



January 10, 2006

# Consolidated Financial Results

## For the Nine-Month Period Ended November 30, 2005

### Ito-Yokado Co., Ltd.

President and C.O.O.: Sakae Isaka

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

- Adoption of Simplified Accounting Method : Applied  
 Changes in Accounting Method : None  
 Changes in the Scope of Consolidation : The number of consolidated subsidiaries increased by 7 and decreased by 39  
 : The number of affiliated companies accounted for using the equity method increased by 1, decreased by 7

As Seven-Eleven Japan Co., Ltd. ("SEJ") and Denny's Japan Co., Ltd. ("DJ") became wholly owned subsidiaries of Seven & I Holdings Co., Ltd after its establishment on September 1, 2005, SEJ and its subsidiaries including 7dream.com, 7-Eleven, Inc. and other 33 companies, DJ, and Seven Bank, Ltd. were excluded from scope of consolidation of the Company from September 1, 2005, and Seven Bank, Ltd. became an affiliated company accounted for using equity method.

#### 2. Consolidated Business Results for the Nine-Month Period (from March 1, 2005 to November 30, 2005)

##### (1) Results of operations

(Millions of yen, except per share amounts)

	Revenue from Operations		Operating Income		Ordinary Income	
Nine Months Ended November 30, 2005	2,286,739	-	128,991	-	140,755	-
Nine Months Ended November 30, 2004	2,702,460	1.5%	164,182	12.9%	163,360	16.1%
Fiscal Year Ended February 28, 2005	3,623,554	2.3%	211,950	2.0%	208,267	3.7%

	Net Income		Net Income per Share		Diluted Net Income per Share	
Nine Months Ended November 30, 2005	47,836	-	115.77	(yen)	-	(yen)
Nine Months Ended November 30, 2004	45,694	42.7%	109.51	(yen)	109.25	(yen)
Fiscal Year Ended February 28, 2005	17,205	(67.9%)	40.73	(yen)	40.51	(yen)

Note: Percentages above represent increase/ (decrease) over prior year corresponding period unless otherwise stated.

For the nine months ended November 30, 2005, percentages are not disclosed since SEJ and its subsidiaries including 7dream.com, 7-Eleven, Inc. and other 34 companies, DJ, and Seven Bank, Ltd. were excluded from scope of consolidation of the Company from September 1, 2005.

##### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Shareholder(s)' Equity	Ratio of Shareholder(s)' Equity to Total Assets	Shareholder(s)' Equity per Share
November 30, 2005	1,199,691	804,355	67.1%	1,921.00 (yen)
November 30, 2004	2,567,699	1,177,418	45.9%	2,821.78 (yen)
February 28, 2005	2,574,817	1,144,504	44.4%	2,742.42 (yen)

##### (3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Nine Months Ended November 30, 2005	141,353	(82,723)	(167,421)	151,562
Nine Months Ended November 30, 2004	180,408	(46,769)	(62,535)	640,030
Fiscal Year Ended February 28, 2005	266,709	(94,758)	(56,524)	683,100

