



October 2, 2014

# Consolidated Financial Results for the Six Months ended August 31, 2014

## Seven & i Holdings Co., Ltd.

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

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 quarterly securities report scheduled: October 10, 2014

Starting date of paying dividend: November 14, 2014

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

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

### 1. Business Results for the Six Months ended August 31, 2014 (from March 1, 2014 to August 31, 2014)

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

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Six Months ended August 31, 2014	3,004,423	7.0%	167,225	1.6%	167,237	1.5%
Six Months ended August 31, 2013	2,807,664	14.6%	164,583	11.8%	164,813	12.0%

  

	Net Income		Net Income per Share		Diluted Net Income per Share	
Six Months ended August 31, 2014	83,901	0.7%	94.90	(yen)	94.82	(yen)
Six Months ended August 31, 2013	83,352	24.6%	94.34	(yen)	94.27	(yen)

Notes: 1. Comprehensive income:

Six Months ended August 31, 2014: 70,534 million yen [ (51.3)% ]

Six Months ended August 31, 2013: 144,911 million yen [ 77.0% ]

2. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.

\*Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:

Six Months ended August 31, 2014: 5,082,915 million yen [ 7.0% ]

Six Months ended August 31, 2013: 4,752,416 million yen [ 13.1% ]

#### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share
As of August 31, 2014	5,035,088	2,259,438	42.4%	2,412.53 (yen)
As of February 28, 2014	4,811,380	2,221,557	43.6%	2,371.92 (yen)

Note: Owners' equity (net assets excluding minority interests in consolidated subsidiaries and subscription rights to shares) :

As of August 31, 2014: 2,132,840 million yen

As of February 28, 2014: 2,095,746 million yen

### 2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended February 28, 2014	-	33.00	-	35.00	68.00
Year ending February 28, 2015	-	36.50			
Year ending February 28, 2015 (forecast)			-	36.50	73.00

Note: Revision of dividends forecast during the current quarterly period: None

### 3. Forecast of Business Results for the Fiscal Year ending February 28, 2015 (from March 1, 2014 to February 28, 2015)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income		Net Income per Share	
<b>Entire Year</b>	6,130,000	8.8%	356,000	4.8%	354,000	4.4%	184,000	4.7%	208.13	(yen)

Notes:

1. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.
2. Revision of business results forecast during the current quarterly period: None

\* The forecast of Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:  
Entire Year: 10,200,000 million yen [6.3%]

### 4. Others

- (1) Changes in significant subsidiaries during the period: Yes  
(changes in specific subsidiaries accompanying change in scope of consolidation):  
Added: none Excluded: one company (Seven Net Shopping Co., Ltd.)  
Seven Net Shopping Co., Ltd., which was a specific subsidiary of Seven & i Holdings Co., Ltd., merged on March 1, 2014. This is an absorption-type merger with Seven & i Net Media Co., Ltd., being the surviving entity.
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates or restatements
  - 1.Changes due to amendment of accounting standards: None
  - 2.Changes due to other reasons: None
  - 3.Changes in accounting estimates: None
  - 4.Restatements: None
- (4) Number of shares outstanding (common stock)
  1. Number of shares outstanding at the end of period (including treasury stock)  
As of August 31, 2014: 886,441,983 shares As of February 28, 2014: 886,441,983 shares
  2. Number of treasury stock at the end of period  
As of August 31, 2014: 2,372,472 shares As of February 28, 2014: 2,876,349 shares
  3. Average number of shares during the period (cumulative quarterly consolidated period)  
As of August 31, 2014: 884,060,592 shares As of August 31, 2013: 883,560,720 shares

### NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE QUARTERLY FINANCIAL RESULTS

This quarterly financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results statement, the quarterly review procedure based upon the Financial Instruments and Exchange Act has not been completed.

### FORWARD LOOKING STATEMENTS

1. The forecast for the year ending February 28, 2015 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 the forecast.
2. Brief summary for the second quarter of FY 2015 is posted on the Company's website (<http://www.7andi.com/en/ir/library/kh/201502.html>). The presentation materials related to financial results which will be used on financial results presentation planned to be held on October 3, 2014, will be posted as soon as possible after the presentation.

