in convertible bonds of an affiliate	33,307		14,940		33,307	
Investments in SEVEN-ELEVEN (BEIJING) CO., LTD.	1,920		1,208		1,920	
Long-term loans receivable	3,631		3,723		3,482	
Long-term loans to subsidiaries and affiliates	52,315		72,420		66,381	
Deferred income taxes	7,612		4,454		7,070	
Long-term leasehold deposits	83,876		75,182		80,193	
Other	13,393		13,386		12,365	
Allowance for doubtful accounts	(3,278)		(3,036)		(3,515)	
TOTAL ASSETS	940,243	100.0	945,961	100.0	948,488	100.0

(Millions of yen)

	August 31, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current liabilities	250,237	26.6	242,068	25.6	218,364	23.0
Accounts payable-trade	134,690		136,081		109,040	
Accounts payable due to franchised stores	11,371		11,565		4,901	
Income taxes payable	39,440		38,524		36,569	
Deposits received	44,728		34,238		45,549	
Allowance for bonuses to employees	2,503		3,034		2,107	
Allowance for sales promotion	194		381		121	
Other	17,309		18,243		20,075	
Non-current liabilities	7,950	0.9	6,184	0.6	7,977	0.9
Guarantee deposits received from franchised stores	5,227		4,994		5,075	
Accrued pension and severance costs	1,553				1,658	
Allowance for retirement benefits to directors and corporate auditors	1,169		1,190		1,243	
TOTAL LIABILITIES	258,188	27.5	248,253	26.2	226,342	23.9
SHAREHOLDERS' EQUITY						
Common stock	17,200	1.8	17,200	1.8	17,200	1.8
Capital surplus	24,565	2.6	24,565	2.6	24,565	2.6
Additional paid-in capital	24,563		24,563		24,563	
Other capital surplus	1		1		1	
Gain on sales of treasury stock	1		1		1	
Retained earnings	781,761	83.1	719,828	76.1	743,891	78.4
Legal reserve	4,300		4,300		4,300	
General reserve	703,409		646,209		646,209	
Unappropriated retained earnings	74,051		69,318		93,381	
Net unrealized gains on available-for-sale securities	1,621	0.2	953	0.1	1,335	0.1
Treasury stock	(143,092)	(15.2)	(64,838)	(6.8)	(64,846)	(6.8)
TOTAL SHAREHOLDERS' EQUITY	682,055	72.5	697,708	73.8	722,145	76.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	940,243	100.0	945,961	100.0	948,488	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	251,089	100.0	240,224	100.0	467,233	100.0
Franchise commission from franchised stores	182,138		175,785		343,617	
Net sales reported by franchised stores						
Current interim period:	1,203,067					
Prior year's interim period:	1,184,417					
Prior fiscal year:	2,319,544					
Total net sales (including net sales of corporate stores)						
Current interim period:	1,270,766					
Prior year's interim period:	1,247,684					
Prior fiscal year:	2,440,853					
Other operating revenue	1,252		1,171		2,307	
Net sales of corporate stores	67,698		63,267		121,308	
Cost of sales	49,152	19.6	46,236	19.2	88,664	19.0
Gross Profit	201,936	80.4	193,987	80.8	378,569	81.0
Selling, general and administrative expenses	107,165	42.7	102,020	42.5	204,203	43.7
Operating income	94,771	37.7	91,967	38.3	174,365	37.3
Non-operating income and expenses						
Non-operating income	2,198	0.9	1,500	0.6	3,082	0.7
Non-operating expenses	99	0.0	523	0.2	1,377	0.3
Ordinary income	96,870	38.6	92,944	38.7	176,070	37.7
Special gains and losses						
Special gains	465	0.2	50	0.0	110	0.0
Special losses	5,042	2.0	4,366	1.8	15,175	3.2
Income before income taxes	92,293	36.8	88,628	36.9	161,006	34.5
Income taxes - current	37,762	15.0	37,231	15.5	70,219	15.0
Income taxes - deferred	(653)	(0.2)	(197)	(0.1)	(2,104)	(0.4)
Net income for the period (year)	55,185	22.0	51,593	21.5	92,891	19.9
Retained earnings brought forward	18,866		17,725		17,725	
Interim dividends	-		-		17,234	
Unappropriated retained earnings	74,051		69,318		93,381	

Significant Accounting Policies for the Preparation of Semiannual Financial Statements

1. Valuation method for major assets

(1) Valuation method for 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 for inventories

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

(3) Valuation method for derivatives

Derivative financial instruments are valued at fair value.

