



April 6, 2017

Consolidated Financial Results for the Fiscal Year ended February 28, 2017

Seven & i Holdings Co., Ltd.

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

Securities Code No. 3382

President and COO : Ryuichi Isaka

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

Date of the ordinary general meeting of shareholders: May 25, 2017

Submission date of the annual securities report scheduled: May 26, 2017

Starting date of paying year-end dividend: May 26, 2017

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, 2017 (from March 1, 2016 to February 28, 2017)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income	
Year ended February 28, 2017	5,835,689	(3.5) %	364,573	3.5 %	364,405	4.1 %	96,750	(39.9) %
Year ended February 29, 2016	6,045,704	0.1 %	352,320	2.6 %	350,165	2.5 %	160,930	(7.0) %

Note: Comprehensive income:

Year ended February 28, 2017: 116,175 million yen [(19.7)%] Year ended February 29, 2016: 144,603 million yen [(47.0)%]

	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, 2017	109.42 (yen)	109.31 (yen)	4.1 %	6.7 %	6.2 %
Year ended February 29, 2016	182.02 (yen)	181.84 (yen)	6.9 %	6.6 %	5.8 %

Notes: 1. Equity in earnings of affiliates:

Year ended February 28, 2017: 2,062 million yen Year ended February 29, 2016: 1,958 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, 2017: 10,621,530 million yen [(0.8)%]

Year ended February 29, 2016: 10,703,064 million yen [4.6%]

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share
As of February 29, 2016	5,508,888	2,475,806	42.4%	2,641.40 (yen)
As of February 28, 2017	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 February 28, 2017: 2,336,057 million yen As of February 29, 2016: 2,372,274 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, 2017	512,523	(371,602)	(78,190)	1,209,497
Year ended February 29, 2016	488,973	(335,949)	(2,312)	1,147,086

2. Dividends

	Dividends per Share (yen)			Total Amount of Dividends (Millions of yen)	Dividends Payout Ratio (Consolidated)	Ratio of Total Amount of Dividends to Net Assets (Consolidated)
	Interim	Year-end	Annual			
Year ended February 29, 2016	38.50	46.50	85.00	75,154	46.7 %	3.2%
Year ended February 28, 2017	45.00	45.00	90.00	79,596	82.3 %	3.4%
Year ending February 28, 2018 (forecast)	45.00	45.00	90.00		45.0 %	

Note: Breakdown of year-end dividend for the fiscal year ended February 29, 2016: Ordinary dividend 38.50 yen, commemorative dividend 8.00 yen, total 46.50 yen.

3. Forecast of Business Results for the Fiscal Year ending February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income		Net Income per Share	
Interim Period	2,989,000	4.3 %	190,800	5.1 %	188,100	3.0 %	95,800	186.1 %	108.34	(yen)
Entire Year	6,100,000	4.5 %	386,500	6.0 %	385,000	5.7 %	177,000	82.9 %	200.18	(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: 5,530,000 million yen [4.7%]

Entire Year: 11,150,000 million yen [5.0%]

4. Others

(1) Changes in significant subsidiaries during the fiscal year ended February 28, 2017
(changes in specific subsidiaries accompanying change in scope of consolidation): None
Added: none Excluded: none

(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, 2017: 886,441,983 shares As of February 29, 2016: 886,441,983 shares
2. Number of treasury stock at the end of period
As of February 28, 2017: 2,039,799 shares As of February 29, 2016: 2,290,888 shares
3. Average number of shares during the period
As of February 28, 2017: 884,214,252 shares As of February 29, 2016: 884,132,485 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 44 of attached materials.

Reference: Summary of Nonconsolidated Financial Statements

1. Nonconsolidated Business Results for the Fiscal Year ended February 28, 2017 (from March 1, 2016 to February 28, 2017)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Year ended February 28, 2017	217,860	98.0%	194,297	111.3%	193,329	114.0%
Year ended February 29, 2016	110,008	2.9%	91,964	(4.4)%	90,341	(4.6)%

	Net Income		Net Income per Share		Diluted Net Income per Share	
Year ended February 28, 2017	73,558	1.0%	83.18	(yen)	83.11	(yen)
Year ended February 29, 2016	72,803	(23.5)%	82.34	(yen)	82.27	(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, 2017	1,845,861	1,479,210	80.0%	1,670.18 (yen)
As of February 29, 2016	1,941,937	1,480,584	76.1%	1,671.77 (yen)

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

As of February 28, 2017: 1,477,149 million yen

As of February 29, 2016: 1,478,133 million yen

NOTICE REGARDING AUDIT PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This consolidated financial results statement is not subject to audit.

FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

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. The forecast for the year ending February 28, 2018 is based on Seven & i Holdings' hypotheses, plans and estimates at the date of publication.
2. Brief summary for the fiscal year ended February 28, 2017 is posted on the Company's website (<http://www.7andi.com/en/ir/library/kh/201702.html>). The presentation materials related to management policy and financial results which will be used on financial results presentation planned to be held on April 7, 2017, will be posted as soon as possible after the presentation.

Attached Materials

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1. Scope of Consolidated Subsidiaries and Affiliates

Major Seven & i Group Companies

Seven & i Group consists 176 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.

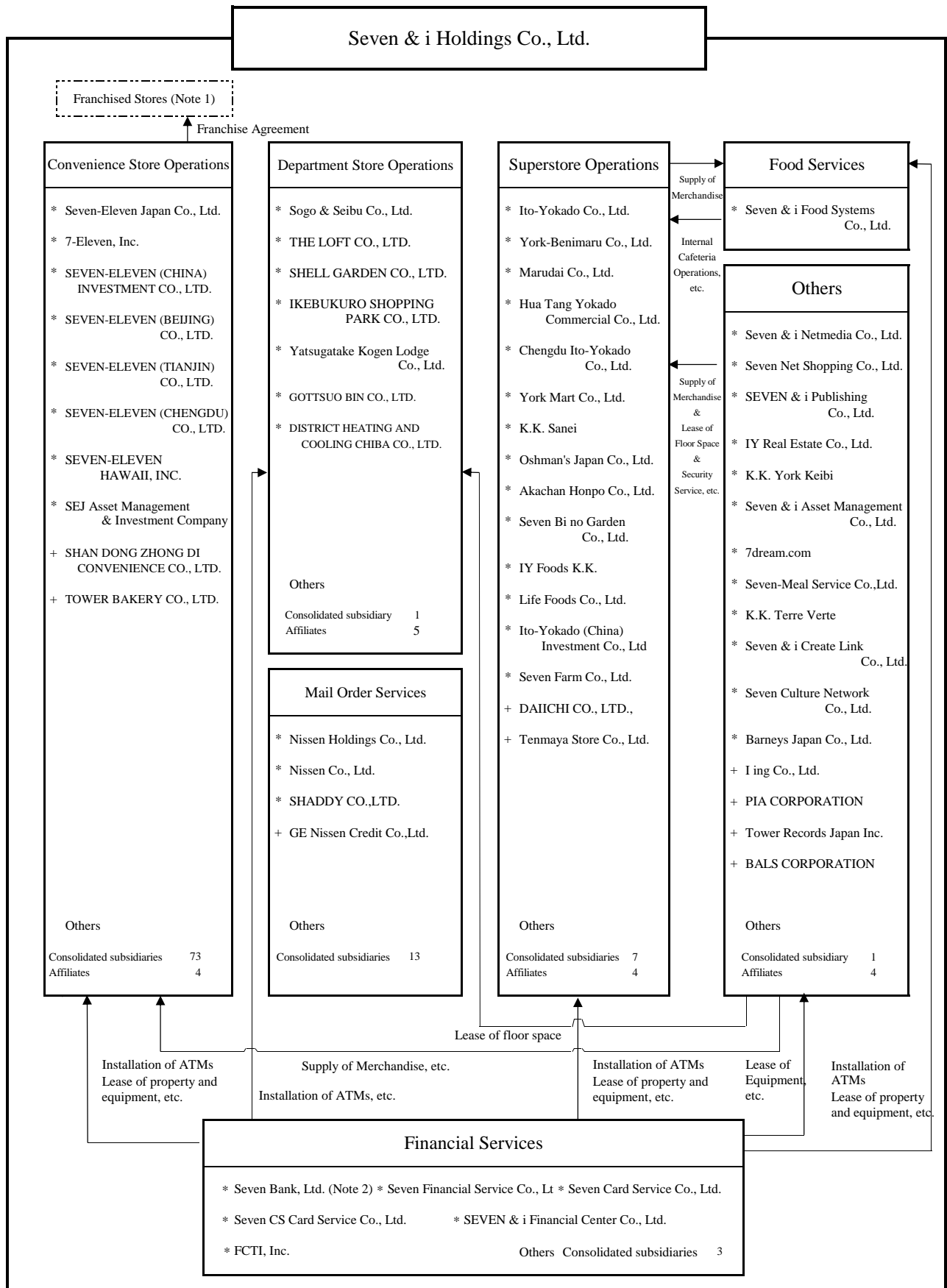
This segmentation is same as the reportable segment shown in the section of segment information.

