



April 2, 2015

# Consolidated Financial Results for the Fiscal Year ended February 28, 2015

## 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.

Date of the ordinary general meeting of shareholders: May 28, 2015

Submission date of the annual securities report scheduled: May 29, 2015

Starting date of paying year-end dividend: May 29, 2015

Preparation of brief summary materials for financial results: Yes

Holding of financial results presentation: Yes

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

### 1. Business Results for the Fiscal Year ended February 28, 2015 (from March 1, 2014 to February 28, 2015)

#### (1) Results of Operations

(Millions of yen, except per share amounts)

|                              | Revenues from Operations |        | Operating Income |        | Ordinary Income |        | Net Income |         |
|------------------------------|--------------------------|--------|------------------|--------|-----------------|--------|------------|---------|
| Year ended February 28, 2015 | 6,038,948                | 7.2 %  | 343,331          | 1.1 %  | 341,484         | 0.7 %  | 172,979    | (1.5) % |
| Year ended February 28, 2014 | 5,631,820                | 12.8 % | 339,659          | 14.9 % | 339,083         | 14.6 % | 175,691    | 27.3 %  |

Note: Comprehensive income:

Year ended February 28, 2015: 272,582 million yen [(1.7)%] Year ended February 28, 2014: 277,175 million yen [40.9%]

|                              | Net Income per Share |       | Diluted Net Income per Share |       | Ratio of Net Income to Owners' Equity | Ratio of Ordinary Income to Total Assets | Ratio of Operating Income to Revenues from Operations |
|------------------------------|----------------------|-------|------------------------------|-------|---------------------------------------|--|---|
| Year ended February 28, 2015 | 195.66               | (yen) | 195.48                       | (yen) | 7.9 %                                 | 6.8 %                                    | 5.7 %   |
| Year ended February 28, 2014 | 198.84               | (yen) | 198.69                       | (yen) | 8.8 %                                 | 7.5 %                                    | 6.0 %   |

Notes: 1. Equity in earnings of affiliates:

Year ended February 28, 2015: (362) million yen Year ended February 28, 2014: 2,649 million yen

2. Percentages represent increase (decrease) from the prior year unless otherwise stated.

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

Year ended February 28, 2015: 10,235,664 million yen [6.6%]

Year ended February 28, 2014: 9,597,882 million yen [12.8%]

#### (2) Financial Position

(Millions of yen, except per share amounts)

|                         | Total Assets | Net Assets | Owners' Equity Ratio | Owners' Equity per Share |
|-------------------------|--------------|------------|----------------------|--------------------------|
| As of February 28, 2015 | 5,234,705    | 2,430,917  | 43.9%                | 2,601.23 (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 February 28, 2015: 2,299,662 million yen As of February 28, 2014: 2,095,746 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 the Fiscal Year |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Year ended February 28, 2015 | 416,690                              | (270,235)                            | (79,482)                             | 1,000,762   |
| Year ended February 28, 2014 | 454,335                              | (286,686)                            | (55,227)                             | 921,432   |

### 2. Dividends

|  | Dividends per Share (yen) |          |        | Total Amount of Dividends<br>(Millions of yen) | Dividends Payout Ratio<br>(Consolidated) | Ratio of Total Amount of Dividends to Net Assets<br>(Consolidated) |
|--|---------------------------|----------|--------|--|--|--|
|  | Interim                   | Year-end | Annual |  |  |  |
| Year ended February 28, 2014             | 33.00                     | 35.00    | 68.00  | 60,100   | 34.2 %                                   | 3.0%   |
| Year ended February 28, 2015             | 36.50                     | 36.50    | 73.00  | 64,538   | 37.3 %                                   | 2.9%   |
| Year ending February 29, 2016 (forecast) | 38.50                     | 38.50    | 77.00  |  | 35.3 %                                   |  |

### 3. Forecast of Business Results for the Fiscal Year ending February 29, 2016 (From March 1, 2015 to February 29, 2016)

(Millions of yen, except per share amounts)

|                | Revenues from Operations |       | Operating Income |       | Ordinary Income |       | Net Income |        | Net Income per Share |
|----------------|--------------------------|-------|------------------|-------|-----------------|-------|------------|--------|----------------------|
| Interim Period | 3,160,000                | 5.2 % | 179,000          | 7.0 % | 177,000         | 5.8 % | 93,000     | 10.8 % | 105.20 (yen)         |
| Entire Year    | 6,400,000                | 6.0 % | 373,000          | 8.6 % | 368,000         | 7.8 % | 193,000    | 11.6 % | 218.31 (yen)         |

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

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

Interim Period: 5,350,000 million yen [5.3%]

Entire Year: 10,800,000 million yen [5.5%]

#### 4. Others

(1) Changes in significant subsidiaries during the fiscal year ended February 28, 2015

(changes in specific subsidiaries accompanying change in scope of consolidation): Yes

Added: none

Excluded: one company (Seven Net Shopping Co., Ltd.)

(2) Changes in accounting policies, accounting estimates or restatements

1. Changes due to amendment of accounting standards: Yes

2. Changes due to other reasons: None

3. Changes in accounting estimates: None

4. Restatements: None

(3) Number of shares outstanding (common stock)

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

As of February 28, 2015: 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 February 28, 2015: 2,375,681 shares As of February 28, 2014: 2,876,349 shares

3. Average number of shares during the period

As of February 28, 2015: 884,064,278 shares As of February 28, 2014: 883,564,722 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 39 of attached materials.

#### Reference: Summary of Nonconsolidated Financial Statements

##### 1. Nonconsolidated Business Results for the Fiscal Year ended February 28, 2015

(from March 1, 2014 to February 28, 2015)

##### (1) Results of Operations

(Millions of yen, except per share amounts)

|                              | Revenues from Operations |       | Operating Income |       | Ordinary Income |       |
|------------------------------|--------------------------|-------|------------------|-------|-----------------|-------|
| Year ended February 28, 2015 | 106,958                  | 18.9% | 96,247           | 18.5% | 94,667          | 19.7% |
| Year ended February 28, 2014 | 89,946                   | 0.6%  | 81,250           | 0.1%  | 79,116          | 0.9%  |

|                              | Net Income |        | Net Income per Share |       | Diluted Net Income per Share |       |
|------------------------------|------------|--------|----------------------|-------|------------------------------|-------|
| Year ended February 28, 2015 | 95,119     | 22.0%  | 107.59               | (yen) | 107.50                       | (yen) |
| Year ended February 28, 2014 | 77,953     | (2.5)% | 88.22                | (yen) | 88.16                        | (yen) |

Note: Percentages represent increase (decrease) from 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 February 28, 2015 | 1,954,539    | 1,473,961  | 75.3%        | 1,664.97 (yen)       |
| As of February 28, 2014 | 1,942,587    | 1,434,863  | 73.8%        | 1,621.27 (yen)       |

Note: Owners' equity (net assets excluding subscription rights to shares):

As of February 28, 2015: 1,471,984 million yen As of February 28, 2014: 1,433,306 million yen

#### NOTICE REGARDING AUDIT PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This consolidated financial results statement is exempt from the audit procedures based upon the Financial Instruments and Exchange Act.

At this time of disclosure of this consolidated financial results statement, the audit procedure based upon the Financial Instruments and Exchange Act has not been completed.

#### FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

1. The forecast for the year ending February 29, 2016 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.

2. Brief summary for the fiscal year ended February 28, 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 April 3, 2015, will be posted as soon as possible after the presentation.

<Reference>

The consolidated financial forecasts for the fiscal year ending February 29, 2016 (March 1, 2015 to February 29, 2016) are as follows.

**Consolidated financial forecast** (Millions of yen)

|                          | Year ending February 29, 2016 |       |
|--------------------------|-------------------------------|-------|
|                          |                               | YOY   |
| Revenues from operations | 6,400,000                     | 6.0%  |
| Operating income         | 373,000                       | 8.6%  |
| Ordinary income          | 368,000                       | 7.8%  |
| Net income               | 193,000                       | 11.6% |

Assumed exchange rates: U.S.\$1 = 118.00 yen 1yuan = 18.00 yen

\* The forecast of Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees: 10,800 billion yen [5.5%]

**Revenues from operations and operating income forecast by business segment** (Millions of yen)

|                                  | Year ending February 29, 2016 |             |                  |              |
|----------------------------------|-------------------------------|-------------|------------------|--------------|
|                                  | Revenues from operations      |             | Operating income |              |
|                                  |                               | YOY         |                  | YOY          |
| Convenience store operations     | 3,000,000                     | 10.0%       | 296,000          | 7.0%         |
| Superstore operations            | 2,060,000                     | 2.4%        | 31,600           | 63.4%        |
| Department store operations      | 900,000                       | 2.9%        | 7,600            | 7.7%         |
| Food services                    | 84,700                        | 4.6%        | 1,600            | -            |
| Financial services               | 192,000                       | 7.7%        | 50,000           | 6.0%         |
| Mail order services              | 179,000                       | (3.7)%      | (5,900)          | -            |
| Others                           | 70,000                        | 29.9%       | 4,500            | 22.6%        |
| <b>Total before eliminations</b> | <b>6,485,700</b>              | <b>6.1%</b> | <b>385,400</b>   | <b>11.2%</b> |
| Eliminations / corporate         | (85,700)                      | -           | (12,400)         | -            |
| <b>Consolidated Total</b>        | <b>6,400,000</b>              | <b>6.0%</b> | <b>373,000</b>   | <b>8.6%</b>  |

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

## Attached Materials

### Contents

|   |    |
|---|----|
| 1. Scope of Consolidated Subsidiaries and Affiliates                                      | 2  |
| 2. Consolidated Financial Statements  |    |
| (1) Consolidated Balance Sheets   | 4  |
| (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income | 6  |
| (3) Consolidated Statements of Changes in Net Assets                                      | 8  |
| (4) Consolidated Statements of Cash Flows   | 10 |
| (5) Doubts on the Premise of Going Concern  | 12 |
| (6) Accounting Policies for the Preparation of Consolidated Financial Statements          | 12 |
| (7) Changes in accounting policies  | 17 |
| (8) Changes in Method of Presentation   | 17 |
| (9) Notes to Consolidated Financial Statements  |    |
| Consolidated Balance Sheets   | 18 |
| Consolidated Statements of Income   | 20 |
| Consolidated Statements of Comprehensive Income   | 25 |
| Consolidated Statements of Changes in Net Assets  | 26 |
| Consolidated Statements of Cash Flows   | 30 |
| Segment Information   | 34 |
| Related Parties Transactions  | 38 |
| Per Share Information   | 39 |
| Subsequent Event  | 39 |
| 3. Nonconsolidated Financial Statements   |    |
| (1) Nonconsolidated Balance Sheets  | 40 |
| (2) Nonconsolidated Statements of Income  | 42 |
| (3) Nonconsolidated Statements of Changes in Net Assets                                   | 43 |
| (4) Doubts on the Premise of Going Concern  | 45 |
| (5) Notes to Nonconsolidated Financial Statements   |    |
| Nonconsolidated Balance Sheets  | 45 |
| Nonconsolidated Statements of Income  | 45 |
| [Reference]   |    |
| Seven-Eleven Japan Co., Ltd.  |    |
| Nonconsolidated Balance Sheets  | 46 |
| Nonconsolidated Statements of Income  | 48 |
| Ito-Yokado Co., Ltd.  |    |
| Nonconsolidated Balance Sheets  | 49 |
| Nonconsolidated Statements of Income  | 51 |
| York-Benimaru Co., Ltd.   |    |
| Nonconsolidated Balance Sheets  | 52 |
| Nonconsolidated Statements of Income  | 54 |
| Sogo & Seibu Co., Ltd.  |    |
| Nonconsolidated Balance Sheets  | 55 |
| Nonconsolidated Statements of Income  | 57 |
| Seven & i Food Systems Co., Ltd.  |    |
| Nonconsolidated Balance Sheets  | 58 |
| Nonconsolidated Statements of Income  | 60 |

## 1. Scope of Consolidated Subsidiaries and Affiliates

### Major Seven & i Group Companies

Seven & i Group consists 144 diversified retail companies, mainly engaged in convenience store operations, superstore operations, department store operations, food services, financial services and mail order services.

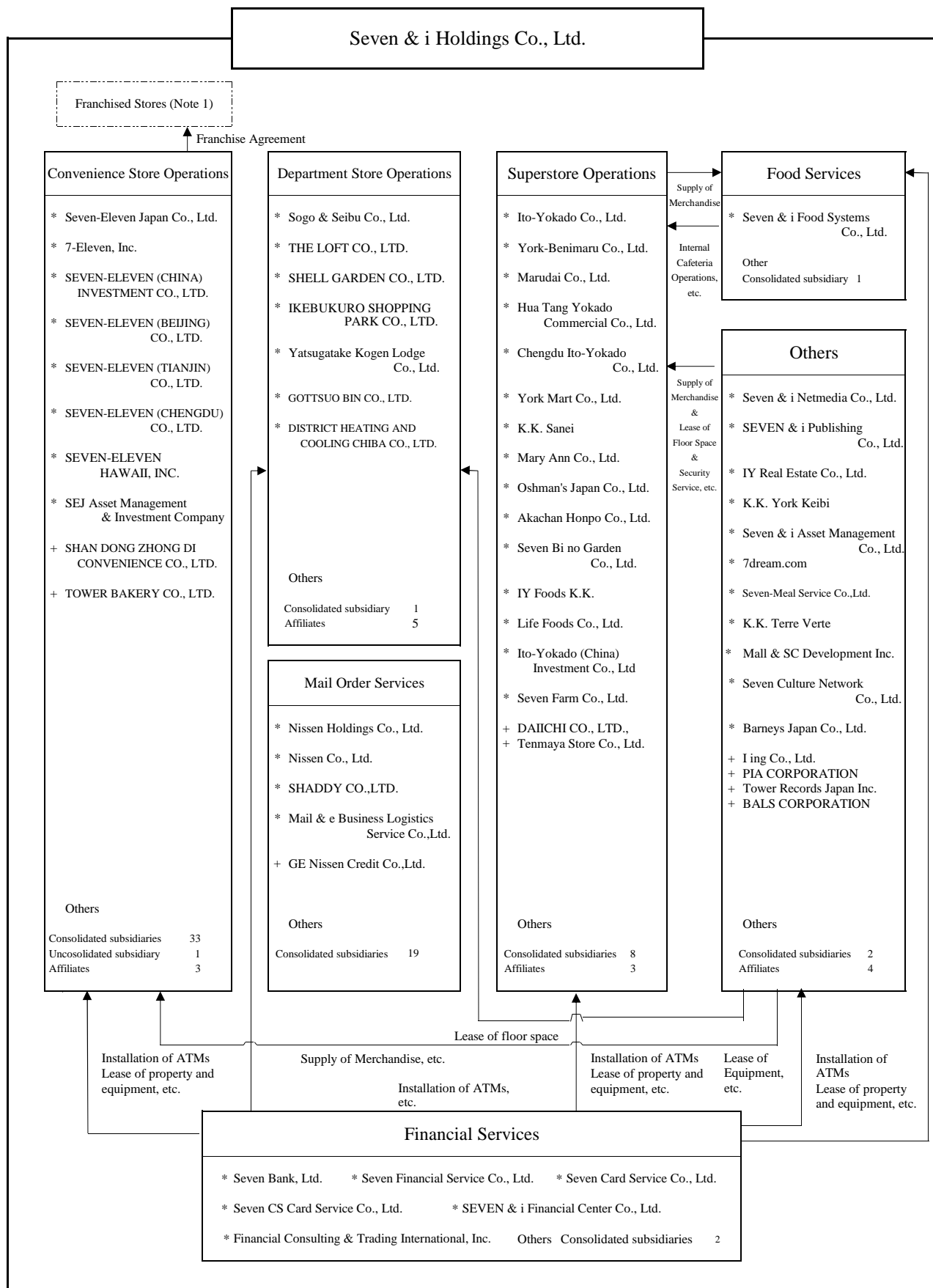
Business segments, major group companies and number of companies are as follows.

