



October 9, 2008

# Consolidated Financial Results for the Six Months Ended August 31, 2008

## Seven & i Holdings Co., Ltd.

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

Securities Code No. 3382

President and COO: Noritoshi Murata

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

Submission date of semi-annual securities report scheduled: November 25, 2008

Starting date of paying interim dividend: November 14, 2008

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

### 1. Business Results for the Six Months ended August 31, 2008 (from March 1, 2008 to August 31, 2008)

#### (1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Six months ended August 31, 2008	2,861,034	1.6%	148,009	2.8%	147,981	1.8%
Six months ended August 31, 2007	2,816,822	10.2%	143,998	1.3%	145,429	4.3%
Year ended February 29, 2008	5,752,392	-	281,088	-	278,262	-

	Net Income		Net Income per Share		Diluted Net Income per Share	
Six months ended August 31, 2008	67,503	(2.4)%	72.34	(yen)	72.34	(yen)
Six months ended August 31, 2007	69,145	0.7%	72.52	(yen)	-	(yen)
Year ended February 29, 2008	130,657	-	137.03	(yen)	-	(yen)

Notes: 1. Equity in earnings of affiliates:

Six months ended August 31, 2008: 50 million yen      Six months ended August 31, 2007: 643 million yen  
Year ended February 29, 2008: 1,072 million yen

2. Percentages above represent increase (decrease) from the corresponding period in the prior year unless otherwise stated

#### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of August 31, 2008	3,985,912	1,918,143	46.2%	2,038.26 (yen)
As of August 31, 2007	3,930,835	2,027,876	49.8%	2,052.89 (yen)
As of February 29, 2008	3,886,680	2,058,038	51.1%	2,081.85 (yen)

Note: Owners' Equity (Net assets excluding minority interests in consolidated subsidiaries and subscriptions to shares) :

As of August 31, 2008: 1,841,517 million yen      As of August 31, 2007: 1,957,421 million yen  
As of February 29, 2008: 1,985,018 million 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
Six months ended August 31, 2008	239,327	(88,287)	(82,572)	735,610
Six months ended August 31, 2007	361,197	(133,863)	(89,174)	709,160
Year ended February 29, 2008	465,380	(237,184)	(130,136)	667,770

### 2. Dividends

(yen)

Record Date	Dividends per Share		
	Interim	Year-end	Annual
Year ended February 29, 2008	26.00	28.00	54.00
Year ending February 28, 2009	27.00		54.00
Year ending February 28, 2009 (forecast)		27.00	

### 3. Forecast of Business Results for the Fiscal Year Ending February 28, 2009 (from March 1, 2008 to February 28, 2009)

(Millions of yen, except per share amounts)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income	Net Income per Share
Entire Year	5,760,000 0.1 %	294,000 4.6 %	290,000 4.2 %	137,000 4.9 %	151.64 (yen)

Note : Percentages above represent increase from the prior fiscal year.

#### 4. Others

- (1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries accompanying change in scope of consolidation): None
- (2) Changes in accounting principles, procedures, and method of presentation for preparing the consolidated interim financial statements (those to be described in the section of Significant Accounting Policies for the Preparation of Interim Consolidated Financial Statements)

Changes due to amendment of accounting standards: None  
Changes due to other reasons: None

- (3) Number of shares outstanding (common stock)

Number of shares outstanding at the end of period (including treasury stock)

As of August 31, 2008: 906,441,983 shares  
As of February 29, 2008: 956,441,983 shares

As of August 31, 2007: 967,770,983 shares

Number of treasury stock at the end of period

As of August 31, 2008: 2,966,472 shares  
As of February 29, 2008: 2,954,728 shares

As of August 31, 2007: 14,275,210 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to Per Share Information on page 40 of attached materials.

#### Reference: Summary of Nonconsolidated Financial Statements

##### 1. Nonconsolidated Business Results for the Six Months ended August 31, 2008 (from March 1, 2008 to August 31, 2008)

###### (1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Six months ended August 31, 2008	28,311	27.3%	24,565	30.2%	22,524	24.0%
Six months ended August 31, 2007	22,232	(9.5)%	18,871	(4.3)%	18,169	(6.2)%
Year ended February 29, 2008	58,734	-	51,943	-	50,294	-

	Net Income		Net Income per Share	
Six months ended August 31, 2008	20,950	30.9%	22.42	(yen)
Six months ended August 31, 2007	16,006	(17.2)%	16.54	(yen)
Year ended February 29, 2008	47,899	-	50.15	(yen)

Note: Percentages above represent increase (decrease) from the corresponding period in the prior year unless otherwise stated.

###### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of August 31, 2008	1,750,529	1,376,490	78.6%	1,523.15 (yen)
As of August 31, 2007	1,765,442	1,592,272	90.2%	1,645.42 (yen)
As of February 29, 2008	1,768,915	1,565,344	88.5%	1,636.77 (yen)

Note: Owners' Equity (Net assets excluding subscriptions to shares) :

As of August 31, 2008: 1,376,143 million yen

As of August 31, 2007: 1,592,272 million yen

As of February 29, 2008: 1,565,344 million yen

#### FORWARD LOOKING STATEMENTS

The forecast for the fiscal year ending February 28, 2009 is based on Seven & i Holdings' 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 forecast.

## MAJOR SEVEN & i HOLDINGS GROUP COMPANIES

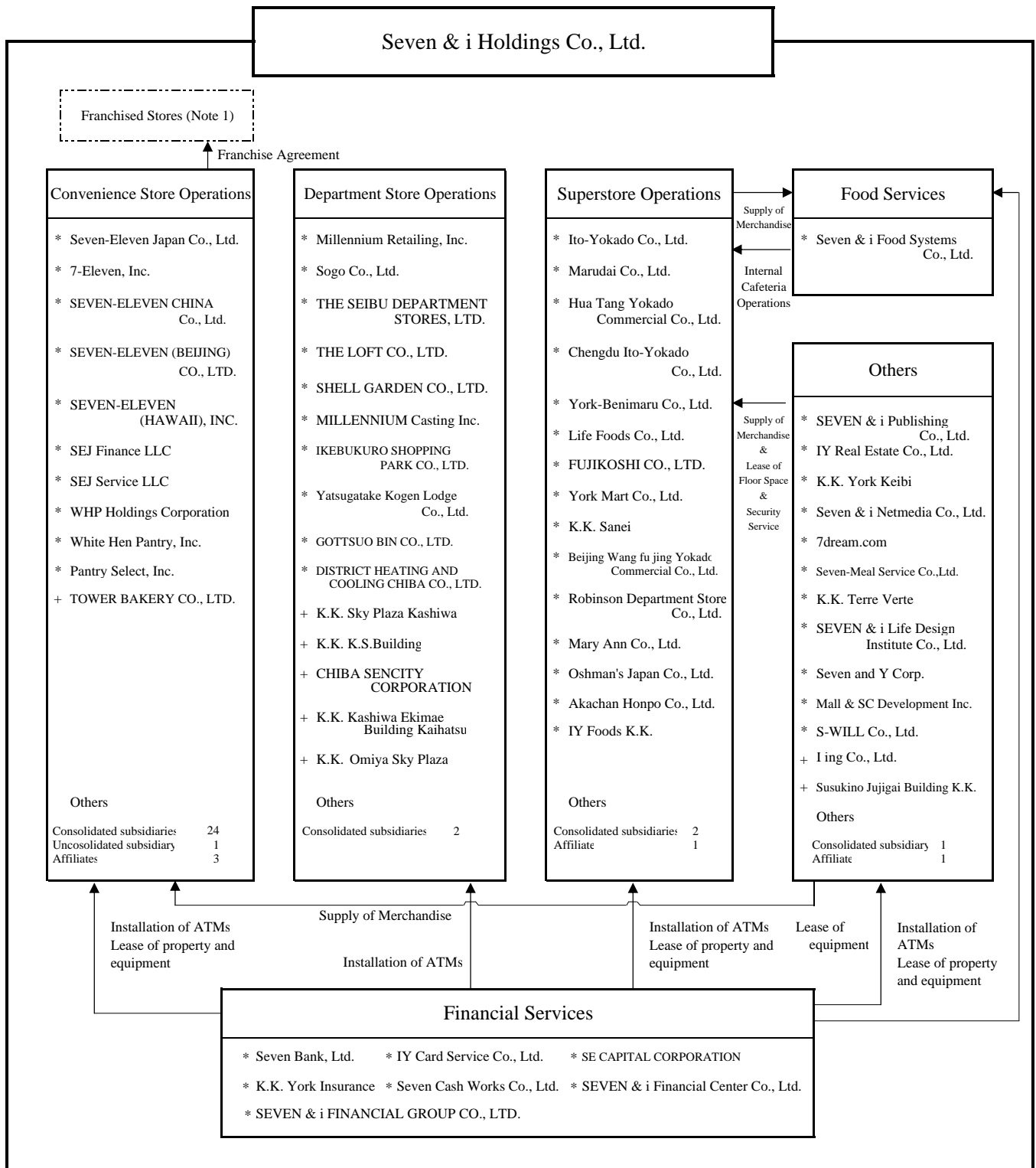
Seven & i Holdings Group consists 98 diversified retail companies, mainly engaged in convenience store operations, superstore operations, department store operations, food services and financial services. Business segments, major group companies and number of companies are as follows.

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

Business Segments	Major Group Companies	Number of Companies
<b>Convenience Store Operations</b>	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN CHINA Co., Ltd. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (HAWAII), INC. SEJ Finance LLC SEJ Service LLC WHP Holdings Corporation White Hen Pantry, Inc. Pantry Select, Inc. TOWER BAKERY CO., LTD.	Consolidated Subsidiaries 34 Unconsolidated Subsidiary 1 Affiliates 4 <hr/> Total 39
<b>Superstore Operations</b>	Ito-Yokado Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. FUJIKOSHI CO., LTD. York Mart Co., Ltd. K.K. Sanei Beijing Wang fu jing Yokado Commercial Co., Ltd. Robinson Department Store Co., Ltd. Mary Ann Co., Ltd. Oshman's Japan Co., Ltd. Akachan Honpo Co., Ltd. IY Foods K.K.	Consolidated Subsidiaries 17 Affiliate 1 <hr/> Total 18
<b>Department Store Operations</b>	Millennium Retailing, Inc. Sogo Co., Ltd. THE SEIBU DEPARTMENT STORES, LTD. THE LOFT CO., LTD. SHELL GARDEN CO., LTD. MILLENNIUM Casting Inc. IKEBUKURO SHOPPING PARK CO., LTD. Yatsugatake Kogen Lodge Co., Ltd. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD. K.K. Sky Plaza Kashiwa K.K. K.S. Building CHIBA SENCITY CORPORATION K.K. Kashiwa Ekimae Building Kaihatsu K.K. Omiya Sky Plaza	Consolidated Subsidiaries 12 Affiliates 5 <hr/> Total 17
<b>Food Services</b>	Seven & i Food Systems Co., Ltd.	Consolidated Subsidiary 1
<b>Financial Services</b>	Seven Bank, Ltd. IY Card Service Co., Ltd. SE CAPITAL CORPORATION K.K. York Insurance Seven Cash Works Co., Ltd. SEVEN & i Financial Center Co., Ltd. SEVEN & i FINANCIAL GROUP CO., LTD.	Consolidated Subsidiaries 7
<b>Others</b>	SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Netmedia Co., Ltd. 7dream.com Seven-Meal Service Co., Ltd. K.K. Terre Verte SEVEN & i Life Design Institute Co., Ltd. Seven and Y Corp. Mall & SC Development Inc. S-WILL Co., Ltd. I ing Co., Ltd. Susukino Jujigai Building K.K.	Consolidated Subsidiaries 12 Affiliates 3 <hr/> Total 15

1. On April 10, 2008, SEVEN-ELEVEN CHINA Co., Ltd. was established as a wholly owned subsidiary of the Company.
2. SEJ Finance LLC and SEJ Service LLC are the holding companies of 7-Eleven, Inc.
3. WHP Holdings Corporation is the holding company of White Hen Pantry, Inc. and Pantry Select, Inc.
4. TOWER BAKERY CO., LTD., K.K. Sky Plaza Kashiwa, K.K. K.S. Building, CHIBA SENCITY CORPORATION, K.K. Kashiwa Ekimae Building Kaihatsu, K.K. Omiya Sky Plaza, I ing Co., Ltd., and Susukino Jujigai Building K.K. are affiliates and other companies are consolidated subsidiaries.
5. Millennium Retailing, Inc. is the holding company of Sogo Co., Ltd., and THE SEIBU DEPARTMENT STORES, LTD., etc.
6. On July 11, 2008, Seven & i Netmedia Co., Ltd. was established as a wholly owned subsidiary of the Company.