Business Segments	Major Group Companies	Number of Companies						
Convenience Store Operations	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN HAWAII, INC. SEJ Asset Management & Investment Company SHAN DONG ZHONG DI CONVENIENCE CO., LTD. TOWER BAKERY CO., LTD.	<table> <tr> <td>Consolidated Subsidiaries</td> <td>81</td> </tr> <tr> <td>Affiliates</td> <td>6</td> </tr> <tr> <td>Total</td> <td>87</td> </tr> </table>	Consolidated Subsidiaries	81	Affiliates	6	Total	87
Consolidated Subsidiaries	81							
Affiliates	6							
Total	87							
Superstore Operations	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. York Mart Co., Ltd. K.K. Sanei Oshman's Japan Co., Ltd. Akachan Honpo Co., Ltd. Seven Bi no Garden Co., Ltd. IY Foods K.K. Life Foods Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Seven Farm Co., Ltd. DAIICHI CO., LTD. Tenmaya Store Co., Ltd.	<table> <tr> <td>Consolidated Subsidiaries</td> <td>21</td> </tr> <tr> <td>Affiliates</td> <td>6</td> </tr> <tr> <td>Total</td> <td>27</td> </tr> </table>	Consolidated Subsidiaries	21	Affiliates	6	Total	27
Consolidated Subsidiaries	21							
Affiliates	6							
Total	27							
Department Store Operations	Sogo & Seibu Co., Ltd. THE LOFT CO., LTD. SHELL GARDEN CO., LTD. IKEBUKURO SHOPPING PARK CO., LTD. Yatsugatake Kogen Lodge Co., Ltd. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD.	<table> <tr> <td>Consolidated Subsidiaries</td> <td>8</td> </tr> <tr> <td>Affiliates</td> <td>5</td> </tr> <tr> <td>Total</td> <td>13</td> </tr> </table>	Consolidated Subsidiaries	8	Affiliates	5	Total	13
Consolidated Subsidiaries	8							
Affiliates	5							
Total	13							
Food Services	Seven & i Food Systems Co., Ltd.	Consolidated Subsidiary 1						
Financial Services	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. SEVEN & i Financial Center Co., Ltd. FCTI, Inc.	Consolidated Subsidiaries 9						
Mail Order Services	Nissen Holdings Co., Ltd. Nissen Co., Ltd. SHADDY CO.,LTD. GE Nissen Credit Co., Ltd.	<table> <tr> <td>Consolidated Subsidiaries</td> <td>16</td> </tr> <tr> <td>Affiliate</td> <td>1</td> </tr> <tr> <td>Total</td> <td>17</td> </tr> </table>	Consolidated Subsidiaries	16	Affiliate	1	Total	17
Consolidated Subsidiaries	16							
Affiliate	1							
Total	17							
Others	Seven & i Netmedia Co., Ltd. Seven Net Shopping Co., Ltd. SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi Seven & i Asset Management Co., Ltd. 7dream.com Seven-Meal Service Co., Ltd. K.K. Terre Verte Seven & i Create Link., Ltd. Seven Culture Network Co., Ltd. Barneys Japan Co., Ltd. I ing Co., Ltd. PIA CORPORATION Tower Records Japan Inc. BALS CORPORATION	<table> <tr> <td>Consolidated Subsidiaries</td> <td>13</td> </tr> <tr> <td>Affiliates</td> <td>8</td> </tr> <tr> <td>Total</td> <td>21</td> </tr> </table>	Consolidated Subsidiaries	13	Affiliates	8	Total	21
Consolidated Subsidiaries	13							
Affiliates	8							
Total	21							

Notes: 1. SHAN DONG ZHONG DI CONVENIENCE CO., LTD., TOWER BAKERY CO., LTD., DAIICHI CO., LTD., Tenmaya Store Co., Ltd., GE Nissen Credit Co.,Ltd., Tower Records Japan Inc., BALS CORPORATION, I ing Co., Ltd., and PIA CORPORATION are affiliates.

2. On November 30, 2016, Mall & SC Development Inc. changed its name to Seven & i Create Link Co., Ltd.

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 (TIANJIN) CO., LTD or SEVEN-ELEVEN (CHENGDU) CO., LTD.
2. As of February 28, 2017, Seven Bank, Ltd. has 23,353 units of ATMs placed mainly in the stores of Group companies.

[Reference]

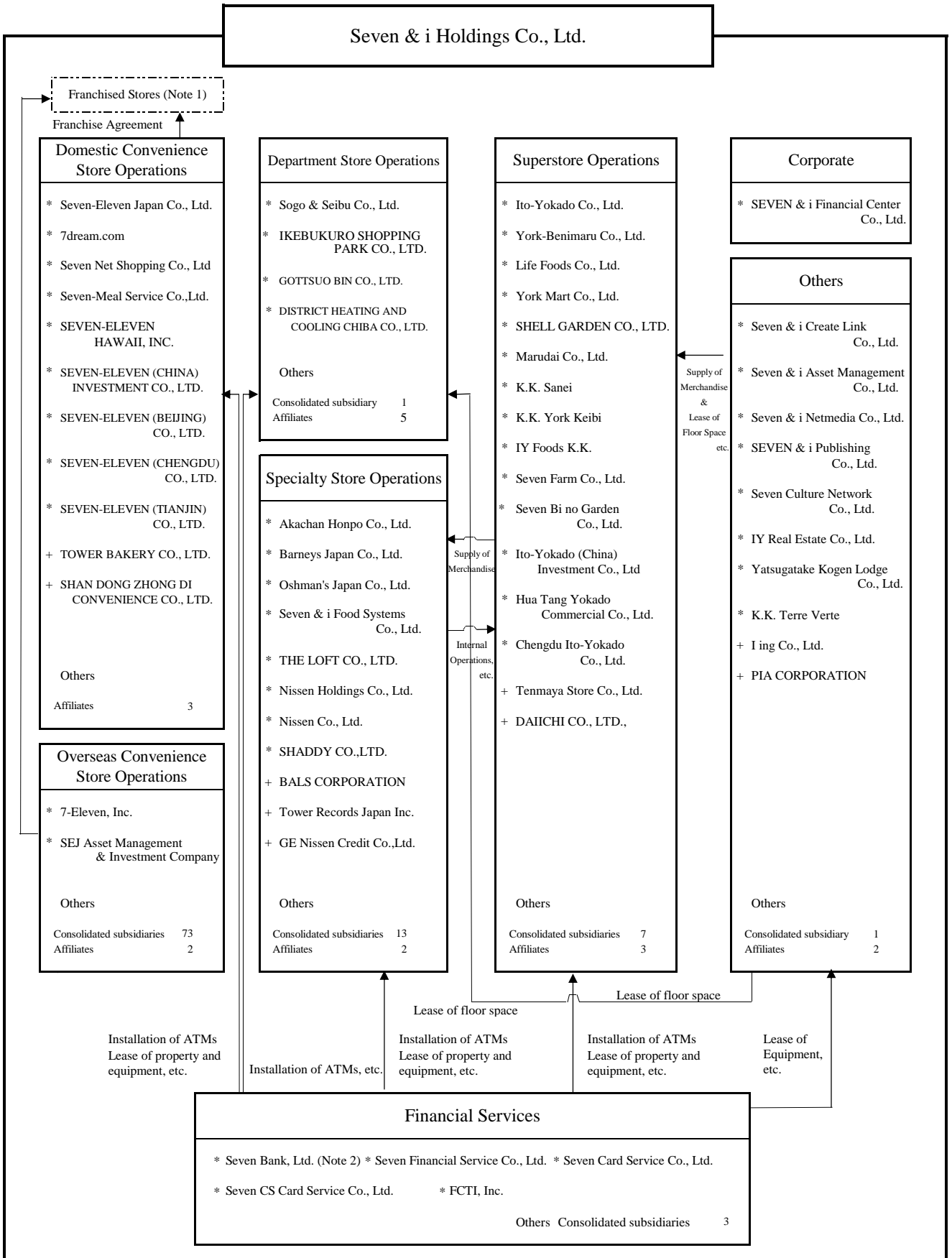
Major Seven & i Group Companies by New Business Segment

The Company will change to seven new segments: domestic convenience store operations; overseas convenience store operations; superstore operations; department store operations; financial services; specialty store operations; and others.

Business Segments	Major Group Companies	Number of Companies
Domestic Convenience Store Operations	Seven-Eleven Japan Co., Ltd. 7dream.com Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd. SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. TOWER BAKERY CO., LTD. SHAN DONG ZHONG DI CONVENIENCE CO., LTD.	Consolidated Subsidiaries 9 Affiliates 5 <hr/> Total 14
Overseas Convenience Store Operations	7-Eleven, Inc. SEJ Asset Management & Investment Company	Consolidated Subsidiaries 75 Affiliates 2 <hr/> Total 77
Superstore Operations	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. York Mart Co., Ltd. SHELL GARDEN CO., LTD. Marudai Co., Ltd. K.K. Sanei K.K. York Keibi IY Foods K.K. Seven Farm Co., Ltd. Seven Bi no Garden Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Tenmaya Store Co., Ltd. DAIICHI CO., LTD.	Consolidated Subsidiaries 21 Affiliates 5 <hr/> Total 26
Department Store Operations	Sogo & Seibu Co., Ltd. IKEBUKURO SHOPPING PARK CO., LTD. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD.	Consolidated Subsidiaries 5 Affiliates 5 <hr/> Total 10
Financial Services	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. FCTI, Inc.	Consolidated Subsidiaries 8
Specialty Stores Operations	Akachan Honpo Co., Ltd. Barneys Japan Co., Ltd. Oshman's Japan Co., Ltd. Seven & i Food Systems Co., Ltd. THE LOFT CO., LTD. Nissen Holdings Co., Ltd. Nissen Co., Ltd. SHADDY CO.,LTD. BALS CORPORATION Tower Records Japan Inc. GE Nissen Credit Co., Ltd.	Consolidated Subsidiaries 21 Affiliates 5 <hr/> Total 26
Others	Seven & i Create Link., Ltd. Seven & i Asset Management Co., Ltd. Seven & i Netmedia Co., Ltd. SEVEN & i Publishing Co., Ltd. Seven Culture Network Co., Ltd. IY Real Estate Co., Ltd. Yatsugatake Kogen Lodge Co., Ltd. K.K. Terre Verte I ing Co., Ltd. PIA CORPORATION	Consolidated Subsidiaries 9 Affiliates 4 <hr/> Total 13
Corporate	SEVEN & i Financial Center Co., Ltd.	Consolidated Subsidiary 1

- Notes: 1. TOWER BAKERY CO., LTD., SHAN DONG ZHONG DI CONVENIENCE CO., LTD., Tenmaya Store Co., Ltd., DAIICHI CO., LTD., BALS CORPORATION, Tower Records Japan Inc., GE Nissen Credit Co.,Ltd., I ing Co., Ltd., and PIA CORPORATION are affiliates.
2. On November 30, 2016, Mall & SC Development Inc. changed its name to Seven & i Create Link Co., Ltd.