## Attached Materials

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**5. Consolidated Quarterly Financial Statements**  
**(1) Consolidated Quarterly Balance Sheets**

(Millions of yen)

	February 28, 2014	August 31, 2014
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>1,899,556</b>	<b>2,089,105</b>
Cash and bank deposits	792,986	853,856
Notes and accounts receivable, trade	327,072	342,367
Trade accounts receivable - financial services	66,230	68,198
Marketable securities	150,000	160,000
Merchandise and finished goods	198,847	194,206
Work in process	210	13
Raw materials and supplies	3,060	3,290
Prepaid expenses	42,984	50,727
Deferred income taxes	40,812	39,459
Other	282,880	382,636
Allowance for doubtful accounts	(5,529)	(5,650)
<b>Non-current assets</b>	<b>2,911,623</b>	<b>2,945,834</b>
<b>Property and equipment</b>	<b>1,709,990</b>	<b>1,753,295</b>
Buildings and structures, net	749,201	766,162
Furniture, fixtures and equipment, net	232,991	250,230
Land	681,651	688,206
Lease assets, net	18,491	15,316
Construction in progress	25,171	31,307
Other, net	2,482	2,071
<b>Intangible assets</b>	<b>467,947</b>	<b>451,594</b>
Goodwill	277,943	260,958
Software	43,428	46,583
Other	146,576	144,052
<b>Investments and other assets</b>	<b>733,685</b>	<b>740,943</b>
Investments in securities	189,102	201,969
Long-term loans receivable	17,868	17,879
Prepaid pension cost	31,822	32,585
Long-term leasehold deposits	402,878	397,955
Advances for store construction	591	680
Deferred income taxes	32,836	32,053
Other	65,552	64,210
Allowance for doubtful accounts	(6,966)	(6,389)
<b>Deferred assets</b>	<b>200</b>	<b>148</b>
New organization costs	14	7
Business commencement expenses	186	141
<b>TOTAL ASSETS</b>	<b>4,811,380</b>	<b>5,035,088</b>

(Millions of yen)

	February 28, 2014	August 31, 2014
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>1,628,167</b>	<b>1,844,024</b>
Notes and accounts payable, trade	383,972	460,675
Short-term loans	116,147	120,710
Current portion of long-term loans	100,775	56,353
Current portion of bonds	20,000	59,998
Income taxes payable	62,625	42,622
Accrued expenses	97,543	96,562
Deposits received	154,795	240,557
Allowance for sales promotion expenses	16,909	21,189
Allowance for bonuses to employees	14,773	15,714
Allowance for bonuses to Directors and Audit & Supervisory Board Members	372	172
Allowance for loss on future collection of gift certificates	2,932	2,625
Provision for sales returns	205	217
Deposits received in banking business	403,062	419,460
Other	254,051	307,162
<b>Non-current liabilities</b>	<b>961,656</b>	<b>931,624</b>
Bonds	364,987	304,990
Long-term loans	332,485	368,508
Deferred income taxes	51,220	51,921
Allowance for accrued pension and severance costs	6,853	6,808
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	2,019	2,051
Deposits received from tenants and franchised stores	55,046	55,333
Asset retirement obligations	60,376	62,217
Other	88,666	79,793
<b>TOTAL LIABILITIES</b>	<b>2,589,823</b>	<b>2,775,649</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	<b>2,081,295</b>	<b>2,136,166</b>
Common stock	50,000	50,000
Capital surplus	526,850	527,470
Retained earnings	1,511,555	1,564,566
Treasury stock, at cost	(7,109)	(5,869)
<b>Total accumulated other comprehensive income</b>	<b>14,450</b>	<b>(3,326)</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	10,672	13,455
Unrealized gains (losses) on hedging derivatives, net of taxes	(6)	(328)
Foreign currency translation adjustments	3,785	(16,453)
<b>Subscription rights to shares</b>	<b>1,944</b>	<b>2,448</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>123,866</b>	<b>124,149</b>
<b>TOTAL NET ASSETS</b>	<b>2,221,557</b>	<b>2,259,438</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,811,380</b>	<b>5,035,088</b>

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly  
Statements of Comprehensive Income  
Consolidated Quarterly Statements of Income**

(Millions of yen)