# CONDENSED CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	November 30, 2005		November 30, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>Current assets</b>	<b>462,219</b>	<b>38.5</b>	<b>1,034,521</b>	<b>40.3</b>	<b>1,058,623</b>	<b>41.1</b>
Cash and bank deposits	151,562		621,311		664,124	
Accounts and notes receivable, trade	73,801		80,705		72,465	
Trade accounts receivable - Financial service	19,231		30,827		32,840	
Marketable securities	119		19,498		19,941	
Parent company's stock	74,417		-		-	
Inventories	96,656		142,588		120,300	
Deferred income taxes	16,630		27,121		31,201	
Other	30,933		112,865		118,214	
Allowance for doubtful accounts	(1,133)		(396)		(465)	
<b>Non-current assets</b>	<b>737,472</b>	<b>61.5</b>	<b>1,533,177</b>	<b>59.7</b>	<b>1,516,193</b>	<b>58.9</b>
<b>Property and equipment</b>	<b>341,440</b>	<b>28.5</b>	<b>867,880</b>	<b>33.8</b>	<b>839,327</b>	<b>32.6</b>
Buildings and structures	130,388		336,238		321,523	
Furniture, fixtures and equipment	15,282		148,601		147,821	
Vehicles	42		35		50	
Land	166,017		370,227		353,136	
Construction in progress	29,709		12,777		16,795	
<b>Intangible assets</b>	<b>9,542</b>	<b>0.8</b>	<b>154,721</b>	<b>6.0</b>	<b>148,792</b>	<b>5.8</b>
<b>Investments and other assets</b>	<b>386,488</b>	<b>32.2</b>	<b>510,575</b>	<b>19.9</b>	<b>528,073</b>	<b>20.5</b>
Investments in securities	77,397		89,772		95,997	
Long-term leasehold deposits	260,600		353,000		352,236	
Prepaid pension cost	25,481		-		-	
Deferred income taxes	487		17,467		28,246	
Other	24,286		56,394		58,160	
Allowance for doubtful accounts	(1,764)		(6,059)		(6,568)	
<b>TOTAL ASSETS</b>	<b>1,199,691</b>	<b>100.0</b>	<b>2,567,699</b>	<b>100.0</b>	<b>2,574,817</b>	<b>100.0</b>

(Millions of yen)

	November 30, 2005		November 30, 2004		February 28, 2005	
	Amount	%	Amount	%	Amount	%
<b>LIABILITIES</b>						
<b>Current liabilities</b>	<b>217,480</b>	<b>18.1</b>	<b>626,560</b>	<b>24.4</b>	<b>672,703</b>	<b>26.1</b>
Accounts and notes payable, trade	101,528		276,182		250,095	
Short-term loans	2,729		2,778		5,654	
Current portion of long-term loans	1,553		10,474		11,467	
Current portion of bonds	-		20,000		20,000	
Income taxes payable	2,186		22,887		55,583	
Deposits received	25,291		58,145		73,100	
Other	84,191		236,090		256,802	
<b>Non-current liabilities</b>	<b>170,145</b>	<b>14.2</b>	<b>356,741</b>	<b>13.9</b>	<b>354,474</b>	<b>13.8</b>
Bonds	100,000		115,000		115,000	
Long-term loans	14,025		104,448		90,676	
Commercial Paper	-		10,019		22,493	
Deferred income taxes	7,115		18,267		18,811	
Accrued pension and severance costs	251		11,552		10,463	
Allowance for retirement benefits to directors and corporate auditors	1,343		2,806		2,867	
Deposits received from tenants and franchised stores	45,617		45,137		45,342	
Other	1,792		49,508		49,091	
<b>TOTAL LIABILITIES</b>	<b>387,626</b>	<b>32.3</b>	<b>983,302</b>	<b>38.3</b>	<b>1,027,450</b>	<b>39.9</b>
<b>MINORITY INTERESTS</b>	<b>7,709</b>	<b>0.6</b>	<b>406,978</b>	<b>15.8</b>	<b>402,862</b>	<b>15.7</b>
<b>SHAREHOLDER(S)' EQUITY</b>						
Common stock	47,987	4.0	47,987	1.9	47,987	1.9
Capital surplus	121,812	10.2	121,812	4.8	122,653	4.8
Retained earnings	629,627	52.5	1,012,173	39.4	983,675	38.2
Net unrealized gains on available-for-sale securities	4,830	0.4	2,567	0.1	3,080	0.1
Cumulative translation adjustments	96	0.0	(3,092)	(0.1)	(8,850)	(0.4)
Treasury stock	-	-	(4,030)	(0.2)	(4,041)	(0.2)
<b>TOTAL SHAREHOLDER(S)' EQUITY</b>	<b>804,355</b>	<b>67.1</b>	<b>1,177,418</b>	<b>45.9</b>	<b>1,144,504</b>	<b>44.4</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDER(S)' EQUITY</b>	<b>1,199,691</b>	<b>100.0</b>	<b>2,567,699</b>	<b>100.0</b>	<b>2,574,817</b>	<b>100.0</b>

# CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Millions of yen)

	Nine Months Ended November 30, 2005		Nine Months Ended November 30, 2004		Fiscal Year Ended February 28, 2005	
	Amount	%	Amount	%	Amount	%
<b>Revenue from operations</b>	<b>2,286,739</b>		<b>2,702,460</b>		<b>3,623,554</b>	
Net sales	2,047,534	100.0	2,383,574	100.0	3,200,997	100.0
Cost of sales	1,471,047	71.8	1,699,988	71.3	2,292,457	71.6
<b>Gross profit on sales</b>	<b>576,487</b>	<b>28.2</b>	<b>683,585</b>	<b>28.7</b>	<b>908,540</b>	<b>28.4</b>
Other Operating revenue	239,204	11.6	318,885	13.4	422,556	13.2
<b>Gross profit from operations</b>	<b>815,692</b>	<b>39.8</b>	<b>1,002,471</b>	<b>42.1</b>	<b>1,331,097</b>	<b>41.6</b>
Selling, general and administration expenses	686,700	33.5	838,288	35.2	1,119,146	35.0
<b>Operating income</b>	<b>128,991</b>	<b>6.3</b>	<b>164,182</b>	<b>6.9</b>	<b>211,950</b>	<b>6.6</b>
<b>Non-operating income and expenses</b>						
<b>Non-operating income</b>	<b>15,958</b>	<b>0.8</b>	<b>6,119</b>	<b>0.3</b>	<b>5,242</b>	<b>0.2</b>
<b>Non-operating expenses</b>	<b>4,194</b>	<b>0.2</b>	<b>6,941</b>	<b>0.3</b>	<b>8,926</b>	<b>0.3</b>
<b>Ordinary income</b>	<b>140,755</b>	<b>6.9</b>	<b>163,360</b>	<b>6.9</b>	<b>208,267</b>	<b>6.5</b>
<b>Special gains and losses</b>						
<b>Special gains</b>	<b>2,795</b>	<b>0.1</b>	<b>1,641</b>	<b>0.0</b>	<b>7,902</b>	<b>0.2</b>
<b>Special losses</b>	<b>9,722</b>	<b>0.5</b>	<b>13,882</b>	<b>0.6</b>	<b>65,336</b>	<b>2.0</b>
<b>Income before income taxes and minority interests for the period (year)</b>	<b>133,827</b>	<b>6.5</b>	<b>151,120</b>	<b>6.3</b>	<b>150,832</b>	<b>4.7</b>
Income taxes - current	47,729	2.3	61,984	2.6	97,120	3.0
Income taxes - deferred	3,521	0.2	(963)	(0.0)	(16,695)	(0.5)
Minority interests in losses of consolidated subsidiaries	34,740	1.7	44,404	1.8	53,202	1.7
<b>Net income for the period (year)</b>	<b>47,836</b>	<b>2.3</b>	<b>45,694</b>	<b>1.9</b>	<b>17,205</b>	<b>0.5</b>

# CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

	Nine Months Ended November 30, 2005	Nine Months Ended November 30, 2004	Fiscal Year Ended February 28, 2005
<b>Capital surplus</b>			
<b>Capital surplus at beginning of period (year)</b>	<b>122,653</b>	<b>121,807</b>	<b>121,807</b>
<b>Increase in capital surplus</b>	<b>917</b>	<b>5</b>	<b>846</b>
Gain on sales of treasury stock	0	5	5
Increase resulting from adoption of U.S. GAAP by foreign subsidiaries	917	-	840
<b>Decrease in capital surplus</b>			
Decrease due to changes in the scope of consolidation	1,757	-	-
<b>Capital surplus at end of period (year)</b>	<b>121,812</b>	<b>121,812</b>	<b>122,653</b>
<b>Retained earnings</b>			
<b>Retained earnings at beginning of period (year)</b>	<b>983,675</b>	<b>980,876</b>	<b>980,876</b>
<b>Increase in retained earnings</b>	<b>47,836</b>	<b>45,712</b>	<b>17,214</b>
Net income for the period (year)	47,836	45,694	17,205
Increase resulting from adoption of U.S. GAAP by foreign subsidiaries	-	18	9
<b>Decrease in retained earnings</b>	<b>401,884</b>	<b>14,415</b>	<b>14,415</b>
Cash dividends	20,075	14,193	14,193
Bonuses to directors and corporate auditors	194	222	222
Decrease resulting from adoption of U.S. GAAP by foreign subsidiaries	2	-	-
Decrease due to changes in the scope of consolidation	381,612	-	-
<b>Retained earnings at end of period (year)</b>	<b>629,627</b>	<b>1,012,173</b>	<b>983,675</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS** (Millions of yen)