This segmentation is same as the reportable 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.<br>SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD.<br>SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD.<br>SEVEN-ELEVEN (CHENGDU) CO., LTD.<br>SEVEN-ELEVEN HAWAII, INC.<br>SEJ Asset Management & Investment Company<br>SHAN DONG ZHONG DI CONVENIENCE CO., LTD.<br>TOWER BAKERY CO., LTD.  | Consolidated Subsidiaries 41<br>Unconsolidated Subsidiary 1<br>Affiliates 5<br><hr/> Total 47 |
| <b>Superstore Operations</b>        | Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Marudai Co., Ltd.<br>Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd.<br>York Mart Co., Ltd. K.K. Sanei<br>Mary Ann Co., Ltd. Oshman's Japan Co., Ltd. Akachan Honpo Co., Ltd.<br>Seven Bi no Garden Co., Ltd. IY Foods K.K. Life Foods Co., Ltd.<br>Ito-Yokado (China) Investment Co., Ltd. Seven Farm Co., Ltd.<br>DAIICHI CO., LTD. Tenmaya Store Co., Ltd. | Consolidated Subsidiaries 23<br>Affiliates 5<br><hr/> Total 28                                |
| <b>Department Store Operations</b>  | Sogo & Seibu Co., Ltd. THE LOFT CO., LTD.<br>SHELL GARDEN CO., LTD. IKEBUKURO SHOPPING PARK CO., LTD.<br>Yatsugatake Kogen Lodge Co., Ltd. GOTTSUO BIN CO., LTD.<br>DISTRICT HEATING AND COOLING CHIBA CO., LTD.   | Consolidated Subsidiaries 8<br>Affiliates 5<br><hr/> Total 13                                 |
| <b>Food Services</b>                | Seven & i Food Systems Co., Ltd.   | Consolidated Subsidiaries 2   |
| <b>Financial Services</b>           | Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd.<br>Seven CS Card Service Co., Ltd. SEVEN & i Financial Center Co., Ltd.<br>Financial Consulting & Trading International, Inc.  | Consolidated Subsidiaries 8   |
| <b>Mail Order Services</b>          | Nissen Holdings Co., Ltd. Nissen Co., Ltd.<br>SHADDY CO.,LTD. Mail & e Business Logistics Service Co., Ltd.<br>GE Nissen Credit Co., Ltd.  | Consolidated Subsidiaries 23<br>Affiliates 1<br><hr/> Total 24                                |
| <b>Others</b>                       | Seven & i Netmedia Co., Ltd. SEVEN & i Publishing Co., Ltd.<br>IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Asset Management Co., Ltd.<br>7dream.com Seven-Meal Service Co., Ltd. K.K. Terre Verte<br>Mall & SC Development Inc. Seven Culture Network Co., Ltd.<br>Barneys Japan Co., Ltd. I ing Co., Ltd. PIA CORPORATION<br>Tower Records Japan Inc. BALS CORPORATION   | Consolidated Subsidiaries 13<br>Affiliates 8<br><hr/> Total 21                                |

1. SHAN DONG ZHONG DI CONVENIENCE CO., LTD., TOWER BAKERY CO., LTD., DAIICHI CO., LTD., Tenmaya Store Co., Ltd., BALS CORPORATION, GE Nissen Credit Co.,Ltd., I ing Co., Ltd., PIA CORPORATION and Tower Records Japan Inc. are affiliates and other companies are consolidated subsidiaries.
2. On February 12, 2015, Barneys Japan Co., Ltd. became a consolidated subsidiary through a additional stock acquisition.

# 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. or SEVEN-ELEVEN (BEIJING) CO., LTD. or SEVEN-ELEVEN (CHENGDU) CO., LTD.
2. As of February 28, 2015, Seven Bank, Ltd. has 20,939 units of ATMs placed mainly in the stores of Group companies.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                |                   |                   |
| <b>Current assets</b>                        | <b>1,899,556</b>  | <b>2,133,185</b>  |
| Cash and bank deposits                       | 792,986           | 933,959           |
| Call Loan                                    | 10,000            | 10,000            |
| Notes and accounts receivable-trade          | 327,072           | 340,792           |
| Trade accounts receivable-financial services | 66,230            | 71,198            |
| Marketable securities                        | 150,000           | 100,001           |
| Merchandise and finished goods               | 198,847           | 208,927           |
| Work in process                              | 210               | 71                |
| Raw materials and supplies                   | 3,060             | 3,170             |
| Prepaid expenses                             | 42,984            | 48,585            |
| ATM-related temporary payments               | 99,164            | 166,686           |
| Deferred income taxes                        | 40,812            | 41,499            |
| Other  | 173,716           | 213,653           |
| Allowance for doubtful accounts              | (5,529)           | (5,361)           |
| <b>Non-current assets</b>                    | <b>2,911,623</b>  | <b>3,101,424</b>  |
| <b>Property and equipment</b>                | <b>1,709,990</b>  | <b>1,876,941</b>  |
| Buildings and structures, net                | 749,201           | 825,831           |
| Furniture, fixtures and equipment, net       | 232,991           | 271,327           |
| Vehicles, net                                | 2,482             | 1,629             |
| Land   | 681,651           | 725,553           |
| Lease assets, net                            | 18,491            | 13,229            |
| Construction in progress                     | 25,171            | 39,369            |
| <b>Intangible assets</b>                     | <b>467,947</b>    | <b>507,004</b>    |
| Goodwill                                     | 277,943           | 297,233           |
| Software                                     | 43,428            | 57,150            |
| Other  | 146,576           | 152,620           |
| <b>Investments and other assets</b>          | <b>733,685</b>    | <b>717,478</b>    |
| Investments in securities                    | 189,102           | 168,738           |
| Long-term loans receivable                   | 17,868            | 16,361            |
| Prepaid pension cost                         | 31,822            | -                 |
| Long-term leasehold deposits                 | 402,878           | 401,206           |
| Advances for store construction              | 591               | 1,210             |
| Net defined benefit asset                    | -                 | 40,889            |
| Deferred income taxes                        | 32,836            | 28,382            |
| Other  | 65,552            | 65,673            |
| Allowance for doubtful accounts              | (6,966)           | (4,984)           |
| <b>Deferred assets</b>                       | <b>200</b>        | <b>96</b>         |
| New organization costs                       | 14                | 0                 |
| Business commencement expenses               | 186               | 96                |
| <b>TOTAL ASSETS</b>                          | <b>4,811,380</b>  | <b>5,234,705</b>  |

(Millions of yen)

|   | February 28, 2014 | February 28, 2015 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>LIABILITIES</b>  |                   |                   |
| <b>Current liabilities</b>  | <b>1,628,167</b>  | <b>1,826,791</b>  |
| Notes and accounts payable, trade   | 383,972           | 412,504           |
| Short-term loans  | 116,147           | 130,780           |
| Current portion of long-term loans  | 100,775           | 70,013            |
| Current portion of bonds  | 20,000            | 59,999            |
| Income taxes payable  | 62,625            | 42,979            |
| Accrued expenses  | 97,543            | 104,284           |
| Deposits received   | 115,910           | 149,610           |
| ATM-related temporary advances  | 38,884            | 66,977            |
| Allowance for sales promotion expenses  | 16,909            | 20,408            |
| Allowance for bonuses to employees  | 14,773            | 12,893            |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members             | 372               | 375               |
| Allowance for loss on future collection of<br>gift certificates                         | 2,932             | 2,532             |
| Provision for sales returns   | 205               | 188               |
| Deposits received in banking business   | 403,062           | 475,209           |
| Other   | 254,051           | 278,035           |
| <b>Non-current liabilities</b>  | <b>961,656</b>    | <b>976,997</b>    |
| Bonds   | 364,987           | 319,992           |
| Long-term loans   | 332,485           | 367,467           |
| Deferred income taxes   | 51,220            | 63,536            |
| Allowance for accrued pension and<br>severance costs                                    | 6,853             | -                 |
| Allowance for retirement benefits to Directors<br>and Audit & Supervisory Board Members | 2,019             | 2,060             |
| Net defined benefit liability   | -                 | 8,669             |
| Deposits received from tenants and<br>franchised stores                                 | 55,046            | 56,779            |
| Asset retirement obligations  | 60,376            | 67,068            |
| Other   | 88,666            | 91,424            |
| <b>TOTAL LIABILITIES</b>  | <b>2,589,823</b>  | <b>2,803,788</b>  |
| <b>NET ASSETS</b>   |                   |                   |
| <b>Shareholders' equity</b>   | <b>2,081,295</b>  | <b>2,193,677</b>  |
| Common stock  | 50,000            | 50,000            |
| Capital surplus   | 526,850           | 527,470           |
| Retained earnings   | 1,511,555         | 1,622,090         |
| Treasury stock, at cost   | (7,109)           | (5,883)           |
| <b>Total accumulated other comprehensive income</b>                                     | <b>14,450</b>     | <b>105,985</b>    |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes             | 10,672            | 21,571            |
| Unrealized gains (losses) on hedging derivatives,<br>net of taxes                       | (6)               | 557               |
| Foreign currency translation adjustments  | 3,785             | 80,342            |
| Remeasurements of defined benefit plan  | -                 | 3,512             |
| <b>Subscription rights to shares</b>  | <b>1,944</b>      | <b>2,427</b>      |
| <b>Minority interests in consolidated subsidiaries</b>                                  | <b>123,866</b>    | <b>128,827</b>    |
| <b>TOTAL NET ASSETS</b>   | <b>2,221,557</b>  | <b>2,430,917</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b>4,811,380</b>  | <b>5,234,705</b>  |



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

(Millions of yen)

|  | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Revenues from operations</b>                                  | <b>5,631,820</b>                | <b>6,038,948</b>                |
| Net sales  | 4,679,087                       | 4,996,619                       |
| Cost of sales  | 3,694,217                       | 3,926,210                       |
| <b>Gross profit on sales</b>                                     | <b>984,870</b>                  | <b>1,070,408</b>                |
| Operating revenues   | 952,732                         | 1,042,329                       |
| <b>Gross profit from operations</b>                              | <b>1,937,603</b>                | <b>2,112,737</b>                |
| <b>Selling, general and administrative expenses</b>              | <b>1,597,944</b>                | <b>1,769,405</b>                |
| Advertising and decoration expenses                              | 127,099                         | 165,645                         |
| Salaries and wages   | 415,964                         | 438,849                         |
| Provision for bonuses to employees                               | 14,539                          | 12,680                          |
| Pension expenses   | 14,083                          | 13,297                          |
| Legal welfare expenses   | 50,704                          | 57,515                          |
| Land and building rent   | 297,815                         | 318,485                         |
| Depreciation and amortization                                    | 140,573                         | 164,020                         |
| Utility expenses   | 116,091                         | 126,726                         |
| Store maintenance and repair expenses                            | 62,818                          | 67,671                          |
| Other  | 358,252                         | 404,512                         |
| <b>Operating Income</b>  | <b>339,659</b>                  | <b>343,331</b>                  |
| <b>Non-operating income</b>                                      | <b>12,846</b>                   | <b>10,533</b>                   |
| Interest income  | 5,659                           | 5,971                           |
| Dividend income  | 882                             | 894                             |
| Equity in earnings of affiliates                                 | 2,649                           | -                               |
| Other  | 3,654                           | 3,667                           |
| <b>Non-operating expenses</b>                                    | <b>13,422</b>                   | <b>12,381</b>                   |
| Interest expenses  | 6,497                           | 6,700                           |
| Interest on bonds  | 2,774                           | 2,652                           |
| Equity in losses of affiliates                                   | -                               | 362                             |
| Foreign currency exchange losses                                 | 1,768                           | 267                             |
| Other  | 2,382                           | 2,397                           |
| <b>Ordinary income</b>   | <b>339,083</b>                  | <b>341,484</b>                  |
| <b>Special gains</b>   | <b>3,333</b>                    | <b>4,835</b>                    |
| Gain on sales of property and equipment                          | 1,299                           | 2,702                           |
| Subsidy income   | 1,881                           | -                               |
| Compensation income for expropriation                            | 3                               | 686                             |
| Gain on step acquisitions  | -                               | 763                             |
| Other  | 149                             | 683                             |
| <b>Special losses</b>  | <b>31,186</b>                   | <b>36,124</b>                   |
| Loss on disposals of property and equipment                      | 8,667                           | 13,349                          |
| Impairment loss on property and equipment                        | 15,094                          | 15,220                          |
| Special expenses related to consumption<br>tax rate change       | -                               | 2,028                           |
| Other  | 7,424                           | 5,527                           |
| <b>Income before income taxes and minority interests</b>         | <b>311,230</b>                  | <b>310,195</b>                  |
| <b>Total income taxes</b>  | <b>123,182</b>                  | <b>127,643</b>                  |
| Income taxes - current   | 122,004                         | 123,421                         |
| Income taxes - deferred  | 1,177                           | 4,222                           |
| <b>Income before minority interests</b>                          | <b>188,048</b>                  | <b>182,551</b>                  |
| Minority interests in net income of consolidated<br>subsidiaries | 12,356                          | 9,572                           |
| <b>Net income</b>  | <b>175,691</b>                  | <b>172,979</b>                  |

## Consolidated Statements of Comprehensive Income

(Millions of yen)

|   | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Income before minority interests</b>   | <b>188,048</b>                  | <b>182,551</b>                  |
| Other comprehensive income  |                                 |                                 |
| Unrealized gains (losses) on available-for-sale securities, net of taxes          | 3,244                           | 11,020                          |
| Unrealized gains (losses) on hedging derivatives, net of taxes                    | (0)                             | 1,132                           |
| Foreign currency translation adjustments  | 85,768                          | 77,684                          |
| Share of other comprehensive income of entities accounted for using equity method | 114                             | 192                             |
| <b>Total other comprehensive income</b>   | <b>89,127</b>                   | <b>90,030</b>                   |
| <b>Comprehensive income</b>   | <b>277,175</b>                  | <b>272,582</b>                  |
| Comprehensive income attributable to shareholders of the parent                   | 262,645                         | 261,001                         |
| Minority interests  | 14,530                          | 11,581                          |

### **(3) Consolidated Statements of Changes in Net Assets**

Fiscal year ended February 28, 2014 (From March 1, 2013 to February 28, 2014)

(Millions of yen)

|   | Shareholders' equity |                 |                   |                         |                            |
|---|----------------------|-----------------|-------------------|-------------------------|----------------------------|
|   | Common stock         | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at March 1, 2013  | 50,000               | 526,873         | 1,393,935         | (7,142)                 | 1,963,666                  |
| Increase (decrease) for the year  |                      |                 |                   |                         |                            |
| Cash dividends  |                      |                 | (58,315)          |                         | (58,315)                   |
| Net income  |                      |                 | 175,691           |                         | 175,691                    |
| Purchase of treasury stock  |                      |                 |                   | (133)                   | (133)                      |
| Disposal of treasury stock  |                      | (23)            |                   | 167                     | 143                        |
| Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries |                      |                 | 244               |                         | 244                        |
| Other   |                      |                 |                   | (0)                     | (0)                        |
| Net changes of items other than shareholder equity                            |                      |                 |                   |                         |                            |
| Net increase (decrease) for the year  | -                    | (23)            | 117,620           | 33                      | 117,629                    |
| Balance at February 28, 2014  | 50,000               | 526,850         | 1,511,555         | (7,109)                 | 2,081,295                  |

|   | Accumulated other comprehensive income                                   |  |  |   | Subscription rights 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 |                               |   |                  |
| Balance at March 1, 2013  | 7,416  | (5)  | (79,914)                                 | (72,503)  | 1,538                         | 102,038   | 1,994,740        |
| Increase (decrease) for the year  |  |  |  |   |                               |   |                  |
| Cash dividends  |  |  |  |   |                               |   | (58,315)         |
| Net income  |  |  |  |   |                               |   | 175,691          |
| Purchase of treasury stock  |  |  |  |   |                               |   | (133)            |
| Disposal of treasury stock  |  |  |  |   |                               |   | 143              |
| Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries |  |  |  |   |                               |   | 244              |
| Other   |  |  |  |   |                               |   | (0)              |
| Net changes of items other than shareholder equity                            | 3,255  | (1)  | 83,699                                   | 86,953  | 406                           | 21,827  | 109,187          |
| Net increase (decrease) for the year  | 3,255  | (1)  | 83,699                                   | 86,953  | 406                           | 21,827  | 226,817          |
| Balance at February 28, 2014  | 10,672   | (6)  | 3,785                                    | 14,450  | 1,944                         | 123,866   | 2,221,557        |

Fiscal year ended February 28, 2015 (From March 1, 2014 to February 28, 2015)

(Millions of yen)

|   | Shareholders' equity |                 |                   |                            |                               |
|---|----------------------|-----------------|-------------------|----------------------------|-------------------------------|
|   | Common stock         | Capital surplus | Retained earnings | Treasury stock,<br>at cost | Total shareholders'<br>equity |
| Balance at March 1, 2014  | 50,000               | 526,850         | 1,511,555         | (7,109)                    | 2,081,295                     |
| Increase (decrease) for the year  |                      |                 |                   |                            |                               |
| Cash dividends  |                      |                 | (63,194)          |                            | (63,194)                      |
| Net income  |                      |                 | 172,979           |                            | 172,979                       |
| Purchase of treasury stock  |                      |                 |                   | (27)                       | (27)                          |
| Disposal of treasury stock  |                      | 620             |                   | 1,253                      | 1,873                         |
| Increase (decrease) resulting<br>from adoption of U.S. GAAP<br>by U.S. subsidiaries |                      |                 | 751               |                            | 751                           |
| Other   |                      |                 |                   | (0)                        | (0)                           |
| Net changes of items other than<br>shareholder equity                               |                      |                 |                   |                            |                               |
| Net increase (decrease) for the year  | -                    | 620             | 110,535           | 1,226                      | 112,381                       |
| Balance at February 28, 2015  | 50,000               | 527,470         | 1,622,090         | (5,883)                    | 2,193,677                     |

|   | Accumulated other comprehensive income  |   |   |  |   | Subscription<br>rights to<br>shares | Minority<br>interests<br>in<br>consolidated<br>subsidiaries | TOTAL<br>NET<br>ASSETS |
|---|---|---|---|--|---|-------------------------------------|---|------------------------|
|   | Unrealized<br>gains<br>(losses) on<br>available-<br>for-sale<br>securities,<br>net of taxes | Unrealized<br>gains<br>(losses) on<br>hedging<br>derivatives,<br>net of taxes | Foreign<br>currency<br>translation<br>adjustments | Remeasurements<br>of defined<br>benefit plan | Total<br>accumulated<br>gains (losses)<br>from<br>valuation and<br>translation<br>adjustments |                                     |   |                        |
| Balance at March 1, 2014  | 10,672  | (6)   | 3,785   | -  | 14,450  | 1,944                               | 123,866   | 2,221,557              |
| Increase (decrease) for the year  |   |   |   |  |   |                                     |   |                        |
| Cash dividends  |   |   |   |  |   |                                     |   | (63,194)               |
| Net income  |   |   |   |  |   |                                     |   | 172,979                |
| Purchase of treasury stock  |   |   |   |  |   |                                     |   | (27)                   |
| Disposal of treasury stock  |   |   |   |  |   |                                     |   | 1,873                  |
| Increase (decrease) resulting<br>from adoption of U.S. GAAP<br>by U.S. subsidiaries |   |   |   |  |   |                                     |   | 751                    |
| Other   |   |   |   |  |   |                                     |   | (0)                    |
| Net changes of items other than<br>shareholder equity                               | 10,899  | 564   | 76,557  | 3,512  | 91,534  | 482                                 | 4,960   | 96,978                 |
| Net increase (decrease) for the year  | 10,899  | 564   | 76,557  | 3,512  | 91,534  | 482                                 | 4,960   | 209,359                |
| Balance at February 28, 2015  | 21,571  | 557   | 80,342  | 3,512  | 105,985   | 2,427                               | 128,827   | 2,430,917              |