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. or SEVEN-ELEVEN (TIANJIN) CO., LTD.
2. As of February 28, 2017, Seven Bank, Ltd. has 23,353 units of ATMs placed mainly in the stores of Group companies.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
ASSETS		
Current assets	2,249,966	2,274,403
Cash and bank deposits	1,099,990	1,222,101
Call Loan	10,000	-
Notes and accounts receivable-trade	354,554	347,838
Trade accounts receivable-financial services	86,877	91,052
Marketable securities	80,000	-
Merchandise and finished goods	208,580	189,193
Work in process	27	31
Raw materials and supplies	3,579	3,238
Prepaid expenses	48,849	49,113
ATM-related temporary payments	91,725	98,710
Deferred income taxes	38,866	30,239
Other	232,319	247,866
Allowance for doubtful accounts	(5,404)	(4,983)
Non-current assets	3,191,716	3,234,485
Property and equipment	1,972,355	2,007,829
Buildings and structures, net	868,020	865,439
Furniture, fixtures and equipment, net	302,482	311,762
Vehicles, net	838	288
Land	746,729	768,926
Lease assets, net	12,123	12,735
Construction in progress	42,161	48,677
Intangible assets	545,670	495,935
Goodwill	313,667	270,055
Software	74,044	72,416
Other	157,959	153,463
Investments and other assets	673,690	730,720
Investments in securities	141,371	188,162
Long-term loans receivable	15,795	15,315
Long-term leasehold deposits	395,979	396,707
Advances for store construction	6,340	389
Net defined benefit asset	26,059	44,628
Deferred income taxes	27,636	25,261
Other	64,852	64,064
Allowance for doubtful accounts	(4,345)	(3,808)
Deferred assets	7	-
Business commencement expenses	7	-
TOTAL ASSETS	5,441,691	5,508,888

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
LIABILITIES		
Current liabilities	1,880,903	1,947,618
Notes and accounts payable, trade	413,582	415,349
Short-term loans	130,782	150,376
Current portion of bonds	40,000	50,000
Current portion of long-term loans	101,329	64,301
Income taxes payable	44,744	34,462
Accrued expenses	108,696	131,871
Deposits received	157,530	188,798
ATM-related temporary advances	48,366	46,072
Allowance for sales promotion expenses	21,530	21,409
Allowance for bonuses to employees	13,432	14,159
Allowance for bonuses to Directors and Audit & Supervisory Board Members	362	311
Allowance for loss on future collection of gift certificates	2,063	1,807
Provision for sales returns	142	77
Deposits received in banking business	518,127	538,815
Call money	-	20,000
Other	280,211	269,804
Non-current liabilities	1,055,605	1,085,463
Bonds	399,994	349,996
Long-term loans	360,864	433,814
Deferred income taxes	64,859	49,080
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	2,010	939
Net defined benefit liability	8,564	9,163
Deposits received from tenants and franchised stores	56,574	55,327
Asset retirement obligations	72,034	77,640
Other	90,702	109,502
TOTAL LIABILITIES	2,936,508	3,033,082
NET ASSETS		
Shareholders' equity	2,289,557	2,247,056
Common stock	50,000	50,000
Capital surplus	527,474	409,095
Retained earnings	1,717,771	1,793,035
Treasury stock, at cost	(5,688)	(5,074)
Total accumulated other comprehensive income	82,716	89,000
Unrealized gains (losses) on available-for-sale securities, net of taxes	20,655	28,467
Unrealized gains (losses) on hedging derivatives, net of taxes	33	23
Foreign currency translation adjustments	70,927	56,391
Remeasurements of defined benefit plan	(8,900)	4,117
Subscription rights to shares	2,995	2,594
Non-controlling interests	129,912	137,154
TOTAL NET ASSETS	2,505,182	2,475,806
TOTAL LIABILITIES AND NET ASSETS	5,441,691	5,508,888

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

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Revenues from operations	6,045,704	5,835,689
Net sales	4,892,133	4,646,370
Cost of sales	3,803,968	3,602,038
Gross profit on sales	1,088,164	1,044,331
Operating revenues	1,153,571	1,189,318
Gross profit from operations	2,241,736	2,233,650
Selling, general and administrative expenses	1,889,415	1,869,077
Advertising and decoration expenses	176,335	160,355
Salaries and wages	461,658	456,239
Provision for bonuses to employees	13,366	14,085
Pension expenses	11,846	16,009
Legal welfare expenses	62,580	61,750
Land and building rent	342,128	351,484
Depreciation and amortization	186,538	198,249
Utility expenses	125,062	111,427
Store maintenance and repair expenses	73,230	74,531
Other	436,669	424,943
Operating income	352,320	364,573
Non-operating income	12,293	12,797
Interest income	5,385	5,331
Dividend income	975	1,115
Equity in earnings of affiliates	1,958	2,062
Other	3,975	4,288
Non-operating expenses	14,448	12,964
Interest expenses	6,955	6,262
Interest on bonds	2,604	2,496
Foreign currency exchange losses	922	-
Other	3,965	4,205
Ordinary income	350,165	364,405
Special gains	6,103	4,411
Gain on sales of property and equipment	2,171	3,487
Compensation income for expropriation	2,849	9
Other	1,081	915
Special losses	52,493	151,248
Loss on disposals of property and equipment	11,557	18,369
Impairment loss on property and equipment	22,691	49,108
Amortization of goodwill	1,878	39,300
Restructuring expenses	10,695	25,637
Other	5,669	18,831

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Income before income taxes	303,775	217,569
Total income taxes	135,094	106,746
Income taxes - current	124,031	117,686
Income taxes - deferred	11,062	(10,939)
Net income	168,681	110,822
Net income attributable to non-controlling interests	7,751	14,072
Net income attributable to owners of parent	160,930	96,750

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Net income	168,681	110,822
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(974)	7,738
Unrealized gains (losses) on hedging derivatives, net of taxes	(1,029)	(563)
Foreign currency translation adjustments	(9,701)	(14,915)
Remeasurements of defined benefit plan, net of taxes	(12,318)	13,118
Share of other comprehensive income of entities accounted for using equity method	(54)	(25)
Total other comprehensive income	(24,077)	5,352
Comprehensive income	144,603	116,175
Comprehensive income attributable to owners of parent	137,661	103,034
Comprehensive income attributable to non-controlling interests	6,942	13,140

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended February 29, 2016 (From March 1, 2015 to February 29, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 1, 2015	50,000	527,470	1,622,090	(5,883)	2,193,677
Cumulative effects of changes in accounting policies			21		21
Restated balance	50,000	527,470	1,622,111	(5,883)	2,193,698
Increase (decrease) for the year					
Cash dividends			(66,309)		(66,309)
Net income attributable to owners of parent			160,930		160,930
Purchase of treasury stock				(28)	(28)
Disposal of treasury stock		4		224	228
Other			1,039	(0)	1,038
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	-	4	95,659	195	95,858
Balance at February 29, 2016	50,000	527,474	1,717,771	(5,688)	2,289,557

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	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	Remeasurements of defined benefit plan	Total accumulated other comprehensive income			
Balance at March 1, 2015	21,571	557	80,342	3,512	105,985	2,427	128,827	2,430,917
Cumulative effects of changes in accounting policies								21
Restated balance	21,571	557	80,342	3,512	105,985	2,427	128,827	2,430,938
Increase (decrease) for the year								
Cash dividends								(66,309)
Net income attributable to owners of parent								160,930
Purchase of treasury stock								(28)
Disposal of treasury stock								228
Other								1,038
Net changes of items other than shareholders' equity	(916)	(523)	(9,414)	(12,413)	(23,268)	567	1,085	(21,615)
Net increase (decrease) for the year	(916)	(523)	(9,414)	(12,413)	(23,268)	567	1,085	74,243
Balance at February 29, 2016	20,655	33	70,927	(8,900)	82,716	2,995	129,912	2,505,182