	Nine Months Ended November 30, 2005	Nine Months Ended November 30, 2004	Fiscal Year Ended February 28, 2005
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests for the period (year)	133,827	151,120	150,832
Depreciation and amortization	51,208	70,260	95,160
Equity in earnings of affiliates	(2,424)	(2,056)	(653)
Increase in accounts and notes receivable	(18,498)	(14,359)	(9,188)
Increase in trade accounts receivable - Financial services	(5,636)	(10,070)	(12,083)
Increase in inventories	(12,170)	(23,253)	(17,366)
Increase in accounts and notes payable	36,474	23,378	657
Proceeds from debt and issuance of bonds in a subsidiary (Bank)	-	30,000	35,000
Others	6,976	43,446	115,652
Sub-total	189,757	268,465	358,012
Interest and dividends received	10,936	1,463	1,908
Interest paid	(3,769)	(6,292)	(6,789)
Income taxes paid	(55,570)	(83,228)	(86,422)
<b>Net cash provided by operating activities</b>	<b>141,353</b>	<b>180,408</b>	<b>266,709</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment	(81,351)	(78,988)	(125,700)
Proceeds from sales of property and equipment	3,377	28,423	29,138
Payment for purchase of investments in securities	(29,597)	(28,127)	(32,129)
Proceeds from sale and maturity of investment in securities	24,811	24,368	28,447
Payment for long-term leasehold deposits and advance for store construction	(11,127)	(28,951)	(34,626)
Refund of long-term leasehold deposits	14,318	46,630	51,383
Others	(3,155)	(10,124)	(11,272)
<b>Net cash used in investing activities</b>	<b>(82,723)</b>	<b>(46,769)</b>	<b>(94,758)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from long-term debt	14,000	18,000	22,000
Repayment of long-term debt	(5,523)	(29,224)	(50,105)
Proceeds from commercial paper issued by a foreign subsidiary	297,600	470,855	614,226
Payments for redemption of commercial paper issued by a foreign subsidiary	(298,953)	(495,735)	(619,793)
Payment for redemption of bonds	(20,000)	-	-
Dividend paid	(20,076)	(14,144)	(14,192)
Dividend paid for minority interests	(8,507)	(16,375)	(16,446)
Purchase of treasury stock	(48,716)	(125)	(137)
Purchase of subsidiaries' treasury stock	(78,253)	(140)	(147)
Others	1,008	4,354	8,072
<b>Net cash used in financing activities</b>	<b>(167,421)</b>	<b>(62,535)</b>	<b>(56,524)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,736</b>	<b>885</b>	<b>(368)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(107,054)</b>	<b>71,988</b>	<b>115,058</b>
<b>Cash and cash equivalents at beginning of period (year)</b>	<b>683,100</b>	<b>567,389</b>	<b>567,389</b>
<b>Decrease in cash and cash equivalents due to changes in the scope of consolidation</b>	<b>(424,483)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents of newly consolidated variable interest entities at beginning of period</b>	<b>-</b>	<b>651</b>	<b>651</b>
<b>Cash and cash equivalents at end of period (year)</b>	<b>151,562</b>	<b>640,030</b>	<b>683,100</b>