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

|  | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|--|---------------------------------|---------------------------------|
| <b>Cash flows from operating activities:</b>                         |                                 |                                 |
| Income before income taxes and minority interests                    | 311,230                         | 310,195                         |
| Depreciation and amortization  | 147,379                         | 172,237                         |
| Impairment loss on property and equipment                            | 15,094                          | 15,220                          |
| Amortization of goodwill   | 18,697                          | 18,894                          |
| Increase (decrease) in allowance for bonuses to employees            | 1,284                           | (2,030)                         |
| Decrease (increase) in prepaid pension cost                          | (35)                            | -                               |
| Decrease (increase) in net defined benefit asset                     | -                               | (1,664)                         |
| Interest and dividends income  | (6,542)                         | (6,865)                         |
| Interest expenses and interest on bonds                              | 9,271                           | 9,353                           |
| Equity in losses (earnings) of affiliates                            | (2,649)                         | 362                             |
| Gain on sales of property and equipment                              | (1,299)                         | (2,702)                         |
| Loss on disposals of property and equipment                          | 8,667                           | 13,349                          |
| Subsidy income   | (1,881)                         | -                               |
| Decrease (increase) in notes and accounts receivable, trade          | (12,889)                        | (9,186)                         |
| Decrease (increase) in trade accounts receivable, financial services | (2,177)                         | (4,968)                         |
| Decrease (increase) in inventories                                   | (13,344)                        | (806)                           |
| Increase (decrease) in notes and accounts payable, trade             | 8,311                           | 19,181                          |
| Increase (decrease) in deposits received                             | 15,996                          | 33,451                          |
| Net increase (decrease) in loans in banking business                 | (15,900)                        | (9,000)                         |
| Net increase (decrease) in corporate bonds in banking business       | 31,000                          | (5,000)                         |
| Net increase (decrease) in deposits received in banking business     | 77,617                          | 72,146                          |
| Net decrease (increase) in call loan in banking business             | 15,000                          | -                               |
| Net increase (decrease) in call money in banking business            | (40,900)                        | (20,000)                        |
| Net change in ATM-related temporary accounts                         | (9,136)                         | (39,428)                        |
| Other  | 3,127                           | 5,651                           |
| Sub-total  | 555,921                         | 568,393                         |
| Interest and dividends received                                      | 3,516                           | 4,067                           |
| Interest paid  | (9,259)                         | (9,369)                         |
| Income taxes paid  | (95,843)                        | (146,400)                       |
| <b>Net cash provided by operating activities</b>                     | <b>454,335</b>                  | <b>416,690</b>                  |

(Millions of yen)

|  | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|--|---------------------------------|---------------------------------|
| <b>Cash flows from investing activities:</b>   |                                 |                                 |
| Acquisition of property and equipment  | (274,531)                       | (276,351)                       |
| Proceeds from sales of property and equipment  | 21,059                          | 12,747                          |
| Acquisition of intangible assets   | (14,936)                        | (30,551)                        |
| Payment for purchase of investments in securities  | (110,584)                       | (23,602)                        |
| Proceeds from sales of investments in securities   | 99,386                          | 54,334                          |
| Payment for purchase of investments in subsidiaries  | (449)                           | (444)                           |
| Payment of investments in subsidiaries resulting in change in scope of consolidations                      | (6,584)                         | (6,373)                         |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidations          | -                               | 377                             |
| Payment for long-term leasehold deposits   | (27,305)                        | (25,789)                        |
| Refund of long-term leasehold deposits   | 36,693                          | 35,163                          |
| Proceeds from deposits from tenants  | 3,376                           | 4,571                           |
| Refund of deposits from tenants  | (3,232)                         | (2,346)                         |
| Payment for acquisition of business  | (8,245)                         | (909)                           |
| Payment for time deposits  | (15,801)                        | (28,379)                        |
| Proceeds from withdrawal of time deposits  | 19,126                          | 20,398                          |
| Other  | (4,659)                         | (3,079)                         |
| <b>Net cash used in investing activities</b>   | <b>(286,686)</b>                | <b>(270,235)</b>                |
| <b>Cash flows from financing activities:</b>   |                                 |                                 |
| Net increase (decrease) in short-term loans  | (23,750)                        | 13,122                          |
| Proceeds from long-term debts  | 117,100                         | 88,650                          |
| Repayment of long-term debts   | (124,436)                       | (97,538)                        |
| Proceeds from commercial paper   | 216,838                         | 13,011                          |
| Payment for redemption of commercial paper   | (224,266)                       | (13,011)                        |
| Proceeds from issuance of bonds  | 99,700                          | -                               |
| Payment for redemption of bonds  | (40,000)                        | -                               |
| Dividends paid   | (58,270)                        | (63,150)                        |
| Capital contribution from minority interests   | 0                               | 26                              |
| Dividends paid for minority interests  | (5,493)                         | (5,627)                         |
| Other  | (12,650)                        | (14,966)                        |
| <b>Net cash provided by (used in) financing activities</b>   | <b>(55,227)</b>                 | <b>(79,482)</b>                 |
| <b>Effect of exchange rate change on cash and cash equivalents</b>   | <b>8,924</b>                    | <b>12,422</b>                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>121,344</b>                  | <b>79,395</b>                   |
| <b>Cash and cash equivalents at beginning of year</b>  | <b>800,087</b>                  | <b>921,432</b>                  |
| <b>Decrease in cash and cash equivalents resulting from exclusion of the subsidiary from consolidation</b> | <b>-</b>                        | <b>(65)</b>                     |
| <b>Cash and cash equivalents at end of year</b>  | <b>921,432</b>                  | <b>1,000,762</b>                |

## **(5) Doubts on the Premise of Going Concern**

None

## **(6) Accounting Policies for the Preparation of Consolidated Financial Statements**

### 1. Scope of consolidation

(1) Number of consolidated subsidiaries: 118

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd.,  
Sogo & Seibu Co., Ltd., Seven & i Food Systems Co., Ltd.,  
York-Benimaru Co., Ltd., Seven Bank, Ltd., and 7-Eleven, Inc.

Consolidated subsidiaries increased by 3

(Additional acquisition of shares)

Barneys Japan Co., Ltd.

(Establishment)

Bank Business Factory Co., Ltd.

PT. ABADI TAMBAH MULIA INTERNATIONAL

Consolidated subsidiaries decreased by 6

(Dissolution)

Seven Net Shopping Co., Ltd.

Yis co.,ltd.

SEVEN & i Life Design Institute Co., Ltd.

SHADDY POTTERY CO., LTD.

(Sales of shares)

APIX INTERNATIONAL CO.,LTD.

(Liquidation)

Beijing Wang fu jing Yokado Commercial Co., Ltd.

(2) Number of unconsolidated subsidiary: 1

7-Eleven Limited

The Company's portion of its net income or loss, retained earnings

and the effects on the Consolidated Financial Statements are not considered material.

### 2. Application of equity method

(1) Number of unconsolidated subsidiary to which equity method was applied: none

(2) Number of affiliates to which equity method was applied: 24

Major affiliates: PRIME DELICA CO., LTD.

PIA CORPORATION

Affiliates to which equity method is applied decreased by 2

(Sales of shares)

KINSHO STORE Co., LTD.

(Transfer to consolidated subsidiary due to additional acquisition of shares)

Barneys Japan Co., Ltd.

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

7-Eleven Limited

Reason for not applying equity method:

The Company's portion of its net income or loss (as calculated by the equity method), retained earnings (as calculated by the equity method) and the effect on the Consolidated Financial Statements are not considered material.

(4) Procedure for applying equity method

(a) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.

(b) When an affiliate is in a net loss portion, the Company's share of such loss is reduced from its loan receivable from affiliate.

3. Accounting period of consolidated subsidiaries

The fiscal year-end of some subsidiaries is December 20 or 31. The financial statements of such subsidiaries as of and for the year ended December 20 or 31 are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to February 28 or 29 are adjusted for in the consolidation process.

The closing date of Seven Bank, Ltd . etc. are March 31. Pro forma financial statements as of February 28 or 29 prepared in a manner that is substantially identical to the preparation of the official financial statements are prepared in order to facilitate its consolidation.

During the fiscal year ended February 28, 2015, six subsidiaries of Mail order services changed their closing dates from March 31 or September 30 to December 31. The Consolidated Financial Statements include the financial information from January 1 to December 31 of such subsidiaries.

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 fiscal year. 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, 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 of domestic consolidated subsidiaries (excluding Mail order services) are stated mainly at cost determined by the retail method with book value written down to the net realizable value.

Cost is determined principally by the first-in, first-out (FIFO) method (except for gasoline inventory that is determined mainly by the weighted average cost method) for Mail order services and foreign consolidated subsidiaries. Some subsidiaries applied using the moving-average method.

(II) Supplies:

Supplies are carried at cost which is mainly determined by the last purchase price method



with book value written down to the net realizable value.

(2) Depreciation and amortization

(a) Property and equipment (Excluding Lease assets)

Depreciation of property and equipment is computed generally using the straight-line method (excluding Mail order services).

Mail order services are using the declining-balance method except for buildings.

(b) Intangible assets (Excluding Lease assets)

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

(c) Lease assets

For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, a useful life is determined based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value at nil.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

(3) Accounting for deferred assets

(a) New organization costs

New organization costs are amortized using the straight-line method over 5 years, or expensed as incurred if immaterial.

(b) Business commencement expenses

Business commencement expenses are amortized using the straight-line method over 5 years, or expensed as incurred 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.

(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 remaining uncollected for 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) Provision for sales returns

Provision for sales returns is provided at the amount estimated future loss due to sales returns. The amount is calculated using the historical results of collection.

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

Allowance for retirement benefits to directors and corporate auditors is provided at the amount required to be paid in accordance with internal rules.

The Company and some of its consolidated subsidiaries have abolished the retirement benefits system for directors and corporate auditors, among which some subsidiaries have determined to pay the balance at the time of retirement.

(5) Accounting method for retirement benefits

(a) Allocation method of estimated total retirement benefits

Mainly point basis

(b) Amortization method of the actuarial difference and the prior service cost

Actuarial differences are amortized on a straight-line basis over the period of 10 years from the year following the year in which they arise, which is shorter than the average remaining years of service of the eligible employees.

Prior service costs are amortized on a straight-line basis over the periods of 5 years or 10 years, which are shorter than the average remaining years of service of the eligible employees.

(6) Foreign currency translation

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".

(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.

The forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method. Certain interest rate swap contracts that 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

- (I) instruments – Forward foreign exchange contracts  
Hedged items – Foreign currency-denominated monetary liability
- (II) 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 is assessed quarterly except for those that meet specific hedging criteria.

(8) Goodwill and negative goodwill

Goodwill and negative goodwill which generated before March 1, 2011 are amortized mainly over a period of 20 years on a straight-line basis, or recognized as income or expenses immediately if immaterial. Negative goodwill arising on or after March 1, 2011 is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for in the same manner.

(9) 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.

(10) Other accounting treatments

(a) Accounting for franchised stores in convenience store operations

Seven-Eleven Japan Co., Ltd. and 7-Eleven, Inc. recognize franchise commission from its franchised stores as revenues and include it in “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.

(c) Application of consolidated taxation system

The Company and its wholly owned domestic subsidiaries have applied Consolidated Taxation System.

## **(7) Changes in accounting policies**

(Application of Accounting Standard for Retirement Benefits)

The Company has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter the “Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012 ; hereafter the “Guidance” ) from the end of the fiscal year ended February 28, 2015 (excluding provisions stated in the article 35 of the Standard and the article 67 of the Guidance). Under the new policy, the method was changed such that plan assets are deducted from retirement benefit obligation and stated as net defined benefit liability, and unrecognized net actuarial gain or loss and unrecognized past service cost are included in the net defined benefit liability. Amounts of plan assets in excess of retirement benefit obligation are stated as net defined benefit asset. With respect to application of the Standard, the transitional treatment as prescribed in the article 37 of the Standard was applied. As of February 28, 2015, the effect of the change in accounting policy was reflected in remeasurements of defined benefit plans under accumulated other comprehensive income.

As a result of this change, as of February 28, 2015, net defined asset of 40,889 million yen and net defined liability of 8,669 million yen was recorded, while accumulated other comprehensive income increased by 3,512 million yen.

The effect on per-share data is stated in the relevant section.

## **(8) Changes in Method of Presentation**

(Consolidated Balance Sheets)

“ATM-related temporary payments” which were included in “other” of current assets and “ATM-related temporary advances” which were included in “Deposit received” of current liabilities in the prior fiscal year are separately presented for the fiscal year ended February 28, 2015.

To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2014.

The amount of “ATM-related temporary payments” that was included in “other” of current assets and “ATM-related temporary advances” which were included in “Deposit received” of current liabilities at February 28, 2014 were 99,164 million yen and 38,884 million yen, respectively

(Consolidated Statements of Income)

“Compensation income for expropriation” which was previously included in “other” in special gain in the prior fiscal year is separately presented for the fiscal year ended February 28, 2015.

To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2014.

The amount of “Compensation income for expropriation” that was included in “other” in special gain for February 28, 2014 was 3 million yen.

## **(9) Notes to Consolidated Financial Statements**

### ***Consolidated Balance Sheets;***

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

(Millions of yen)

|                          | As of February 28, 2014 | As of February 28, 2015 |
|--------------------------|-------------------------|-------------------------|
| Accumulated depreciation | 1,565,899               | 1,710,189               |

#### 2. Assets pledged as collateral

##### *Assets pledged as collateral for the debts*

(Millions of yen)

|  | As of February 28, 2014 | As of February 28, 2015 |
|--|-------------------------|-------------------------|
| Buildings and structures                               | 3,204                   | 2,867                   |
| Land   | 7,461                   | 7,395                   |
| Investments in securities                              | 90,065                  | 63,019                  |
| Long-term leasehold deposits                           | 3,655                   | 5,005                   |
| <b>Total</b>   | <b>104,387</b>          | <b>78,288</b>           |
| Debts for which above assets are pledged as collateral |                         |                         |
| Short-term loans                                       | 3,400                   | 2,200                   |
| Long-term loans  | 12,288                  | 13,103                  |
| (including current portion of long-term loans)         |                         |                         |
| Long-term accounts payable, other                      | 552                     | 442                     |
| Deposits received from tenants and franchised stores   | 87                      | 34                      |
| <b>Total</b>   | <b>16,329</b>           | <b>15,780</b>           |

##### *Assets pledged as collateral for the debts of affiliates*

(Millions of yen)

|  | As of February 28, 2014 | As of February 28, 2015 |
|--|-------------------------|-------------------------|
| Buildings  | 433                     | 412                     |
| Land   | 1,368                   | 1,368                   |
| <b>Total</b>   | <b>1,801</b>            | <b>1,780</b>            |
| Loans of affiliates for which above assets are pledged as collateral | 3,243                   | 3,151                   |

*Assets pledged as collateral for fund transfer*

(Millions of yen)

|                           | As of February 28, 2014 | As of February 28, 2015 |
|---------------------------|-------------------------|-------------------------|
| Investments in securities | 6,001                   | 4,502                   |

*Assets pledged as collateral for real estate business*

(Millions of yen)

|                              | As of February 28, 2014 | As of February 28, 2015 |
|------------------------------|-------------------------|-------------------------|
| Investments in securities    | 19                      | -                       |
| Long-term guarantee deposits | 35                      | 55                      |
| Total                        | 54                      | 55                      |

*Assets pledged as collateral under installment sales law*

(Millions of yen)

|                              | As of February 28, 2014 | As of February 28, 2015 |
|------------------------------|-------------------------|-------------------------|
| Long-term guarantee deposits | 1,335                   | 1,335                   |

*Assets pledged as collateral to secure the amount of prepaid tickets issued*

(Millions of yen)

|                              | As of February 28, 2014 | As of February 28, 2015 |
|------------------------------|-------------------------|-------------------------|
| Investments in securities    | 200                     | -                       |
| Long-term guarantee deposits | 123                     | 447                     |
| Total                        | 323                     | 447                     |

3. Guarantees

(Millions of yen)

|                          | As of February 28, 2014 | As of February 28, 2015 |
|--------------------------|-------------------------|-------------------------|
| Employees' housing Loans | 266                     | 221                     |

4. Loan commitment

Seven Card Service Co., Ltd. and Seven CS Card Service Co., Ltd. conduct a cash loan business associated with its credit card business. Unused credit balance related to loan commitment in the cash loan business is as follows.

(Millions of yen)

|   | As of February 28, 2014 | As of February 28, 2015 |
|---|-------------------------|-------------------------|
| Credit availability of cash loan business | 987,001                 | 934,876                 |
| Outstanding balance                       | 27,035                  | 35,685                  |
| Unused credit balance                     | 959,966                 | 899,190                 |

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. Seven Card Service Co., Ltd. and Seven CS 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

Government Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of the Company's consolidated subsidiaries, 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 Sheets due to its nature of restriction though they have redemption at maturity less than one year.