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 an estimated useful life of 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. 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.

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

Currency swap contracts which meet the requirements for the application of hedging accounting are accounted for by allocating contracted exchange rates for the corresponding hedged foreign currency transaction and balances.

(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:

(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, 2005	As of August 31, 2004	As of February 28, 2005
1. Accumulated depreciation of property and equipment	197,666	181,675	190,155
2. Assets pledged as collateral	2,032	2,104	2,066
3. Contingent liabilities	10	619	617

Nonconsolidated Statements of Income

(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
1. Depreciation and amortization			
-Property and equipment	11,659	11,617	24,579
-Intangible assets	676	781	1,485
Total	12,336	12,398	26,064
2. Interest income included in non-operating income	871	761	1,576

3. Accounting for Impairment of Fixed Assets

The Company groups its 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 are 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.

Amounts of impairment loss and breakdown (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	537	-	566
Others	88	-	157
Total	2,593	-	4,867
Description	Operating stores	-	Operating stores
Classification	Land, Buildings and Other	-	Land, Buildings and Other
Location	(Number of stores)		(Number of stores)
	Hokkaido 17		Tokyo 11
	Kanagawa 17	-	Saitama 7
	Other 151		Other 45

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	Facilities and equipment	Facilities and equipment
Acquisition cost	7,315	7,005	8,607
Accumulated depreciation	2,374	2,136	2,690
Net book value	4,941	4,868	5,917

(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	1,438	1,326	1,594
Over one year	3,502	3,542	4,322
Total	4,941	4,868	5,917

(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	795	578	1,475
Depreciation expense	795	578	1,475

(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 as sub-lessor 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	1,264	924	1,120
Over one year	3,444	2,531	3,144
Total	4,708	3,456	4,264

(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	784	741	769
Over one year	673	645	683
Total	1,457	1,386	1,452

Securities Information

Investments in subsidiaries and affiliates whose fair value are available, are as follows:

(Investments in subsidiaries)

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Book value	13,333	-	13,333
Fair value	20,526	-	17,106
Difference	7,192	-	3,772

(Investments in affiliates)

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Book value	-	5,054	-
Fair value	-	6,763	-
Difference	-	1,709	-

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. (“YGHHC”), 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 YGHHC 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 YGHHC with and into SEI if YGHHC 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.

All amounts less than one million yen have been disregarded.

[Reference]



October 6, 2005

Semiannual Nonconsolidated Financial Results for the Six-Month Period Ended August 31, 2005

Denny's Japan Co., Ltd.

--President and C.E.O.: Kenichi Asama

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

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		Net Sales		Operating Income	
Current Interim Period	49,526	(1.3%)	49,479	(1.2%)	2,198	(5.2%)
Prior Year's Interim Period	50,181	1.3%	50,096	1.3%	2,319	10.4%
Prior Fiscal Year	96,523	0.9%	96,360	0.9%	3,220	7.9%

	Ordinary Income		Net Income		Net Income per Share	
Current Interim Period	2,277	(3.1%)	1,138	10.2%	35.40	(yen)
Prior Year's Interim Period	2,351	7.1%	1,033	41.4%	32.12	(yen)
Prior Fiscal Year	3,317	3.1%	1,284	11.4%	39.08	(yen)

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

2. Average number of shares outstanding:

Current interim period: 32,176,189 shares Prior year's interim period: 32,184,560 shares

Prior fiscal year: 32,181,444 shares

3. Change in accounting policies: no

4. 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	68,371	58,407	85.4%	1,815.34 (yen)
August 31, 2004	68,571	57,985	84.6%	1,801.98 (yen)
February 28, 2005	66,184	57,752	87.3%	1,794.00 (yen)

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

Current interim period: 32,174,416 shares Prior year's interim period: 32,178,670 shares

Prior fiscal year: 32,177,089 shares

2. Number of treasury stock at the end of the period:

Current interim period: 182,194 shares Prior year's interim period: 177,940 shares

