



January 12, 2017

# Consolidated Financial Results for the Nine Months ended November 30, 2016

## Seven & i Holdings Co., Ltd.

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

Securities Code No. 3382

President: Ryuichi Isaka

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

Submission date of quarterly securities report scheduled: January 13, 2017

Starting date of paying dividend: -

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

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

### 1. Business Results for the Nine Months ended November 30, 2016 (from March 1, 2016 to November 30, 2016)

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

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Nine Months ended November 30, 2016	4,288,929	(5.0)%	274,006	5.0%	276,401	6.6%
Nine Months ended November 30, 2015	4,513,893	0.3%	261,037	4.6%	259,408	4.1%

  

	Net income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Nine Months ended November 30, 2016	75,538	(39.8)%	85.43	(yen)	85.35	(yen)
Nine Months ended November 30, 2015	125,439	(1.5)%	141.88	(yen)	141.74	(yen)

Notes: 1. Comprehensive income:

Nine Months ended November 30, 2016: (2,148) million yen [ - %]

Nine Months ended November 30, 2015: 125,905 million yen [ (22.1)%]

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

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

Nine Months ended November 30, 2016: 7,909,351 million yen [(1.4)%]

Nine Months ended November 30, 2015: 8,025,141 million yen [ 4.9% ]

#### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share
As of November 30, 2016	5,340,500	2,356,976	41.6%	2,511.93 (yen)
As of February 29, 2016	5,441,691	2,505,182	43.6%	2,683.11 (yen)

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

As of November 30, 2016: 2,221,439 million yen

As of February 29, 2016: 2,372,274 million yen

### 2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended February 29, 2016	-	38.50	-	46.50	85.00
Year ending February 28, 2017	-	45.00	-		
Year ending February 28, 2017 (forecast)			-	45.00	90.00

Notes: 1. Revision of dividends forecast during the current quarterly period: None

2. Breakdown of year-end dividend for the fiscal year ended February 29, 2016: Commemorative dividend 8.00 yen

### 3. Forecast of Business Results for the Fiscal Year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

(Millions of yen, except per share amounts)

	Revenues from Operations	Operating Income	Ordinary Income	Net income Attributable to Owners of Parent	Net Income per Share
Entire Year	5,770,000 (4.6)%	353,000 0.2%	351,000 0.2%	80,000 (50.3)%	90.48 (yen)

Notes:

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

2. Revision of business results forecast during the current quarterly period: None

\* The forecast of Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:  
Entire Year: 10,500,000 million yen [(1.9)%]

### 4. Others

(1) Changes in significant subsidiaries during the period:

(changes in specific subsidiaries accompanying change in scope of consolidation): None

Added: none Excluded: none

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: None

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

1.Changes due to amendment of accounting standards: Yes

(Application of Accounting Standard for Business Combinations and other accounting standards)

From the first quarter of the fiscal year ending February 28, 2017, the Company has applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013; hereinafter, "the business combinations accounting standard"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013; hereinafter, "the consolidated financial statements accounting standard"), and the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013; hereinafter, "the business divestitures accounting standard"). The accounting standards reflect a switch in methodology with respect to the posting to capital surplus of differences arising from changes in equity in a subsidiary by the parent company in cases in which control continues, and the posting of acquisition-related costs as expenses for the consolidated fiscal year in which they are incurred. For business combinations occurring after the start of the first quarter, the Company has switched to a method in which revisions to the distribution of the cost of the acquisition due to the finalization of provisional accounting treatment are reflected in the quarterly consolidated financial statements applicable to the quarterly period in which the date of the business combination falls. Additionally, the Company has made changes in the presentation of quarterly net income, etc. and the presentation of a switch from minority interests to non-controlling interests. Financial statements for the third quarter of the previous fiscal year and for the previous fiscal year have been reconfigured to reflect these changes in presentation.

In the quarterly consolidated statements of cash flows for the third quarter of this consolidated fiscal period, cash flows from the purchase or sales of shares of subsidiaries without change in scope of consolidation are presented in cash flows from financing activities, and cash flows relating to the acquisition-related costs of shares of subsidiaries with change in scope of consolidation and cash flows relating to the costs incurred in acquisitions or sales of shares of subsidiaries without change in scope of consolidation are presented in cash flows from operating activities.