Fiscal year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 1, 2016	50,000	527,474	1,717,771	(5,688)	2,289,557
Cumulative effects of changes in accounting policies		(116,446)	59,221		(57,224)
Restated balance	50,000	411,028	1,776,993	(5,688)	2,232,333
Increase (decrease) for the year					
Cash dividends			(80,890)		(80,890)
Net income attributable to owners of parent			96,750		96,750
Purchase of treasury stock				(2,276)	(2,276)
Disposal of treasury stock		132		857	989
Change in the Company's ownership interest of the subsidiary in connection with the transactions with non-controlling shareholders		(2,033)		2,033	-
Other		(31)	182	(0)	150
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	—	(1,933)	16,042	614	14,723
Balance at February 28, 2017	50,000	409,095	1,793,035	(5,074)	2,247,056

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	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	Remeasurements of defined benefit plan	Total accumulated other comprehensive income			
Balance at March 1, 2016	20,655	33	70,927	(8,900)	82,716	2,995	129,912	2,505,182
Cumulative effects of changes in accounting policies			5,900		5,900			(51,324)
Restated balance	20,655	33	76,827	(8,900)	88,616	2,995	129,912	2,453,857
Increase (decrease) for the year								
Cash dividends								(80,890)
Net income attributable to owners of parent								96,750
Purchase of treasury stock								(2,276)
Disposal of treasury stock								989
Change in the Company's ownership interest of the subsidiary in connection with the transactions with non-controlling shareholders								-
Other								150
Net changes of items other than shareholders' equity	7,812	(10)	(20,436)	13,018	384	(400)	7,241	7,224
Net increase (decrease) for the year	7,812	(10)	(20,436)	13,018	384	(400)	7,241	21,948
Balance at February 28, 2017	28,467	23	56,391	4,117	89,000	2,594	137,154	2,475,806

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	303,775	217,569
Depreciation and amortization	195,511	207,483
Impairment loss on property and equipment	28,800	59,719
Amortization of goodwill	23,110	55,458
Increase (decrease) in allowance for bonuses to employees	540	728
Decrease (increase) in net defined benefit asset	(3,685)	554
Interest and dividends income	(6,360)	(6,446)
Interest expenses and interest on bonds	9,559	8,759
Equity in losses (earnings) of affiliates	(1,958)	(2,062)
Gain on sales of property and equipment	(2,171)	(3,487)
Loss on disposals of property and equipment	12,068	18,516
Decrease (increase) in notes and accounts receivable, trade	(13,765)	6,525
Decrease (increase) in trade accounts receivable, financial services	(15,678)	(4,175)
Decrease (increase) in inventories	(141)	18,438
Increase (decrease) in notes and accounts payable, trade	5,556	3,632
Increase (decrease) in deposits received	7,433	31,094
Net increase (decrease) in loans in banking business	(1,000)	(5,000)
Net increase (decrease) in deposits received in banking business	42,918	20,688
Net decrease (increase) in call loan in banking business	-	10,000
Net increase (decrease) in call money in banking business	-	20,000
Net decrease (increase) in ATM-related temporary accounts	56,349	(9,276)
Other	(20,686)	8,171
Sub-total	620,176	656,892
Interest and dividends received	4,018	3,712
Interest paid	(9,552)	(7,452)
Income taxes paid	(125,668)	(140,629)
Net cash provided by operating activities	488,973	512,523

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Cash flows from investing activities:		
Acquisition of property and equipment	(304,501)	(321,089)
Proceeds from sales of property and equipment	31,986	66,359
Acquisition of intangible assets	(42,937)	(27,347)
Payment for purchase of investments in securities	(23,710)	(55,010)
Proceeds from sales of investments in securities	50,815	18,806
Payment for purchase of investments in subsidiaries	(56)	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidations	-	326
Payment for long-term leasehold deposits	(32,219)	(29,116)
Refund of long-term leasehold deposits	35,613	33,352
Proceeds from deposits from tenants	2,966	3,542
Refund of deposits from tenants	(2,637)	(3,269)
Payment for acquisition of business	(48,479)	(71,471)
Payment for time deposits	(13,478)	(10,850)
Proceeds from withdrawal of time deposits	13,188	28,233
Other	(2,498)	(4,067)
Net cash used in investing activities	(335,949)	(371,602)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	(20)	19,341
Proceeds from long-term debts	96,550	139,451
Repayment of long-term debts	(70,903)	(98,739)
Proceeds from commercial paper	6,114	75,161
Payment for redemption of commercial paper	(6,114)	(75,161)
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	(66,289)	(80,834)
Dividends paid to non-controlling interests	(5,792)	(6,142)
Purchase of treasury shares	(28)	(2,276)
Other	(15,507)	(8,991)
Net cash provided by (used in) financing activities	(2,312)	(78,190)
Effect of exchange rate changes on cash and cash equivalents	(3,880)	(154)
Net increase (decrease) in cash and cash equivalents	146,830	62,576
Cash and cash equivalents at beginning of year	1,000,762	1,147,086
Decrease in cash and cash equivalents resulting from exclusion of the subsidiary from consolidation	(506)	(164)
Cash and cash equivalents at end of year	1,147,086	1,209,497

(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: 149

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

Consolidated subsidiaries increased by 35

Establishment of subsidiaries by 7-Eleven, Inc.'s subsidiaries

Consolidated subsidiaries decreased by 6

(Liquidation)

Seven Farm Tsukuba Co., Ltd. and 4 Nissen Holdings Co., Ltd.'s subsidiaries

(Sales)

Nissen Holdings Co., Ltd.'s subsidiary

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: 26

Major affiliates: PRIME DELICA CO., LTD.

PIA CORPORATION

(3) 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 has a deficit net worth, 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 the end of February are adjusted for in the consolidation process.

The closing date of Seven Bank, Ltd., etc. is March 31. Pro forma financial statements as of the end of February 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 consolidated fiscal year ended February 28, 2017, 12 consolidated subsidiaries in Mail order services changed the dates of their fiscal year-ends from December 20 or 31 to the end of February. The accounting period for the consolidated fiscal year ended February 28, 2017 is from December 21, 2015 or January 1, 2016 to the end of February, 2017.

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 securities sold 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 subsidiaries in the Mail order services segment) 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 subsidiaries in the Mail order services segment and foreign consolidated subsidiaries. Some consolidated 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)

Property and equipment are depreciated using the straight-line method.

(b) Intangible assets (Excluding Lease assets)

Intangible assets are amortized using the straight-line method for the Company and its domestic consolidated subsidiaries. Internal use software is amortized using the straight-line method over an estimated useful life, generally 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) 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 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.

(d) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount estimated to be paid.

(e) 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 future 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.

(f) Provision for sales returns

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

(g) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid in accordance with internal rules.

The Company and some of its consolidated subsidiaries abolished the retirement benefits system for Directors and Audit & Supervisory Board Members, for which some consolidated 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

When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated total retirement benefits to the period up to the fiscal year-end.

(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 "Non-controlling interests" and "Foreign currency translation adjustments".

(7) Hedge accounting

(a) Hedge accounting

If derivative financial instruments are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of derivative financial instruments 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) Hedge instruments – Forward foreign exchange contracts
Hedged items – Foreign currency-denominated monetary liability
- (II) Hedge instruments – Interest swap
Hedged items – Loans payable

(c) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and interest rates and reducing financing costs. The Company and its subsidiaries do not hold or issue derivative instruments for trading or speculative purposes.

(d) Assessing hedge effectiveness

The hedge effectiveness 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 Business Combinations and other accounting standards)

From the beginning of the consolidated fiscal year ended February 28, 2017, the Company and its domestic consolidated subsidiaries have 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 beginning of the current consolidated fiscal year, 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 consolidated financial statements applicable to the consolidated fiscal year in which the date of the business combination falls. Additionally, the Company has made changes in the presentation of net income, etc. and the change of the presentation from minority interests to non-controlling interests. Financial statements for the previous fiscal year have been reconfigured to reflect these changes in presentation.

In the consolidated statements of cash flows for current consolidated fiscal year, 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 consolidated fiscal year ended February 28, 2017 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 consolidated fiscal year ended February 28, 2017 decreased by 51,324 million yen and 116,446 million yen, respectively, while foreign currency translation adjustments and retained earnings increased by 5,900 million yen and 59,221 million yen, respectively. Additionally, operating income and ordinary income increased by 4,149 million yen and income before income taxes increased by 17,037 million yen for the consolidated fiscal year ended February 28, 2017.

Owners' equity per share decreased by 38.77 yen. Net income per share and diluted net income per share increased by 19.27 yen and 19.25 yen, respectively.

(8) Changes in Method of Presentation

(Consolidated Statements of Income)

Amortization of goodwill which was previously included in “other” of Special losses in the prior fiscal year are separately presented for the fiscal year ended February 28, 2017.

To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 29, 2016.

The amount of “Amortization of goodwill” included in “other” in special losses for the previous consolidated fiscal year was 1,878 million yen

(9) 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 1,863million yen, and the amount of income taxes-deferred, unrealized gains (losses) on available-for-sale securities, net of taxes and remeasurements of defined benefit plan and unrealized gains (losses) on hedging derivatives increased by 2,022 million yen, 46 million yen, 111 million yen and 0 million yen, respectively.