Prior fiscal year: 179,521 shares

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Period
Current Interim Period	3,294	(535)	(502)	30,118
Prior Year's Interim Period	3,380	(1,796)	(527)	28,947
Prior Fiscal Year	3,488	(2,487)	(1,029)	27,862

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

(Millions of yen)

Revenue from Operations	Net Sales	Operating Income	Ordinary Income	Net Income
100,500 4.1%	100,400 4.2%	4,200 30.4%	4,300 29.6%	2,000 55.8%

(Reference) Expected net income per share (for the year ending February 28, 2006) : 62.16 yen

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

FORWARD-LOOKING STATEMENTS

This document contains certain statements based on Denny's 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, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current assets	43,682	63.9	42,366	61.8	41,002	62.0
Cash and bank deposits	30,118		28,947		27,862	
Accounts receivable	453		434		338	
Inventories	638		484		429	
Deposits held by financial service company	10,000		10,000		10,000	
Other	2,472		2,499		2,371	
Non-current assets	24,688	36.0	26,204	38.2	25,181	38.0
Property and equipment	13,114	19.2	14,391	21.0	13,624	20.6
Buildings	8,773		9,727		9,197	
Restaurant facilities	1,089		1,226		1,158	
Furniture, fixtures and equipment	1,418		1,565		1,394	
Land	1,708		1,864		1,864	
Other	124		8		9	
Intangible assets	648	0.9	898	1.3	779	1.1
Investments and other assets	10,924	16.0	10,914	15.9	10,778	16.3
Securities	495		387		415	
Long-term leasehold deposits	9,332		9,705		9,392	
Other	1,097		822		969	
TOTAL ASSETS	68,371	100.0	68,571	100.0	66,184	100.0

(Millions of yen)

	August 31, 2005		August 31, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current liabilities	9,348	13.7	9,913	14.4	7,750	11.7
Accounts payable, trade	3,074		2,809		2,171	
Accounts payable, other	843		893		756	
Accrued expenses	2,975		3,151		2,447	
Income taxes payable	1,269		1,142		860	
Allowance for bonuses to employees	510		793		618	
Accounts payable, construction	154		348		232	
Other	520		773		664	
Non-current liabilities	615	0.9	672	1.0	681	1.0
Accrued pension and severance costs	306		353		345	
Allowance for retirement benefits to directors and corporate auditors	259		270		285	
Other	49		49		49	
TOTAL LIABILITIES	9,963	14.6	10,586	15.4	8,432	12.7
SHAREHOLDERS' EQUITY						
Common stock	7,125	10.4	7,125	10.4	7,125	10.8
Capital surplus	9,785	14.3	9,784	14.3	9,785	14.8
Additional paid-in capital	9,784		9,784		9,784	
Other	0		0		0	
Retained earnings	41,669	60.9	41,303	60.2	41,055	62.0
Legal reserve	1,383		1,383		1,383	
General reserve	36,408		36,409		36,409	
Unappropriated retained earnings	3,877		3,510		3,262	
Net unrealized gains on available-for-sale securities	173	0.3	108	0.2	126	0.2
Treasury stock	(345)	(0.5)	(337)	(0.5)	(340)	(0.5)
TOTAL SHAREHOLDERS' EQUITY	58,407	85.4	57,985	84.6	57,752	87.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	68,371	100.0	68,571	100.0	66,184	100.0

STATEMENTS OF INCOME

(Millions of yen)

	Current Interim Period		Prior Year's Interim Period		Prior Fiscal Year	
	Amount	%	Amount	%	Amount	%
(Revenue from operations)	(49,526)		(50,181)		(96,523)	
Net sales	49,479	100.0	50,096	100.0	96,360	100.0
Cost of sales	16,444	33.2	16,459	32.9	31,932	33.1
Gross Profit	33,034	66.8	33,636	67.1	64,428	66.9
Revenue from other operations	46	0.1	85	0.2	162	0.1
Operating gross profit	33,081	66.9	33,721	67.3	64,590	67.0
Selling, general and administrative expenses	30,882	62.4	31,402	62.7	61,370	63.7
Operating income	2,198	4.4	2,319	4.6	3,220	3.3
Non-operating income	124	0.3	104	0.2	199	0.2
Non-operating expenses	45	0.1	72	0.1	102	0.1
Ordinary income	2,277	4.6	2,351	4.7	3,317	3.4
Special gains	333	0.7	-	-	104	0.1
Special losses	376	0.8	318	0.6	681	0.7
Income before income taxes	2,233	4.5	2,033	4.1	2,740	2.8
Income taxes - current	1,153	2.3	1,119	2.2	1,617	1.7
Income taxes - deferred	(58)	(0.1)	(120)	(0.2)	(161)	(0.2)
Net income for the period (year)	1,138	2.3	1,033	2.1	1,284	1.3
Retained earnings brought forward	2,738		2,477		2,477	
Interim dividends	-		-		498	
Unappropriated retained earnings	3,877		3,510		3,262	