Regarding application of the above mentioned accounting standards, pursuant to pass-through handling procedures stipulated in Article 58-2(3) of the business combinations accounting standard, Article 44-5(3) of the consolidated financial statements accounting standard, and Article 57-4(3) of the business divestitures accounting standard, the cumulative monetary effect at the beginning of the first quarter of the current fiscal year arising from the retroactive application of the new accounting policies to all past periods are added or subtracted from capital surplus and retained earnings.

As a result of this change, goodwill, and capital surplus at the beginning of the period for the first quarter of the fiscal year ending February 28, 2017 decreased by 51,324 million yen, 116,446 million yen, respectively, while foreign currency translation adjustments and retained earnings increased by 5,900 million yen, 59,221 million yen, respectively. Additionally, operating income and ordinary income increased by 3,273 million yen and income before income taxes increased by 16,161 million yen for the third quarter of the fiscal year ending February 28, 2017.

2.Changes due to other reasons: None

3.Changes in accounting estimates: None

4.Restatements: None

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

As of November 30, 2016: 886,441,983 shares	As of February 29, 2016: 886,441,983 shares
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  2. Number of treasury stock at the end of period
 

As of November 30, 2016: 2,086,763 shares	As of February 29, 2016: 2,290,888 shares
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  3. Average number of shares during the period (cumulative quarterly consolidated period)
 

As of November 30, 2016: 884,164,022 shares	As of November 30, 2015: 884,126,270 shares
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(5) Supplementary information

The Act for Partial Revision of the Income Tax Act, etc. (Act No.15 of 2016) and the Act for Partial Revision of the Local Taxes, etc.(Act No.13 of 2016) were promulgated on March 31, 2016 and other Acts were promulgated on November 28, 2016, and will reduce corporate tax rate, etc. from the consolidated fiscal years beginning on or after April 1, 2016. As a result, the effective legal tax rates used for calculating deferred tax assets and deferred tax liabilities were changed from 32.3% to 30.9%, pertaining to temporary differences that are expected to be settled in the consolidated fiscal year beginning on March 1, 2017 and the consolidated fiscal year beginning on March 1, 2018, and to 30.6% , pertaining to temporary differences that are expected to be settled in the consolidated fiscal year beginning on or after March 1, 2019.

As a result of this change in the tax rate, the amount of deferred tax assets (after deducting deferred tax liabilities) decreased by 1,494 million yen, the amount of income taxes-deferred increased by 1,410 million yen and unrealized gains (losses) on available-for-sale securities increased by 23 million yen, and remeasurements of defined benefit plan decreased by 107 million yen.

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

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

**FORWARD LOOKING STATEMENTS**

1. The information disclosed by the Company may contain forward-looking statements. These statements are based on management's judgment in accordance with materials available to the Company at the time of disclosure, with future projections based on certain assumptions. The forward-looking statements therefore incorporate various risks, estimates, and uncertainties, and as such, actual results and performance may differ from the future outlook included in disclosed information due to various factors, such as changes in business operations and the financial situation going forward.
2. Brief summary for the third quarter of FY2017 will be posted on the Company's website (<http://www.7andi.com/en/ir/library/kh/201702.html>). The presentation materials related to financial results which will be used at the financial results presentation planned to be held on January 12, 2017, will be posted as soon as possible after the presentation.

## Attached Materials

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

(Millions of yen)