# BUSINESS RELATION IN GROUP



\* Consolidated subsidiary  
+ Affiliate accounted for using the equity method

- Notes: 1. Each franchised store is operated by an independent franchisee which enters into franchise agreement with Seven-Eleven Japan Co., Ltd. or 7-Eleven, Inc.  
2. As of August 31 2008, Seven Bank, Ltd. placed 13,277 units of ATMs mainly in the stores of Group companies.

# CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	August 31, 2007		August 31, 2008		February 29, 2008	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>Current assets</b>	<b>1,323,210</b>	<b>33.7</b>	<b>1,500,364</b>	<b>37.6</b>	<b>1,354,417</b>	<b>34.8</b>
Cash and bank deposits	718,572		573,404		649,167	
Notes and accounts receivable, trade	139,010		142,298		128,852	
Trade accounts receivable - financial services	75,820		77,452		75,741	
Marketable securities	-		231,524		94,524	
Inventories	170,562		167,242		169,026	
Prepaid expenses	37,221		36,594		33,298	
Deferred income taxes	32,899		33,405		35,730	
Other	151,786		241,580		171,063	
Allowance for doubtful accounts	(2,662)		(3,139)		(2,987)	
<b>Non-current assets</b>	<b>2,607,253</b>	<b>66.3</b>	<b>2,485,302</b>	<b>62.4</b>	<b>2,531,954</b>	<b>65.2</b>
<b>Property and equipment</b>	<b>1,355,207</b>	<b>34.5</b>	<b>1,295,196</b>	<b>32.5</b>	<b>1,337,142</b>	<b>34.4</b>
Buildings and structures	559,004		541,693		548,784	
Furniture, fixtures and equipment	179,988		162,998		173,772	
Vehicles	123		140		145	
Land	568,007		547,648		561,204	
Construction in progress	48,082		42,715		53,234	
<b>Intangible assets</b>	<b>492,929</b>	<b>12.5</b>	<b>445,794</b>	<b>11.2</b>	<b>465,847</b>	<b>12.0</b>
Goodwill	383,345		344,524		360,348	
Software	41,640		40,101		41,247	
Other	67,943		61,168		64,251	
<b>Investments and other assets</b>	<b>759,116</b>	<b>19.3</b>	<b>744,311</b>	<b>18.7</b>	<b>728,964</b>	<b>18.8</b>
Investments in securities	205,895		181,506		160,094	
Long-term loans receivable	15,026		14,847		15,177	
Prepaid pension cost	9,346		14,490		12,727	
Long-term leasehold deposits	463,469		454,423		460,951	
Advances for store construction	5,592		13,408		11,489	
Deferred income taxes	19,080		26,688		28,114	
Other	49,274		47,517		48,985	
Allowance for doubtful accounts	(8,570)		(8,570)		(8,575)	
<b>Deferred assets</b>	<b>371</b>	<b>0.0</b>	<b>245</b>	<b>0.0</b>	<b>308</b>	<b>0.0</b>
New organization costs	371		245		308	
<b>TOTAL ASSETS</b>	<b>3,930,835</b>	<b>100.0</b>	<b>3,985,912</b>	<b>100.0</b>	<b>3,886,680</b>	<b>100.0</b>

(Millions of yen)

	August 31, 2007		August 31, 2008		February 29, 2008	
	Amount	%	Amount	%	Amount	%
<b>LIABILITIES</b>						
<b>Current liabilities</b>	<b>1,164,551</b>	<b>29.6</b>	<b>1,366,651</b>	<b>34.3</b>	<b>1,177,493</b>	<b>30.3</b>
Notes and accounts payable, trade	365,350		368,788		321,402	
Short-term loans	156,446		182,100		149,861	
Current portion of long-term loans	65,453		147,087		120,419	
Current portion of bonds	780		16,155		16,217	
Income taxes payable	58,060		58,988		44,773	
Accrued expenses	97,157		83,948		84,605	
Deposits received	76,042		134,471		87,205	
Allowance for sales promotion expenses	21,209		19,509		21,188	
Allowance for bonuses to employees	18,696		18,157		16,109	
Allowance for bonuses to directors and corporate auditors	168		138		326	
Allowance for loss on future collection of gift certificates	6,847		6,323		6,899	
Deposits received in banking business	122,441		145,990		142,205	
Other	175,896		184,992		166,280	
<b>Non-current liabilities</b>	<b>738,407</b>	<b>18.8</b>	<b>701,117</b>	<b>17.6</b>	<b>651,147</b>	<b>16.7</b>
Bonds	146,905		230,710		131,077	
Long-term loans	391,063		278,674		321,336	
Commercial paper	10,822		20,202		11,777	
Deferred income taxes	63,820		53,218		62,017	
Allowance for accrued pension and severance costs	3,569		3,936		4,347	
Allowance for retirement benefits to directors and corporate auditors	4,207		3,458		4,032	
Deposits received from tenants and franchised stores	60,423		60,483		61,534	
Other	57,594		50,432		55,023	
<b>TOTAL LIABILITIES</b>	<b>1,902,958</b>	<b>48.4</b>	<b>2,067,768</b>	<b>51.9</b>	<b>1,828,641</b>	<b>47.0</b>
<b>NET ASSETS</b>						
<b>Shareholders' equity</b>	<b>1,943,129</b>	<b>49.4</b>	<b>1,862,733</b>	<b>46.7</b>	<b>1,979,848</b>	<b>51.0</b>
Common stock	50,000		50,000		50,000	
Capital surplus	766,186		576,075		731,621	
Retained earnings	1,168,298		1,245,886		1,205,042	
Treasury stock, at cost	(41,355)		(9,228)		(6,815)	
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>14,291</b>	<b>0.4</b>	<b>(21,216)</b>	<b>(0.5)</b>	<b>5,170</b>	<b>0.1</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	(9,504)		2,663		3,885	
Unrealized gains (losses) on hedging derivatives, net of taxes	(367)		(483)		(676)	
Foreign currency translation adjustments	24,164		(23,396)		1,961	
<b>Subscriptions to shares</b>	<b>-</b>	<b>-</b>	<b>395</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>70,455</b>	<b>1.8</b>	<b>76,230</b>	<b>1.9</b>	<b>73,020</b>	<b>1.9</b>
<b>TOTAL NET ASSETS</b>	<b>2,027,876</b>	<b>51.6</b>	<b>1,918,143</b>	<b>48.1</b>	<b>2,058,038</b>	<b>53.0</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,930,835</b>	<b>100.0</b>	<b>3,985,912</b>	<b>100.0</b>	<b>3,886,680</b>	<b>100.0</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Six months ended August 31, 2007		Six months ended August 31, 2008		Fiscal year ended February 29, 2008	
	Amount	%	Amount	%	Amount	%
<b>Revenues from operations</b>	<b>2,816,822</b>		<b>2,861,034</b>		<b>5,752,392</b>	
Net sales	2,550,816	100.0	2,581,485	100.0	5,223,832	100.0
Cost of sales	1,879,948	73.7	1,929,298	74.7	3,863,847	74.0
<b>Gross profit on sales</b>	<b>670,867</b>	<b>26.3</b>	<b>652,186</b>	<b>25.3</b>	<b>1,359,984</b>	<b>26.0</b>
Other operating revenues	266,006	10.4	279,549	10.8	528,560	10.2
<b>Gross profit from operations</b>	<b>936,874</b>	<b>36.7</b>	<b>931,735</b>	<b>36.1</b>	<b>1,888,545</b>	<b>36.2</b>
Selling, general and administrative expenses	792,876	31.1	783,725	30.4	1,607,457	30.8
<b>Operating income</b>	<b>143,998</b>	<b>5.6</b>	<b>148,009</b>	<b>5.7</b>	<b>281,088</b>	<b>5.4</b>
<b>Non-operating income</b>	<b>8,414</b>	<b>0.4</b>	<b>6,285</b>	<b>0.2</b>	<b>13,371</b>	<b>0.2</b>
Interest and dividends income	3,257		3,682		6,431	
Equity in earnings of affiliates	643		50		1,072	
Foreign currency exchange gains	1,330		-		-	
Other	3,183		2,552		5,866	
<b>Non-operating expenses</b>	<b>6,983</b>	<b>0.3</b>	<b>6,313</b>	<b>0.2</b>	<b>16,196</b>	<b>0.3</b>
Interest expenses	5,638		4,388		10,901	
Interest on bonds	395		643		764	
Foreign currency exchange losses	-		26		2,244	
Other	948		1,255		2,286	
<b>Ordinary income</b>	<b>145,429</b>	<b>5.7</b>	<b>147,981</b>	<b>5.7</b>	<b>278,262</b>	<b>5.3</b>
<b>Special gains</b>	<b>12,497</b>	<b>0.5</b>	<b>2,824</b>	<b>0.1</b>	<b>22,352</b>	<b>0.5</b>
Gain on sales of property and equipment	3,692		2,454		7,128	
Gain on sales of subsidiary's common stock	2,620		-		2,620	
U.S. federal excise tax refund	2,883		-		4,035	
Gain on donations received	1,600		-		1,600	
Other	1,701		369		6,968	
<b>Special losses</b>	<b>23,107</b>	<b>0.9</b>	<b>19,460</b>	<b>0.7</b>	<b>73,173</b>	<b>1.4</b>
Loss on disposals of property and equipment	4,847		3,743		8,480	
Impairment loss on property and equipment	6,429		8,536		20,030	
Provision for loss on future collection of gift certificates	7,085		-		7,085	
Additional retirement benefits for early retirement	-		3,076		-	
Other	4,745		4,103		37,576	
<b>Income before income taxes and minority interests</b>	<b>134,820</b>	<b>5.3</b>	<b>131,345</b>	<b>5.1</b>	<b>227,441</b>	<b>4.4</b>
Income taxes - current	61,999	2.4	60,119	2.3	109,461	2.1
Income taxes - deferred	(170)	(0.0)	(1,311)	(0.0)	(21,222)	(0.4)
Minority interests in net income of consolidated subsidiaries	3,845	0.2	5,033	0.2	8,545	0.2
<b>Net income</b>	<b>69,145</b>	<b>2.7</b>	<b>67,503</b>	<b>2.6</b>	<b>130,657</b>	<b>2.5</b>