***Consolidated Statements of Income;***

- The franchise commission from Seven-Eleven Japan Co., Ltd.'s franchised stores and 7-Eleven, Inc.'s are included in "Operating revenues".

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

Seven-Eleven Japan Co., Ltd

(Millions of yen)

|   | For the year ended<br>February 28, 2014 | For the year ended<br>February 28, 2015 |
|---|---|---|
| Franchise commission from franchised stores | 579,073                                 | 628,867                                 |
| Net sales of franchised stores              | 3,685,095                               | 3,905,369                               |

7-Eleven, Inc.

(Millions of yen)

|   | For the year ended<br>February 28, 2014 | For the year ended<br>February 28, 2015 |
|---|---|---|
| Franchise commission from franchised stores | 172,720                                 | 198,282                                 |
| Net sales of franchised stores              | 965,765                                 | 1,118,497                               |

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

(Millions of yen)

|                          | For the year ended<br>February 28, 2014 | For the year ended<br>February 28, 2015 |
|--------------------------|---|---|
| Buildings and structures | 662                                     | 1,507                                   |
| Land                     | 277                                     | 974                                     |
| Others                   | 359                                     | 220                                     |
| Total                    | 1,299                                   | 2,702                                   |

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

(Millions of yen)

|                                   | For the year ended<br>February 28, 2014 | For the year ended<br>February 28, 2015 |
|-----------------------------------|---|---|
| Buildings and structures          | 3,182                                   | 4,840                                   |
| Furniture, fixtures and equipment | 1,470                                   | 6,028                                   |
| Others                            | 4,015                                   | 2,480                                   |
| Total                             | 8,667                                   | 13,349                                  |



#### 4. Impairment loss

For the fiscal year ended February 28, 2014, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

| Description                    | Classification             | Location                    |           | Amount |
|--------------------------------|----------------------------|-----------------------------|-----------|--------|
| Stores<br>(Convenience stores) | Land and buildings<br>etc. | Tokyo Met.                  | 58 Stores | 14,248 |
|                                |                            | Kanagawa Pref.              | 34 Stores |        |
|                                |                            | Others (including U.S.)     |           |        |
| Stores (Superstores)           | Land and buildings<br>etc. | Kanagawa Pref.              | 6 Stores  |        |
|                                |                            | Tokyo Met.                  | 4 Stores  |        |
|                                |                            | Others                      | 19 Stores |        |
| Stores<br>(Department stores)  | Land and buildings<br>etc. | Tokyo Met.                  | 2 Stores  |        |
|                                |                            | Osaka Pref.                 | 1 Store   |        |
|                                |                            | Others                      | 1 Store   |        |
| Stores<br>(Food services)      | Land and buildings<br>etc. | Tokyo Met. & others         | 31 Stores |        |
| Other facility etc.            | Land and buildings<br>etc. | Fukushima Pref.<br>& others |           | 846    |
| Total                          |                            |                             |           | 15,094 |

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.

A breakdown of impairment loss is as follows:

(Millions of yen)

|                         | Stores | Other facilities etc. | Total  |
|-------------------------|--------|-----------------------|--------|
| Building and structures | 8,072  | 592                   | 8,664  |
| Land                    | 3,584  | 19                    | 3,604  |
| Software                | 2      | 157                   | 159    |
| Other                   | 2,589  | 76                    | 2,665  |
| Total                   | 14,248 | 846                   | 15,094 |

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 2.2% - 6.0% discount rates were applied.

For the fiscal year ended February 28, 2015, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

| Description                    | Classification             | Location                |           | Amount |
|--------------------------------|----------------------------|-------------------------|-----------|--------|
| Stores<br>(Convenience stores) | Land and buildings<br>etc. | Tokyo Met.              | 71 Stores | 14,694 |
|                                |                            | Aichi Pref.             | 38 Stores |        |
|                                |                            | Others (including U.S.) |           |        |
| Stores (Superstores)           | Land and buildings<br>etc. | Saitama Pref.           | 6 Stores  |        |
|                                |                            | Tokyo Met.              | 5 Stores  |        |
|                                |                            | Others                  | 22 Stores |        |
| Stores<br>(Department stores)  | Land and buildings<br>etc. | Saitama Pref.           | 1 Store   |        |
|                                |                            | Tokyo Met.              | 1 Store   |        |
|                                |                            | Others                  | 3 Stores  |        |
| Stores<br>(Food services)      | Land and buildings<br>etc. | Tokyo Met. & others     | 12 Stores |        |
| Other facility etc.            | Land and buildings<br>etc. | Tokyo Met.<br>& others  |           | 525    |
| Total                          |                            |                         |           | 15,220 |

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.

A breakdown of impairment loss is as follows:

(Millions of yen)

|                         | Stores | Other facilities etc. | Total  |
|-------------------------|--------|-----------------------|--------|
| Building and structures | 10,228 | 397                   | 10,626 |
| Land                    | 1,973  | 86                    | 2,060  |
| Software                | 0      | 26                    | 27     |
| Other                   | 2,492  | 14                    | 2,506  |
| Total                   | 14,694 | 525                   | 15,220 |

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.

***Consolidated Statement of Comprehensive Income;***

1. The components of other comprehensive income including reclassification adjustments and tax(expense) or benefits for the fiscal years ended February 28, 2014 and 2015 are follows:

(Millions of yen)

|  | For the year end<br>February 28, 2014 | For the year end<br>February 28, 2015 |
|--|---------------------------------------|---------------------------------------|
| Unrealized gains (losses) on available-for-sale securities, net of taxes:          |                                       |                                       |
| Increase(decrease) during the fiscal year  | 4,686                                 | 15,917                                |
| Reclassification adjustments   | 120                                   | (399)                                 |
| Amount before tax  | 4,807                                 | 15,518                                |
| Tax (expense) or benefit   | (1,562)                               | (4,497)                               |
| Subtotal   | 3,244                                 | 11,020                                |
| Unrealized gains (losses) on hedging derivatives, net of taxes                     |                                       |                                       |
| Increase(decrease) during the fiscal year  | (0)                                   | 1,769                                 |
| Reclassification adjustments   | -                                     | -                                     |
| Amount before tax  | (0)                                   | 1,769                                 |
| Tax (expense) or benefit   | -                                     | (636)                                 |
| Subtotal   | (0)                                   | 1,132                                 |
| Foreign currency translation adjustments:  |                                       |                                       |
| Increase(decrease) during the fiscal year  | 85,768                                | 77,684                                |
| Share of other comprehensive income of entities accounted for using equity method: |                                       |                                       |
| Increase(decrease) during the fiscal year  | 114                                   | 192                                   |
| Total other comprehensive income   | 89,127                                | 90,030                                |

### ***Consolidated Statement of Changes in Net Assets;***

(From March 1, 2013 to February 28, 2014)

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

(1) Outstanding stock

(Thousands of shares)

|                | As of March 1,<br>2013 | Number of shares<br>increased | Number of shares<br>decreased | As of February 28,<br>2014 |
|----------------|------------------------|-------------------------------|-------------------------------|----------------------------|
| Ordinary Share | 886,441                | -                             | -                             | 886,441                    |

(2) Treasury stock

(Thousands of shares)

|                | As of March 1,<br>2013 | Number of shares<br>increased<br>(Note1) | Number of shares<br>decreased<br>(Note2) | As of February 28,<br>2014 |
|----------------|------------------------|--|--|----------------------------|
| Ordinary Share | 2,907                  | 37                                       | 68                                       | 2,876                      |

Notes : (1) 37 thousand shares increased mainly due to the acquisition of odd-lot shares.

(2) 67 thousand shares and 0 thousand shares out of the 68 thousand decreased by exercising of stock options and sale of odd-lot shares, respectively.

## 2. Subscription rights to shares and treasury subscription rights to shares

| Entity   |  | The Company   | Consolidated subsidiaries   | Total |
|--|--|---|---|-------|
| Description of subscription rights to shares                           |  | Subscription rights to shares as stock-linked compensation stock option | Subscription rights to shares as stock-linked compensation stock option |       |
| Type of shares to be issued upon excise of the rights                  |  | -   | -   | -     |
| Number of shares to be issued upon the exercise of the rights (shares) | Number of shares as of March 1, 2013     | -   | -   | -     |
|  | Number of shares increased               | -   | -   | -     |
|  | Number of shares decreased               | -   | -   | -     |
|  | Number of shares as of February 28, 2014 | -   | -   | -     |
| Balance as of February 28, 2014 (millions of yen)                      |  | 1,556   | 388   | 1,944 |

## 3. Matters related to dividends

### (1) Dividend payments

| Resolution   | Type           | Total amount of cash dividends | Dividend per share | Record date   | Effective date |
|--|----------------|--------------------------------|--------------------|---------------|----------------|
| May 23, 2013<br>Ordinary general meeting of shareholders | Ordinary Share | 29,157 million yen             | 33.00 yen          | Feb. 28, 2013 | May 24, 2013   |
| October 3, 2013<br>Board of directors' meeting           | Ordinary Share | 29,158 million yen             | 33.00 yen          | Aug. 31, 2013 | Nov. 15, 2013  |

(2) Dividends whose record date is within the fiscal year ended February 28, 2014, 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, 2014<br>Ordinary general meeting of shareholders | Ordinary Share | Retained earnings   | 30,942 million yen             | 35.00 yen          | Feb. 28, 2014 | May 23, 2014   |

(From March 1, 2014 to February 28, 2015)

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

(1) Outstanding stock

(Thousands of shares)

|                | As of March 1, 2014 | Number of shares increased | Number of shares decreased | As of February 28, 2015 |
|----------------|---------------------|----------------------------|----------------------------|-------------------------|
| Ordinary Share | 886,441             | -                          | -                          | 886,441                 |

(2) Treasury stock

(Thousands of shares)

|                | As of March 1, 2014 | Number of shares increased<br>(Note1) | Number of shares decreased<br>(Note2) | As of February 28, 2015 |
|----------------|---------------------|---------------------------------------|---------------------------------------|-------------------------|
| Ordinary Share | 2,876               | 6                                     | 507                                   | 2,375                   |

Notes : (1) 6 thousand shares increased mainly due to the acquisition of odd-lot shares.

(2) 28 thousand shares, 478 thousand shares, and 0 thousand shares out of the 507 thousand decreased by exercising of stock options, allocation to third party due to merger of subsidiaries, and sale of odd-lot shares, respectively.

2. Subscription rights to shares and treasury subscription rights to shares

| Entity   |  | The Company   | Consolidated subsidiaries   | Total |
|--|--|---|---|-------|
| Description of subscription rights to shares                           |  | Subscription rights to shares as stock-linked compensation stock option | Subscription rights to shares as stock-linked compensation stock option |       |
| 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 as of March 1, 2014     | -   | -   | -     |
|  | Number of shares increased               | -   | -   | -     |
|  | Number of shares decreased               | -   | -   | -     |
|  | Number of shares as of February 28, 2015 | -   | -   | -     |
| Balance as of February 28, 2015 (millions of yen)                      |  | 1,977   | 449   | 2,427 |

3. Matters related to dividends

(1) Dividend payments

| Resolution   | Type           | Total amount of cash dividends | Dividend per share | Record date   | Effective date |
|--|----------------|--------------------------------|--------------------|---------------|----------------|
| May 22, 2014<br>Ordinary general meeting of shareholders | Ordinary Share | 30,942 million yen             | 35.00 yen          | Feb. 28, 2014 | May 23, 2014   |
| October 2, 2014<br>Board of directors' meeting           | Ordinary Share | 32,269 million yen             | 36.50 yen          | Aug. 31, 2014 | Nov. 14, 2014  |



(2) Dividends whose record date is within the fiscal year ended February 28, 2015, 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 28, 2015<br>Ordinary general meeting of shareholders | Ordinary Share | Retained earnings   | 32,269 million yen             | 36.50 yen          | Feb. 28, 2015 | May 29, 2015   |

### ***Consolidated Statements of Cash Flows;***

(For the fiscal year ended February 28, 2014)

1. Reconciliation of cash and cash equivalents of the Consolidated Statements of Cash Flows and account balances of the Consolidated Balance Sheets

(Millions of yen)

|   | As of February 28, 2014 |
|---|-------------------------|
| Cash and bank deposits  | 792,986                 |
| Negotiable certificates of deposits included in marketable securities                                     | 150,000                 |
| Time deposits and negotiable certificates of deposits with an original maturity of more than three months | (21,554)                |
| Cash and cash equivalents   | 921,432                 |

2. Assets and Liabilities of a newly consolidated subsidiary by acquisition of shares are as follows:

Nissen Holdings Co., Ltd and the subsidiaries

(Millions of yen)

|   | As of February 28, 2014 |
|---|-------------------------|
| Current assets                                  | 63,604                  |
| Non-current assets                              | 38,329                  |
| Current liabilities                             | (55,465)                |
| Non-current liabilities                         | (21,126)                |
| Subscription rights to shares                   | (16)                    |
| Goodwill  | 194                     |
| Minority interests in consolidated subsidiaries | (13,241)                |
| Acquisition of shares                           | 12,278                  |
| Cash and cash equivalent                        | (5,694)                 |
| Payment for acquisition of business             | 6,584                   |

### 3. Major non-cash transactions

(Millions of yen)

|   | Fiscal year ended<br>February 28, 2014 |
|---|--|
| Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year | 10,571                                 |
| Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year                         | 10,408                                 |

### 4. Acquisition of business

The followings are the details of payment made by 7-Eleven, Inc. to acquire the assets and liabilities related to business acquisition.

(Millions of yen)

|                         | As of February 28, 2014 |
|-------------------------|-------------------------|
| Inventory               | 766                     |
| Goodwill                | 5,904                   |
| Current liabilities     | (153)                   |
| Non-current liabilities | (6)                     |
| Other                   | 1,304                   |
| Sub-total               | 7,816                   |
| Property and equipment  | 6,180                   |
| Total                   | 13,996                  |

Property and equipment set out above at an amount of 6,180 million yen is included in acquisition of property and equipment in Cash Flow Statement for the fiscal year ended February 28, 2014.

(For the fiscal year ended February 28, 2015)

### 1. Reconciliation of cash and cash equivalents of the Consolidated Statements of Cash Flows and account balances of the Consolidated Balance Sheets

(Millions of yen)

|   | As of February 28, 2015 |
|---|-------------------------|
| Cash and bank deposits  | 933,959                 |
| Negotiable certificates of deposits included in marketable securities                                     | 100,000                 |
| Time deposits and negotiable certificates of deposits with an original maturity of more than three months | (33,197)                |
| Cash and cash equivalents   | 1,000,762               |

2. Assets and Liabilities of a newly consolidated subsidiary by acquisition of shares are as follows:

Barneys Japan Co., Ltd.

(Millions of yen)

|  | As of February 28, 2015 |
|--|-------------------------|
| Current assets   | 6,597                   |
| Non-current assets   | 8,518                   |
| Goodwill   | 6,579                   |
| Current liabilities  | (5,313)                 |
| Non-current liabilities  | (3,371)                 |
| Gain on step acquisitions  | (763)                   |
| Investment in associates accounting for using the equity method until the acquisition of control | (5,733)                 |
| Acquisition of shares  | 6,512                   |
| Cash and cash equivalent   | (139)                   |
| Payment for acquisition of business  | 6,373                   |

3. Assets, liabilities, the sales amount and proceed from sales of investments resulting in exclusion of consolidation are as follow

APIX INTERNATIONAL CO.,LTD.

(Millions of yen)

|   | As of February 28, 2015 |
|---|-------------------------|
| Current assets                                  | 744                     |
| Non-current assets                              | 40                      |
| Current liabilities                             | (545)                   |
| Non-current liabilities                         | (37)                    |
| Minority interests in consolidated subsidiaries | 75                      |
| Profit from sales of stocks                     | 116                     |
| Sales amount of shares                          | 394                     |
| Cash and cash equivalent                        | (16)                    |
| Proceed from sales of investments               | 377                     |

4. Major non-cash transactions

(Millions of yen)

|   | Fiscal year ended<br>February 28, 2015 |
|---|--|
| Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year | 5,239                                  |
| Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year                         | 6,633                                  |

5. Acquisition of business

The followings are the details of payment made by 7-Eleven, Inc. to acquire the assets and liabilities related to business acquisition.

(Millions of yen)

|                        | As of February 28, 2015 |
|------------------------|-------------------------|
| Inventory              | 24                      |
| Goodwill               | 668                     |
| Other                  | 216                     |
| Sub-total              | 909                     |
| Property and equipment | 617                     |
| Total                  | 1,526                   |

Property and equipment set out above at an amount of 617 million yen is included in acquisition of property and equipment in Cash Flow Statement for the fiscal year ended February 28, 2015.

## Segment Information

### 1. Overview of Reportable Segments

With respect to its reportable segments, the Company is able to obtain delineated financial data from its structural units. Its segments are subject to periodical review for the purpose of making decisions on allocation of managerial resources and evaluating business performance by the Board of Directors.

Under the holding company structure, the Company has classified its consolidated subsidiaries into seven segments which are "Convenience store operations", "Superstore operations", "Department store operations", "Food services", "Financial services", "Mail order services" and "Others", according to the nature of products, services and sales operations.

"Convenience store operations" operate corporate stores and franchised stores under the name of "7-Eleven". "Superstore operations" operate superstores, supermarkets, specialty shops and others. "Department store operations" operate department store business which mainly consists of Sogo & Seibu Co., Ltd. "Food services" operate restaurant operations, meal provision service business (mainly for company cafeteria, hospitals and schools) and fast food operations. "Financial services" operate bank, credit card, lease and other businesses. "Mail order services" operate mail order which mainly consists of Nissen Holdings Co., Ltd., and selling and wholesale of gift. "Others" operate IT business and other services.