	Six Months ended August 31, 2013	Six Months ended August 31, 2014
	Amount	Amount
<b>Revenues from operations</b>	<b>2,807,664</b>	<b>3,004,423</b>
Net sales	2,337,457	2,488,652
Cost of sales	1,854,068	1,961,239
<b>Gross profit on sales</b>	<b>483,388</b>	<b>527,412</b>
Operating revenues	470,207	515,770
<b>Gross profit from operations</b>	<b>953,596</b>	<b>1,043,183</b>
Selling, general and administrative expenses	789,012	875,957
<b>Operating income</b>	<b>164,583</b>	<b>167,225</b>
<b>Non-operating income</b>	<b>8,074</b>	<b>5,475</b>
Interest income	2,751	2,967
Equity in earnings of affiliates	2,067	249
Other	3,255	2,258
<b>Non-operating expenses</b>	<b>7,845</b>	<b>5,463</b>
Interest expenses	3,299	3,245
Interest on bonds	1,458	1,337
Other	3,086	880
<b>Ordinary income</b>	<b>164,813</b>	<b>167,237</b>
<b>Special gains</b>	<b>2,358</b>	<b>952</b>
Gain on sales of property and equipment	421	642
Gain on sales of investments in securities	39	242
Subsidy income	1,881	-
Other	16	67
<b>Special losses</b>	<b>16,219</b>	<b>17,597</b>
Loss on disposals of property and equipment	4,709	6,330
Impairment loss on property and equipment	5,209	6,653
Special expenses related to consumption tax rate change	-	2,031
Loss on reduction of property and equipment	1,881	-
Other	4,418	2,580
<b>Income before income taxes and minority interests</b>	<b>150,953</b>	<b>150,592</b>
<b>Total income taxes</b>	<b>61,106</b>	<b>61,475</b>
Income taxes - current	61,565	58,267
Income taxes - deferred	(459)	3,207
Income before minority interests	89,847	89,117
Minority interests in net income of consolidated subsidiaries	6,494	5,215
<b>Net income</b>	<b>83,352</b>	<b>83,901</b>

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six Months ended August 31, 2013	Six Months ended August 31, 2014
	Amount	Amount
<b>Income before minority interests</b>	<b>89,847</b>	<b>89,117</b>
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	2,502	2,755
Unrealized gains (losses) on hedging derivatives, net of taxes	0	(611)
Foreign currency translation adjustments	52,474	(20,735)
Share of other comprehensive income of associates accounted for using equity method	86	9
<b>Total other comprehensive income</b>	<b>55,064</b>	<b>(18,582)</b>
<b>Comprehensive income</b>	<b>144,911</b>	<b>70,534</b>
Comprehensive income attributable to		
Shareholders of the parent	136,989	66,124
Minority interests	7,922	4,410

### (3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six Months ended August 31, 2013	Six Months ended August 31, 2014
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	150,953	150,592
Depreciation and amortization	71,640	83,694
Impairment loss on property and equipment	5,209	6,653
Amortization of goodwill	9,048	9,450
Interest income	(2,751)	(2,967)
Interest expenses and interest on bonds	4,758	4,583
Equity in losses (earnings) of affiliates	(2,067)	(249)
Gain on sales of property and equipment	(421)	(642)
Loss on disposals of property and equipment	4,709	6,330
Subsidy income	(1,881)	-
Loss on reduction of property and equipment	1,881	-
Decrease (increase) in notes and accounts receivable, trade	(26,258)	(16,345)
Decrease (increase) in trade accounts receivable, financial services	284	(1,967)
Decrease (increase) in inventories	(4,746)	2,625
Increase (decrease) in notes and accounts payable, trade	74,207	79,873
Increase (decrease) in deposits received	49,535	60,517
Net increase (decrease) in loans in banking business	(6,900)	(7,000)
Net increase (decrease) in corporate bonds in banking business	55,000	(20,000)
Net increase (decrease) in deposits received in banking business	40,901	16,398
Net decrease (increase) in call loan in banking business	-	3,000
Net increase (decrease) in call money in banking business	(38,700)	22,000
Net change in ATM-related temporary accounts	(34,172)	(51,333)
Other	8,484	3,622
Sub-total	358,715	348,837
Interest and dividends received	1,945	2,214
Interest paid	(4,710)	(5,353)
Income taxes paid	(44,744)	(78,127)
<b>Net cash provided by operating activities</b>	<b>311,205</b>	<b>267,569</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(156,472)	(140,827)
Proceeds from sales of property and equipment	2,775	2,421
Acquisition of intangible assets	(7,625)	(12,821)
Payment for purchase of investments in securities	(85,652)	(22,355)
Proceeds from sales of investments in securities	84,503	13,321
Payment for purchase of investments in subsidiaries	(22)	(351)
Payment for long-term leasehold deposits	(16,132)	(13,179)
Refund of long-term leasehold deposits	23,101	19,480
Proceeds from deposits from tenants	1,982	1,909
Refund of deposits from tenants	(2,218)	(1,428)
Payment for acquisition of business	(6,077)	(98)
Payment for time deposits	(5,569)	(4,556)
Proceeds from withdrawal of time deposits	8,982	6,687
Other	(2,963)	(2,156)
<b>Net cash used in investing activities</b>	<b>(161,388)</b>	<b>(153,955)</b>