	February 29, 2016	November 30, 2016
	Amount	Amount
<b>ASSETS</b>		
<b>Current assets</b>	<b>2,249,966</b>	<b>2,251,628</b>
Cash and bank deposits	1,099,990	1,132,408
Call loan	10,000	-
Notes and accounts receivable - trade	354,554	370,447
Trade accounts receivable - financial services	86,877	88,806
Marketable securities	80,000	-
Merchandise and finished goods	208,580	213,124
Work in process	27	33
Raw materials and supplies	3,579	3,349
Prepaid expenses	48,849	51,857
ATM-related temporary payments	91,725	86,508
Deferred income taxes	38,866	32,215
Other	232,319	278,102
Allowance for doubtful accounts	(5,404)	(5,223)
<b>Non-current assets</b>	<b>3,191,716</b>	<b>3,088,871</b>
<b>Property and equipment</b>	<b>1,972,355</b>	<b>1,937,708</b>
Buildings and structures, net	868,020	837,825
Furniture, fixtures and equipment, net	302,482	299,919
Land	746,729	747,747
Lease assets, net	12,123	9,422
Construction in progress	42,161	42,384
Other, net	838	409
<b>Intangible assets</b>	<b>545,670</b>	<b>441,996</b>
Goodwill	313,667	219,116
Software	74,044	77,265
Other	157,959	145,613
<b>Investments and other assets</b>	<b>673,690</b>	<b>709,166</b>
Investments in securities	141,371	173,296
Long-term loans receivable	15,795	15,518
Long-term leasehold deposits	395,979	402,780
Advances for store construction	6,340	385
Net defined benefit asset	26,059	29,573
Deferred income taxes	27,636	30,597
Other	64,852	60,860
Allowance for doubtful accounts	(4,345)	(3,845)
<b>Deferred assets</b>	<b>7</b>	<b>-</b>
Business commencement expenses	7	-
<b>TOTAL ASSETS</b>	<b>5,441,691</b>	<b>5,340,500</b>

(Millions of yen)

	February 29, 2016	November 30, 2016
	Amount	Amount
<b>LIABILITIES</b>		
<b>Current liabilities</b>	<b>1,880,903</b>	<b>2,023,503</b>
Notes and accounts payable, trade	413,582	447,594
Short-term loans	130,782	153,360
Current portion of bonds	40,000	50,000
Current portion of long-term loans	101,329	166,506
Income taxes payable	44,744	15,944
Accrued expenses	108,696	135,980
Deposits received	157,530	163,595
ATM-related temporary advances	48,366	38,572
Allowance for sales promotion expenses	21,530	24,164
Allowance for bonuses to employees	13,432	3,881
Allowance for bonuses to Directors and Audit & Supervisory Board Members	362	169
Allowance for loss on future collection of gift certificates	2,063	1,729
Provision for sales returns	142	97
Deposits received in banking business	518,127	526,748
Call money	-	20,000
Other	280,211	275,156
<b>Non-current liabilities</b>	<b>1,055,605</b>	<b>960,019</b>
Bonds	399,994	349,996
Long-term loans	360,864	346,780
Deferred income taxes	64,859	50,935
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	2,010	941
Net defined benefit liability	8,564	7,552
Deposits received from tenants and franchised stores	56,574	56,597
Asset retirement obligations	72,034	73,650
Other	90,702	73,565
<b>TOTAL LIABILITIES</b>	<b>2,936,508</b>	<b>2,983,523</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>	<b>2,289,557</b>	<b>2,225,510</b>
Common stock	50,000	50,000
Capital surplus	527,474	409,091
Retained earnings	1,717,771	1,771,694
Treasury stock, at cost	(5,688)	(5,275)
<b>Total accumulated other comprehensive income</b>	<b>82,716</b>	<b>(4,070)</b>
Unrealized gains (losses) on available-for-sale securities, net of taxes	20,655	27,017
Unrealized gains (losses) on hedging derivatives, net of taxes	33	(506)
Foreign currency translation adjustments	70,927	(24,845)
Remeasurements of defined benefit plan	(8,900)	(5,735)
<b>Subscription rights to shares</b>	<b>2,995</b>	<b>2,610</b>
<b>Non-controlling interests</b>	<b>129,912</b>	<b>132,926</b>
<b>TOTAL NET ASSETS</b>	<b>2,505,182</b>	<b>2,356,976</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>5,441,691</b>	<b>5,340,500</b>

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

(Millions of yen)