### 2. Calculation methodology for revenues from operations, income or losses, assets and liabilities and other items for each reporting segment

The accounting treatment of each reporting segment is in line with the "Accounting Policies for the Preparation of consolidated Financial Statements". Segment income (loss) and segment liabilities as reported in this section are based on operating income and interest bearing debt, respectively. Inter-segment revenues and transfers are calculated at prevailing market prices.

### 3. Information on revenues from operations, income, loss, assets, liabilities and other monetary items for each reportable segment

Fiscal Year ended February 28, 2014 (From March 1, 2013 to February 28, 2014)

(Millions of yen)

|  | Reportable segments                |                          |                                   |                  |                       |                        |               | Total            | Adjustments<br>(Note 1) | Consolidated<br>total<br>(Note 2) |
|--|------------------------------------|--------------------------|-----------------------------------|------------------|-----------------------|------------------------|---------------|------------------|-------------------------|-----------------------------------|
|  | Convenience<br>store<br>operations | Superstore<br>operations | Department<br>store<br>operations | Food<br>services | Financial<br>services | Mail order<br>services | Others        |                  |                         |                                   |
| <b>Revenues from operations</b>                                      |                                    |                          |                                   |                  |                       |                        |               |                  |                         |                                   |
| 1. Customers   | 2,529,245                          | 2,000,389                | 869,140                           | 77,716           | 133,913               | -                      | 21,413        | 5,631,820        | -                       | 5,631,820                         |
| 2. Intersegment  | 449                                | 9,019                    | 1,991                             | 850              | 24,912                | -                      | 29,078        | 66,301           | (66,301)                | -                                 |
| <b>Total</b>   | <b>2,529,694</b>                   | <b>2,009,409</b>         | <b>871,132</b>                    | <b>78,566</b>    | <b>158,826</b>        | <b>-</b>               | <b>50,492</b> | <b>5,698,122</b> | <b>(66,301)</b>         | <b>5,631,820</b>                  |
| <b>Segment income (loss)</b>   | <b>257,515</b>                     | <b>29,664</b>            | <b>6,590</b>                      | <b>604</b>       | <b>44,902</b>         | <b>-</b>               | <b>2,166</b>  | <b>341,443</b>   | <b>(1,784)</b>          | <b>339,659</b>                    |
| <b>Segment Assets</b>  | 1,630,826                          | 1,000,318                | 501,856                           | 22,398           | 1,798,059             | 103,437                | 169,602       | 5,226,498        | (415,117)               | 4,811,380                         |
| <b>Segment Liabilities<br/>(interest bearing debt)</b>               | 115,955                            | 19,245                   | 180,345                           | -                | 331,768               | 17,093                 | -             | 664,409          | 269,987                 | 934,396                           |
| Other items  |                                    |                          |                                   |                  |                       |                        |               |                  |                         |                                   |
| Depreciation   | 91,256                             | 18,472                   | 13,460                            | 438              | 20,198                | -                      | 2,524         | 146,349          | 1,029                   | 147,379                           |
| Amortization of goodwill   | 8,387                              | 3,129                    | 5,290                             | -                | 1,747                 | -                      | 142           | 18,697           | -                       | 18,697                            |
| Investment in associates<br>accounted for using the<br>equity method | 13,643                             | 5,673                    | 528                               | -                | -                     | 3,500                  | 18,096        | 41,442           | -                       | 41,442                            |
| Impairment loss  | 4,322                              | 6,814                    | 3,128                             | 606              | 29                    | -                      | 192           | 15,094           | -                       | 15,094                            |
| Net increase in property<br>and equipment, and<br>intangible assets  | 174,795                            | 64,809                   | 13,493                            | 2,057            | 34,305                | -                      | 7,452         | 296,913          | 7,588                   | 304,502                           |

Notes:

- The adjustments of (1,784) million yen for segment income (loss) are eliminations of inter-segment transactions and certain expense items that are not allocated to reportable segments.
- The adjustments of (415,117) million yen for segment assets are eliminations of inter-segment transactions and corporate assets.
- The adjustments of 269,987 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include inter-segment transactions.
- Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.

**Fiscal Year ended February 28, 2015 (From March 1, 2014 to February 28, 2015)**

(Millions of yen)

|  | Reportable segments                |                          |                                   |                  |                       |                        |               | Total            | Adjustments<br>(Note 1) | Consolidated<br>total<br>(Note 2) |
|--|------------------------------------|--------------------------|-----------------------------------|------------------|-----------------------|------------------------|---------------|------------------|-------------------------|-----------------------------------|
|  | Convenience<br>store<br>operations | Superstore<br>operations | Department<br>store<br>operations | Food<br>services | Financial<br>services | Mail order<br>services | Others        |                  |                         |                                   |
| <b>Revenues from operations</b>                                      |                                    |                          |                                   |                  |                       |                        |               |                  |                         |                                   |
| 1. Customers   | 2,727,130                          | 2,003,785                | 872,650                           | 80,209           | 146,593               | 185,525                | 23,053        | 6,038,948        | -                       | 6,038,948                         |
| 2. Intersegment  | 650                                | 8,390                    | 2,376                             | 770              | 31,628                | 277                    | 30,844        | 74,937           | (74,937)                | -                                 |
| <b>Total</b>   | <b>2,727,780</b>                   | <b>2,012,176</b>         | <b>875,027</b>                    | <b>80,980</b>    | <b>178,221</b>        | <b>185,802</b>         | <b>53,897</b> | <b>6,113,886</b> | <b>(74,937)</b>         | <b>6,038,948</b>                  |
| <b>Segment income (loss)</b>   | <b>276,745</b>                     | <b>19,340</b>            | <b>7,059</b>                      | <b>44</b>        | <b>47,182</b>         | <b>(7,521)</b>         | <b>3,669</b>  | <b>346,520</b>   | <b>(3,188)</b>          | <b>343,331</b>                    |
| <b>Segment Assets</b>  | 1,927,221                          | 1,040,068                | 495,961                           | 26,307           | 1,871,705             | 105,717                | 207,073       | 5,674,056        | (439,351)               | 5,234,705                         |
| <b>Segment Liabilities<br/>(interest bearing debt)</b>               | 132,632                            | 16,131                   | 174,395                           | -                | 326,132               | 24,158                 | 4,810         | 678,260          | 269,991                 | 948,252                           |
| Other items  |                                    |                          |                                   |                  |                       |                        |               |                  |                         |                                   |
| Depreciation   | 103,247                            | 20,696                   | 13,399                            | 709              | 25,233                | 3,842                  | 2,689         | 169,818          | 2,419                   | 172,237                           |
| Amortization of goodwill   | 8,709                              | 3,140                    | 5,282                             | -                | 1,560                 | 9                      | 192           | 18,894           | -                       | 18,894                            |
| Investment in associates<br>accounted for using the<br>equity method | 14,134                             | 4,128                    | 560                               | -                | -                     | 2,978                  | 12,189        | 33,991           | -                       | 33,991                            |
| Impairment loss  | 5,739                              | 7,111                    | 1,763                             | 471              | -                     | 90                     | 44            | 15,220           | -                       | 15,220                            |
| Net increase in property<br>and equipment, and<br>intangible assets  | 172,219                            | 62,051                   | 13,504                            | 3,304            | 30,919                | 3,566                  | 5,381         | 290,947          | 15,106                  | 306,054                           |

## Notes:

- The adjustments of (3,188) million yen for segment income (loss) are eliminations of inter-segment transactions and certain expense items that are not allocated to reportable segments.
- The adjustments of (439,351) million yen for segment assets are eliminations of inter-segment transactions and corporate assets.
- The adjustments of 269,991 million yen for segment liabilities are corporate liabilities and the Company's bonds.  
The amount of each segment liability does not include inter-segment transactions.
- Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.

**(Reference)**

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

**Fiscal Year ended February 28, 2014 (From March 1, 2013 to February 28, 2014)**

(Millions of yen)

|                                 | Japan            | North<br>America | Others         | Total before<br>eliminations | Eliminations   | Consolidated<br>total |
|---------------------------------|------------------|------------------|----------------|------------------------------|----------------|-----------------------|
| <b>Revenues from operations</b> |                  |                  |                |                              |                |                       |
| 1. Customers                    | 3,681,318        | 1,831,294        | 119,207        | 5,631,820                    | -              | 5,631,820             |
| 2. Intersegment                 | 824              | 187              | -              | 1,012                        | (1,012)        | -                     |
| <b>Total revenues</b>           | <b>3,682,143</b> | <b>1,831,482</b> | <b>119,207</b> | <b>5,632,833</b>             | <b>(1,012)</b> | <b>5,631,820</b>      |
| <b>Operating income (loss)</b>  | <b>299,653</b>   | <b>41,519</b>    | <b>(1,545)</b> | <b>339,627</b>               | <b>32</b>      | <b>339,659</b>        |

## Notes:

- The classification of geographic area segments is determined according to geographical distances.
- "Others" consist of the business results in the P.R.C.

**Fiscal Year ended February 28, 2015 (From March 1, 2014 to February 28, 2015)**

(Millions of yen)

|                                 | Japan            | North<br>America | Others         | Total before<br>eliminations | Eliminations   | Consolidated<br>total |
|---------------------------------|------------------|------------------|----------------|------------------------------|----------------|-----------------------|
| <b>Revenues from operations</b> |                  |                  |                |                              |                |                       |
| 1. Customers                    | 3,940,339        | 1,968,681        | 129,927        | 6,038,948                    | -              | 6,038,948             |
| 2. Intersegment                 | 998              | 172              | 1,130          | 2,301                        | (2,301)        | -                     |
| <b>Total revenues</b>           | <b>3,941,337</b> | <b>1,968,854</b> | <b>131,058</b> | <b>6,041,250</b>             | <b>(2,301)</b> | <b>6,038,948</b>      |
| <b>Operating income (loss)</b>  | <b>295,666</b>   | <b>49,825</b>    | <b>(2,161)</b> | <b>343,329</b>               | <b>1</b>       | <b>343,331</b>        |

## Notes:

- The classification of geographic area segments is determined according to geographical distances.
- "Others" consist of the business results in the P.R.C., etc.

## Related Information

### Fiscal Year ended February 28, 2014 (From March 1, 2013 to February 28, 2014)

1. Information on products and services

Information is omitted since it is described in the segment information.

2. Information by region

(1) Revenues from operations

(Millions of yen)

| Japan     | North America | Others  | Total     |
|-----------|---------------|---------|-----------|
| 3,681,318 | 1,831,294     | 119,207 | 5,631,820 |

(2) Property and equipment

(Millions of yen)

| Japan     | North America | Others | Total     |
|-----------|---------------|--------|-----------|
| 1,281,622 | 425,913       | 2,453  | 1,709,990 |

3. Information about major customers

Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income

### Fiscal Year ended February 28, 2015 (From March 1, 2014 to February 28, 2015)

1. Information on products and services

Information is omitted since it is described in the segment information.

2. Information by region

(1) Revenues from operations

(Millions of yen)

| Japan     | North America | Others  | Total     |
|-----------|---------------|---------|-----------|
| 3,940,339 | 1,968,681     | 129,927 | 6,038,948 |

(2) Property and equipment

(Millions of yen)

| Japan     | North America | Others | Total     |
|-----------|---------------|--------|-----------|
| 1,387,023 | 486,955       | 2,963  | 1,876,941 |

3. Information about major customers

Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income

## Information regarding impairment loss on fixed assets by reporting segment

### Fiscal Year ended February 28, 2014 (From March 1, 2013 to February 28, 2014)

Information is omitted since it is described in the segment information.

### Fiscal Year ended February 28, 2015 (From March 1, 2014 to February 28, 2015)

Information is omitted since it is described in the segment information.

## Information on amortization and outstanding balance of goodwill by reporting segment

### Fiscal Year ended February 28, 2014 (From March 1, 2013 to February 28, 2014)

(Millions of yen)

|                                    | Reportable segments          |                       |                             |               |                    |                     |        | Total   | Eliminations / Corporate | Consolidated total |
|------------------------------------|------------------------------|-----------------------|-----------------------------|---------------|--------------------|---------------------|--------|---------|--------------------------|--------------------|
|                                    | Convenience store operations | Superstore operations | Department store operations | Food services | Financial services | Mail order services | Others |         |                          |                    |
| <b>Goodwill</b>                    |                              |                       |                             |               |                    |                     |        |         |                          |                    |
| Amortization                       | 8,387                        | 3,129                 | 5,290                       | -             | 1,747              | -                   | 142    | 18,697  | -                        | 18,697             |
| Balance at the end of current year | 155,585                      | 39,213                | 64,383                      | -             | 17,865             | 201                 | 941    | 278,191 | -                        | 278,191            |
| <b>Negative Goodwill</b>           |                              |                       |                             |               |                    |                     |        |         |                          |                    |
| Amortization                       | -                            | 23                    | 0                           | 4             | -                  | -                   | -      | 28      | -                        | 28                 |
| Balance at the end of current year | -                            | 210                   | -                           | 37            | -                  | -                   | -      | 248     | -                        | 248                |

**Fiscal Year ended February 28, 2015 (From March 1, 2014 to February 28, 2015)**

(Millions of yen)

|                                       | Reportable segments                |                          |                                   |                  |                       |                        |        | Total   | Eliminations<br>/ Corporate | Consolidated<br>total |
|---------------------------------------|------------------------------------|--------------------------|-----------------------------------|------------------|-----------------------|------------------------|--------|---------|-----------------------------|-----------------------|
|                                       | Convenience<br>store<br>operations | Superstore<br>operations | Department<br>store<br>operations | Food<br>services | Financial<br>services | Mail order<br>services | Others |         |                             |                       |
| <b>Goodwill</b>                       |                                    |                          |                                   |                  |                       |                        |        |         |                             |                       |
| Amortization                          | 8,709                              | 3,140                    | 5,282                             | -                | 1,560                 | 9                      | 192    | 18,894  | -                           | 18,894                |
| Balance at<br>the end of current year | 176,238                            | 36,277                   | 59,101                            | -                | 17,275                | 186                    | 8,374  | 297,454 | -                           | 297,454               |
| <b>Negative Goodwill</b>              |                                    |                          |                                   |                  |                       |                        |        |         |                             |                       |
| Amortization                          | -                                  | 23                       | -                                 | 4                | -                     | 40                     | -      | 68      | -                           | 68                    |
| Balance at<br>the end of current year | -                                  | 187                      | -                                 | 33               | -                     | -                      | -      | 220     | -                           | 220                   |

**Information regarding gain on negative goodwill by reporting segment**
**Fiscal Year ended February 28, 2014 (From March 1, 2013 to February 28, 2014)**

None

**Fiscal Year ended February 28, 2015 (From March 1, 2014 to February 28, 2015)**

None



## Related Parties Transactions

(1) Transactions between the Company and related parties

(a) Unconsolidated subsidiaries and affiliates

None

(b) A director of the Company and primary institutional shareholders

(From March 1, 2013 to February 28, 2014)

None

(From March 1, 2014 to February 28, 2015)

| Attribution                    | Name            | Address | Capital and investments | Business or title                        | Voting interest (held) |
|--------------------------------|-----------------|---------|-------------------------|--|------------------------|
| Close relative of the director | Yasuhiro Suzuki | -       | -                       | A director of the company's subsidiaries | Directly 0.0%          |

(Millions of yen)

| Business relationship | Detail of transaction | Transaction amount | Account | Year-end Balance |
|-----------------------|-----------------------|--------------------|---------|------------------|
| -                     | Exchange of shares    | 238                | -       | -                |

Notes: 1. The exchange of shares between the Company and the close relative of a director is the purpose of making Seven & i Netmedia Co., Ltd. wholly owned subsidiary, and the Company issued common shares by ratio of exchange which third party organizations calculate.

The transaction price is determined based on the market price.

2. Yasuhiro Suzuki is a son of Toshifumi Suzuki, Chairman and Chief Executive Officer of the Company.

(2) Notes about the parent company and the important affiliates

None

## Per Share Information

(yen)

|                              | Fiscal year ended<br>February 28, 2014 | Fiscal year ended<br>February 28, 2015 |
|------------------------------|--|--|
| Net assets per share         | 2,371.92                               | 2,601.23                               |
| Net income per share         | 198.84                                 | 195.66                                 |
| Diluted net income per share | 198.69                                 | 195.48                                 |

Notes: 1. As stated in "Changes in accounting policies", the Company has applied the Standard, etc., in compliance with transitional treatment as prescribed in the article 37 of the Standard.