(10) Notes to Consolidated Financial Statements

Consolidated Balance Sheets;

1. Accumulated depreciation of property and equipment

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Accumulated depreciation	1,795,547	1,861,414

2. Assets pledged as collateral

Assets pledged as collateral for the debts

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Buildings and structures	893	6,420
Land	2,070	4,111
Investments in securities	30,622	73,876
Long-term leasehold deposits	4,856	4,758
Total	38,442	89,167
Debts for which above assets are pledged as collateral		
Short-term loans	1,900	5,200
Long-term loans (including current portion of long-term loans)	11,206	9,811
Deposits received from tenants and franchised stores	54	37
Total	13,160	15,049

Assets pledged as collateral for the debts of affiliates

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Buildings	391	370
Land	1,368	1,368
Total	1,759	1,738
Loans of affiliates for which above assets are pledged as collateral	3,043	2,943

Assets pledged as collateral for fund transfer

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Investments in securities	4,501	2,512

Assets pledged as collateral for real estate business

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Long-term leasehold deposits	55	55

Assets pledged as collateral under installment sales law

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Long-term leasehold deposits	1,335	1,335

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

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Long-term leasehold deposits	308	232

3. Guarantees

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Employees' housing Loans	155	114

4. Loan commitment

Some financial subsidiaries conduct a cash loan business that is associated with their credit card business. Unused credit balance related to the cash loan business is as follows:

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Credit availability of cash loan business	890,170	870,462
Outstanding balance	40,211	42,556
Unused credit balance	849,958	827,905

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 record. Some financial subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other justifiable reasons.

5. Others

Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of the Company's consolidated subsidiaries, holds bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These bonds are recorded in "Investments in securities" in the Consolidated Balance Sheets due to its nature of restriction even if they have redemption at maturity less than one year.

Consolidated Statements of Income;

1. 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 February 29, 2016	For the year ended February 28, 2017
Franchise commission from franchised stores	680,413	723,021
Net sales of franchised stores	4,182,231	4,409,084

7-Eleven, Inc.

(Millions of yen)

	For the year ended February 29, 2016	For the year ended February 28, 2017
Franchise commission from franchised stores	246,123	236,957
Net sales of franchised stores	1,401,665	1,336,735

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

(Millions of yen)

	For the year ended February 29, 2016	For the year ended February 28, 2017
Buildings and structures	937	1,711
Land	1,174	1,591
Others	60	184
Total	2,171	3,487

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

(Millions of yen)

	For the year ended February 29, 2016	For the year ended February 28, 2017
Buildings and structures	5,151	7,364
Furniture, fixtures and equipment	2,683	5,025
Others	4,232	6,126
Total	12,068	18,516

Note: 18 million yen (Building and structures), 7 million yen (Furniture, fixtures and equipment), and 484 million yen (Other) are included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 29, 2016. 1million yen (Building and structures), 12 million yen (Furniture, fixtures and equipment), and 133 million yen (Other) are included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2017.

4. Impairment loss

For the fiscal year ended February 29, 2016, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings, etc.	Tokyo Met.	79 Stores	26,090
		Osaka Pref.	57 Stores	
		Others (including U.S.)		
Stores (Superstores)	Land and buildings, etc.	Saitama Pref.	4 Stores	
		Tokyo Met.	3 Stores	
		Others	16 Stores	
Stores (Department stores)	Land and buildings, etc.	Tokyo Met.	3 Store	
		Kanagawa Pref.	3 Store	
		Others	5 Stores	
Stores (Food services)	Land and buildings, etc.	Tokyo Met. & others	32 Stores	
Other facility, etc.	Land and buildings, etc.	Kyoto Pref., Fukushima Pref., Nagano Pref. & others		2,710
Total				28,800

Note: 3,792 million yen (Stores) and 2,315 million yen (Other facility, etc.) are included in “Restructuring expenses” in Consolidated Statements of Income.

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 when the book values exceed future cash flows before discount, 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	17,248	2,190	19,438
Land	4,706	200	4,907
Software	123	55	178
Other	4,011	263	4,275
Total	26,090	2,710	28,800

Note: 4,950 million yen (Building and structures), 643 million yen (Land), 41 million yen (Software), and 473 million yen (Other) are included in “Restructuring expenses” in Consolidated Statements of Income.

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards etc., and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.0% - 6.0% discount rates were applied.

For the fiscal year ended February 28, 2017, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings, etc.	Tokyo Met. Osaka Pref. Others (including U.S.)	109 Stores 52 Stores	55,862
Stores (Superstores)	Land and buildings, etc.	Tokyo Met. Kanagawa Pref. Others	15 Stores 6 Stores 23 Stores	
Stores (Department stores)	Land and buildings, etc.	Tokyo Met. Kanagawa Pref. Others	4 Stores 2 Stores 10 Stores	
Stores (Food services)	Land and buildings, etc.	Tokyo Met. & others	37 Stores	
Stores (Others)	Land and buildings, etc.	Tokyo Met. Saitama Pref. Others	1 Store 1 Store 2 Store	
Other facility, etc.	Land and buildings, etc.	Kyoto Pref., Tokyo Met., Nagano Pref. & others		3,857
Total				59,719

Note: 6,927 million yen (Stores) and 3,683 million yen (Other facility, etc.) are included in “Restructuring expenses” in Consolidated Statements of Income.

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 when the book values exceed future cash flows before discount, 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	43,328	994	44,322
Land	6,462	48	6,510
Software	74	1,043	1,117
Other	5,543	2,225	7,769
Total	55,407	4,311	59,719

Note: 6,520 million yen (Building and structures), 729 million yen (Land), 1,033 million yen (Software), and 2,328 million yen (Other) are included in “Restructuring expenses” in Consolidated Statements of Income.

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards etc., 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 1.6% - 6.0% discount rates were applied.

5. Amortization of goodwill

The company recorded the loss on valuation of stocks of subsidiaries and affiliates on its nonconsolidated financial statements during the fiscal year ended February 28, 2017. In consequence, in accordance with “Implementation Guidance on capital consolidation procedures for Consolidated Financial Statements” Article 32(the Japanese Institute of Certified Public Accountants (JICPA) Statement No. 22, November 28, 2014), the Company recorded amortization of goodwill of 39,300 million yen (mainly 33,401 million yen and 5,878 million yen on Sogo & Seibu Co., Ltd. and Barneys Japan Co., Ltd., respectively).

6. Restructuring expenses

A breakdown of restructuring expenses is as follows:

(Millions of yen)

	For the year ended February 29, 2016	For the year ended February 28, 2017
Impairment loss	6,108	10,611
Early retirement benefit	724	6,015
Store closing losses	1,584	7,341
Loss on inventory disposal on business closure	1,527	433
Others	749	1,235
Total	10,695	25,637

Consolidated Statements of Comprehensive Income;

1. The components of other comprehensive income including reclassification adjustments and tax (expense) or benefits for the fiscal years ended February 29, 2016 and February 28, 2017 are as follows:

(Millions of yen)

	For the year ended February 29, 2016	For the year ended February 28, 2017
Unrealized gains (losses) on available-for-sale securities, net of taxes:		
Increase (decrease) during the fiscal year	(1,992)	10,243
Reclassification adjustments	(122)	10
Amount before tax	(2,114)	10,254
Tax (expense) or benefit	1,140	(2,515)
Subtotal	(974)	7,738
Unrealized gains (losses) on hedging derivatives, net of taxes		
Increase (decrease) during the fiscal year	(1,664)	(872)
Reclassification adjustments	-	-
Amount before tax	(1,664)	(872)
Tax (expense) or benefit	634	308
Subtotal	(1,029)	(563)
Foreign currency translation adjustments:		
Increase (decrease) during the fiscal year	(9,701)	(14,915)
Remeasurements of defined benefit plan, net of taxes:		
Increase (decrease) during the fiscal year	(19,345)	13,268
Reclassification adjustments	1,434	5,227
Amount before tax	(17,910)	18,495
Tax (expense) or benefit	5,592	(5,377)
Subtotal	(12,318)	13,118
Share of other comprehensive income of entities accounted for using equity method:		
Increase (decrease) during the fiscal year	(54)	(25)
Total other comprehensive income	(24,077)	5,352

Consolidated Statements of Changes in Net Assets;

(From March 1, 2015 to February 29, 2016)

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

(1) Outstanding stock

(Thousands of shares)

	As of March 1, 2015	Number of shares increased	Number of shares decreased	As of February 29, 2016
Ordinary Share	886,441	-	-	886,441

(2) Treasury stock

(Thousands of shares)

	As of March 1, 2015	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	As of February 29, 2016
Ordinary Share	2,375	5	90	2,290

Notes: (1) 5 thousand shares increased mainly due to the acquisition of odd-lot shares.

(2) 90 thousand shares and 0 thousand shares out of the 90 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, 2015	-	-	-
	Number of shares increased	-	-	-
	Number of shares decreased	-	-	-
	Number of shares as of February 29, 2016	-	-	-
Balance as of February 29, 2016 (millions of yen)		2,450	545	2,995

3. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 28, 2015 Ordinary general meeting of shareholders	Ordinary Share	32,269 million yen	36.50 yen	Feb. 28, 2015	May 29, 2015
October 8, 2015 Board of directors' meeting	Ordinary Share	34,040 million yen	38.50 yen	Aug. 31, 2015	Nov. 13, 2015

(2) Dividends whose record date is within the fiscal year ended February 29, 2016, 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 26, 2016 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	41,114 million yen	46.50 yen	Feb. 29, 2016	May 27, 2016

Note: The 46.50 yen dividends per share include an anniversary dividend of 8 yen to commemorate the Company's Tenth Anniversary.

