

CONSOLIDATED STATEMENT OF INCOME

SEVEN & i HOLDINGS CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES FOR THE YEAR ENDED FEBRUARY 28, 2006

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2006	2006
Revenues from operations:		
Net sales	¥3,437,345	\$29,632,284
Other operating revenue (Note 15).....	458,427	3,951,957
	3,895,772	33,584,241
Costs and expenses:		
Cost of sales (Note 15)	2,488,509	21,452,664
Selling, general and administrative expenses	1,162,323	10,020,026
(Notes 10, 12 and 15)		
	3,650,832	31,472,690
Operating income	244,940	2,111,551
Other income (expenses):		
Interest and dividend income	3,058	26,362
Interest expenses	(6,363)	(54,853)
Foreign currency exchange gains	3,236	27,897
Equity in earnings of affiliates	1,993	17,181
Impairment loss on property and equipment (Note 7)	(31,040)	(267,586)
Gain on sales of property and equipment (Note 15)	1,843	15,888
Loss on disposals of property and equipment (Note 15)	(8,185)	(70,561)
Costs in relation to tender offer	(20,776)	(179,103)
Gain from amendment of retirement allowance regulation in subsidiaries in the United States	3,011	25,957
Costs in relation to the establishment of the holding company	(2,598)	(22,397)
Provision for doubtful accounts	(5,789)	(49,905)
Additional retirement allowance for early retirement	(6,160)	(53,103)
Other, net	1,348	11,620
	(66,422)	(572,603)
Income before income taxes and minority interests	178,518	1,538,948
Income taxes (Note 9):		
Current	83,268	717,828
Deferred	(1,793)	(15,458)
	81,475	702,370
Income before minority interests	97,043	836,578
Minority interests in earnings of consolidated subsidiaries	9,112	78,552
Net income	¥ 87,931	\$ 758,026
	Yen	U.S. dollars (Note 3)
Per share of common stock:		
Net income	¥100.83	\$0.87
Cash dividends	28.50	0.25

The accompanying notes are an integral part of these statements.