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	2,233	2,033	2,740
Depreciation and amortization	1,002	1,123	2,307
(Decrease) increase in accrued bonuses to employees	(108)	164	(10)
Reversal of accrued pension and severance costs	(39)	(31)	(38)
Interest and dividend income	(19)	(19)	(37)
Gain on sale of investments in securities	-	-	(4)
Net (gain) loss on sales and disposal of property and equipment	(174)	210	298
Impairment loss	160	-	228
(Increase) decrease in accounts receivable	(114)	(91)	4
(Increase) decrease in inventories	(208)	(30)	23
Increase (decrease) in accounts payable	903	501	(136)
Other, net	519	462	(170)
Sub-total	4,153	4,323	5,204
Interest and dividends received	9	8	16
Income taxes paid	(868)	(951)	(1,732)
Net cash provided by operating activities	3,294	3,380	3,488
Cash flow from investing activities			
Acquisition of property and equipment	(913)	(1,840)	(2,414)
Proceeds from sales of property and equipment	500	-	-
Acquisition of intangible assets	(12)	(22)	(177)
Proceeds from sales of investments in securities	-	-	6
Payment of leasehold deposits	(179)	(104)	(235)
Refund of leasehold deposits	69	170	332
Other, net	0	0	1
Net cash used in investing activities	(535)	(1,796)	(2,487)
Cash flows from financing activities			
Cash dividends paid	(497)	(498)	(998)
Purchase of treasury stock	(5)	(31)	(35)
Proceeds from sales of treasury stock	0	2	3
Net cash used in financing activities	(502)	(527)	(1,029)
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Increase (decrease) in cash and cash equivalents	2,255	1,056	(28)
Cash and cash equivalents at beginning of the period (year)	27,862	27,891	27,891
Cash and cash equivalents at end of the period (year)	30,118	28,947	27,862

Significant Accounting Policies for the Preparation of Semiannual Financial Statements

1. Valuation method for major assets

(1) Valuation method for securities

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 inventories

Merchandise inventories of Denny's Japan Co., Ltd. (the "Company") are valued at cost, determined by the last purchase price 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 an estimated useful life of 5 years.

3. Allowances

(1) 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.

(2) 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 prior service costs are amortized on a straight-line basis over the period of 10 years from the year in which they arise. Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise.

(3) 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. Leases

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. Accounting for consumption taxes

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

6. Cash and cash equivalents

Cash and cash equivalents in the accompanying 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 which are considered to represent a low risk of market price fluctuation.

Notes to Nonconsolidated Financial Statements

Nonconsolidated Balance Sheet

(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	26,918	25,867	26,725
2. Contingent liabilities	0	7	0

Nonconsolidated Statement of Income

(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
1. Interest income included in non-operating income	17	17	35
2. Special gains			
-Gain on sales of property and equipment	333	-	-
3. Depreciation and amortization			
-Property and equipment	907	985	2,040
-Intangible assets	95	138	267
Total	1,002	1,123	2,307
4. Special losses			
-Loss on disposal of property and equipment	158	210	298
-Impairment loss	160	-	228
-Head office relocation expenses	-	89	89
-Organization expenses for holding company	58	-	-
Total	376	300	616

5. Impairment loss

(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
Buildings	129	-	184
Others	30	-	43
Total	160	-	228
Description	Operating stores	-	Operating stores
Location	(Number of stores)		(Number of stores)
	Tokyo and other 9	-	Tokyo and other 15

The Company groups its fixed assets by operating stores, which is the minimum cash-generating unit. Impairment losses were recognized and recorded in "Special losses" in accordance with "Accounting Standard for Impairment of Fixed Assets." Impairment losses are carrying amounts in excess of the recoverable value of stores whose operations are in a slump.