(From March 1, 2016 to February 28, 2017)

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

(1) Outstanding stock

(Thousands of shares)

	As of March 1, 2016	Number of shares increased	Number of shares decreased	As of February 28, 2017
Ordinary Share	886,441	-	-	886,441

(2) Treasury stock

(Thousands of shares)

	As of March 1, 2016	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	As of February 28, 2017
Ordinary Share	2,290	519	770	2,039

Notes: (1) 514 thousand shares and 5 thousand shares out of the 519 thousand shares increased because of the acquisition through the market by the Company's subsidiary (Seven & i Netmedia Co., Ltd.) and purchases of odd-lot shares, respectively.

(2) 467 thousand shares, 46 thousand shares, 256 thousand shares and 0 thousand shares out of the 770 thousand shares decreased due to the stock exchange to make the consolidated subsidiary (Nissen Holdings Co., Ltd.) our wholly owned subsidiary, sale in the market, 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, 2016	-	-	-
	Number of shares increased	-	-	-
	Number of shares decreased	-	-	-
	Number of shares as of February 28, 2017	-	-	-
Balance as of February 28, 2017 (millions of yen)		2,061	533	2,594

3. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 26, 2016 Ordinary general meeting of shareholders	Ordinary Share	41,114 million yen	46.50 yen	Feb. 29, 2016	May 27, 2016
October 6, 2016 Board of directors' meeting	Ordinary Share	39,798 million yen	45.00 yen	Aug. 31, 2016	Nov. 15, 2016

(2) Dividends whose record date is within the fiscal year ended February 28, 2017, 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 25, 2017 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	39,799 million yen	45.00 yen	Feb. 28, 2017	May 26, 2017

Consolidated Statements of Cash Flows;

(For the fiscal year ended February 29, 2016)

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 29, 2016
Cash and bank deposits	1,099,990
Negotiable certificates of deposits included in marketable securities	80,000
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(32,903)
Cash and cash equivalents	1,147,086

2. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 29, 2016
Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year	13,384
Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year	5,745

3. 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 29, 2016
Inventory	1,189
Goodwill	39,838
Other intangible assets	7,785
Other	(333)
Sub-total	48,479
Property and equipment	29,203
Total	77,683

Property and equipment set out above at an amount of 29,203 million yen is included in acquisition of property and equipment in Cash Flow Statement for the fiscal year ended February 29, 2016.

The figures in the table above include the acquisition of subsidiaries.

(For the fiscal year ended February 28, 2017)

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, 2017
Cash and bank deposits	1,222,101
Negotiable certificates of deposits included in marketable securities	-
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(12,604)
Cash and cash equivalents	1,209,497

2. Major non-cash transactions

Millions of yen)

	Fiscal year ended February 28, 2017
Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year	6,713
Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year	11,501

3. 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, 2017
Inventory	2,047
Goodwill	69,412
Other	11
Sub-total	71,471
Property and equipment	53,839
Total	125,310

Property and equipment set out above at an amount of 53,839 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 28, 2017.

The figures in the table above include the acquisition of subsidiaries.

Segment Information;

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.

Intersegment revenues and transfers are calculated at prevailing market prices.

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

As described in the Note 5. (7) Changes in accounting policies, effective from the beginning of the current consolidated fiscal 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 current consolidated fiscal year increased by 3,125 million yen in “Convenience store operations” segment, by 41 million yen in “Superstore operations” segment, by 691 million yen in “Department store operations” segment, by 284 million yen in “Financial services” segment and by 5 million yen in “Others” segment.

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

Fiscal Year ended February 29, 2016 (From March 1, 2015 to February 29, 2016)

(Millions of yen)

	Reportable segment							Total	Adjustments	Consolidated total
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Mail order services	Others			
Revenues from operations										
1. Customers	2,674,779	2,051,542	881,817	83,019	156,581	157,191	40,772	6,045,704	-	6,045,704
2. Intersegment	1,111	8,973	2,899	819	35,906	1,540	20,809	72,061	(72,061)	-
Total	2,675,890	2,060,516	884,716	83,839	192,487	158,732	61,582	6,117,765	(72,061)	6,045,704
Segment income (loss)	304,110	7,234	3,832	917	49,697	(8,451)	5,559	362,898	(10,578)	352,320
Segment Assets	1,982,681	1,047,824	485,700	25,200	1,929,839	81,941	186,078	5,739,265	(297,574)	5,441,691
Segment Liabilities (interest bearing debt)	132,671	12,927	176,716	-	346,763	28,048	5,850	702,975	329,994	1,032,970
Other items										
Depreciation	116,514	23,800	13,569	828	29,071	3,730	2,958	190,474	5,036	195,511
Amortization of goodwill	10,677	3,140	5,288	-	1,695	184	2,124	23,110	-	23,110
Investment in associates accounted for using the equity method	13,471	4,420	584	-	-	3,374	12,895	34,746	-	34,746
Impairment loss	9,369	12,273	3,972	636	28	2,358	161	28,800	-	28,800
Net increase in property and equipment, and intangible assets	219,793	70,259	15,446	1,749	26,544	4,725	3,676	342,195	18,057	360,252

Notes:

1. The adjustments of (10,578) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. The adjustments of (297,574) million yen for segment assets are eliminations of intersegment transactions and corporate assets.
3. The adjustments of 329,994 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
4. Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
5. 6,108 million yen out of "Impairment loss" in the table above is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 29, 2016.

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

(Millions of yen)

	Reportable segment							Total	Adjustments	Consolidated total
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Mail order services	Others			
Revenues from operations										
1. Customers	2,549,404	2,016,659	849,649	81,744	164,432	136,927	36,870	5,835,689	-	5,835,689
2. Intersegment	1,235	8,874	2,524	818	37,500	2,298	20,553	73,805	(73,805)	-
Total	2,550,640	2,025,534	852,174	82,562	201,932	139,226	57,424	5,909,495	(73,805)	5,835,689
Segment income (loss)	313,195	22,903	3,672	515	50,130	(15,097)	4,632	379,952	(15,379)	364,573
Segment Assets	2,105,931	1,004,561	431,589	26,399	1,925,815	56,610	179,884	5,730,793	(221,904)	5,508,888
Segment Liabilities (interest bearing debt)	177,601	9,570	196,268	-	336,060	33,080	5,912	758,493	289,996	1048490
Other items										
Depreciation	123,131	25,280	12,982	869	29,416	3,956	2,983	198,620	8,862	207,483
Amortization of goodwill	9,249	3,098	35,598	-	1,306	-	6,204	55,458	-	55,458
Investment in associates accounted for using the equity method	13,140	4,816	628	-	-	3,338	13,365	35,288	-	35,288
Impairment loss	10,374	24,040	18,681	1,102	-	3,854	1,666	59,719	-	59,719
Net increase in property and equipment, and intangible assets	256,934	40,095	13,847	1,946	20,796	1,831	4,686	340,139	9,629	349,768

Notes:

1. The adjustments of (15,379) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. The adjustments of (221,904) million yen for segment assets are eliminations of intersegment transactions and corporate assets.
3. The adjustments of 289,996 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
4. Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
5. 10,611 million yen out of "Impairment loss" in the table above is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2017.

(Reference)

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

Fiscal Year ended February 29, 2016 (From March 1, 2015 to February 29, 2016)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	4,055,345	1,855,096	135,262	6,045,704	-	6,045,704
2. Intersegment	927	208	795	1,931	(1,931)	-
Total revenues	4,056,272	1,855,305	136,058	6,047,636	(1,931)	6,045,704
Operating income (loss)	288,068	65,148	(842)	352,373	(53)	352,320

Notes:

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

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	4,032,077	1,690,509	113,102	5,835,689	-	5,835,689
2. Intersegment	726	204	372	1,303	(1,303)	--
Total revenues	4,032,803	1,690,713	113,475	5,836,992	(1,303)	5,835,689
Operating income (loss)	299,251	65,548	(238)	364,561	11	364,573

Notes:

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

Related Information

Fiscal Year ended February 29, 2016 (From March 1, 2015 to February 29, 2016)

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
4,055,345	1,855,096	135,262	6,045,704

(2) Property and equipment

(Millions of yen)

Japan	North America	Others	Total
1,439,662	530,220	2,471	1,972,355

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, 2017 (From March 1, 2016 to February 28, 2017)

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
4,032,077	1,690,509	113,102	5,835,689

(2) Property and equipment

(Millions of yen)

Japan	North America	Others	Total
1,433,687	571,775	2,366	2,007,829

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 Non-current Assets by Reporting Segment

Fiscal Year ended February 29, 2016 (From March 1, 2015 to February 29, 2016)

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

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

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 29, 2016 (From March 1, 2015 to February 29, 2016)

(Millions of yen)

	Reportable segment							Total	Eliminations / Corporate	Consolidated total
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Mail order services	Others			
Goodwill										
Amortization	10,677	3,140	5,288	-	1,695	184	2,124	23,110	-	23,110
Balance at the end of current year	205,036	33,137	53,814	-	15,589	32	6,250	313,860	-	313,860
Negative Goodwill										
Amortization	-	28	-	4	-	2	-	34	-	34
Balance at the end of current year	-	163	-	29	-	-	-	193	-	193

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

(Millions of yen)

	Reportable segment							Total	Eliminations / Corporate	Consolidated total
	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Mail order services	Others			
Goodwill										
Amortization	9,249	3,098	35,598	-	1,306	-	6,204	55,458	-	55,458
Balance at the end of current year	225,882	29,444	4,171	-	10,700	22	-	270,220	-	270,220
Negative Goodwill										
Amortization	-	23	-	4	-	-	-	27	-	27
Balance at the end of current year	-	140	-	25	-	-	-	165	-	165

(Significant Changes 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 consolidated fiscal year ended February 28, 2017, the amount in goodwill has been reduced.