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Six months ended August 31, 2007 (From March 1, 2007 to August 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at February 28, 2007</b>	<b>50,000</b>	<b>766,185</b>	<b>1,124,892</b>	<b>(41,309)</b>	<b>1,899,768</b>
<b>Increase (decrease) during the period</b>					
Cash dividends			(25,744)		(25,744)
Net income			69,145		69,145
Purchase of treasury stock				(46)	(46)
Sales of treasury stock		1		1	2
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries			4		4
Other				(0)	(0)
Increase (decrease) of items during the period except those included in shareholders' equity					
<b>Net increase (decrease) during the period</b>	<b>-</b>	<b>1</b>	<b>43,405</b>	<b>(46)</b>	<b>43,360</b>
<b>Balance at August 31, 2007</b>	<b>50,000</b>	<b>766,186</b>	<b>1,168,298</b>	<b>(41,355)</b>	<b>1,943,129</b>

	Accumulated gains (losses) from valuation and translation adjustments				Minority interests in consolidated subsidiaries	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total accumulated gains (losses) from valuation and translation adjustments		
<b>Balance at February 28, 2007</b>	<b>(2,100)</b>	<b>(370)</b>	<b>9,500</b>	<b>7,029</b>	<b>62,350</b>	<b>1,969,149</b>
<b>Increase (decrease) during the period</b>						
Cash dividends						(25,744)
Net income						69,145
Purchase of treasury stock						(46)
Sales of treasury stock						2
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries						4
Other						(0)
Increase (decrease) of items during the period except those included in shareholders' equity	(7,404)	3	14,663	7,262	8,104	15,366
<b>Net increase (decrease) during the period</b>	<b>(7,404)</b>	<b>3</b>	<b>14,663</b>	<b>7,262</b>	<b>8,104</b>	<b>58,727</b>
<b>Balance at August 31, 2007</b>	<b>(9,504)</b>	<b>(367)</b>	<b>24,164</b>	<b>14,291</b>	<b>70,455</b>	<b>2,027,876</b>



Six months ended August 31, 2008 (From March 1, 2008 to August 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at February 29, 2008</b>	<b>50,000</b>	<b>731,621</b>	<b>1,205,042</b>	<b>(6,815)</b>	<b>1,979,848</b>
<b>Increase (decrease) during the period</b>					
Cash dividends			(26,697)		(26,697)
Net income			67,503		67,503
Purchase of treasury stock				(157,984)	(157,984)
Sales of treasury stock		0		26	26
Cancellation of treasury stock		(155,546)		155,546	-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries			39		39
Other				(1)	(1)
Increase (decrease) of items during the period except those included in shareholders' equity					
<b>Net increase (decrease) during the period</b>	<b>-</b>	<b>(155,546)</b>	<b>40,844</b>	<b>(2,413)</b>	<b>(117,114)</b>
<b>Balance at August 31, 2008</b>	<b>50,000</b>	<b>576,075</b>	<b>1,245,886</b>	<b>(9,228)</b>	<b>1,862,733</b>

	Accumulated gains (losses) from valuation and translation adjustments				Subscriptions to shares	Minority interests in consolidated subsidiaries	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total accumulated gains (losses) from valuation and translation adjustments			
<b>Balance at February 29, 2008</b>	<b>3,885</b>	<b>(676)</b>	<b>1,961</b>	<b>5,170</b>	<b>-</b>	<b>73,020</b>	<b>2,058,038</b>
<b>Increase (decrease) during the period</b>							
Cash dividends							(26,697)
Net income							67,503
Purchase of treasury stock							(157,984)
Sales of treasury stock							26
Cancellation of treasury stock							-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries							39
Other							(1)
Increase (decrease) of items during the period except those included in shareholders' equity	(1,221)	193	(25,358)	(26,386)	395	3,210	(22,780)
<b>Net increase (decrease) during the period</b>	<b>(1,221)</b>	<b>193</b>	<b>(25,358)</b>	<b>(26,386)</b>	<b>395</b>	<b>3,210</b>	<b>(139,895)</b>
<b>Balance at August 31, 2008</b>	<b>2,663</b>	<b>(483)</b>	<b>(23,396)</b>	<b>(21,216)</b>	<b>395</b>	<b>76,230</b>	<b>1,918,143</b>

Fiscal year ended February 29, 2008 (From March 1, 2007 to February 29, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
<b>Balance at February 28, 2007</b>	<b>50,000</b>	<b>766,185</b>	<b>1,124,892</b>	<b>(41,309)</b>	<b>1,899,768</b>
<b>Increase (decrease) for the year</b>					
Cash dividends			(50,536)		(50,536)
Net income			130,657		130,657
Purchase of treasury stock				(76)	(76)
Sales of treasury stock		2		5	8
Cancellation of treasury stock		(34,565)		34,565	-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries			27		27
Other				(1)	(1)
Increase (decrease) of items for the year except those included in shareholders' equity					
<b>Net increase (decrease) for the year</b>	<b>-</b>	<b>(34,563)</b>	<b>80,149</b>	<b>34,493</b>	<b>80,079</b>
<b>Balance at February 29, 2008</b>	<b>50,000</b>	<b>731,621</b>	<b>1,205,042</b>	<b>(6,815)</b>	<b>1,979,848</b>

	Accumulated gains (losses) from valuation and translation adjustments				Minority interests in consolidated subsidiaries	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total accumulated gains (losses) from valuation and translation adjustments		
<b>Balance at February 28, 2007</b>	<b>(2,100)</b>	<b>(370)</b>	<b>9,500</b>	<b>7,029</b>	<b>62,350</b>	<b>1,969,149</b>
<b>Increase (decrease) for the year</b>						
Cash dividends						(50,536)
Net income						130,657
Purchase of treasury stock						(76)
Sales of treasury stock						8
Cancellation of treasury stock						-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries						27
Other						(1)
Increase (decrease) of items for the year except those included in shareholders' equity	5,985	(305)	(7,538)	(1,859)	10,669	8,810
<b>Net increase (decrease) for the year</b>	<b>5,985</b>	<b>(305)</b>	<b>(7,538)</b>	<b>(1,859)</b>	<b>10,669</b>	<b>88,889</b>
<b>Balance at February 29, 2008</b>	<b>3,885</b>	<b>(676)</b>	<b>1,961</b>	<b>5,170</b>	<b>73,020</b>	<b>2,058,038</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
	Amount	Amount	Amount
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	134,820	131,345	227,441
Depreciation and amortization	68,727	69,845	143,642
Impairment loss on property and equipment	6,429	8,536	20,030
Increase in allowance for bonuses to employees	3,571	2,047	984
Increase in prepaid pension cost	(3,381)	(1,823)	(6,701)
Interest and dividends income	(3,257)	(3,682)	(6,431)
Interest expenses and interest on bonds	6,034	5,031	11,665
Foreign currency exchange losses (gains)	(1,915)	383	789
Equity in earnings of affiliates	(643)	(50)	(1,072)
Gain on sales of property and equipment	(3,692)	(2,454)	(7,128)
Loss on disposals of property and equipment	4,847	3,743	8,480
Gain on sales of subsidiary's common stock	(2,620)	-	(2,620)
Increase in notes and accounts receivable, trade	(8,851)	(14,311)	(333)
Increase in trade accounts receivable - financial services	(3,246)	(1,711)	(3,167)
(Increase) decrease in inventories	2,239	(687)	1,463
Increase in notes and accounts payable, trade	46,022	50,229	5,191
Increase in deposits received	-	31,393	-
Proceeds from loans in banking business	4,400	10,000	-
Net increase in deposits received in banking business	16,273	3,784	36,037
Net (increase) decrease in call loan in banking business	122,600	(6,500)	107,800
Net decrease in ATM-related temporary accounts	-	(50,105)	-
Other	17,432	45,651	40,317
Sub-total	405,790	280,667	576,391
Interest and dividends received	2,423	2,624	4,474
Interest paid	(6,351)	(4,674)	(11,576)
Income taxes paid	(40,665)	(39,288)	(103,909)
<b>Net cash provided by operating activities</b>	<b>361,197</b>	<b>239,327</b>	<b>465,380</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property and equipment	(86,341)	(78,802)	(177,357)
Proceeds from sales of property and equipment	11,107	23,328	20,213
Acquisition of intangible assets	(10,078)	(7,023)	(16,842)
Payment for purchase of investments in securities	(246,736)	(191,757)	(454,543)
Proceeds from sales and maturity of investments in securities	199,602	160,417	449,104
Acquisition of investments in newly consolidated subsidiary	(6,714)	-	(7,108)
Proceeds from acquisition of investments in newly consolidated subsidiaries	2,360	-	2,360
Payment of loans receivable	(35)	(202)	(637)
Collection of loans receivable	875	672	2,087
Payment for long-term leasehold deposits and advances for store construction	(9,764)	(12,875)	(29,757)
Refund of long-term leasehold deposits	16,155	15,030	30,924
Proceeds from deposits from tenants	2,249	1,413	5,535
Refund of deposits from tenants	(1,754)	(1,676)	(3,449)
Other	(4,790)	3,186	(57,715)
<b>Net cash used in investing activities</b>	<b>(133,863)</b>	<b>(88,287)</b>	<b>(237,184)</b>

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
	Amount	Amount	Amount
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term loans	(35,660)	22,239	(39,231)
Proceeds from long-term loans	46,000	17,900	65,869
Repayment of long-term loans	(32,642)	(33,489)	(67,354)
Proceeds from commercial paper	350,274	344,780	715,519
Payment for redemption of commercial paper	(357,035)	(344,229)	(725,063)
Proceeds from issuance of bonds	-	99,616	-
Payment for redemption of bonds	(30,000)	(390)	(30,390)
Dividends paid	(25,721)	(27,116)	(50,498)
Capital contribution from minority interests	435	-	435
Dividends paid for minority interests	-	(2,782)	(3,240)
Payment for acquisition of treasury stock	-	(158,093)	-
Other	(4,823)	(1,006)	3,818
<b>Net cash (used in) provided by financing activities</b>	<b>(89,174)</b>	<b>(82,572)</b>	<b>(130,136)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>866</b>	<b>(627)</b>	<b>(422)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>139,026</b>	<b>67,839</b>	<b>97,636</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>570,133</b>	<b>667,770</b>	<b>570,133</b>
<b>Cash and cash equivalents at end of period</b>	<b>709,160</b>	<b>735,610</b>	<b>667,770</b>

# Significant Accounting Policies for the Preparation of Interim Consolidated Financial Statements

## 1. Scope of consolidation

### (1) Number of consolidated subsidiaries: 83

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., Millennium Retailing, Inc., Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES, LTD., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd., York-Benimaru Co., Ltd. and 7-Eleven, Inc.