As a result, net assets per share for the fiscal year increased by 3.97 yen

2. 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)

|  | Fiscal year ended<br>February 28, 2014 | Fiscal year ended<br>February 28, 2015 |
|--|--|--|
| Net income   | 175,691                                | 172,979                                |
| Amount not attributable to share holder  | -                                      | -                                      |
| Net income attributable to common stock  | 175,691                                | 172,979                                |
| Average number of common stock outstanding during the period (thousand of shares)          | 883,564                                | 884,064                                |
| Adjustments to net income which is used for calculating diluted net income per share       |  |  |
| Minority interest  | 15                                     | 24                                     |
| Adjustments to net income  | 15                                     | 24                                     |
| Number of ordinary shares increased used for calculating the diluted net income per shares |  |  |
| Subscription rights to shares (thousand of shares)   | 618                                    | 710                                    |
| Number of ordinary shares increased (thousand of shares)                                   | 618                                    | 710                                    |

3. Basis for calculation of net assets per share is as follows.

(Millions of yen, except number of common stock)

|   | Fiscal year ended<br>February 28, 2014 | Fiscal year ended<br>February 28, 2015 |
|---|--|--|
| Total net assets  | 2,221,557                              | 2,430,917                              |
| Amounts subtracted from total net assets:   | 125,811                                | 131,254                                |
| Subscription rights to shares   | 1,944                                  | 2,427                                  |
| Minority interest in consolidated subsidiaries  | 123,866                                | 128,827                                |
| Net assets for common stock at the end of period  | 2,095,746                              | 2,299,662                              |
| Number of common stock at the end of period used for calculating the amounts of net assets per share (thousand of shares) | 883,565                                | 884,066                                |

## Subsequent Event

None

### 3. Nonconsolidated Financial Statements

#### (1) Nonconsolidated Balance Sheets

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                |                   |                   |
| <b>Current assets</b>                        | <b>46,680</b>     | <b>69,628</b>     |
| Cash and bank deposits                       | 380               | 424               |
| Raw materials and supplies                   | 0                 | 0                 |
| Prepaid expenses                             | 282               | 387               |
| Deferred income taxes                        | 135               | 97                |
| Accounts receivable, other                   | 40,996            | 30,471            |
| Deposits held by subsidiaries and affiliates | 3,265             | 36,545            |
| Other  | 1,619             | 1,701             |
| <b>Non-current assets</b>                    | <b>1,895,907</b>  | <b>1,884,911</b>  |
| <b>Property and equipment</b>                | <b>5,389</b>      | <b>6,999</b>      |
| Buildings, net                               | 2,096             | 2,453             |
| Structures, net                              | 83                | 403               |
| Furniture, fixtures and equipment, net       | 160               | 1,428             |
| Land   | 2,712             | 2,712             |
| Construction in progress                     | 336               | -                 |
| <b>Intangible assets</b>                     | <b>8,203</b>      | <b>14,774</b>     |
| Software in progress                         | -                 | 6,520             |
| Lease assets                                 | 8,197             | 8,248             |
| Other  | 6                 | 4                 |
| <b>Investments and other assets</b>          | <b>1,882,313</b>  | <b>1,863,138</b>  |
| Investments in securities                    | 24,250            | 33,271            |
| Stocks of subsidiaries and affiliates        | 1,745,253         | 1,746,577         |
| Long-term loans receivable from employees    | 14                | 11                |
| Deposits paid in subsidiaries and affiliates | 110,000           | 80,000            |
| Prepaid pension cost                         | 583               | 624               |
| Long-term leasehold deposits                 | 2,192             | 2,457             |
| Other  | 19                | 195               |
| <b>TOTAL ASSETS</b>                          | <b>1,942,587</b>  | <b>1,954,539</b>  |

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>227,358</b>    | <b>257,427</b>    |
| Current portion of bonds   | -                 | 59,999            |
| Short-term loans payable to subsidiaries and affiliates                      | 189,000           | 173,000           |
| Current portion of long-term loans payable to subsidiaries and affiliates    | 9                 | 6                 |
| Lease obligations  | 2,011             | 2,387             |
| Accounts payable, other  | 1,019             | 3,907             |
| Accrued expenses   | 804               | 732               |
| Income taxes payable   | 33,412            | 16,277            |
| Advance received   | 177               | 179               |
| Allowance for bonuses to employees   | 242               | 229               |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members     | 54                | 57                |
| Other  | 625               | 650               |
| <b>Non-current liabilities</b>   | <b>280,365</b>    | <b>223,150</b>    |
| Bonds  | 269,987           | 209,992           |
| Long-term loans payable to subsidiaries and affiliates                       | 14                | 11                |
| Lease obligations  | 6,619             | 6,374             |
| Deferred income taxes  | 1,459             | 3,768             |
| Deposits received from tenants   | 1,655             | 1,637             |
| Provision for loss on guarantees   | 629               | 1,366             |
| <b>TOTAL LIABILITIES</b>   | <b>507,723</b>    | <b>480,578</b>    |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholders' equity</b>  | <b>1,429,008</b>  | <b>1,460,955</b>  |
| Common stock   | 50,000            | 50,000            |
| Capital surplus  | 1,246,256         | 1,246,251         |
| Additional paid-in capital   | 875,496           | 875,496           |
| Other capital surplus  | 370,759           | 370,754           |
| Retained earnings  | 138,633           | 170,541           |
| Other retained earnings  |                   |                   |
| Retained earnings brought forward  | 138,633           | 170,541           |
| Treasury stock, at cost  | (5,881)           | (5,836)           |
| <b>Accumulated gains (losses) from valuation and translation adjustments</b> | <b>4,298</b>      | <b>11,028</b>     |
| Unrealized gains (losses) on available-for-sale securities, net of taxes     | 4,298             | 11,028            |
| <b>Subscription rights to shares</b>   | <b>1,556</b>      | <b>1,977</b>      |
| <b>TOTAL NET ASSETS</b>  | <b>1,434,863</b>  | <b>1,473,961</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                      | <b>1,942,587</b>  | <b>1,954,539</b>  |

## (2) Nonconsolidated Statements of Income

(Millions of yen)

|   | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Revenues from operations</b>                               | <b>89,946</b>                   | <b>106,958</b>                  |
| Dividends income  | 82,858                          | 99,553                          |
| Management consulting fee income                              | 4,072                           | 4,386                           |
| Commission fee income   | 2,904                           | 2,908                           |
| Other   | 110                             | 108                             |
| <b>Selling, general and administrative expenses</b>           | <b>8,696</b>                    | <b>10,711</b>                   |
| Advertising expenses  | 352                             | 304                             |
| Salaries and wages  | 3,224                           | 3,185                           |
| Provision for bonuses to employees                            | 242                             | 229                             |
| Legal welfare expenses  | 532                             | 530                             |
| Pension expenses  | 233                             | 177                             |
| Land and building rent  | 634                             | 705                             |
| Commission paid   | 822                             | 1,833                           |
| Electronical data processing expenses                         | 193                             | 1,397                           |
| Other   | 2,459                           | 2,346                           |
| <b>Operating income</b>                                       | <b>81,250</b>                   | <b>96,247</b>                   |
| <b>Non-operating income</b>                                   | <b>2,119</b>                    | <b>2,032</b>                    |
| Interest income   | 1,524                           | 1,513                           |
| Dividends income  | 458                             | 466                             |
| Other   | 137                             | 52                              |
| <b>Non-operating expenses</b>                                 | <b>4,253</b>                    | <b>3,612</b>                    |
| Interest expenses   | 1,178                           | 959                             |
| Interest on bonds   | 2,774                           | 2,652                           |
| Amortization of bond issuance cost                            | 299                             | -                               |
| Other   | 1                               | 0                               |
| <b>Ordinary income</b>  | <b>79,116</b>                   | <b>94,667</b>                   |
| <b>Special losses</b>   | <b>2,129</b>                    | <b>818</b>                      |
| Loss on disposals of property and equipment                   | -                               | 12                              |
| Loss on valuation of stocks of subsidiaries<br>and affiliates | 1,500                           | -                               |
| Loss on sales of stocks of subsidiaries and affiliates        | -                               | 68                              |
| Provision for loss on guarantees                              | 629                             | 737                             |
| <b>Income before income taxes</b>                             | <b>76,987</b>                   | <b>93,849</b>                   |
| <b>Total income taxes</b>                                     | <b>(965)</b>                    | <b>(1,270)</b>                  |
| Income taxes - current  | (946)                           | (1,325)                         |
| Income taxes - deferred                                       | (19)                            | 54                              |
| <b>Net income</b>   | <b>77,953</b>                   | <b>95,119</b>                   |

### **(3) Nonconsolidated Statements of Changes in Net Assets**

Fiscal year ended February 28, 2014 (from March 1, 2013 to February 28, 2014)

(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 |                         |                            |
| Balance at March 1, 2013                           | 50,000               | 875,496                    | 370,111               | 1,245,608             | 118,996                 | 118,996                 | (7,099)                 | 1,407,506                  |
| Increase (decrease) for the year                   |                      |                            |                       |                       |                         |                         |                         |                            |
| Cash dividends                                     |                      |                            |                       |                       | (58,315)                | (58,315)                |                         | (58,315)                   |
| Net income   |                      |                            |                       |                       | 77,953                  | 77,953                  |                         | 77,953                     |
| Purchase of treasury stock                         |                      |                            |                       |                       |                         |                         | (133)                   | (133)                      |
| Disposal of treasury stock                         |                      |                            | 647                   | 647                   |                         |                         | 1,351                   | 1,998                      |
| Net changes of items other than shareholder equity |                      |                            |                       |                       |                         |                         |                         |                            |
| Net increase (decrease) for the year               | -                    | -                          | 647                   | 647                   | 19,637                  | 19,637                  | 1,217                   | 21,502                     |
| Balance at February 28, 2014                       | 50,000               | 875,496                    | 370,759               | 1,246,256             | 138,633                 | 138,633                 | (5,881)                 | 1,429,008                  |

|  | Accumulated gains (losses) from valuation and translation adjustments    |   | Subscription rights 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 |                               |                  |
| Balance at March 1, 2013                           | 3,773  | 3,773   | 1,247                         | 1,412,526        |
| Increase (decrease) for the year                   |  |   |                               |                  |
| Cash dividends                                     |  |   |                               | (58,315)         |
| Net income   |  |   |                               | 77,953           |
| Purchase of treasury stock                         |  |   |                               | (133)            |
| Disposal of treasury stock                         |  |   |                               | 1,998            |
| Net changes of items other than shareholder equity |  | 525   | 525                           | 834              |
| Net increase (decrease) for the year               |  | 525   | 525                           | 22,336           |
| Balance at February 28, 2014                       |  | 4,298   | 1,556                         | 1,434,863        |

**Fiscal year ended February 28, 2015 (from March 1, 2014 to February 28, 2015)**

(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 |                         |                            |
| Balance at March 1, 2014                           | 50,000               | 875,496                    | 370,759               | 1,246,256             | 138,633                 | 138,633                 | (5,881)                 | 1,429,008                  |
| Increase (decrease) for the year                   |                      |                            |                       |                       |                         |                         |                         |                            |
| Cash dividends                                     |                      |                            |                       |                       | (63,211)                | (63,211)                |                         | (63,211)                   |
| Net income   |                      |                            |                       |                       | 95,119                  | 95,119                  |                         | 95,119                     |
| Purchase of treasury stock                         |                      |                            |                       |                       |                         |                         | (27)                    | (27)                       |
| Disposal of treasury stock                         |                      |                            | (4)                   | (4)                   |                         |                         | 71                      | 67                         |
| Net changes of items other than shareholder equity |                      |                            |                       |                       |                         |                         |                         |                            |
| Net increase (decrease) for the year               | -                    | -                          | (4)                   | (4)                   | 31,907                  | 31,907                  | 44                      | 31,947                     |
| Balance at February 28, 2015                       | 50,000               | 875,496                    | 370,754               | 1,246,251             | 170,541                 | 170,541                 | (5,836)                 | 1,460,955                  |

|  | Accumulated gains (losses) from valuation and translation adjustments    |   | Subscription rights 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 |                               |                  |
| Balance at March 1, 2014                           | 4,298  | 4,298   | 1,556                         | 1,434,863        |
| Increase (decrease) for the year                   |  |   |                               |                  |
| Cash dividends                                     |  |   |                               | (63,211)         |
| Net income   |  |   |                               | 95,119           |
| Purchase of treasury stock                         |  |   |                               | (27)             |
| Disposal of treasury stock                         |  |   |                               | 67               |
| Net changes of items other than shareholder equity | 6,729  | 6,729   | 420                           | 7,150            |
| Net increase (decrease) for the year               | 6,729  | 6,729   | 420                           | 39,098           |
| Balance at February 28, 2015                       | 11,028   | 11,028  | 1,977                         | 1,473,961        |

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

None

#### **(5) Notes to Nonconsolidated Financial Statements**

##### ***Nonconsolidated Balance Sheets;***

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

(Millions of yen)

|                          | As of February 28, 2014 | As of February 28, 2015 |
|--------------------------|-------------------------|-------------------------|
| Accumulated depreciation | 718                     | 963                     |

###### 2. Notes on outstanding balances with subsidiaries and affiliates

Major balances included in each account on the balance sheet, which are not separately shown.

(Millions of yen)

|                                  | As of February 28, 2014 | As of February 28, 2015 |
|----------------------------------|-------------------------|-------------------------|
| Accounts receivable, other       | 40,852                  | 30,469                  |
| Current assets other             | 1,148                   | 1,129                   |
| Lease obligations (current )     | 2,011                   | 2,387                   |
| Accounts payable, other          | 606                     | 3,057                   |
| Accrued expenses                 | 2                       | 4                       |
| Advance received                 | 175                     | 177                     |
| Lease obligations (non-current ) | 6,619                   | 6,374                   |
| Deposits received from tenants   | 1,639                   | 1,621                   |

###### 3. Guarantees

(Millions of yen)

|                                       | As of February 28, 2014 | As of February 28, 2015 |
|---------------------------------------|-------------------------|-------------------------|
| Loans of Seven Card Service Co., Ltd. | 4,000                   | -                       |

##### ***Nonconsolidated Statements of Income;***

Major transactions with subsidiaries and affiliates

(Millions of yen)

|                                  | For the year ended<br>February 28, 2014 | For the year ended<br>February 28, 2015 |
|----------------------------------|---|---|
| Dividends income                 | 82,858                                  | 99,553                                  |
| Management consulting fee income | 4,072                                   | 4,386                                   |
| Commission fee income            | 2,904                                   | 2,908                                   |
| Other operating revenue          | 110                                     | 106                                     |
| Interest income                  | 1,523                                   | 1,512                                   |
| Interest expense                 | 1,178                                   | 959                                     |



**[Reference] Seven-Eleven Japan Co., Ltd.**

**Nonconsolidated Balance Sheets**

(Millions of yen)

|   | February 28, 2014 | February 28, 2015 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>                                 | <b>507,080</b>    | <b>512,640</b>    |
| Cash and bank deposits                                | 47,300            | 80,635            |
| Accounts receivable due from franchised stores        | 13,623            | 16,802            |
| Lease investment assets                               | 3,689             | 4,942             |
| Inventories   | 2,271             | 2,486             |
| Prepaid expenses                                      | 15,831            | 20,321            |
| Deferred income taxes                                 | 9,835             | 8,028             |
| Deposits held by subsidiaries and affiliates          | 373,989           | 328,733           |
| Accounts receivable, other                            | 38,792            | 49,804            |
| Other   | 1,982             | 1,085             |
| Allowance for doubtful accounts                       | (236)             | (199)             |
| <b>Non-current assets</b>                             | <b>1,092,413</b>  | <b>1,188,082</b>  |
| <b>Property and equipment</b>                         | <b>398,196</b>    | <b>452,346</b>    |
| Buildings   | 210,909           | 241,889           |
| Structures  | 31,697            | 35,380            |
| Vehicles  | 0                 | 0                 |
| Furniture, fixtures and equipment                     | 49,949            | 70,880            |
| Land  | 86,614            | 84,826            |
| Lease assets  | 18,625            | 14,181            |
| Construction in progress                              | 398               | 5,187             |
| <b>Intangible assets</b>                              | <b>36,957</b>     | <b>35,613</b>     |
| Goodwill  | 2,386             | 2,625             |
| Rights of leasehold                                   | 10,986            | 12,025            |
| Rights of trademark                                   | 19,541            | 16,865            |
| Software  | 4,035             | 3,965             |
| Other   | 6                 | 131               |
| <b>Investments and other assets</b>                   | <b>657,260</b>    | <b>700,121</b>    |
| Investments in securities                             | 16,070            | 18,200            |
| Stocks of subsidiaries and affiliates                 | 429,212           | 458,503           |
| Investments in capital of subsidiaries and affiliates | 7,770             | 7,776             |
| Long-term loans receivable                            | 1,760             | 469               |
| Long-term loans to subsidiaries and affiliates        | 3,303             | 3,253             |
| Long-term prepaid expenses                            | 29,175            | 29,527            |
| Prepaid pension cost                                  | 1,953             | 2,345             |
| Long-term leasehold deposits                          | 156,091           | 166,456           |
| Deferred income taxes                                 | 15,340            | 15,585            |
| Other   | 589               | 607               |
| Allowance for doubtful accounts                       | (4,007)           | (2,604)           |
| <b>TOTAL ASSETS</b>                                   | <b>1,599,493</b>  | <b>1,700,723</b>  |