Recoverable value of the group of assets is value in use, which was calculated by discounting estimated future cash flows to which the 6 % discount rate was applied.

Nonconsolidated Statement of Income

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

(Millions of yen)

	As of August 31, 2005	As of August 31, 2004	As of February 28, 2005
Cash and bank deposits	30,118	28,947	27,862

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 the leased assets 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	Facilities and equipment	Facilities and equipment
Acquisition cost	4,708	5,835	5,623
Accumulated depreciation	2,162	2,563	2,749
Net book value	2,546	3,272	2,874

(2) The amounts of outstanding future lease payments 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	843	960	855
Over one year	1,748	2,349	2,059
Total	2,592	3,310	2,915

(3) Lease payments and depreciation expense of the 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	474	555	1,133
Depreciation expense	449	526	1,073
Interest expense	29	31	65

(4) Depreciation method and method of calculating the interest portion

- Depreciation expense is computed using the straight-line method over the lease term of the leased assets assuming no residual value.
- Interest expense is calculated as the total lease payments less the original acquisition cost of leased equipments. Allocation of interest expense to each period is calculated using the interest method.

[2] Operating leases

As lessee

The amounts of outstanding future lease payments 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	183	287	247
Over one year	345	1,136	759
Total	529	1,423	1,007

Securities Information

1. 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 gain s/(losses)	Acquisition cost	Book value	Net unrealized gain s/(losses)	Acquisition cost	Book value	Net unrealized gain s/(losses)
Equity securities	162	455	293	164	347	183	162	375	213
Total	162	455	293	164	347	183	162	375	213

2. 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
Unlisted securities (excluding the OTC securities)	40	40	40
Total	40	40	40

Derivative Transactions

There were no derivative transactions for the six-month periods ended August 31, 2005, 2004 and for the fiscal year ended February 28, 2005.

Equity in earnings of affiliates

There were no affiliates that should be accounted for by equity method for the six-month period ended August 31, 2005, 2004 and for the fiscal year ended February 28, 2005.

Subsequent Events

On September 1, 2005, the Company established Seven & I Holdings, Co., Ltd. with Seven-Eleven Japan Co., Ltd. ("SEJ") and Ito-Yokado Co., Ltd. ("Ito-Yokado") by means of stock-transfer and the Company, SEJ and Ito-Yokado became wholly owned subsidiaries of Seven & I Holdings, Co., Ltd.

As a result, the Company's treasury stock of ¥345 million were converted to the stock of the parent company and recorded in "Current Assets" instead of deduction item in "Shareholders' Equity".

BRIEF SUMMARY
of
RESULTS in the First Half of FY2006

Seven & I Holdings Co., Ltd.

[Seven & I Holdings Co., Ltd.]

1. Consolidated Business Results

Consolidated Results of Ito-Yokado and Forecast of Seven & I Holdings

	04/8		05/2		05/8		06/2(est.)	
	Millions of yen	YOY %	Millions of yen	YOY %	Millions of yen	YOY %	Millions of yen	YOY %
Revenue from operations	1,795,602	101.4	3,623,554	102.3	1,875,634	104.5	3,700,000	102.1
[Business segments]								
Convenience store operations	887,884	102.1	1,806,168	104.9	942,020	106.1		
Superstore operations	819,288	99.1	1,642,264	98.4	837,714	102.2		
Restaurant operations	65,455	100.8	126,181	100.0	64,405	98.4		
Financial services	28,371	179.6	61,236	164.5	39,670	139.8		
Other	8,422	119.5	17,195	116.7	8,350	99.1		
[Geographic area segments]								
Japan	1,142,109	101.6	2,271,756	100.6	1,171,571	102.6		
U.S.A.	597,376	100.7	1,233,982	105.0	632,651	105.9		
Other	57,322	104.8	120,611	108.7	72,694	126.8		
Operating income	112,345	113.0	211,950	102.0	127,151	113.2	233,000	109.9
[Business segments]								
Convenience store operations	101,816	104.3	195,385	104.2	108,776	106.8	200,000	102.4
Superstore operations	6,224	127.7	7,814	36.9	6,969	112.0	20,000	256.0
Restaurant operations	2,558	119.3	3,620	111.0	2,607	101.9	3,700	102.2
Financial services	1,830	-	5,401	-	8,534	466.3	9,000	166.6
Other	-126	-	211	-	261	-	300	142.2
[Geographic area segments]								
Japan	98,497	112.9	185,726	100.7	111,733	113.4		
U.S.A.	13,329	113.5	25,591	114.1	15,245	114.4		
Other	518	123.6	683	71.6	172	33.2		
Ordinary income	111,807	115.7	208,267	103.7	128,330	114.8	230,000	110.4
Net income	32,410	139.5	17,205	32.1	37,493	115.7	114,700	666.7
Earnings per share	yen	%	yen	%	yen	%	yen	
	77.67	139.2	40.73	31.8	91.34	117.6	134.26	-