Consolidated subsidiaries increased by two, due to the establishment of SEVEN-ELEVEN CHINA CO., LTD. and Seven & i Netmedia Co., Ltd. On the other hand, consolidated subsidiaries decreased because FUJIKOSHI CO., LTD merged with its three subsidiaries.

### (2) Number of unconsolidated subsidiaries: 1

Name: 7-Eleven, Limited

Reason for non-consolidation: Its total assets, sales, the Company's portion of its interim net income or loss, retained earnings and the effect on the Company's Interim Consolidated Financial Statements are not considered material.

## 2. Application of the equity method

### (1) Number of unconsolidated subsidiaries to which the equity method was applied: 0

### (2) Number of affiliates to which the equity method was applied: 13

Major affiliate: PRIME DELICA CO., LTD.

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

7-Eleven, Limited

Reason for not applying the 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 Interim Consolidated Financial Statements are not considered material.

### (4) Procedure for applying the equity method

- (a) The affiliates which have different half-year closing dates are included in the Interim Consolidated Financial Statements based on their respective fiscal half year-end.
- (b) The advance to an affiliate that has negative net assets is reduced.

## 3. Interim accounting period of consolidated subsidiaries

The fiscal half year-end of some subsidiaries is June 30. The interim financial statements of such subsidiaries as of and for the half year ended June 30 are used in preparing the Interim Consolidated Financial Statements of the Company. All material transactions during the period from July 1 to August 31 are adjusted for in the consolidation process.

The interim closing date of a certain subsidiary is September 30. Pro forma interim financial statements as of August 31 prepared in a manner that is substantially identical to the preparation of the official fiscal half year-end financial statements were prepared in order to facilitate its consolidation.

## 4. Summary of significant accounting policies

### (1) Valuation method for major assets

- (a) Valuation method for securities
  - (I) Held-to-maturity debt securities are carried at amortized cost.
  - (II) Available-for-sale securities are classified into two categories, where: (i) the fair value is available and (ii) the 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 net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.
    - (ii) Securities whose fair value is not available are valued at cost, mainly determined using the moving-average method.
- (b) Valuation method for derivatives
  - Derivative financial instruments are valued at fair value.
- (c) Valuation method for inventories
  - (I) Merchandise:
    - Inventories are valued principally at the lower of cost or market. Cost is determined principally by the average retail method for domestic consolidated subsidiaries and by the LIFO method for foreign consolidated subsidiaries.
  - (II) Supplies:
    - Supplies are carried at cost which is mainly determined by the last purchase price method.

(2) Depreciation and amortization

(a) Property and equipment

Depreciation of property and equipment is computed generally using the declining-balance method for the Company and its domestic consolidated subsidiaries except for the domestic consolidated subsidiaries in the department store business and using the straight-line method for the domestic consolidated subsidiaries in the department store business and foreign consolidated subsidiaries.

Supplemental information

In accordance with the amendment of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries depreciate their property and equipment acquired on or before March 31, 2007 up to one yen over five years evenly from the fiscal year following the year in which accumulated depreciation amount reaches 95% of the acquisition cost based on the previous depreciation method. Impact of this application on the Consolidated Statement of Income was immaterial.

(b) Intangible assets

Intangible assets are amortized using the straight-line method for the Company and domestic consolidated subsidiaries. Software for internal use is amortized using the straight-line method over an estimated useful life of 5 years.

(3) Accounting for deferred assets

New organization costs are amortized using the straight-line method over 5 years, or charged to income if immaterial.

(4) Allowances

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses.

(b) Allowance for sales promotion expenses

Allowance for sales promotion expenses 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. In the department store business, estimated costs of sales for goods to be purchased by coupon tickets issued through point system are provided for.

(c) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain domestic consolidated subsidiaries is provided for collection of gift certificates recognized as income after certain periods from their issuance. The amount is calculated using the historical results of collection.

(d) Allowance for bonuses to employees

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.

(e) Allowance for bonuses to directors and corporate auditors

Allowance for bonuses to directors and corporate auditors is provided at the amount estimated to be paid.

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

Allowance for accrued pension and severance costs is provided at the amount incurred during the current 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 this year. The excess amount of the estimated fair value of the plan assets over the estimated present value of projected benefit obligation adjusted by unrecognized actuarial differences at August 31, 2008 is recorded as prepaid pension cost. Also, certain domestic consolidated subsidiaries and consolidated subsidiaries in the United States provide allowance for accrued pension and severance cost.

Unrecognized actuarial differences are amortized on a straight-line basis over the period of mainly 10 years from the next year in which they arise which is shorter than the average remaining years of service of the eligible employees. Unrecognized prior service costs are amortized on a straight-line basis over the period of mainly 5 years.

(g) Allowance for retirement benefits to directors and corporate auditors

Allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy. The Company and certain consolidated subsidiaries abolished the program of retirement benefits to directors and corporate auditors, and certain consolidated subsidiaries decided to pay it at the time of their resignation.

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

All assets and liabilities of the Company and its domestic consolidated 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 of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates except for shareholders' equity, which is translated at the historical rates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under "Foreign currency translation adjustments" and "Minority interests in consolidated subsidiaries".

(6) Leases

The Company and its domestic consolidated subsidiaries account for finance leases, except those for which ownership of the leased assets is considered to be transferred to the lessee, as operating leases.

Foreign subsidiaries mainly account for finance leases as assets and obligations at an amount equal to the present value of future minimum lease payments, during the lease term.

(7) Hedge accounting

(a) Hedge accounting

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

(b) Hedge instruments and hedged items

Hedge instruments---Interest swap

Hedged items--Loans payable

(c) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and 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 hedge effectiveness for interest rate swap contracts is assessed quarterly except for those that meet specific hedging criteria.

(8) Other accounting issues

(a) Accounting for franchised stores in convenience store operations

7-Eleven, Inc. includes the assets, liabilities, net assets 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 revenues and includes it in "Other operating revenues".

(b) 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. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

5. Cash and cash equivalents

Cash and cash equivalents in the accompanying Consolidated 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.

## Changes in method of presentation

(Consolidated Statements of Cash Flows)

1. Increase in deposits received in Consolidated Statement of Cash Flows from operating activities, which was included in Other for the six months end of August 31, 2007, was separately presented due to the materiality. Increase in deposits received included in Other for the six months ended August 31, 2007 totaled 2,042 million yen.
2. Net decrease in ATM-related temporary accounts in Consolidated Statement of Cash Flows from operating activities, which was included in Other for the six months end of August 31, 2007, was separately presented due to the materiality. Net decrease in ATM-related temporary accounts included in Other for the six months ended August 31, 2007 totaled 1,652 million yen.
3. Payment for acquisition of treasury stock in Consolidated Statement of Cash Flows from financing activities, which was included in Other for the six months end of August 31, 2007, was separately presented due to the materiality. Payment for acquisition of treasury stock included in Other for the six months ended August 31, 2007 totaled 46 million yen.



## Notes to Interim Consolidated Financial Statements

### Consolidated Balance Sheets;

#### 1. Accumulated depreciation of Property and equipment

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Accumulated depreciation	1,121,015	1,172,520	1,148,496

#### 2. Assets pledged as collateral

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Other current assets	2,274	2,268	2,274
Buildings and structures	66,487	58,237	61,594
Furniture, fixtures and equipment	848	707	790
Land	101,518	103,699	102,902
Other intangible assets	10,355	10,355	10,355
Investments in securities	66,992	92,069	64,473
Long-term leasehold deposits	4,679	4,528	4,606
Total	253,157	271,866	246,998
Debts for which above assets are pledged as collateral			
Call money	-	23,800	-
Short-term loans	2,035	-	2,569
Long-term loans (including current portion of long-term loans)	232,039	200,584	214,565
Long-term accounts payable, other	1,271	1,160	1,216
Deposit received from tenants and franchised store	-	179	188

#### Assets pledged as collateral for the loans of affiliates and vendors

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Buildings	1,058	980	1,020
Land	2,363	2,032	2,032
Loans of affiliates and vendors for which above assets are pledged as collateral	4,031	3,985	3,985

#### Assets pledged as collateral for exchange settlement transaction

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Investments in securities	5,491	27,559	27,525

*Assets pledged as collateral for real estate business*

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Investments in securities	34	34	34
Long-term leasehold deposits	25	25	25

*Assets pledged as collateral for sales of beneficiary rights of trust*

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Investments in securities	9	-	9

*Assets pledged as collateral under installment sales law*

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Long-term leasehold deposits	2,010	1,753	1,877

*Assets pledged as collateral for prepaid tickets*

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Investments in securities	580	580	580
Long-term leasehold deposits	159	179	259

3. Guarantees

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Goshogawara Machi Dukuri K.K.	373	298	336
Employees' housing loans	1,000	790	908
JOINT VENTURE SSOK ASSOCIATION	1,000	-	-
Total	2,373	1,089	1,244

4. Loan commitment

(As of August 31, 2008)

IY Card Service Co., Ltd. conducts cashing business which is associated with its credit card business. Unused credit balance related to loan commitment in cashing business is as follows.

(Millions of yen)

Credit availability of loan commitment	807,552
Outstanding balance	20,302
Unused credit balance	787,249

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical records. IY Card Service Co., Ltd. will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

## 5. Others

(As of August 31, 2007)

### (1) Securitization of store properties

THE SEIBU DEPARTMENT STORES, LTD. (“SEIBU”), a consolidated subsidiary of the Company, established a real estate trust comprising of the land, land leasehold right and part of the buildings of a store and sold the beneficiary right of the trust to a Special Purpose Corporation (“SPC”). Concurrently, SEIBU has entered into silent partnership arrangement with the SPC with a certain investment. Also, SEIBU leased back such store properties from the SPC who has the beneficiary right of the trust.

Under these arrangements, the above noted investment is subordinated to all liabilities to other members of the silent partnership and third parties other than members of the silent partnership.

A summary of the store name, amount of investment and the SPC name is as follows:

(Millions of yen)

Store name	Amount of investment	Special purpose corporation		
		Name	Year-end	Total assets
Ikebukuro	5,850	Asset Ikesei Corp.	July	124,866

### (2) Government Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of a consolidated subsidiary, holds government bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds are recorded in “Investments in securities” in the Consolidated Balance Sheet due to its nature of restriction though they have redemption at maturity less than one year.

(As of August 31, 2008)

### (1) Securitization of store properties

A summary of Special Purpose Corporation (“SPC”) is described in the Special Purpose Corporation on page 39.

### (2) Government Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of a consolidated subsidiary, holds government bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds are recorded in “Investments in securities” in the Consolidated Balance Sheet due to its nature of restriction though they have redemption at maturity less than one year.

(As of February 29, 2008)

### (1) Securitization of store properties

THE SEIBU DEPARTMENT STORES, LTD. (“SEIBU”), a consolidated subsidiary of the Company, established a real estate trust comprising of the land, land leasehold right and part of the buildings of a store and sold the beneficiary right of the trust to a Special Purpose Corporation (“SPC”). Concurrently, SEIBU has entered into silent partnership arrangement with the SPC with a certain investment. Also, SEIBU leased back such store properties from the SPC who has the beneficiary right of the trust.