In accordance with the application, the amount of goodwill, as at the beginning of the current consolidated fiscal year ended, 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.

By recording amortization of goodwill in the "Department store operations" and "Others" in the current consolidated fiscal year, there have been significant changes in the amount of goodwill. In accordance with the application, the amount of goodwill was reduced by 33,422 million yen in the "Department store operations" segment, and by 5,878 million yen in the "Others" segment.

Information Regarding Gain on Negative Goodwill by Reporting Segment

Fiscal Year ended February 29, 2016 (From March 1, 2015 to February 29, 2016)

None

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

None

Business combination;

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

I Business combination by acquisition

1. Outline of the business combination

(1) Name and main business of the acquired company

Name: CST Brands, Inc.

Main business: Retail of motor fuel and operation of convenience store business in the U.S.

(2) Main reason for the business combination

7-Eleven, Inc., consolidated subsidiary of the Company, is strengthening its product competitiveness, expanding its store network, and aiming to expand revenues further in North America.

(3) Date of the business combination

July 7, 2016

(4) Legal form of the business combination

Acquisition of business

(5) The acquired company's name after the business combination

No change

(6) Main reason for the decision of the acquiring company

7-Eleven, Inc. received the business with all consideration paid in cash.

2. Period for which the acquired company's operating results are included in the consolidated financial statements From July 7, 2016 to December 31, 2016

3. Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition	Cash	US\$412,896 thousand	(41,694 million yen)
Acquisition cost		US\$412,896 thousand	(41,694 million yen)

4. Details and amounts of main acquisition-related costs

Payment for financial and legal investigation US\$405 thousand (40 million yen)

5. Amount, reason for recognition, and period and method of amortization of goodwill

(1) Amount of goodwill

US\$331,228 thousand (33,447 million yen)

(2) Reason for recognition of goodwill

Expected excess earning power of future business development

(3) Period and method of amortization of goodwill

20 years using the straight line method

6. Total amounts and principal breakdowns of assets received and liabilities assumed on the date of the business combination

Current assets	US\$4,766 thousand	(481 million yen)
Non-current assets	US\$82,013 thousand	(8,281 million yen)
Total assets	US\$86,780 thousand	(8,763 million yen)
Non-current liabilities	US\$5,111 thousand	(516 million yen)
Total liabilities	US\$5,111 thousand	(516 million yen)

7. Approximate amounts of impact of the business combination on the Company's consolidated statements of income for the fiscal year assuming the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

Information is omitted since the amounts are insignificant.

Note: The yen amounts were calculated using the July 7, 2016 rate (US\$1 = 100.98 yen).

II Business combination by acquisition

1. Outline of the business combination

(1) Name and main business of the acquired company

Name: Imperial Oil Limited

Main business: Retail of motor fuel and operation of convenience store business in Canada

(2) Main reason for the business combination

7-Eleven, Inc., consolidated subsidiary of the Company, is strengthening its product competitiveness, expanding its store network, and aiming to expand revenues further in North America.

(3) Date of the business combination

September 16, 2016

(4) Legal form of the business combination

Acquisition of business

(5) The acquired company's name after the business combination

No change

(6) Main reason for the decision of the acquiring company

7-Eleven, Inc. received the business with all consideration paid in cash.

2. Period for which the acquired company's operating results are included in the consolidated financial statements

From September 16, 2016 to December 31, 2016

3. Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition	Cash	US\$676,379 thousand	(68,990 million yen)
Acquisition cost		US\$676,379 thousand	(68,990 million yen)

4. Details and amounts of main acquisition-related costs

Payment for financial and legal investigation US\$2,093 thousand (213 million yen)

5. Amount, reason for recognition, and period and method of amortization of goodwill

(1) Amount of goodwill

US\$272,908 thousand (27,836 million yen)

(2) Reason for recognition of goodwill

Expected excess earning power of future business development

(3) Period and method of amortization of goodwill

20 years using the straight line method

6. Total amounts and principal breakdowns of assets received and liabilities assumed on the date of the business combination

Current assets	US\$13,195 thousand	(1,345 million yen)
Non-current assets	US\$398,299 thousand	(40,626 million yen)
Total assets	US\$411,495 thousand	(41,972 million yen)
Current liabilities	US\$1,161 thousand	(118 million yen)
Non-current liabilities	US\$6,862 thousand	(700 million yen)
Total liabilities	US\$8,024 thousand	(818 million yen)

7. Approximate amounts of impact of the business combination on the Company's consolidated statements of income for the fiscal year assuming the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

Information is omitted since the amounts are insignificant.

Note: The yen amounts were calculated using the September 16, 2016 rate (US\$1 = 102.00 yen).

Related Parties Transactions;

1. Transactions with related parties

(1) Transactions between the Company and related parties

(a) Unconsolidated subsidiaries and affiliates

None

(b) A director of the Company and primary shareholders (limited to individuals)

(From March 1, 2015 to February 29, 2016)

None

(From March 1, 2016 to February 28, 2017)

None

2. Notes about the parent company and the important affiliates

None

Per Share Information;

(Yen)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Owners' equity per share	2,683.11	2,641.40
Net income per share	182.02	109.42
Diluted net income per share	181.84	109.31

Notes:

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

(Millions of yen, except number of ordinary shares)

	Fiscal year ended February 29, 2016	Fiscal year ended February 28, 2017
Net income attributable to owners of parent	160,930	96,750
Amount not attributable to owners of ordinary shares	-	-
Net income attributable to owners of ordinary shares of parent	160,930	96,750
Average number of ordinary shares outstanding during the period (thousands of shares)	884,132	884,214
Adjustments to net income which is used for calculating diluted net income per share		
Net income attributable to non-controlling interests	23	24
Adjustments to net income attributable to owners of parent	23	24
Number of ordinary shares increased used for calculating the diluted net income per shares		
Subscription rights to shares (thousands of shares)	764	657
Number of ordinary shares increased (thousands of shares)	764	657

2. Basis for calculation of owners' equity per share is as follows:

(Millions of yen, except number of ordinary shares)

	As of February 29, 2016	As of February 28, 2017
Total net assets	2,505,182	2,475,806
Amounts subtracted from total net assets:	132,908	139,748
(Subscription rights to shares)	(2,995)	(2,594)
(Net income attributable to non-controlling interests)	(129,912)	(137,154)
Owners' equity for ordinary shares at the end of period	2,372,274	2,336,057
Number of ordinary shares at the end of period used for calculating the amounts of owners' equity per share (thousands of shares)	884,151	884,402

Subsequent Event;

I Change in Segment Classification

The Company announced its Medium-Term Management Plan in October 2016 under the new management formed in May 2016. Based on this plan, the numerical target in the fiscal year ending February 29, 2020 has been set to consolidated operating income of 450.0 billion yen and ROE of 10%. In order to achieve this Medium-Term Management Plan, the Company resolved at a Board of Directors meeting held on April 6, 2017 to change the Group's segment classification as follows:

1. Domestic convenience store operations

This is the operating segment of convenience store operations led by Seven-Eleven Japan Co., Ltd. (hereinafter "SEJ"), and includes SEJ, its subsidiaries and affiliates, and the overseas businesses (China, Hawaii) that SEJ provides sales support, and business promotion and management.

2. Overseas convenience store operations

This is the operating segment of convenience store operations led by 7-Eleven, Inc. (hereinafter "SEI"), and includes SEI, its subsidiaries and affiliates, and the business operating companies that SEI provides sales support, and business promotion and management.

3. Superstore operations

This is the operating segment of retail operations that comprehensively provide the necessary items for daily life such as popular consumer choices in foods and daily goods, and includes Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Mart Co., Ltd., SHELL GARDEN CO., LTD., and the subsidiaries and affiliates of these companies. Akachan Honpo Co., Ltd. and other companies that provide high specialty products have been reorganized into specialty store operations.

4. Department store operations

This is the operating segment of retail operations that provide diverse luxury goods and high-specialty products operated in large scale stores, and includes Sogo & Seibu Co., Ltd. and its subsidiaries and affiliates. THE LOFT CO., LTD., which provides high specialty products, has been reorganized into specialty store operations.

5. Financial services

This is the operating segment of the operations that provide services related to the banking, credit cards and leases businesses, and includes Seven Bank, Ltd. and its subsidiaries and affiliates, Seven Financial Service Co., Ltd., Seven Card Service Co., Ltd. and Seven CS Card Service Co., Ltd.. SEVEN & i Financial Center Co., Ltd. has been reorganized into the corporate operations not included in any reportable segment.

6. Specialty store operations

This is the operating segment of retail operations that provide high specialty or characteristic products and services, and includes business operating companies, such as Akachan Honpo Co., Ltd., THE LOFT CO., LTD., Seven & i Food Systems Co., Ltd., Barneys Japan Co., Ltd. and Nissen Co., Ltd.

7. Others

This includes the operating segments that do not belong to the other six segments above, and includes Seven & i Create Link Co., Ltd. and Seven & i Asset Management Co., Ltd. dealing with the real estate businesses, SEVEN & i Publishing Co., Ltd. dealing with the publishing business, Seven Culture Network Co., Ltd. providing cultural education services and Yatsugatake Kogen Lodge Co., Ltd. running the hotel-operation, villa management, etc. business.