	Nine Months ended November 30, 2015	Nine Months ended November 30, 2016
	Amount	Amount
<b>Revenues from operations</b>	<b>4,513,893</b>	<b>4,288,929</b>
Net sales	3,645,970	3,391,080
Cost of sales	2,841,056	2,619,733
<b>Gross profit on sales</b>	<b>804,914</b>	<b>771,346</b>
Operating revenues	867,922	897,848
<b>Gross profit from operations</b>	<b>1,672,836</b>	<b>1,669,195</b>
Selling, general and administrative expenses	1,411,799	1,395,189
<b>Operating income</b>	<b>261,037</b>	<b>274,006</b>
<b>Non-operating income</b>	<b>8,952</b>	<b>11,594</b>
Interest income	4,106	4,043
Equity in earnings of affiliates	1,604	3,281
Other	3,241	4,269
<b>Non-operating expenses</b>	<b>10,581</b>	<b>9,198</b>
Interest expenses	5,326	4,480
Interest on bonds	1,964	1,886
Other	3,290	2,831
<b>Ordinary income</b>	<b>259,408</b>	<b>276,401</b>
<b>Special gains</b>	<b>2,215</b>	<b>2,676</b>
Gain on sales of property and equipment	1,473	1,858
Compensation income for expropriation	398	9
Other	343	809
<b>Special losses</b>	<b>28,694</b>	<b>106,965</b>
Loss on disposals of property and equipment	8,277	14,034
Impairment loss on property and equipment	12,531	38,698
Amortization of goodwill	1,878	33,401
Restructuring expenses	3,931	15,102
Other	2,076	5,728
<b>Income before income taxes</b>	<b>232,929</b>	<b>172,112</b>
<b>Total income taxes</b>	<b>101,155</b>	<b>84,835</b>
Income taxes - current	98,391	89,785
Income taxes - deferred	2,763	(4,949)
Net income	131,774	87,277
Net income attributable to non-controlling interests	6,335	11,739
<b>Net income attributable to owners of parent</b>	<b>125,439</b>	<b>75,538</b>

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Nine Months ended November 30, 2015	Nine Months ended November 30, 2016
	Amount	Amount
<b>Net income</b>	<b>131,774</b>	<b>87,277</b>
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	4,753	6,304
Unrealized gains (losses) on hedging derivatives, net of taxes	(957)	(1,089)
Foreign currency translation adjustments	(10,742)	(97,703)
Remeasurements of defined benefit plan	1,084	3,193
Share of other comprehensive income of entities accounted for using equity method	(6)	(130)
<b>Total other comprehensive income</b>	<b>(5,868)</b>	<b>(89,425)</b>
<b>Comprehensive income</b>	<b>125,905</b>	<b>(2,148)</b>
Comprehensive income attributable to owners of parent	120,193	(11,248)
Comprehensive income attributable to non-controlling interests	5,712	9,100



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

(Millions of yen)

	Nine Months ended November 30, 2015	Nine Months ended November 30, 2016
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Income before income taxes	232,929	172,112
Depreciation and amortization	143,693	154,032
Impairment loss on property and equipment	13,923	44,820
Amortization of goodwill	17,571	45,332
Interest income	(4,106)	(4,043)
Interest expenses and interest on bonds	7,290	6,367
Equity in losses (earnings) of affiliates	(1,604)	(3,281)
Gain on sales of property and equipment	(1,473)	(1,858)
Loss on disposals of property and equipment	8,277	14,155
Decrease (increase) in notes and accounts receivable, trade	(37,315)	(20,668)
Decrease (increase) in trade accounts receivable, financial services	(15,744)	(1,929)
Decrease (increase) in inventories	(17,908)	(11,002)
Increase (decrease) in notes and accounts payable, trade	47,256	46,565
Increase (decrease) in deposits received	10,468	6,432
Net increase (decrease) in loans in banking business	(972)	(1,000)
Net increase (decrease) in deposits received in banking business	29,652	8,621
Net decrease (increase) in call loan in banking business	(3,000)	10,000
Net increase (decrease) in call money in banking business	-	20,000
Net change in ATM-related temporary accounts	50,168	(4,577)
Other	(7,458)	5,132
Sub-total	471,647	485,212
Interest and dividends received	3,134	2,908
Interest paid	(7,270)	(6,509)
Income taxes paid	(116,441)	(114,340)
<b>Net cash provided by operating activities</b>	<b>351,070</b>	<b>367,271</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(223,491)	(245,015)
Proceeds from sales of property and equipment	4,575	14,644
Acquisition of intangible assets	(30,970)	(23,195)
Payment for purchase of investments in securities	(16,955)	(41,928)
Proceeds from sales of investments in securities	46,911	18,699
Payment for long-term leasehold deposits	(22,670)	(23,559)
Refund of long-term leasehold deposits	23,372	23,538
Proceeds from deposits from tenants	2,026	2,812
Refund of deposits from tenants	(2,161)	(2,559)
Payment for acquisition of business	(26,206)	(45,780)
Escrow funding related to future acquisition	(2,328)	(43,597)
Payment for time deposits	(4,876)	(6,744)
Proceeds from withdrawal of time deposits	4,747	23,702
Other	(1,968)	(2,307)
<b>Net cash used in investing activities</b>	<b>(249,995)</b>	<b>(351,290)</b>