Under these arrangements, the above noted investment is subordinated to all liabilities to other

members of the silent partnership and third parties other than members of the silent partnership.

A summary of the store name, amount of investment and the SPC name is as follows:

(Millions of yen)

Store name	Amount of investment	Special purpose corporation		
		Name	Year-end	Total assets
Ikebukuro	5,850	Asset Ikesei Corp.	July	124,866

(2) Government Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of a consolidated subsidiary, holds government bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds are recorded in “Investments in securities” in the Consolidated Balance Sheet due to its nature of restriction though they have redemption at maturity less than one year.

*Consolidated Statements of Income;*

1. The franchised commission from Seven-Eleven Japan Co., Ltd.'s franchised stores is included in "Other operating revenues".

The franchised commission from franchised stores and net sales of franchised stores are as follows:

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Franchised commission from franchised stores	187,356	199,596	369,466
Net sales of franchised stores	1,223,902	1,313,655	2,421,352

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

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Advertising and decoration expenses	58,383	50,011	115,789
Salaries and wages	208,256	203,411	439,713
Provision for allowance for bonuses to employees	18,570	18,095	16,065
Land and building rent	119,645	125,500	244,575
Depreciation and amortization	65,064	65,601	136,110

3. Major items included in "Gain on sales of property and equipment" are as follows:

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Buildings and structures	3,440	65	4,091
Land	217	2,133	2,168
Others	34	256	868
Total	3,692	2,454	7,128

4. "Gain on donations received"

Gain on donations received recorded for the six month ended August 31, 2007 and fiscal year ended February 29, 2008 was received in cash.

5. Major items included in "Loss on disposals of property and equipment" are as follows:

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Buildings and structures	2,459	2,275	3,579
Furniture, fixtures and equipment	1,061	464	1,958
Others	1,326	1,003	2,942
Total	4,847	3,743	8,480

## 6. Impairment loss

(As of August 31, 2007)

For the six months ended August 31, 2007, the Company and its consolidated subsidiaries recognized 6,429 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings etc.	Tokyo	23 Stores	4,827
		Kanagawa Pref.	22 Stores	
		Other (including U.S.)		
Stores (Superstores)	Buildings and structures etc.	Gunma Pref.	1 Store	4,827
		Ibaraki Pref.	1 Store	
Stores (Food Services)	Buildings and structures etc.	Tokyo & others	65 Stores	
Other (Convenience Stores)	Software	U.S.		1,601
Total				6,429

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amount was recorded as impairment loss in special losses.

Breakdown of impairment loss is as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Buildings and structures	2,547	-	2,547
Land	1,859	-	1,859
Software	-	1,601	1,601
Other	420	-	420
Total	4,827	1,601	6,429

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% - 6.1% discount rates were applied.

(As of August 31, 2008)

For the six months ended August 31, 2008, the Company and its consolidated subsidiaries recognized 8,536 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings etc.	Niigata Pref.	24 Stores	8,052
		Fukuoka Pref.	23 Stores	
		Others (including U.S.)		
Stores (Superstores)	Land and buildings etc.	Tokyo	5 Stores	8,052
		Hyogo Pref.	1 Store	
		Others	12 Stores	
Stores (Food Services)	Land and buildings etc.	Tokyo & others	107 Stores	
Other	Buildings and Software etc.	Osaka U.S. & others		484
Total				8,536

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amount was recorded as impairment loss in special losses.

Breakdown of impairment loss is as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Buildings and structures	4,110	24	4,135
Land	2,953	2	2,955
Software	26	202	229
Other	961	254	1,216
Total	8,052	484	8,536

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 2.9% - 6.0% discount rates were applied.

(As of February 29, 2008)

For the fiscal year ended February 29, 2008, the Company and its consolidated subsidiaries recognized 20,030 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings etc.	Tokyo	70 Stores	18,403
		Kanagawa Pref.	39 Stores	
		Others (including U.S.)		
Stores (Superstores)	Land and buildings etc.	Fukushima Pref.	14 Stores	
		Saitama Pref.	5 Stores	
		Others	15 Stores	
Stores (Department stores)	Buildings and structures etc.	Osaka	1 Store	
		Kanagawa Pref.	1 Store	
Stores (Food Services)	Land and buildings etc.	Tokyo & others	130 Stores	
Other	Buildings and Software etc.	Osaka		1,627
		U.S. & others		
Total				20,030

The Company and its domestic consolidated subsidiaries group their fixed assets by store which is the minimum cash-generating unit. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amount was recorded as impairment loss in special losses.

Breakdown of impairment loss is as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Buildings and structures	10,304	12	10,317
Land	5,851	-	5,851
Software	0	1,573	1,574
Other	2,246	41	2,288
Total	18,403	1,627	20,030

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% - 6.0% discount rates were applied.



*Consolidated Statement of changes in net assets (from March 1, 2007 to August 31, 2007);*

1. Type and number of shares of outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

	As of February 28, 2007	Number of shares increased	Number of shares decreased	As of August 31, 2007
Ordinary Share	967,770	-	-	967,770

(2) Treasury stock

(Thousands of shares)

	As of February 28, 2007	Number of shares increased (Note )	Number of shares decreased	As of August 31, 2007
Ordinary Share	14,262	13	0	14,275

(Note) 13 thousand shares have increased mainly due to the acquisition of odd -lot shares.

2. Deposit for subscriptions to shares and deposit for subscriptions to treasury stock

None

3. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 24, 2007 Ordinary general meeting of shareholders	Ordinary Share	26,128 million yen	27.00 yen	Feb. 28, 2007	May 25, 2007

(2) Dividends whose record date is within the six-month period ended August 31, 2007 but to be effective after August 31, 2007

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
October 11, 2007 Board of directors' meeting	Ordinary Share	Retained earnings	25,160 million yen	26.00 yen	Aug. 31, 2007	Nov. 15, 2007

Consolidated Statement of changes in net assets (from March 1, 2008 to August 31, 2008);

1. Type and number of shares of outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

	As of February 29, 2008	Number of shares increased	Number of shares decreased (Note)	As of August 31, 2008
Ordinary Share	956,441	-	50,000	906,441

(Note) 50,000 thousand shares have decreased due to the cancellation of treasury stock.

(2) Treasury stock

(Thousands of shares)

	As of February 29, 2008	Number of shares increased (Note1 )	Number of shares decreased (Note2 )	As of August 31, 2008
Ordinary Share	2,954	50,020	50,008	2,966

(Notes) (1) 50,000 thousand shares out of 50,020 thousand shares have increased by the acquisition of treasury stock based on the approval of the Company's Board of Directors.

(2) 50,000 thousand shares out of 50,008 thousand shares have decreased by the cancellation of treasury stock.

2. Deposit for subscriptions to shares and deposit for subscriptions to treasury stock

Entity		The Company	Consolidated subsidiaries	
Description of subscriptions		Subscriptions to shares as stock-linked compensation stock option	Subscriptions to shares as stock-linked compensation stock option	Total
Type of shares to be issued upon exercise of the rights		-	-	-
Number of shares to be issued upon the exercise of the rights (shares)	Number of shares at the end of February 29, 2008	-	-	-
	Number of shares increased	-	-	-
	Number of shares decreased	-	-	-
	Number of shares at the end of August 31, 2008	-	-	-
Balance at the end of August 31, 2008 (millions of yen)		347	48	395

### 3. Matters related to dividends

#### (1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 22, 2008 Ordinary general meeting of shareholders	Ordinary Share	26,778 million yen	28.00 yen	Feb. 29, 2008	May 23, 2008

#### (2) Dividends whose record date is within the six-month period ended August 31, 2008 but to be effective after August 31, 2008

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
October 9, 2008 Board of directors' meeting	Ordinary Share	Retained earnings	24,394 million yen	27.00 yen	Aug. 31, 2008	Nov. 14, 2008

Consolidated Statement of changes in net assets (from March 1, 2007 to February 29, 2008);

1. Type and number of shares of outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

	As of February 28, 2007	Number of shares increased	Number of shares decreased (Note )	As of February 29, 2008
Ordinary Share	967,770	-	11,329	956,441

(Note) 11,329 thousand shares have decreased due to the cancellation of treasury stock.

(2) Treasury stock

(Thousands of shares)

	As of February 28, 2007	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	As of February 29, 2008
Ordinary Share	14,262	23	11,331	2,954

(Notes) (1) 23 thousand shares have increased mainly due to the acquisition of odd-lot shares.

(2) 11,329 thousand shares out of 11,331 thousand shares have decreased by the cancellation of treasury stock.

2. Deposit for subscriptions to shares and deposit for subscriptions to treasury stock

None

3. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 24, 2007 Ordinary general meeting of shareholders	Ordinary Share	26,128 million yen	27.00 yen	Feb. 28, 2007	May 25, 2007
October 11, 2007 Board of directors' meeting	Ordinary Share	25,160 million yen	26.00 yen	Aug. 31, 2007	Nov. 15, 2007

(2) Dividends whose record date is within the fiscal year ended February 29, 2008 but to be effective after the fiscal year-end

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 22, 2008 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	26,778 million yen	28.00 yen	Feb. 29, 2008	May 23, 2008

*Consolidated Statements of Cash Flows*

1. Reconciliation of cash and cash equivalents of consolidated statements of cash flows and account balances of consolidated balance sheets

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Cash and bank deposits	718,572	573,404	649,167
Negotiable certificates of deposits included in marketable securities	-	231,500	94,500
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(9,411)	(69,294)	(75,896)
Cash and cash equivalents	709,160	735,610	667,770

# SEGMENT INFORMATION

## 1. Business Segments

Six months ended August 31, 2007 (From March 1, 2007 to August 31, 2007)

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenues and operating income									
<b>Revenues</b>									
1. Customers	1,187,975	1,010,207	500,857	58,183	46,914	12,683	2,816,822	-	2,816,822
2. Intersegment	1,284	5,534	2	838	11,301	3,858	22,820	(22,820)	-
<b>Total revenues</b>	<b>1,189,259</b>	<b>1,015,742</b>	<b>500,860</b>	<b>59,021</b>	<b>58,215</b>	<b>16,542</b>	<b>2,839,642</b>	<b>(22,820)</b>	<b>2,816,822</b>
<b>Operating expenses</b>	<b>1,081,468</b>	<b>999,146</b>	<b>491,024</b>	<b>60,447</b>	<b>48,646</b>	<b>15,393</b>	<b>2,696,126</b>	<b>(23,302)</b>	<b>2,672,824</b>
<b>Operating income (losses)</b>	<b>107,791</b>	<b>16,595</b>	<b>9,836</b>	<b>(1,425)</b>	<b>9,569</b>	<b>1,149</b>	<b>143,516</b>	<b>482</b>	<b>143,998</b>

Six months ended August 31, 2008 (From March 1, 2008 to August 31, 2008)