Exchange rates

P/L	\$1= yen	108.50	108.23	106.16	105.00
	1 yuan= yen	13.09	13.06	12.91	13.00
B/S	\$1= yen	108.43	104.21	110.62	-
	1 yuan= yen	13.10	12.59	13.37	-

2. Nonconsolidated Business Results

[Seven-Eleven Japan Co., Ltd.]

	04/8		05/2		05/8		06/2 (est.)	
		YOY		YOY		YOY		YOY
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Total store sales	1,247,684	105.9	2,440,853	104.2	1,270,766	101.8	2,557,000	104.8
Revenue from operations	240,224	106.3	467,233	104.9	251,089	104.5	496,000	106.2
Operating income	91,967	106.2	174,365	104.5	94,771	103.0	181,000	103.8
Ordinary income	92,944	105.7	176,070	104.2	96,870	104.2	181,500	103.1
Net income	51,593	105.6	92,891	101.5	55,185	107.0	100,000	107.7
Earnings per share	64.36	106.2	115.78	101.9	70.08	108.9	128.86	111.3
	yen	%	yen	%	yen	%	yen	%
Number of domestic stores	10,559	+256	10,826	+523	10,985	+159	11,376	+550
Net sales increase, existing stores only (%)	+0.3		-0.7		-2.2		±0.0	
Gross margin (%)	30.8	-0.1	30.7	+0.1	31.1	+0.3	30.9	+0.2
Average daily sales per stores (thousand yen)	656	-1	639	-8	638	-18		

[Ito-Yokado Co., Ltd.]

	04/8		05/2		05/8		06/2 (est.)	
		YOY		YOY		YOY		YOY
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Revenue from operations	736,218	99.8	1,473,583	98.6	743,036	100.9	1,520,000	103.1
Total store sales	727,134	99.9	1,455,358	98.7	731,747	100.6	1,500,000	103.1
Operating income	7,082	100.5	8,800	36.5	5,420	76.5	20,000	227.3
Ordinary income	16,128	105.3	27,081	64.0	15,018	93.1	39,000	144.0
Net income	12,065	108.2	17,509	61.0	11,927	98.9	27,000	154.2
Earnings per share	28.90	108.0	41.74	60.8	29.05	100.5	66.59	159.5
	yen	%	yen	%	yen	%	yen	%
Number of stores	177	±0	181	+4	180	-1	179	-2
Net sales increase, existing stores only (%)	-3		-4		-2		-1	
Gross margin (%)	31.3	+0.5	31.0	-0.6	31.3	±0.0	31.3	+0.3

[Denny's Japan Co., Ltd.]

	04/8		05/2		05/8		06/2 (est.)	
		YOY		YOY		YOY		YOY
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Revenue from operations	50,181	101.3	96,523	100.9	49,526	98.7	100,500	104.1
Total store sales	50,096	101.3	96,360	100.9	49,479	98.8	100,400	104.2
Operating income	2,319	110.4	3,220	107.9	2,198	94.8	4,200	130.4
Ordinary income	2,351	107.1	3,317	103.1	2,277	96.9	4,300	129.6
Net income	1,033	141.4	1,284	111.4	1,138	110.2	2,000	155.8
Earnings per share	32.12	141.5	39.08	111.9	35.40	110.2	62.16	159.1
	yen	%	yen	%	yen	%	yen	%
Number of domestic stores	581	+3	582	+4	583	+1	602	+20
Net sales increase, existing stores only (%)	-0.5		-1.2		-2.5		+2.0	
Gross margin (%)	67.1	-0.5	66.9	-0.2	66.8	-0.3	67.6	+0.7