(Millions of yen)

	Nine Months ended November 30, 2015	Nine Months ended November 30, 2016
	Amount	Amount
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loans	2,780	22,600
Proceeds from long-term debts	57,350	149,839
Repayment of long-term debts	(34,325)	(71,574)
Proceeds from commercial paper	-	75,016
Payment for redemption of commercial paper	-	(75,016)
Proceeds from issuance of bonds	119,679	-
Payment for redemption of bonds	(60,000)	(40,000)
Capital contribution from non-controlling interests	-	0
Dividends paid	(66,120)	(80,612)
Dividends paid to non-controlling interests	(3,214)	(3,400)
Purchase of treasury stock	(23)	(2,267)
Other	(9,772)	(7,192)
<b>Net cash provided by (used in) financing activities</b>	<b>6,353</b>	<b>(32,608)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(3,528)</b>	<b>(9,795)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>103,899</b>	<b>(26,423)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,000,762</b>	<b>1,147,086</b>
<b>Decrease in cash and cash equivalents resulting from exclusion of the subsidiary from consolidation</b>	<b>-</b>	<b>(5)</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,104,661</b>	<b>1,120,657</b>

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

None

#### (5) Notes to Consolidated Quarterly Statements of Income

- The Company recorded the loss on valuation of stocks of subsidiaries and affiliates on Sogo & Seibu's share on its financial statement of the third quarter, it is determined that there has been a decrease in its substantial value. In consequence, the Company recorded amortization of goodwill of 33,401 million yen.

- A breakdown of Restructuring expenses listed below.

Impairment loss	6,121 million yen
Early retirement benefit	5,700
Store closing losses	3,049
Loss on disposals of property and equipment	19
Others	211
<b>Total</b>	<b>15,102 million yen</b>

#### (6) Segment Information

##### I. Nine Months ended November 30, 2015 (From March 1, 2015 to November 30, 2015)

##### 1. Information on revenues from operations, income and loss for each reportable segment

(Millions of yen)

	Reportable segments							Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Mail order services	Others			
<b>Revenues from operations</b>										
<b>Revenues</b>										
1. Customers	2,039,921	1,518,088	630,451	62,478	117,250	115,231	30,471	4,513,893	-	4,513,893
2. Intersegment	840	6,721	1,925	606	26,860	821	15,452	53,227	(53,227)	-
<b>Total</b>	<b>2,040,761</b>	<b>1,524,809</b>	<b>632,376</b>	<b>63,085</b>	<b>144,110</b>	<b>116,053</b>	<b>45,923</b>	<b>4,567,120</b>	<b>(53,227)</b>	<b>4,513,893</b>
<b>Segment income (loss)</b>	<b>235,704</b>	<b>443</b>	<b>(3,271)</b>	<b>802</b>	<b>37,665</b>	<b>(7,296)</b>	<b>3,848</b>	<b>267,897</b>	<b>(6,859)</b>	<b>261,037</b>

Notes:

- The adjustments on segment income (loss) of (6,859) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- Segment income (loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

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

No significant items to be reported.

##### II. Nine Months ended November 30, 2016 (From March 1, 2016 to November 30, 2016)

##### 1. Information on revenues from operations, income and loss for each reportable segment

(Millions of yen)