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenues and operating income									
<b>Revenues</b>									
1. Customers	1,186,784	1,062,253	494,767	54,397	49,560	13,270	2,861,034	-	2,861,034
2. Intersegment	1,004	1,510	2	363	14,029	3,740	20,651	(20,651)	-
<b>Total revenues</b>	<b>1,187,789</b>	<b>1,063,764</b>	<b>494,769</b>	<b>54,760</b>	<b>63,590</b>	<b>17,010</b>	<b>2,881,685</b>	<b>(20,651)</b>	<b>2,861,034</b>
<b>Operating expenses</b>	<b>1,077,657</b>	<b>1,047,591</b>	<b>487,390</b>	<b>55,432</b>	<b>49,893</b>	<b>15,991</b>	<b>2,733,957</b>	<b>(20,932)</b>	<b>2,713,024</b>
<b>Operating income (losses)</b>	<b>110,131</b>	<b>16,173</b>	<b>7,378</b>	<b>(671)</b>	<b>13,697</b>	<b>1,019</b>	<b>147,728</b>	<b>281</b>	<b>148,009</b>

Fiscal year ended February 29, 2008 (From March 1, 2007 to February 29, 2008)

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenues and operating income									
<b>Revenues</b>									
1. Customers	2,393,220	2,098,013	1,025,349	113,113	93,902	28,792	5,752,392	-	5,752,392
2. Intersegment	2,481	11,036	5	867	24,052	7,860	46,302	(46,302)	-
<b>Total revenues</b>	<b>2,395,701</b>	<b>2,109,049</b>	<b>1,025,354</b>	<b>113,980</b>	<b>117,955</b>	<b>36,653</b>	<b>5,798,695</b>	<b>(46,302)</b>	<b>5,752,392</b>
<b>Operating expenses</b>	<b>2,194,669</b>	<b>2,074,990</b>	<b>999,590</b>	<b>118,211</b>	<b>96,883</b>	<b>34,164</b>	<b>5,518,510</b>	<b>(47,205)</b>	<b>5,471,304</b>
<b>Operating income (losses)</b>	<b>201,032</b>	<b>34,058</b>	<b>25,764</b>	<b>(4,231)</b>	<b>21,071</b>	<b>2,488</b>	<b>280,185</b>	<b>902</b>	<b>281,088</b>

Notes:

- The classification of business segment is made by the type of products and services and the type of sales.
- Restaurant operations changed its segment name to Food services from the six months ended August 2007, as a result of reorganization of food business due to the establishment of Seven & i Food Systems.
- Major businesses in each segment are as follows:
  - Convenience store operations ---- Convenience store business operated by corporate stores and franchised stores under the name of "7-Eleven"
  - Superstore operations ----- Superstore, supermarket and specialty shop
  - Department store operations ----- Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES, LTD. and other companies included in the department store business
  - Food services ----- Restaurant operations, meal provision service business (company cafeteria, hospital, school) and fast food operations
  - Financial services ----- Bank, credit card and lease business
  - Others ----- Electronic commerce business and other services
- Unallocable operating expenses included in "Eliminations / Corporate" represent the Company's general and administrative expenses, and totaled 3,360 million yen, 3,746 million yen and 6,791 million yen for the six months ended August 31, 2007, August 31, 2008 and for the fiscal year ended February 29, 2008.

## 2. Geographic area segments

Six months ended August 31, 2007 (From March 1, 2007 to August 31, 2007) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues and operating income						
<b>Revenues</b>						
1. Customers	1,869,953	915,867	31,002	2,816,822	-	2,816,822
2. Intersegment	152	1,246	-	1,399	(1,399)	-
<b>Total revenues</b>	<b>1,870,105</b>	<b>917,114</b>	<b>31,002</b>	<b>2,818,222</b>	<b>(1,399)</b>	<b>2,816,822</b>
<b>Operating expenses</b>	<b>1,745,287</b>	<b>899,219</b>	<b>29,718</b>	<b>2,674,225</b>	<b>(1,401)</b>	<b>2,672,824</b>
<b>Operating income</b>	<b>124,818</b>	<b>17,894</b>	<b>1,283</b>	<b>143,996</b>	<b>1</b>	<b>143,998</b>

Six months ended August 31, 2008 (From March 1, 2008 to August 31, 2008) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues and operating income						
<b>Revenues</b>						
1. Customers	1,911,128	910,270	39,635	2,861,034	-	2,861,034
2. Intersegment	182	1,501	-	1,684	(1,684)	-
<b>Total revenues</b>	<b>1,911,311</b>	<b>911,771</b>	<b>39,635</b>	<b>2,862,718</b>	<b>(1,684)</b>	<b>2,861,034</b>
<b>Operating expenses</b>	<b>1,778,111</b>	<b>898,547</b>	<b>38,051</b>	<b>2,714,710</b>	<b>(1,686)</b>	<b>2,713,024</b>
<b>Operating income</b>	<b>133,199</b>	<b>13,224</b>	<b>1,583</b>	<b>148,007</b>	<b>1</b>	<b>148,009</b>

Fiscal year ended February 29, 2008 (From March 1, 2007 to February 29, 2008) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues and operating income						
<b>Revenues</b>						
1. Customers	3,821,898	1,864,450	66,043	5,752,392	-	5,752,392
2. Intersegment	311	2,616	-	2,928	(2,928)	-
<b>Total revenues</b>	<b>3,822,210</b>	<b>1,867,067</b>	<b>66,043</b>	<b>5,755,321</b>	<b>(2,928)</b>	<b>5,752,392</b>
<b>Operating expenses</b>	<b>3,574,937</b>	<b>1,835,484</b>	<b>63,815</b>	<b>5,474,237</b>	<b>(2,932)</b>	<b>5,471,304</b>
<b>Operating income</b>	<b>247,272</b>	<b>31,582</b>	<b>2,228</b>	<b>281,084</b>	<b>3</b>	<b>281,088</b>

Notes:

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

### 3. Overseas sales

**Six months ended August 31, 2007 (From March 1, 2007 to August 31, 2007)** (Millions of yen)

	North America	Others	Total
Overseas sales	915,867	31,002	946,869
Consolidated sales	-	-	2,816,822
Percentage of overseas sales to consolidated sales (%)	32.5	1.1	33.6

**Six months ended August 31, 2008 (From March 1, 2008 to August 31, 2008)** (Millions of yen)

	North America	Others	Total
Overseas sales	910,270	39,635	949,905
Consolidated sales	-	-	2,861,034
Percentage of overseas sales to consolidated sales (%)	31.8	1.4	33.2

**Fiscal year ended February 29, 2008 (From March 1, 2007 to February 29, 2008)** (Millions of yen)

	North America	Others	Total
Overseas sales	1,864,450	66,043	1,930,494
Consolidated sales	-	-	5,752,392
Percentage of overseas sales to consolidated sales (%)	32.4	1.2	33.6

Notes:

1. The classification of overseas sales area segments is made according to geographical distances.
2. "Others" consists of the sales in P.R.C.
3. "Overseas sales" represents net sales and other operating revenues of consolidated subsidiaries in countries and areas outside of Japan.



## Leases

1. Information for finance lease contracts other than those for which the ownership of the leased assets is to be transferred to lessee.

(1) As lessee:

(a) Assumed amounts of acquisition cost, accumulated depreciation, accumulated impairment loss and net book value, including the interest portion, are summarized as follows:

<i>Furniture, fixtures and equipment</i>		(Millions of yen)	
	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Acquisition cost	92,466	96,949	95,022
Accumulated depreciation	29,888	33,465	32,224
Accumulated impairment loss	100	124	102
Net book value	62,478	63,360	62,695

<i>Software</i>		(Millions of yen)	
	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Acquisition cost	1,232	1,496	1,774
Accumulated depreciation	530	708	629
Net book value	701	787	1,145

(b) The future lease payments of finance leases, including the interest portion, are summarized as follows:

		(Millions of yen)	
	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Due within one year	17,212	18,409	17,801
Due over one year	46,067	45,863	46,142
Total	63,280	64,272	63,944
Allowance for impairment loss on leased assets included in the outstanding future lease payments	100	124	102

(c) Lease payments, reversal of allowance for impairment loss on leased assets, assumed amounts of depreciation expense and impairment loss are as follows:

		(Millions of yen)	
	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Lease payments	8,848	9,205	17,849
Reversal of allowance for impairment loss on leased assets	30	53	90
Depreciation expense	8,879	9,259	17,939
Impairment loss	-	-	3

(d) Assumed amounts of depreciation expense are computed using the straight-line method over the lease term assuming no residual value.

(2) As lessor:

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

*Furniture, fixtures and equipment* (Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Acquisition cost	24,993	27,409	25,800
Accumulated depreciation	11,150	13,824	12,306
Net book value	13,843	13,585	13,494

(b) The future lease income of finance leases are summarized as follows:

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 28, 2007
Due within one year	4,259	4,581	4,422
Due over one year	9,943	9,397	9,455
Total	14,203	13,979	13,877

(c) Lease income, depreciation expense and assumed amounts of interest income are as follows:

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Lease income	2,319	2,595	4,605
Depreciation expense	2,134	2,389	4,243
Interest income	214	228	430

(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 under lease agreement other than finance leases, including the interest portion, are summarized as follows:

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Due within one year	68,499	64,574	66,483
Due over one year	421,516	413,868	422,874
Total	490,015	478,442	489,357

## Securities Information

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

(Millions of yen)

	As of August 31, 2007			As of August 31, 2008			As of February 29, 2008		
	Book value	Fair value	Net unrealized gains (losses)	Book value	Fair value	Net unrealized gains (losses)	Book value	Fair value	Net unrealized gains (losses)
Governmental and municipal bonds	614	601	(13)	614	616	1	614	616	1

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

(Millions of yen)

	As of August 31, 2007			As of August 31, 2008			As of February 29, 2008		
	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	80,669	63,954	(16,715)	28,491	32,222	3,730	28,467	35,088	6,621
Debt securities	112,990	112,983	(7)	119,620	119,638	17	97,541	97,518	(22)
Total	193,659	176,937	(16,722)	148,112	151,860	3,748	126,008	132,607	6,598

### 3. Major securities (fair value is not available)

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
	Book value	Book value	Book value
Held-to-maturity debt			
-Bonds	203	203	203
Available-for-sale securities			
-Unlisted securities	16,328	18,904	16,925
-Unlisted foreign securities	5,041	3,040	3,041
-Debt securities	-	24	24
-Negotiable certificates of deposits	-	231,500	94,500

## Derivative Transactions

Notional amounts, fair value and unrealized gains (losses) of derivative instruments

### 1. Currency-related transactions

(Millions of yen)

	As of August 31, 2007				As of August 31, 2008				As of February 29, 2008			
	Notional amounts total	Notional amounts due over one year	Fair value	Unrealized gains (losses)	Notional amounts total	Notional amounts due over one year	Fair value	Unrealized gains (losses)	Notional amounts total	Notional amounts due over one year	Fair value	Unrealized gains (losses)
Forward exchange contracts												
Buy:												
U.S. dollar	5,186	80	5,033	(153)	6,372	-	6,499	126	4,774	-	4,497	(277)
Hong Kong dollar	-	-	-	-	5	-	6	0	-	-	-	-
Euro	18	-	18	(0)	57	-	56	(1)	181	-	179	(2)
Currency swap contracts:												
U.S. dollar	30,411	18,593	932	932	24,502	6,775	1,220	1,220	24,502	12,684	2,413	2,413
Total	35,616	18,674	5,984	779	30,938	6,775	7,781	1,345	29,459	12,684	7,090	2,133

(Note)

Fair values of forward exchange contracts and currency swap contracts are based on values prepared by financial institutions.