	Six Months ended August 31, 2013	Six Months ended August 31, 2014
	Amount	Amount
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loans	(14,600)	4,562
Proceeds from long-term debts	47,500	66,800
Repayment of long-term debts	(31,407)	(64,825)
Proceeds from commercial paper	171,337	12,601
Payment for redemption of commercial paper	(162,053)	(12,601)
Proceeds from issuance of bonds	99,700	-
Payment for redemption of bonds	(40,000)	-
Dividends paid	(29,132)	(30,902)
Capital contribution from minority interests	0	26
Dividends paid for minority interests	(3,230)	(3,205)
Other	(4,123)	(9,075)
<b>Net cash provided by (used in) financing activities</b>	<b>33,991</b>	<b>(36,620)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>5,841</b>	<b>(2,916)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>189,649</b>	<b>74,077</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>800,087</b>	<b>921,432</b>
<b>Cash and cash equivalents at end of period</b>	<b>989,737</b>	<b>995,510</b>

#### (4) Doubts on the Premise of Going Concern

None

#### (5) Segment Information

##### 1. Information on Revenues from Operations and Income (Loss) by Reportable Segment

Six Months ended August 31, 2013 (From March 1, 2013 to August 31, 2013)

(Millions of yen)

	Reportable segments						Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others			
Revenues from operations									
<b>Revenues</b>									
1. Customers	1,276,970	992,389	420,877	40,287	66,310	10,829	2,807,664	-	2,807,664
2. Intersegment	230	4,441	804	431	12,042	13,909	31,858	(31,858)	-
<b>Total</b>	<b>1,277,201</b>	<b>996,830</b>	<b>421,681</b>	<b>40,718</b>	<b>78,352</b>	<b>24,738</b>	<b>2,839,523</b>	<b>(31,858)</b>	<b>2,807,664</b>
<b>Segment income (loss)</b>	<b>128,775</b>	<b>11,810</b>	<b>(550)</b>	<b>865</b>	<b>22,856</b>	<b>1,345</b>	<b>165,101</b>	<b>(517)</b>	<b>164,583</b>

Notes:

1. The adjustments on segment income (loss) of (517) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. Segment income (loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

Six Months ended August 31, 2014 (From March 1, 2014 to August 31, 2014)

(Millions of yen)

	Reportable segments							Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Mail order services	Others			
Revenues from operations										
<b>Revenues</b>										
1. Customers	1,367,655	998,187	422,058	40,937	72,896	90,786	11,901	3,004,423	-	3,004,423
2. Intersegment	339	3,875	1,086	384	15,261	94	15,710	36,752	(36,752)	-
<b>Total</b>	<b>1,367,995</b>	<b>1,002,063</b>	<b>423,144</b>	<b>41,322</b>	<b>88,157</b>	<b>90,880</b>	<b>27,611</b>	<b>3,041,175</b>	<b>(36,752)</b>	<b>3,004,423</b>
<b>Segment income (loss)</b>	<b>136,887</b>	<b>9,183</b>	<b>(92)</b>	<b>25</b>	<b>24,006</b>	<b>(3,044)</b>	<b>1,809</b>	<b>168,776</b>	<b>(1,550)</b>	<b>167,225</b>

Notes:

1. The adjustments on segment income (loss) of (1,550) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. Segment income (loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

##### 2. Impairment of Fixed Assets and Goodwill by Reportable Segment

No significant items to be reported.

**(Reference)**

Revenues from operations and operating income by geographic area segments are as described below.

**Six Months ended August 31, 2013 (From March 1, 2013 to August 31, 2013)** (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
<b>Revenues</b>						
1. Customers	1,822,906	927,758	56,999	2,807,664	-	2,807,664
2. Intersegment	392	59	-	452	(452)	-
<b>Total</b>	<b>1,823,298</b>	<b>927,818</b>	<b>56,999</b>	<b>2,808,116</b>	<b>(452)</b>	<b>2,807,664</b>
<b>Operating income (loss)</b>	<b>149,273</b>	<b>16,289</b>	<b>(995)</b>	<b>164,567</b>	<b>16</b>	<b>164,583</b>

**Six Months ended August 31, 2014 (From March 1, 2014 to August 31, 2014)** (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
<b>Revenues</b>						
1. Customers	1,955,328	986,115	62,979	3,004,423	-	3,004,423
2. Intersegment	548	78	479	1,107	(1,107)	-
<b>Total</b>	<b>1,955,877</b>	<b>986,193</b>	<b>63,458</b>	<b>3,005,530</b>	<b>(1,107)</b>	<b>3,004,423</b>
<b>Operating income (loss)</b>	<b>148,906</b>	<b>19,324</b>	<b>(1,001)</b>	<b>167,229</b>	<b>(3)</b>	<b>167,225</b>

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. "Others" consists of the business results in the People's Republic of China, etc.

**(6) Notes on Significant Changes in the Amount of Shareholders' Equity**

None