	Reportable segments							Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Mail order services	Others			
<b>Revenues from operations</b>										
<b>Revenues</b>										
1. Customers	1,890,502	1,495,118	608,853	61,564	120,844	85,616	26,430	4,288,929	-	4,288,929
2. Intersegment	935	6,816	1,904	615	28,098	1,552	15,805	55,728	(55,728)	-
<b>Total</b>	<b>1,891,437</b>	<b>1,501,934</b>	<b>610,757</b>	<b>62,179</b>	<b>148,943</b>	<b>87,169</b>	<b>42,235</b>	<b>4,344,657</b>	<b>(55,728)</b>	<b>4,288,929</b>
<b>Segment income (loss)</b>	<b>241,952</b>	<b>12,379</b>	<b>(3,546)</b>	<b>255</b>	<b>38,956</b>	<b>(7,726)</b>	<b>3,199</b>	<b>285,469</b>	<b>(11,463)</b>	<b>274,006</b>

Notes:

- The adjustments on segment income (loss) of (11,463) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- Segment income (loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

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

(Application of Accounting Standard for Business Combinations and other accounting standards)

Effective from the first quarter of the current consolidated financial year, differences caused by change in the Company's equity in the subsidiaries and affiliates remaining under the control of the Company are adjusted in capital surplus, and acquisition-related costs are reported as expenses incurred during the consolidated financial year in which acquisitions take place.

As a result of the application and in comparison with the previous method, segment income in the third quarter of the consolidated financial year increased by 2,340 million yen in "Convenience store operations" segment, by 30 million yen in "Superstore operations" segment, by 213 million yen in "Financial services" segment, and by 4 million yen in "Others" segment respectively. Furthermore, segment loss in "Department store operations" segment decreased by 684 million yen.

(Significant Asset Impairment Loss)

In the third quarter of the current consolidated financial year, impairment loss of 18,105 million yen in "Superstore operations" and 16,255 million yen in "Department store operations" was recorded.

The figures mentioned above include "Restructuring expenses" in Consolidated Quarterly Statements of Income for the nine months ended November 30, 2016.

(Significant Change in the Amount of Goodwill)

As a result of the application of Accounting Standard for Business Combinations, Accounting Standard for Consolidated Financial Statements, and of Accounting Standard for Business Divestiture, etc., effective from the first quarter of the current consolidated financial year, the amount in goodwill has been reduced.

In accordance with the application, the amount of goodwill, as at the beginning of the first quarter of the current consolidated financial year, was reduced by 33,368 million yen in the "Convenience store operations" segment, by 594 million yen in the "Superstore operations" segment, by 14,044 million yen in the "Department store operations" segment, by 3,271 million yen in the "Financial services" segment, and by 45 million yen in the "Others" segment respectively.

By recording amortization of goodwill in the "Department store operations" in the third quarter of the current consolidated financial year, there has been a significant change in the amount of goodwill. In accordance with the application, the amount of goodwill was reduced by 33,401 million yen in the "Department store operations".

### (Reference)

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

#### Nine Months ended November 30, 2015 (From March 1, 2015 to November 30, 2015)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
<b>Revenues</b>						
1. Customers	2,991,901	1,420,144	101,847	4,513,893	-	4,513,893
2. Intersegment	882	160	683	1,726	(1,726)	-
<b>Total</b>	<b>2,992,783</b>	<b>1,420,304</b>	<b>102,531</b>	<b>4,515,619</b>	<b>(1,726)</b>	<b>4,513,893</b>
<b>Operating income (loss)</b>	<b>208,776</b>	<b>52,615</b>	<b>(363)</b>	<b>261,028</b>	<b>8</b>	<b>261,037</b>

#### Nine Months ended November 30, 2016 (From March 1, 2016 to November 30, 2016)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
<b>Revenues</b>						
1. Customers	2,966,478	1,239,009	83,441	4,288,929	-	4,288,929
2. Intersegment	528	151	325	1,005	(1,005)	-
<b>Total</b>	<b>2,967,006</b>	<b>1,239,160</b>	<b>83,766</b>	<b>4,289,934</b>	<b>(1,005)</b>	<b>4,288,929</b>
<b>Operating income (loss)</b>	<b>221,907</b>	<b>51,855</b>	<b>233</b>	<b>273,997</b>	<b>9</b>	<b>274,006</b>

Notes:

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

### (7) Notes on Significant Changes in the Amount of Shareholders' Equity

Effective from the first quarter of the current consolidated financial year (ending February 28, 2017), an accounting method has been applied of Accounting Standard for Business Combinations, Accounting Standard for Consolidated Financial Statements, and of Accounting Standard for Business Divestiture, etc.