## Seven-Eleven Japan Co., Ltd.

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>338,473</b>    | <b>387,960</b>    |
| Accounts payable, trade  | 136,301           | 153,678           |
| Accounts payable due to franchised stores  | 12,246            | 9,607             |
| Lease obligations  | 5,708             | 5,698             |
| Accounts payable, other  | 23,731            | 22,571            |
| Accrued expenses   | 13,974            | 14,388            |
| Income taxes payable   | 15,831            | 13,576            |
| Accounts payable for parent company  | 31,893            | 26,613            |
| Consumption taxes withheld   | 3,357             | 12,276            |
| Deposits received  | 88,223            | 120,704           |
| Allowance for bonuses to employees   | 2,624             | 2,778             |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 59                | 56                |
| Allowance for sales promotion expenses   | 2,684             | 3,988             |
| Other  | 1,836             | 2,020             |
| <b>Non-current liabilities</b>   | <b>56,554</b>     | <b>57,140</b>     |
| Guarantee deposits received from franchised stores                               | 8,341             | 8,894             |
| Long-term loans  | 203               | 230               |
| Lease obligations  | 17,955            | 14,610            |
| Allowance for retirement benefits to directors and<br>corporate auditors         | 556               | 556               |
| Allowance for loss on guarantee  | 1,750             | 1,750             |
| Asset retirement obligations   | 27,747            | 31,098            |
| <b>TOTAL LIABILITIES</b>   | <b>395,028</b>    | <b>445,101</b>    |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>1,200,914</b>  | <b>1,250,167</b>  |
| Common stock   | 17,200            | 17,200            |
| Capital surplus  | 24,565            | 24,565            |
| Additional paid-in capital   | 24,563            | 24,563            |
| Other capital surplus  | 1                 | 1                 |
| Retained earnings  | 1,159,148         | 1,208,402         |
| Legal reserve  | 4,300             | 4,300             |
| Other retained earnings  |                   |                   |
| General reserve  | 823,409           | 823,409           |
| Retained earnings brought forward  | 331,439           | 380,692           |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>3,550</b>      | <b>5,454</b>      |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 3,550             | 5,454             |
| <b>TOTAL NET ASSETS</b>  | <b>1,204,465</b>  | <b>1,255,621</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>1,599,493</b>  | <b>1,700,723</b>  |

# Seven-Eleven Japan Co., Ltd.

## Nonconsolidated Statements of Income

(Millions of yen)

|   | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Operating income and expenses</b>                                    |                                 |                                 |
| <b>Revenues from operations</b>   | <b>679,561</b>                  | <b>736,343</b>                  |
| Franchise commission from franchised stores                             | 579,073                         | 628,867                         |
| Net sales reported by franchised stores                                 |                                 |                                 |
| Year ended February 28, 2014: 3,685,095                                 |                                 |                                 |
| Year ended February 28, 2015: 3,905,369                                 |                                 |                                 |
| Total net sales (including net sales of corporate stores)               |                                 |                                 |
| Year ended February 28, 2014: 3,781,267                                 |                                 |                                 |
| Year ended February 28, 2015: 4,008,261                                 |                                 |                                 |
| Other operating revenues  | 5,725                           | 6,182                           |
| Net sales of corporate stores   | 94,762                          | 101,293                         |
| Cost of sales   | 69,007                          | 73,201                          |
| <b>Gross profit from operations</b>                                     | <b>610,553</b>                  | <b>663,142</b>                  |
| <b>Selling, general and administrative expenses</b>                     | <b>397,767</b>                  | <b>439,785</b>                  |
| Land and building rent  | 112,746                         | 126,663                         |
| Advertising expenses  | 52,179                          | 56,865                          |
| Utility expenses  | 43,507                          | 48,343                          |
| Depreciation and amortization   | 34,580                          | 43,098                          |
| Salaries and wages  | 37,834                          | 39,792                          |
| Other   | 116,919                         | 125,022                         |
| <b>Operating income</b>   | <b>212,785</b>                  | <b>223,356</b>                  |
| <b>Non-operating income</b>   | <b>8,574</b>                    | <b>9,758</b>                    |
| Interest income   | 3,940                           | 3,768                           |
| Dividends income  | 3,488                           | 4,668                           |
| Reversal of allowance for doubtful accounts                             | 538                             | 419                             |
| Other   | 607                             | 902                             |
| <b>Non-operating expenses</b>   | <b>432</b>                      | <b>522</b>                      |
| Interest expenses   | 363                             | 307                             |
| Other   | 68                              | 214                             |
| <b>Ordinary income</b>  | <b>220,927</b>                  | <b>232,593</b>                  |
| <b>Special gains</b>  | <b>172</b>                      | <b>258</b>                      |
| Gain on sales of property and equipment                                 | 88                              | 157                             |
| Receipt of stock option income  | 83                              | 100                             |
| <b>Special losses</b>   | <b>6,138</b>                    | <b>13,929</b>                   |
| Loss on sales of property and equipment                                 | 214                             | 142                             |
| Loss on disposals of property and equipment                             | 1,252                           | 5,988                           |
| Impairment loss   | 3,136                           | 4,536                           |
| Loss on sales of investments in securities                              | -                               | 705                             |
| Valuation loss on investments in capital of subsidiaries and affiliates | 948                             | -                               |
| Loss on snow damage   | -                               | 1,116                           |
| Special expenses related to consumption tax rate change                 | -                               | 816                             |
| Other   | 586                             | 623                             |
| <b>Income before income taxes</b>                                       | <b>214,961</b>                  | <b>218,922</b>                  |
| Income taxes - current  | 84,237                          | 81,490                          |
| Income taxes - deferred   | (3,647)                         | 507                             |
| <b>Net income</b>   | <b>134,371</b>                  | <b>136,924</b>                  |

**[Reference] Ito-Yokado Co., Ltd.**

**Nonconsolidated Balance Sheets**

(Millions of yen)

|   | February 28, 2014 | February 28, 2015 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>                                 | <b>273,937</b>    | <b>264,120</b>    |
| Cash and bank deposits                                | 26,122            | 27,178            |
| Accounts receivable, trade                            | 24,179            | 24,777            |
| Inventories   | 72,134            | 78,314            |
| Supplies  | 61                | 74                |
| Advance paid  | 456               | 390               |
| Prepaid expenses                                      | 7,732             | 7,944             |
| Deferred income taxes                                 | 6,198             | 5,002             |
| Short-term loans to employees                         | 259               | 237               |
| Short-term loans receivable                           | 394               | 394               |
| Short-term loans to subsidiaries and affiliates       | 2,000             | 4,000             |
| Deposits held by subsidiaries and affiliates          | 96,729            | 72,694            |
| Accounts receivable, other                            | 20,694            | 26,398            |
| Short-term leasehold deposits                         | 12,636            | 11,632            |
| Payments in advance                                   | 3,328             | 3,829             |
| Other   | 1,006             | 1,248             |
| <b>Non-current assets</b>                             | <b>533,487</b>    | <b>553,615</b>    |
| <b>Property and equipment</b>                         | <b>305,188</b>    | <b>331,488</b>    |
| Buildings   | 119,554           | 135,290           |
| Structures  | 9,103             | 9,489             |
| Vehicles  | 36                | 29                |
| Furniture, fixtures and equipment                     | 5,081             | 5,869             |
| Land  | 160,361           | 176,363           |
| Lease assets  | 2,297             | 1,260             |
| Construction in progress                              | 8,753             | 3,186             |
| <b>Intangible assets</b>                              | <b>1,837</b>      | <b>2,159</b>      |
| Rights of leasehold                                   | 799               | 784               |
| Trademark   | 10                | 20                |
| Software  | 540               | 685               |
| Other   | 486               | 669               |
| <b>Investments and other assets</b>                   | <b>226,460</b>    | <b>219,966</b>    |
| Investments in securities                             | 23,227            | 33,786            |
| Stocks of subsidiaries and affiliates                 | 12,665            | 12,665            |
| Investments in capital                                | 6                 | 6                 |
| Investments in capital of subsidiaries and affiliates | 7,140             | 4,578             |
| Long-term loans receivable                            | 14,501            | 14,068            |
| Long-term prepaid expenses                            | 7,081             | 6,545             |
| Prepaid pension cost                                  | 21,666            | 22,733            |
| Long-term leasehold deposits                          | 140,491           | 125,787           |
| Receivable in bankruptcy                              | 5                 | 0                 |
| Other   | 1,871             | 1,832             |
| Allowance for doubtful accounts                       | (2,198)           | (2,039)           |
| <b>TOTAL ASSETS</b>                                   | <b>807,425</b>    | <b>817,735</b>    |

# Ito-Yokado Co., Ltd.

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>137,173</b>    | <b>144,607</b>    |
| Accounts payable, trade  | 59,576            | 61,623            |
| Short-term loans   | 96                | 85                |
| Current portion of long-term loans   | 1,423             | 1,412             |
| Lease obligations  | 966               | 620               |
| Accounts payable, other  | 21,180            | 24,168            |
| Accounts payable for parent company  | 3,256             | -                 |
| Income taxes payable   | 956               | 652               |
| Consumption taxes withheld   | -                 | 4,799             |
| Accrued expenses   | 9,581             | 9,682             |
| Advance received   | 784               | 754               |
| Deposits received  | 18,482            | 20,889            |
| Allowance for bonuses to employees   | 4,520             | 3,529             |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 36                | 23                |
| Allowance for sales promotion expenses   | 654               | 432               |
| Allowance for loss on future collection of<br>gift certificates                  | 639               | 543               |
| Gift certificates  | 13,765            | 14,144            |
| Other  | 1,252             | 1,243             |
| <b>Non-current liabilities</b>   | <b>61,806</b>     | <b>66,800</b>     |
| Long-term loans  | 5,991             | 4,678             |
| Lease obligations  | 1,618             | 1,017             |
| Deferred income taxes  | 2,929             | 6,330             |
| Allowance for retirement benefits to<br>directors and corporate auditors         | 605               | 528               |
| Allowance for loss on guarantee  | -                 | 1,799             |
| Deposits received from tenants   | 40,346            | 41,389            |
| Asset retirement obligations   | 10,315            | 11,058            |
| <b>TOTAL LIABILITIES</b>   | <b>198,980</b>    | <b>211,407</b>    |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>597,716</b>    | <b>588,732</b>    |
| Common stock   | 40,000            | 40,000            |
| Capital surplus  | 165,621           | 166,458           |
| Additional paid-in capital   | 165,621           | 165,621           |
| Other capital surplus  | -                 | 837               |
| Retained earnings  | 392,095           | 382,273           |
| Legal reserve  | 11,700            | 11,700            |
| Other retained earnings  |                   |                   |
| Reserve for deferred gains on property<br>and equipment                          | 1,149             | 1,133             |
| Retained earnings brought forward  | 379,246           | 369,439           |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>10,727</b>     | <b>17,595</b>     |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 10,727            | 17,595            |
| <b>TOTAL NET ASSETS</b>  | <b>608,444</b>    | <b>606,327</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>807,425</b>    | <b>817,735</b>    |

## Nonconsolidated Statements of Income

(Millions of yen)

|   | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Revenues from operations</b>   | <b>1,311,989</b>                | <b>1,285,942</b>                |
| Net sales   | 1,280,615                       | 1,253,296                       |
| Cost of sales   | 964,980                         | 950,964                         |
| <b>Gross profit on sales</b>  | <b>315,634</b>                  | <b>302,331</b>                  |
| Other operating revenues  | 31,373                          | 32,646                          |
| Rental income   | 25,374                          | 25,819                          |
| Other income  | 5,999                           | 6,826                           |
| <b>Gross profit from operations</b>   | <b>347,008</b>                  | <b>334,978</b>                  |
| <b>Selling, general and administrative expenses</b>                           | <b>335,771</b>                  | <b>333,118</b>                  |
| Advertising and decoration expenses   | 30,481                          | 29,951                          |
| Salaries and wages  | 111,343                         | 110,417                         |
| Land and building rent  | 65,006                          | 63,580                          |
| Depreciation and amortization   | 10,014                          | 11,137                          |
| Other   | 118,925                         | 118,031                         |
| <b>Operating income</b>   | <b>11,236</b>                   | <b>1,859</b>                    |
| <b>Non-operating income</b>   | <b>4,022</b>                    | <b>3,191</b>                    |
| Interest income   | 1,551                           | 1,448                           |
| Interest on securities  | 0                               | 0                               |
| Dividends income  | 1,468                           | 1,199                           |
| Other   | 1,002                           | 543                             |
| <b>Non-operating expenses</b>   | <b>2,187</b>                    | <b>909</b>                      |
| Interest expenses   | 189                             | 147                             |
| Foreign exchange losses   | 1,727                           | 484                             |
| Other   | 270                             | 277                             |
| <b>Ordinary income</b>  | <b>13,071</b>                   | <b>4,142</b>                    |
| <b>Special gains</b>  | <b>231</b>                      | <b>306</b>                      |
| Gain on sales of property and equipment                                       | 39                              | 4                               |
| Receipt of stock option income  | 65                              | 57                              |
| Gain on sales of investments in securities                                    | 7                               | 242                             |
| Gain on sales of investments in capital                                       | 120                             | -                               |
| Other   | -                               | 2                               |
| <b>Special losses</b>   | <b>6,480</b>                    | <b>11,549</b>                   |
| Loss on sales of property and equipment                                       | 84                              | 9                               |
| Loss on disposals of property and equipment                                   | 1,502                           | 1,127                           |
| Impairment loss   | 3,337                           | 4,657                           |
| Valuation loss on investments in securities<br>of subsidiaries and affiliates | -                               | 2,818                           |
| Provision for loss on guarantee   | -                               | 1,799                           |
| Special expenses related to consumption<br>tax rate change                    | -                               | 1,029                           |
| Other   | 1,556                           | 108                             |
| <b>Income (loss) before income taxes</b>                                      | <b>6,822</b>                    | <b>(7,100)</b>                  |
| Income taxes - current  | 1,865                           | (1,070)                         |
| Income taxes - deferred   | (377)                           | 850                             |
| <b>Net income (loss)</b>  | <b>5,333</b>                    | <b>(6,881)</b>                  |

**[Reference] York-Benimaru Co., Ltd.**

**Nonconsolidated Balance Sheets**

(Millions of yen)

|   | February 28, 2014 | February 28, 2015 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>                                 | <b>46,641</b>     | <b>43,342</b>     |
| Cash and bank deposits                                | 14,984            | 13,722            |
| Accounts receivable, trade                            | 24                | 31                |
| Inventories   | 8,497             | 9,065             |
| Supplies  | 26                | 31                |
| Prepaid expenses                                      | 795               | 800               |
| Deferred income taxes                                 | 1,693             | 1,606             |
| Short-term loans receivable                           | 99                | 97                |
| Deposits held by subsidiaries and affiliates          | 10,500            | 7,500             |
| Accounts receivable, other                            | 6,652             | 6,997             |
| Payments in advance                                   | 2,549             | 2,672             |
| Other   | 817               | 817               |
| <b>Non-current assets</b>                             | <b>121,372</b>    | <b>138,925</b>    |
| <b>Property and equipment</b>                         | <b>82,052</b>     | <b>90,901</b>     |
| Buildings   | 31,419            | 36,705            |
| Structures  | 5,840             | 6,688             |
| Furniture, fixtures and equipment                     | 1,299             | 1,973             |
| Land  | 41,321            | 44,075            |
| Construction in progress                              | 2,171             | 1,458             |
| <b>Intangible assets</b>                              | <b>1,226</b>      | <b>1,095</b>      |
| Goodwill  | 634               | 443               |
| Software  | 556               | 618               |
| Other   | 35                | 33                |
| <b>Investments and other assets</b>                   | <b>38,092</b>     | <b>46,928</b>     |
| Investments in securities                             | 17,077            | 26,533            |
| Stocks of subsidiaries and affiliates                 | 170               | 170               |
| Investments in capital                                | 1                 | 1                 |
| Investments in capital of subsidiaries and affiliates | 0                 | -                 |
| Long-term loans receivable                            | 273               | 286               |
| Long-term prepaid expenses                            | 2,941             | 2,691             |
| Prepaid pension cost                                  | 2,582             | 2,610             |
| Long-term leasehold deposits                          | 15,511            | 15,273            |
| Advances for store construction                       | 259               | 87                |
| Allowance for doubtful accounts                       | (726)             | (726)             |
| <b>TOTAL ASSETS</b>                                   | <b>168,013</b>    | <b>182,267</b>    |

## York-Benimaru Co., Ltd.

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>28,199</b>     | <b>30,396</b>     |
| Accounts payable, trade  | 16,368            | 17,213            |
| Short-term loans   | 92                | 87                |
| Accounts payable, other  | 4,075             | 5,562             |
| Accounts payable for parent company  | 1,545             | 1,392             |
| Income taxes payable   | 1,005             | 1,068             |
| Accrued expenses   | 2,777             | 2,820             |
| Deposits received  | 443               | 458               |
| Suspense receipt   | 7                 | 0                 |
| Advance received   | 232               | 232               |
| Gift certificates  | 41                | 40                |
| Allowance for bonuses to employees   | 1,551             | 1,462             |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 39                | 41                |
| Allowance for loss on future collection of<br>gift certificates                  | 19                | 16                |
| <b>Non-current liabilities</b>   | <b>8,013</b>      | <b>11,752</b>     |
| Long-term loans  | 176               | 158               |
| Allowance for retirement benefits to directors<br>and corporate auditors         | 290               | 290               |
| Deferred income taxes  | 3,938             | 7,082             |
| Asset retirement obligations   | 1,032             | 1,564             |
| Other  | 2,577             | 2,656             |
| <b>TOTAL LIABILITIES</b>   | <b>36,213</b>     | <b>42,148</b>     |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>122,996</b>    | <b>125,153</b>    |
| Common stock   | 9,927             | 9,927             |
| Capital surplus  | 12,605            | 12,605            |
| Additional paid-in capital   | 12,605            | 12,605            |
| Other capital surplus  | 0                 | 0                 |
| Retained earnings  | 100,463           | 102,620           |
| Legal reserve  | 2,186             | 2,186             |
| General reserve  | 69,415            | 69,407            |
| Retained earnings brought forward  | 28,861            | 31,026            |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>8,803</b>      | <b>14,965</b>     |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 8,803             | 14,965            |
| <b>TOTAL NET ASSETS</b>  | <b>131,800</b>    | <b>140,118</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>168,013</b>    | <b>182,267</b>    |