### 2. Interest-related transactions

(Millions of yen)

	As of August 31, 2007				As of August 31, 2008				As of February 29, 2008			
	Notional amounts total	Notional amounts due over one year	Fair value	Unrealized gains (losses)	Notional amounts total	Notional amounts due over one year	Fair value	Unrealized gains (losses)	Notional amounts total	Notional amounts due over one year	Fair value	Unrealized gains (losses)
Interest rate swap contracts:												
Receive float / Pay fix	36,000	35,000	90	90	35,000	-	37	37	36,000	-	76	76
Receive fix / Pay float	10,000	10,000	(79)	(79)	10,000	10,000	(37)	(37)	10,000	10,000	(35)	(35)
Total	46,000	45,000	11	11	45,000	10,000	(0)	(0)	46,000	10,000	41	41

(Notes)

1. Fair values of interest rate swap contracts are based on values prepared by financial institutions.
2. Derivative transaction to which hedge accounting has been applied are excluded from this disclosure

## Stock Option

(From March 1, 2007 to February 29, 2008)

None

(From March 1, 2008 to August 31, 2008)

1. Expenses related to stock option totaled 395 million yen, was included in Selling, general and administrative expenses.

2. Details about stock option which was granted for the six months ended August 31, 2008.

(a) The Company

	First grant of Subscriptions to shares (Stock-linked Compensation Stock Option)	Second grant of Subscriptions to shares (Stock-linked Compensation Stock Option)
Grantees of the rights and number of grantees	Four directors of the Company	92-member of executive officers of the Company and, directors and executive officers of subsidiaries of the Company
Type and number of shares (Note 1)	15,900 ordinary shares	95,800 ordinary shares
Grant date	August 6, 2008	August 6, 2008
Exercise condition	Within ten days from the day following the day that a subscription holder loses its position as a director of the Company	Within ten days from the day following the day that a subscription holder loses its position as a director or executive officer of subsidiaries
Intended service period	-	-
Exercise period	From May 1, 2009 to August 6, 2028	From August 7, 2009 to August 6, 2038
Exercise price (yen)	One yen per share	One yen per share
Fair value per subscription to share on the grant date (yen) (Note 2)	307,000 yen per subscription to share	311,300 yen per subscription to share

(Notes)

(1) Number of shares means total shares to be issued upon exercise of subscriptions to shares.

(2) The number of shares to be issued upon exercise of one subscription to shares shall be one hundred ordinary shares of the Company.

(b) Seven Bank, Ltd.

	First grant of Subscriptions to shares (Stock-linked Compensation Stock Option)	Second grant of Subscriptions to shares (Stock-linked Compensation Stock Option)
Grantees of the rights and number of grantees	Five directors of Seven Bank, Ltd.	Three executive officers of Seven Bank, Ltd.
Type and number of shares (Note 1)	184 ordinary shares	21 ordinary shares
Grant date	August 12, 2008	August 12, 2008
Exercise condition	Within ten days from the day following the day that a subscription holder loses its position as a director of Seven Bank, Ltd.	Within ten days from the day following the day that a subscription holder loses its position as a director or executive officer of Seven Bank, Ltd.
Intended service period	-	-
Exercise period	From August 13, 2008 to August 12, 2038	From August 13, 2008 to August 12, 2038
Exercise price (yen)	One yen per share	One yen per share
Fair value per subscription to share on the grant date (yen) (Note 2)	236,480 yen per subscription to share	236,480 yen per subscription to share

(Notes)

(1) Number of shares means total shares to be issued upon exercise of subscriptions to shares.

(2) The number of shares to be issued upon exercise of one subscription to shares shall be one ordinary share of Seven Bank, Ltd.

*(From March 1, 2007 to February 29, 2008)*

None

## **Business Combination**

None

## Special Purpose Corporation

(From March 1, 2008 to August 31, 2008)

### 1. Summaries of Special Purpose Corporation (“SPC”) and transactions with the SPC

The SEIBU DEPARTMENT STORES, LTD. (“SEIBU”), a consolidated subsidiary of the Company, established a real estate trust comprising of the land, land leasehold right and part of the buildings of a store and sold the beneficiary right of the trust to Asset Ikesei Corp., a SPC. Concurrently, SEIBU has entered into silent partnership arrangement with the SPC with a certain investment. Also, SEIBU leased back such store properties from the SPC who has the beneficiary right of the trust. Under these arrangements, the above noted investment is subordinated to all liabilities to other members of the silent partnership and third parties other than members of the silent partnership.

Total assets and liabilities of Asset Ikesei Corp. as of July 31, 2008 (the latest Year-end) were 125,502 million yen and 125,482 million yen, respectively.

In addition, the SEIBU neither owned voting rights relating to the investment nor dispatched any officer or employee.

### 2. A summary of transaction amounts with the SPC, etc., for the six months ended August 31, 2008 is as follows:

(Millions of yen)

	Amount and balance of major transactions for six months ended or as of August 31, 2008	Major items related to income or expenses	
		Description	Amount
Accounts receivable	3,133	Distribution of profit from the silent partnership	2,914
Amount of investment	5,850		
Rental transaction	-	Rental expenses for Ikebukuro flagship store (Note)	5,400

Note: SEIBU has entered into rental agreement with the trustee. Rental expenses means the amount which was paid to the trustee based on the rental agreement.

## PER SHARE INFORMATION

(yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal Year ended February 29, 2008
Net assets per share	2,052.89	2,038.26	2,081.85
Net income per share	72.52	72.34	137.03
Diluted net income per share	-	72.34	-

Basis for calculation of net income per share and diluted net income per share is as follows.

(Millions of yen, except number of common stock)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal Year ended February 29, 2008
Net income	69,145	67,503	130,657
Net income attributable to common stock	69,145	67,503	130,657
Amounts not attributable to common stock	-	-	-
Average number of common stock outstanding during the period (thousand of shares)	953,501	933,078	953,496
Net income after adjustment which is used for calculating diluted net income per share			
Minority interest	-	0	-
Net income after adjustment	-	0	-
Number of ordinary shares used for calculating the diluted net income per shares increase			
Subscriptions to shares (thousand of shares)	-	15	-
Number of ordinary shares increased (thousand of shares)	-	15	-

Basis for calculation net assets per share is as follows.

(Millions of yen, except number of common stock)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Total net assets	2,027,876	1,918,143	2,058,038
Amounts subtracted from total net assets:	70,455	76,626	73,020
Subscriptions to shares	-	395	-
Minority interest in consolidated subsidiaries	70,455	76,230	73,020
Net assets for common stock at the end of period	1,957,421	1,841,517	1,985,018
Number of common stock at the end of period used for calculating the amounts of net assets per share (thousand of shares)	953,495	903,475	953,487

## Subsequent Event

None



# NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	August 31, 2007		August 31, 2008		February 29, 2008	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>Current assets</b>	<b>15,986</b>	<b>0.9</b>	<b>20,524</b>	<b>1.2</b>	<b>22,006</b>	<b>1.2</b>
Cash and bank deposits	9,628		14,184		10,443	
Prepaid expenses	271		245		258	
Account receivable, other	4,412		5,700		11,015	
Other	1,674		393		288	
<b>Non-current assets</b>	<b>1,749,280</b>	<b>99.1</b>	<b>1,729,900</b>	<b>98.8</b>	<b>1,746,769</b>	<b>98.8</b>
<b>Property and equipment</b>	<b>59</b>	<b>0.0</b>	<b>62</b>	<b>0.0</b>	<b>63</b>	<b>0.0</b>
Buildings and structures	44		51		52	
Furniture, fixtures and equipment	15		10		10	
<b>Investments and other assets</b>	<b>1,749,221</b>	<b>99.1</b>	<b>1,729,837</b>	<b>98.8</b>	<b>1,746,706</b>	<b>98.8</b>
Investments in securities	4,081		4,491		3,828	
Investments in subsidiaries	1,742,643		1,722,790		1,740,330	
Prepaid pension cost	151		231		201	
Long-term leasehold deposits	2,342		2,315		2,342	
Other	2		9		2	
<b>Deferred assets</b>	<b>175</b>	<b>0.0</b>	<b>105</b>	<b>0.0</b>	<b>140</b>	<b>0.0</b>
New organization costs	175		105		140	
<b>TOTAL ASSETS</b>	<b>1,765,442</b>	<b>100.0</b>	<b>1,750,529</b>	<b>100.0</b>	<b>1,768,915</b>	<b>100.0</b>

(Millions of yen)

	August 31, 2007		August 31, 2008		February 29, 2008	
	Amount	%	Amount	%	Amount	%
<b>LIABILITIES</b>						
<b>Current liabilities</b>	<b>171,198</b>	<b>9.7</b>	<b>271,946</b>	<b>15.6</b>	<b>201,627</b>	<b>11.4</b>
Short-term loans	-		35,000		-	
Short-term loans from a subsidiary	170,000		235,000		200,000	
Accounts payable, other	256		390		337	
Accrued expenses	258		684		312	
Income taxes payable	49		126		271	
Advance received	204		198		198	
Allowance for bonuses to employees	217		242		225	
Allowance for bonuses to directors and corporate auditors	39		28		73	
Other	172		276		208	
<b>Non-current liabilities</b>	<b>1,971</b>	<b>0.1</b>	<b>102,092</b>	<b>5.8</b>	<b>1,944</b>	<b>0.1</b>
Bonds	-		99,960		-	
Deferred income taxes	61		271		82	
Deposits received from tenants	1,910		1,859		1,861	
<b>TOTAL LIABILITIES</b>	<b>173,170</b>	<b>9.8</b>	<b>374,039</b>	<b>21.4</b>	<b>203,571</b>	<b>11.5</b>
<b>NET ASSETS</b>						
<b>Shareholders' equity</b>	<b>1,592,495</b>	<b>90.2</b>	<b>1,375,884</b>	<b>78.6</b>	<b>1,566,520</b>	<b>88.6</b>
Common stock	50,000		50,000		50,000	
Capital surplus	1,503,254		1,294,884		1,470,622	
Additional paid-in capital	1,175,496		875,496		1,175,496	
Other capital surplus	327,757		419,387		295,125	
Retained earnings	39,393		40,298		46,126	
Other retained earnings						
Retained earnings brought forward	39,393		40,298		46,126	
Treasury stock, at cost	(152)		(9,299)		(229)	
<b>Accumulated gains (losses) from valuation and translation adjustments</b>	<b>(222)</b>	<b>(0.0)</b>	<b>259</b>	<b>0.0</b>	<b>(1,175)</b>	<b>(0.1)</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	(222)		259		(1,175)	
<b>Subscriptions to shares</b>	<b>-</b>	<b>-</b>	<b>347</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET ASSETS</b>	<b>1,592,272</b>	<b>90.2</b>	<b>1,376,490</b>	<b>78.6</b>	<b>1,565,344</b>	<b>88.5</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,765,442</b>	<b>100.0</b>	<b>1,750,529</b>	<b>100.0</b>	<b>1,768,915</b>	<b>100.0</b>

# NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Six months ended August 31, 2007		Six months ended August 31, 2008		Fiscal year ended February 29, 2008	
	Amount	%	Amount	%	Amount	%
<b>Revenues from operations</b>	<b>22,232</b>	<b>100.0</b>	<b>28,311</b>	<b>100.0</b>	<b>58,734</b>	<b>100.0</b>
Selling, general and administrative expenses	3,360	15.1	3,746	13.2	6,791	11.6
<b>Operating income</b>	<b>18,871</b>	<b>84.9</b>	<b>24,565</b>	<b>86.8</b>	<b>51,943</b>	<b>88.4</b>
Non-operating income	74	0.3	69	0.2	108	0.2
Non-operating expenses	777	3.5	2,110	7.4	1,756	3.0
<b>Ordinary income</b>	<b>18,169</b>	<b>81.7</b>	<b>22,524</b>	<b>79.6</b>	<b>50,294</b>	<b>85.6</b>
Special gains	1,600	7.2	-	-	1,600	2.8
Special losses	3,737	16.8	1,558	5.5	3,877	6.6
<b>Income before income taxes</b>	<b>16,031</b>	<b>72.1</b>	<b>20,966</b>	<b>74.1</b>	<b>48,016</b>	<b>81.8</b>
Income taxes - current	3	0.0	3	0.0	74	0.1
Income taxes - deferred	21	0.1	11	0.1	42	0.1
<b>Net income</b>	<b>16,006</b>	<b>72.0</b>	<b>20,950</b>	<b>74.0</b>	<b>47,899</b>	<b>81.6</b>

# STATEMENTS OF CHANGES IN NET ASSETS

Six months ended August 31, 2007 (from March 1, 2007 to August 31, 2007)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
<b>Balance at February 28, 2007</b>	50,000	1,175,496	327,756	1,503,253	49,515	49,515	(106)	1,602,661
<b>Increase (decrease) of items during the period</b>								
Cash dividends					(26,128)	(26,128)		(26,128)
Net income					16,006	16,006		16,006
Purchase of treasury stock							(46)	(46)
Sales of treasury stock			1	1			1	2
Increase (decrease) of items during the period except those included in shareholders' equity								
<b>Total increase (decrease) of items during the period</b>	-	-	1	1	(10,121)	(10,121)	(45)	(10,165)
<b>Balance at August 31, 2007</b>	50,000	1,175,496	327,757	1,503,254	39,393	39,393	(152)	1,592,495

	Accumulated gains (losses) from valuation and translation adjustments		TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments	
<b>Balance at February 28, 2007</b>	-	-	1,602,661
<b>Increase (decrease) of items during the period</b>			
Cash dividends			(26,128)
Net income			16,006
Purchase of treasury stock			(46)
Sales of treasury stock			2
Increase (decrease) of items during the period except those included in shareholders' equity	(222)	(222)	(222)
<b>Total increase (decrease) of items during the period</b>	(222)	(222)	(10,388)
<b>Balance at August 31, 2007</b>	(222)	(222)	1,592,272

Six months ended August 31, 2008 (from March 1, 2008 to August 31, 2008)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
<b>Balance at February 29, 2008</b>	<b>50,000</b>	<b>1,175,496</b>	<b>295,125</b>	<b>1,470,622</b>	<b>46,126</b>	<b>46,126</b>	<b>(229)</b>	<b>1,566,520</b>
<b>Increase (decrease) of items during the period</b>								
Cash dividends					(26,778)	(26,778)		(26,778)
Net income					20,950	20,950		20,950
Decrease by absorption-type demerger			(18,550)	(18,550)				(18,550)
Reversal of additional paid-in capital		(300,000)	300,000	-				-
Purchase of treasury stock							(166,284)	(166,284)
Sales of treasury stock			0	0			26	26
Cancellation of treasury stock			(157,188)	(157,188)			157,188	-
Increase (decrease) of items during the period except those included in shareholders' equity								
<b>Total increase (decrease) of items during the period</b>	<b>-</b>	<b>(300,000)</b>	<b>124,262</b>	<b>(175,737)</b>	<b>(5,827)</b>	<b>(5,827)</b>	<b>(9,069)</b>	<b>(190,635)</b>
<b>Balance at August 31, 2008</b>	<b>50,000</b>	<b>875,496</b>	<b>419,387</b>	<b>1,294,884</b>	<b>40,298</b>	<b>40,298</b>	<b>(9,299)</b>	<b>1,375,884</b>

	Accumulated gains (losses) from valuation and translation adjustments		Subscriptions to shares	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments		
<b>Balance at February 29, 2008</b>	<b>(1,175)</b>	<b>(1,175)</b>	<b>-</b>	<b>1,565,344</b>
<b>Increase (decrease) of items during the period</b>				
Cash dividends				(26,778)
Net income				20,950
Decrease by absorption-type demerger				(18,550)
Reversal of additional paid-in capital				-
Purchase of treasury stock				(166,284)
Sales of treasury stock				26
Cancellation of treasury stock				-
Increase (decrease) of items during the period except those included in shareholders' equity	1,434	1,434	347	1,781
<b>Total increase (decrease) of items during the period</b>	<b>1,434</b>	<b>1,434</b>	<b>347</b>	<b>(188,853)</b>
<b>Balance at August 31, 2008</b>	<b>259</b>	<b>259</b>	<b>347</b>	<b>1,376,490</b>

Fiscal year ended February 29, 2008 (from March 1, 2007 to February 29, 2008)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
<b>Balance at February 28, 2007</b>	<b>50,000</b>	<b>1,175,496</b>	<b>327,756</b>	<b>1,503,253</b>	<b>49,515</b>	<b>49,515</b>	<b>(106)</b>	<b>1,602,661</b>
<b>Increase (decrease) for the year</b>								
Cash dividends					(51,288)	(51,288)		(51,288)
Net income					47,899	47,899		47,899
Purchase of treasury stock							(32,760)	(32,760)
Sales of treasury stock			2	2			5	8
Cancellation of treasury stock			(32,632)	(32,632)			32,632	-
Increase (decrease) of items for the year except those included in shareholders' equity								
<b>Net increase (decrease) for the year</b>	<b>-</b>	<b>-</b>	<b>(32,630)</b>	<b>(32,630)</b>	<b>(3,388)</b>	<b>(3,388)</b>	<b>(122)</b>	<b>(36,141)</b>
<b>Balance at February 29, 2008</b>	<b>50,000</b>	<b>1,175,496</b>	<b>295,125</b>	<b>1,470,622</b>	<b>46,126</b>	<b>46,126</b>	<b>(229)</b>	<b>1,566,520</b>

	Accumulated gains (losses) from valuation and translation adjustments		TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments	
<b>Balance at February 28, 2007</b>	-	-	<b>1,602,661</b>
<b>Increase (decrease) for the year</b>			
Cash dividends			(51,288)
Net income			47,899
Purchase of treasury stock			(32,760)
Sales of treasury stock			8
Cancellation of treasury stock			-
Increase (decrease) of items for the year except those included in shareholders' equity	(1,175)	(1,175)	(1,175)
<b>Net increase (decrease) for the year</b>	<b>(1,175)</b>	<b>(1,175)</b>	<b>(37,317)</b>
<b>Balance at February 29, 2008</b>	<b>(1,175)</b>	<b>(1,175)</b>	<b>1,565,344</b>

## Notes to Interim Nonconsolidated Financial Statements

### *Nonconsolidated Balance Sheets;*

#### 1. Accumulated depreciation of property and equipment

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Accumulated depreciation	20	38	30

#### 2. Guarantees

(Millions of yen)

	As of August 31, 2007	As of August 31, 2008	As of February 29, 2008
Loans of IY Card Service Co., Ltd.	4,000	10,000	10,000
Bonds issued by Ito-Yokado Co., Ltd.	70,000	70,000	70,000

### *Nonconsolidated Statements of Income;*

#### 1. Major items included in “Non-operating income”

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Interest income	12	18	26
Dividends income	2	12	15
Other	59	38	66

#### 2. Major items included in “Non-operating expenses”

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	For the year ended February 29, 2008
Interest expenses	742	1,364	1,674
Interest on bonds	-	271	-
Amortization of new organization costs	35	35	70
Amortization of bond issuance expenses	-	335	-
Other	-	103	12

#### 3. Major items included in “Special gains”

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	For the year ended February 29, 2008
Gain on donations received	1,600	-	1,600

Gain on donations received recorded for the six months ended August 31, 2007 and fiscal year ended February 29, 2008 was received in cash.

4. Major items included in “Special losses”

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Valuation loss on investments in a subsidiary	3,737	-	-
Valuation loss on investments in securities	-	1,558	-
Loss on extinguishment of tie-in shares due to demerger	-	-	3,737

(Note) The Company succeeded the operation of finance services in Ito-Yokado Co., Ltd. on September 1, 2007 through a corporate divestiture. Loss on extinguishment of tie-in shares due to demerger is recorded as valuation loss on investment in a subsidiary for the six months ended August 31, 2007.

5. Depreciation

(Millions of yen)

	Six months ended August 31, 2007	Six months ended August 31, 2008	Fiscal year ended February 29, 2008
Property and equipment	8	8	17



*Nonconsolidated Statements of changes in net assets (from March 1, 2007 to August 31, 2007);*

Type and number of shares of treasury stock

(Thousands of shares)

	Outstanding shares at the end of February 28, 2007	Number of shares increased (Note)	Number of shares decreased	Outstanding shares at the end of August 31, 2007
Ordinary Share	58	13	0	71

(Note) The increase of 13 thousand of shares represents the acquisition of odd-lot shares.

*Nonconsolidated Statements of changes in net assets (from March 1, 2008 to August 31, 2008);*

Type and number of shares of treasury stock

(Thousands of shares)

	Outstanding shares at the end of February 29, 2008	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Outstanding shares at the end of August 31, 2008
Ordinary Share	79	52,886	50,008	2,957

(Notes)1. 2,866 shares out of 52,886 thousand shares have increased due to the acquisition of shares owed by SEVEN & i Life Design Institute Co., Ltd., York-Benimaru Co., Ltd. and Life Foods Co., Ltd..

The other 50,000 thousand shares have increased due to the acquisition of treasury stock based on the approval of the Company's Board of director.

2. 50,000 thousand shares out of 50,008 thousand shares have decreased by the cancellation of treasury stock

*Nonconsolidated Statements of changes in net assets (from March 1, 2007 to February 29, 2008);*

Type and number of shares of treasury stock

(Thousands of shares)

	Outstanding shares at the end of February 28, 2007	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Outstanding shares at the end of February 29, 2008
Ordinary Share	58	11,352	11,331	79

(Notes)1. 11,329 thousand shares out of 11,352 thousand shares have increased due to the acquisition of shares owed by Seven-Eleven Japan Co.,Ltd.

2. 11,329 thousand shares out of 11,331 thousand shares have decreased by the cancellation of treasury stock.