# York-Benimaru Co., Ltd.

## Nonconsolidated Statements of Income

(Millions of yen)

|  | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Revenues from operations</b>                            | <b>380,869</b>                  | <b>396,930</b>                  |
| Net sales  | 374,781                         | 390,492                         |
| Cost of sales  | 287,184                         | 299,313                         |
| <b>Gross Profit on sales</b>                               | <b>87,596</b>                   | <b>91,179</b>                   |
| Other operating revenues                                   | 6,087                           | 6,437                           |
| Commission fee income                                      | 2,524                           | 2,750                           |
| Rental income  | 3,563                           | 3,687                           |
| <b>Gross profit from operations</b>                        | <b>93,684</b>                   | <b>97,616</b>                   |
| <b>Selling, general and administrative expenses</b>        | <b>80,969</b>                   | <b>84,796</b>                   |
| Salaries and wages   | 34,805                          | 36,122                          |
| Provision for bonuses to employees                         | 1,551                           | 1,462                           |
| Legal welfare expenses                                     | 4,820                           | 5,025                           |
| Advertising and decoration expenses                        | 5,599                           | 6,105                           |
| Land and building rent                                     | 8,738                           | 8,956                           |
| Store maintenance and repair expenses                      | 4,168                           | 4,238                           |
| Depreciation and amortization                              | 3,525                           | 3,917                           |
| Utility expenses   | 5,786                           | 6,516                           |
| Other  | 11,974                          | 12,451                          |
| <b>Operating income</b>                                    | <b>12,714</b>                   | <b>12,820</b>                   |
| <b>Non-operating income</b>                                | <b>1,877</b>                    | <b>1,296</b>                    |
| Interest income  | 132                             | 120                             |
| Dividends income   | 1,699                           | 1,142                           |
| Other  | 46                              | 33                              |
| <b>Non-operating expenses</b>                              | <b>125</b>                      | <b>98</b>                       |
| Interest expenses  | 5                               | 5                               |
| Maintenance expenses for idle assets                       | 63                              | 61                              |
| Cancellation expenses for leasehold contract               | 34                              | 5                               |
| Other  | 21                              | 25                              |
| <b>Ordinary income</b>                                     | <b>14,467</b>                   | <b>14,018</b>                   |
| <b>Special gains</b>                                       | <b>138</b>                      | <b>779</b>                      |
| Gain on sales of property and equipment                    | 69                              | 13                              |
| Receipt of stock option income                             | 66                              | 70                              |
| Compensation income for transfer                           | 1                               | 682                             |
| Other  | -                               | 12                              |
| <b>Special losses</b>                                      | <b>1,037</b>                    | <b>2,325</b>                    |
| Loss on sales of property and equipment                    | 7                               | -                               |
| Loss on disposals of property and equipment                | 341                             | 435                             |
| Impairment loss  | 550                             | 1,677                           |
| Loss on disaster   | 134                             | 120                             |
| Special expenses related to consumption<br>tax rate change | -                               | 91                              |
| Other  | 3                               | -                               |
| <b>Income before income taxes</b>                          | <b>13,568</b>                   | <b>12,472</b>                   |
| Income taxes - current                                     | 4,681                           | 4,738                           |
| Income taxes - deferred                                    | (419)                           | (57)                            |
| <b>Net income</b>  | <b>9,306</b>                    | <b>7,792</b>                    |

**[Reference] Sogo & Seibu Co., Ltd.**

**Nonconsolidated Balance Sheets**

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                |                   |                   |
| <b>Current assets</b>                        | <b>85,393</b>     | <b>87,801</b>     |
| Cash and bank deposits                       | 15,341            | 16,613            |
| Notes receivable, trade                      | 936               | 798               |
| Accounts receivable, trade                   | 25,048            | 26,124            |
| Inventories                                  | 21,078            | 22,839            |
| Real estate for sale                         | 2,535             | 2,529             |
| Supplies                                     | 289               | 277               |
| Prepaid expenses                             | 3,685             | 3,708             |
| Deferred income taxes                        | 8,941             | 8,679             |
| Short-term loans receivable                  | 51                | 54                |
| Accounts receivable, other                   | 3,730             | 4,064             |
| Current portion of construction contribution | 2,540             | 882               |
| Other  | 1,215             | 1,230             |
| Allowance for doubtful accounts              | (0)               | (0)               |
| <b>Non-current assets</b>                    | <b>362,184</b>    | <b>358,567</b>    |
| <b>Property and equipment</b>                | <b>231,532</b>    | <b>226,657</b>    |
| Buildings                                    | 86,083            | 82,074            |
| Structures                                   | 1,235             | 1,147             |
| Machinery and equipment                      | 462               | 574               |
| Furniture, fixtures and equipment            | 3,275             | 3,001             |
| Lease assets                                 | 4,590             | 4,055             |
| Land   | 135,844           | 135,551           |
| Construction in progress                     | 39                | 250               |
| <b>Intangible assets</b>                     | <b>24,087</b>     | <b>24,778</b>     |
| Rights of leasehold                          | 19,932            | 20,881            |
| Other  | 4,155             | 3,896             |
| <b>Investments and other assets</b>          | <b>106,563</b>    | <b>107,131</b>    |
| Investments in securities                    | 2,340             | 5,382             |
| Stocks of subsidiaries and affiliates        | 26,530            | 26,548            |
| Long-term loans receivable                   | 264               | 251               |
| Long-term leasehold deposits                 | 59,233            | 58,839            |
| Construction contribution                    | 11,409            | 10,358            |
| Long-term accounts receivable, other         | 87                | 78                |
| Receivable in bankruptcy                     | 1,527             | 1,277             |
| Deferred income taxes                        | 4,013             | 2,876             |
| Other  | 2,046             | 2,187             |
| Allowance for doubtful accounts              | (889)             | (669)             |
| <b>TOTAL ASSETS</b>                          | <b>447,577</b>    | <b>446,368</b>    |

## Sogo & Seibu Co., Ltd.

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>231,961</b>    | <b>223,577</b>    |
| Accounts payable, trade  | 34,448            | 35,810            |
| Short-term loans   | 149,291           | 137,534           |
| Accounts payable, other  | 8,344             | 8,383             |
| Lease obligations  | 1,247             | 1,340             |
| Accrued expenses   | 3,085             | 2,888             |
| Income taxes payable   | 402               | 433               |
| Consumption taxes withheld   | 394               | 1,826             |
| Advance received   | 1,660             | 1,646             |
| Gift certificates  | 15,515            | 15,532            |
| Deposits received  | 7,091             | 8,575             |
| Allowance for bonuses to employees   | 2,223             | 914               |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 37                | 37                |
| Allowance for sales promotion expenses   | 4,918             | 5,750             |
| Allowance for loss on future collection of<br>gift certificates                  | 2,273             | 1,972             |
| Allowance for store closing losses   | 499               | 397               |
| Asset retirement obligations   | 100               | 100               |
| Other  | 425               | 434               |
| <b>Non-current liabilities</b>   | <b>89,215</b>     | <b>91,429</b>     |
| Long-term loans  | 73,769            | 77,118            |
| Long-term accounts payable, other  | 832               | 685               |
| Lease obligations  | 4,504             | 3,685             |
| Deposits received from tenants   | 7,771             | 7,583             |
| Allowance for retirement benefits to directors and<br>corporate auditors         | 41                | 44                |
| Allowance for environmental obligations  | 346               | 346               |
| Asset retirement obligations   | 1,937             | 1,952             |
| Other  | 11                | 11                |
| <b>TOTAL LIABILITIES</b>   | <b>321,177</b>    | <b>315,006</b>    |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>126,348</b>    | <b>129,334</b>    |
| Common stock   | 10,000            | 10,000            |
| Capital surplus  | 52,298            | 52,298            |
| Additional paid-in capital   | 39,317            | 39,317            |
| Other capital surplus  | 12,981            | 12,981            |
| Retained earnings  | 64,050            | 67,035            |
| Other retained earnings  |                   |                   |
| Retained earnings brought forward  | 64,050            | 67,035            |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>52</b>         | <b>2,027</b>      |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 52                | 2,027             |
| <b>TOTAL NET ASSETS</b>  | <b>126,400</b>    | <b>131,361</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>447,577</b>    | <b>446,368</b>    |

## Sogo & Seibu Co., Ltd.

### Nonconsolidated Statements of Income

(Millions of yen)

|   | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Revenues from operations</b>                     | <b>801,535</b>                  | <b>802,996</b>                  |
| Net sales   | 789,203                         | 790,244                         |
| Cost of sales                                       | 619,786                         | 622,068                         |
| <b>Gross profit on sales</b>                        | <b>169,417</b>                  | <b>168,176</b>                  |
| Operating revenues                                  | 12,332                          | 12,751                          |
| <b>Gross profit from operations</b>                 | <b>181,749</b>                  | <b>180,927</b>                  |
| <b>Selling, general and administrative expenses</b> | <b>171,607</b>                  | <b>170,700</b>                  |
| Advertising and decoration expenses                 | 24,459                          | 26,053                          |
| Salaries and wages                                  | 46,346                          | 43,626                          |
| Land and building rent                              | 41,780                          | 41,252                          |
| Depreciation and amortization                       | 11,793                          | 11,996                          |
| Utility expenses                                    | 10,299                          | 10,836                          |
| Other   | 36,928                          | 36,935                          |
| <b>Operating income</b>                             | <b>10,141</b>                   | <b>10,226</b>                   |
| <b>Non-operating income</b>                         | <b>803</b>                      | <b>613</b>                      |
| Interest and dividends income                       | 346                             | 290                             |
| Subsidy from renovation construction of sale area   | 52                              | -                               |
| Other   | 404                             | 323                             |
| <b>Non-operating expenses</b>                       | <b>1,679</b>                    | <b>1,623</b>                    |
| Interest expenses                                   | 1,380                           | 1,225                           |
| Other   | 299                             | 398                             |
| <b>Ordinary income</b>                              | <b>9,265</b>                    | <b>9,216</b>                    |
| <b>Special gains</b>                                | <b>214</b>                      | <b>180</b>                      |
| Gain on sales of property and equipment             | 105                             | 105                             |
| Gain on sales of investments in securities          | 36                              | -                               |
| Receipt of stock option income                      | 73                              | 75                              |
| <b>Special losses</b>                               | <b>7,109</b>                    | <b>4,903</b>                    |
| Loss on disposals of property and equipment         | 2,408                           | 2,194                           |
| Impairment loss                                     | 1,768                           | 1,657                           |
| Early retirement benefit                            | 2,149                           | -                               |
| Temporary expenses due to personnel system change   | -                               | 998                             |
| Other   | 782                             | 53                              |
| <b>Income before income taxes</b>                   | <b>2,370</b>                    | <b>4,493</b>                    |
| Income taxes - current                              | 33                              | 160                             |
| Income taxes - deferred                             | 523                             | 340                             |
| <b>Net income</b>                                   | <b>1,814</b>                    | <b>3,992</b>                    |

**[Reference] Seven & i Food Systems Co., Ltd.**

**Nonconsolidated Balance Sheets**

(Millions of yen)

|   | February 28, 2014 | February 28, 2015 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>                                 | <b>28,855</b>     | <b>29,002</b>     |
| Cash and bank deposits                                | 2,438             | 3,721             |
| Accounts receivable, trade                            | 642               | 787               |
| Inventories   | 64                | 50                |
| Materials   | 422               | 477               |
| Supplies  | 177               | 94                |
| Prepaid expenses                                      | 599               | 667               |
| Accounts receivable, other                            | 781               | 949               |
| Deferred income taxes                                 | 380               | 349               |
| Deposits held by subsidiaries and affiliates          | 23,003            | 21,564            |
| Current portion of leasehold deposits                 | 185               | 199               |
| Other   | 160               | 140               |
| <b>Non-current assets</b>                             | <b>15,655</b>     | <b>17,698</b>     |
| <b>Property and equipment</b>                         | <b>5,533</b>      | <b>7,613</b>      |
| Buildings   | 2,290             | 2,953             |
| Structures  | 194               | 215               |
| Furniture, fixtures and equipment                     | 1,015             | 1,350             |
| Land  | 1,456             | 2,346             |
| Lease assets  | 483               | 732               |
| Construction in progress                              | 93                | 15                |
| <b>Intangible assets</b>                              | <b>84</b>         | <b>143</b>        |
| Rights of leasehold                                   | 36                | 36                |
| Software  | 39                | 83                |
| Utility rights of facilities                          | 4                 | 18                |
| Other   | 5                 | 4                 |
| <b>Investments and other assets</b>                   | <b>10,037</b>     | <b>9,941</b>      |
| Investments in securities                             | 269               | 306               |
| Long-term prepaid expenses                            | 198               | 193               |
| Prepaid pension cost                                  | 1,587             | 1,660             |
| Long-term leasehold deposits                          | 6,630             | 6,563             |
| Investments in capital of subsidiaries and affiliates | 482               | 384               |
| Deferred income taxes                                 | 788               | 782               |
| Allowance for doubtful accounts                       | (30)              | (30)              |
| Other   | 112               | 80                |
| <b>TOTAL ASSETS</b>                                   | <b>44,511</b>     | <b>46,700</b>     |

## Seven & i Food Systems Co., Ltd.

(Millions of yen)

|  | February 28, 2014 | February 28, 2015 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>6,731</b>      | <b>9,662</b>      |
| Accounts payable, trade  | 1,655             | 1,846             |
| Accounts payable, other  | 1,064             | 645               |
| Short-term loans payable   | -                 | 2,000             |
| Income taxes payable   | 382               | 376               |
| Consumption taxes withheld   | 242               | 1,187             |
| Accrued expenses   | 2,316             | 2,382             |
| Deposits received  | 190               | 217               |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 15                | 15                |
| Allowance for bonuses to employees   | 475               | 511               |
| Accounts payable for acquisition of property<br>and equipment                    | 104               | 51                |
| Short-term allowance for impairment loss<br>on lease assets                      | 2                 | 0                 |
| Other  | 280               | 427               |
| <b>Non-current liabilities</b>   | <b>2,980</b>      | <b>3,202</b>      |
| Long-term allowance for impairment loss<br>on lease assets                       | 0                 | 0                 |
| Lease obligations  | 513               | 765               |
| Asset retirement obligations   | 2,138             | 2,166             |
| Long-term guarantee deposited  | 227               | 215               |
| Other  | 100               | 55                |
| <b>TOTAL LIABILITIES</b>   | <b>9,711</b>      | <b>12,865</b>     |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>34,714</b>     | <b>33,724</b>     |
| Common stock   | 3,000             | 3,000             |
| Capital surplus  | 53,170            | 52,629            |
| Additional paid-in capital   | 750               | 750               |
| Other capital surplus  | 52,420            | 51,879            |
| Retained earnings  | (21,455)          | (21,904)          |
| Other retained earnings  |                   |                   |
| Retained earnings brought forward  | (21,455)          | (21,904)          |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>84</b>         | <b>111</b>        |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 84                | 111               |
| <b>TOTAL NET ASSETS</b>  | <b>34,799</b>     | <b>33,835</b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>44,511</b>     | <b>46,700</b>     |

## Seven & i Food Systems Co., Ltd.

### Nonconsolidated Statements of Income

(Millions of yen)

|  | Year ended<br>February 28, 2014 | Year ended<br>February 28, 2015 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Revenues from operations</b>  | <b>78,484</b>                   | <b>80,932</b>                   |
| Net sales  | 78,112                          | 80,685                          |
| Cost of sales  | 25,984                          | 27,924                          |
| <b>Gross profit on sales</b>   | <b>52,127</b>                   | <b>52,761</b>                   |
| Other operating revenues   | 371                             | 246                             |
| <b>Gross profit from operations</b>  | <b>52,499</b>                   | <b>53,008</b>                   |
| <b>Selling, general and administrative expenses</b>                        | <b>51,669</b>                   | <b>52,844</b>                   |
| Salaries and bonuses   | 26,977                          | 27,523                          |
| Land and building rent   | 7,550                           | 7,565                           |
| Utility expenses   | 4,636                           | 4,430                           |
| Depreciation and amortization  | 407                             | 700                             |
| Legal welfare expenses   | 2,288                           | 2,422                           |
| Other  | 9,809                           | 10,202                          |
| <b>Operating income</b>  | <b>829</b>                      | <b>163</b>                      |
| <b>Non-operating income</b>  | <b>200</b>                      | <b>159</b>                      |
| Interest income  | 122                             | 108                             |
| Dividends income   | 4                               | 5                               |
| Income related to advertising media installation                           | 17                              | 19                              |
| Miscellaneous income   | 55                              | 26                              |
| <b>Non-operating expenses</b>  | <b>39</b>                       | <b>20</b>                       |
| Interest expenses  | -                               | 2                               |
| Miscellaneous expenses   | 39                              | 17                              |
| <b>Ordinary income</b>   | <b>990</b>                      | <b>302</b>                      |
| <b>Special gains</b>   | <b>35</b>                       | <b>93</b>                       |
| Compensation income for expropriation                                      | 2                               | 59                              |
| Other  | 33                              | 34                              |
| <b>Special losses</b>  | <b>659</b>                      | <b>591</b>                      |
| Impairment loss  | 606                             | 471                             |
| Store-closing cost and removal expenses                                    | 14                              | 3                               |
| Valuation loss on investments in capital<br>of subsidiaries and affiliates | -                               | 97                              |
| Other  | 39                              | 18                              |
| <b>Income (loss) before income taxes</b>                                   | <b>366</b>                      | <b>(195)</b>                    |
| Income taxes - current   | 284                             | 228                             |
| Income taxes - deferred  | (193)                           | 26                              |
| <b>Net income (loss)</b>   | <b>275</b>                      | <b>(449)</b>                    |