Note: The Company and SEVEN & i Financial Center Co., Ltd. are not included in any of the above segments, as they are classified as corporate operations.

The revenues from operations and income (loss) of each reportable segment for the fiscal year ended February 28, 2017 under the segment classification after the change are as follows:

Fiscal year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

(Millions of yen)

	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others	Total	Adjustments	Consolidated total
Revenues from operations										
1. Customers	899,836	1,658,338	1,938,093	720,199	164,432	447,210	7,577	5,835,689	-	5,835,689
2. Intersegment	1,470	204	11,219	9,412	37,499	3,277	16,276	79,360	(79,360)	-
Total	901,306	1,658,542	1,949,313	729,612	201,932	450,488	23,854	5,915,050	(79,360)	5,835,689
Segment income (loss)	243,839	67,421	20,228	2,867	50,136	(11,276)	4,005	379,960	(12,650)	364,573

II Major acquisition of business

Seven & i Holdings Co., Ltd. (“the Company”) announced that its Board of Directors resolved on April 6, 2017 that the Company’s consolidated subsidiary 7-Eleven, Inc. will acquire stores and other assets constituting most of convenience store business and gasoline retail business of U.S. company Sunoco LP. (“SUN”)

1. Objective of business acquisition

In accordance with the Medium-Term Management Plan for the Seven & i Holdings Group announced in October 2016, 7-Eleven, Inc. is aiming to achieve average daily merchandise sales per store of \$5,000 and 10,000 stores by the fiscal year ending February 29, 2020, and is working to strengthen its merchandizing capabilities and expand its store network. SUN has a large number of stores in the State of Texas and the eastern area of the United States, where 7-Eleven, Inc., currently operates stores. By acquiring part of SUN’s convenience store business and gasoline retail business, 7-Eleven, Inc. will expand its store network and offer greater convenience, while also improving profitability. Regarding the stores to be acquired, 7-Eleven, Inc. plans to sign a contract in the future to receive gasoline from SUN for the next 15 years.

2. Details of the business acquisition

(1) Overview of Sunoco LP

Name	Sunoco LP	
Representative	President and CEO, Robert W. Owens	
Location of headquarters	Texas, U.S.	
Major business activities	Operation of fuel wholesale and retail, and convenience store business	
Date of establishment	September 19, 2012	
Net Asset	\$2,196 million [¥255,812 million]	
Total Asset	\$8,701 million [¥1,013,579 million]	
Relationship between the company and the company concerned	Capital	None
	Personnel	None
	Transaction	None
	Applicable situation to related parties	None

(2) Overview of 7-Eleven, Inc.

Name	7-Eleven, Inc.
Representative	President and CEO, Joseph M. DePinto
Location of headquarters	Texas, U.S.
Major business activities	Operation of convenience store business
Date of establishment	May, 1999
Net Asset	¥705,025 million
Total Asset	¥1,231,149 million

(3) Details of the business to be acquired

A part of gasoline retail business and convenience store business of SUN

Area	State of Texas and the eastern area of the United States
Number of stores	1,108 gas stations and convenience stores

(4) The amounts of assets and liabilities to be acquired

The amounts of assets and liabilities to be acquired are not fixed at this time.

(5) Acquisition price

Acquisition price	\$ 3,305.6 million [¥365,996 million] *U.S.\$1 = ¥110.72
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The acquisition price is calculated based on the cash flow for each individual store.

3. Schedule

Board of Directors resolution	April 6, 2017
Agreement conclusion date	April 6, 2017
Acquisition date	August 2017 (Plan)

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
ASSETS		
Current assets	46,471	70,786
Cash and bank deposits	426	690
Prepaid expenses	563	783
Deferred income taxes	100	118
Accounts receivable, other	38,084	26,981
Income taxes receivable	-	16,936
Deposits held by subsidiaries and affiliates	6,108	23,956
Other	1,187	1,320
Non-current assets	1,895,465	1,775,074
Property and equipment	9,602	9,322
Buildings and Structures	2,809	3,110
Fixtures, equipment and vehicles	4,080	3,439
Land	2,712	2,712
Leased assets	-	60
Intangible assets	29,081	27,949
Software	20,691	20,617
Lease assets	8,387	7,330
Other	1	1
Investments and other assets	1,856,782	1,737,802
Investments in securities	32,320	39,957
Stocks of subsidiaries and affiliates	1,730,252	1,622,917
Prepaid pension cost	711	757
Long-term leasehold deposits	2,640	3,384
Deposits paid in subsidiaries and affiliates	90,000	70,000
Other	858	786
TOTAL ASSETS	1,941,937	1,845,861

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
LIABILITIES		
Current liabilities	158,744	67,074
Current portion of bonds	40,000	20,000
Short-term loans payable to subsidiaries and affiliates	89,006	31,007
Lease obligations	2,819	3,053
Accounts payable, other	7,827	10,238
Accrued expenses	751	758
Income taxes payable	17,217	881
Advance received	163	217
Allowance for bonuses to employees	285	275
Allowance for bonuses to Directors and Audit & Supervisory Board Members	60	30
Other	611	612
Non-current liabilities	302,609	299,576
Bonds	289,994	269,996
Long-term loans payable to subsidiaries and affiliates	15	16
Deferred income taxes	3,421	4,640
Lease obligations	6,140	4,895
Deposits received from tenants	1,485	2,093
Provision for loss on guarantees	1,552	17,932
TOTAL LIABILITIES	461,353	366,650
NET ASSETS		
Shareholders' equity	1,467,649	1,461,035
Common stock	50,000	50,000
Capital surplus	1,246,255	1,246,381
Additional paid-in capital	875,496	875,496
Other capital surplus	370,759	370,885
Retained earnings	177,034	169,680
Other retained earnings		
Retained earnings brought forward	177,034	169,680
Treasury stock, at cost	(5,641)	(5,026)
Accumulated gains (losses) from valuation and translation adjustments	10,484	16,113
Unrealized gains (losses) on available-for-sale securities, net of taxes	10,484	16,113
Subscription rights to shares	2,450	2,061
TOTAL NET ASSETS	1,480,584	1,479,210
TOTAL LIABILITIES AND NET ASSETS	1,941,937	1,845,861

(2) Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Revenues from operations	110,008	217,860
Dividends income	102,279	209,935
Management consulting fee income	4,623	4,800
Commission fee income	2,991	3,007
Other	114	117
General and administrative expenses	18,044	23,563
Operating income	91,964	194,297
Non-operating income	1,985	2,003
Interest income	1,434	1,372
Dividend income	482	565
Other	67	64
Non-operating expenses	3,608	2,971
Interest expenses	673	469
Interest on bonds	2,604	2,496
Amortization of bond issuance cost	320	-
Other	9	4
Ordinary income	90,341	193,329
Special losses	19,253	122,159
Loss on valuation of investment securities	46	-
Loss on valuation of stocks of subsidiaries and affiliates	15,558	102,648
Provision for loss on guarantees	1,552	16,380
Other	2,092	3,130
Income before income taxes	71,088	71,169
Total income taxes	(1,714)	(2,388)
Income taxes - current	(1,726)	(1,582)
Income taxes - deferred	11	(806)
Net income	72,803	73,558

(3) Nonconsolidated Statements of Changes in Net Assets

Fiscal year ended February 29, 2016 (from March 1, 2015 to February 29, 2016)

(Millions of yen)

	Shareholders' Equity							Total Shareholders' Equity
	Common Stock	Capital Surplus			Retained Earnings		Treasury Stock, at cost	
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings		
Balance at March 1, 2015	50,000	875,496	370,754	1,246,251	170,541	170,541	(5,836)	1,460,955
Increase (decrease) for the year								
Cash dividends					(66,309)	(66,309)		(66,309)
Net income					72,803	72,803		72,803
Purchase of treasury stock							(28)	(28)
Disposal of treasury stock			4	4			224	228
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	-	-	4	4	6,493	6,493	195	6,693
Balance at February 29, 2016	50,000	875,496	370,759	1,246,255	177,034	177,034	(5,641)	1,467,649

	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, 2015	11,028	11,028	1,977	1,473,961
Increase (decrease) for the year				
Cash dividends				(66,309)
Net income				72,803
Purchase of treasury stock				(28)
Disposal of treasury stock				228
Net changes of items other than shareholders' equity	(543)	(543)	472	(71)
Net increase (decrease) for the year	(543)	(543)	472	6,622
Balance at February 29, 2016	10,484	10,484	2,450	1,480,584

Fiscal year ended February 28, 2017 (from March 1, 2016 to February 28, 2017)

(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, 2016	50,000	875,496	370,759	1,246,255	Retained earnings brought forward 177,034	177,034	(5,641)	1,467,649
Increase (decrease) for the year								
Cash dividends					(80,912)	(80,912)		(80,912)
Net income					73,558	73,558		73,558
Purchase of treasury stock							(23)	(23)
Disposal of treasury stock			125	125			638	764
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	-	-	125	125	(7,354)	(7,354)	614	(6,613)
Balance at February 28, 2017	50,000	875,496	370,885	1,246,381	169,680	169,680	(5,026)	1,461,035

	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, 2016	10,484	10,484	2,450	1,480,584
Increase (decrease) for the year				
Cash dividends				(80,912)
Net income				73,558
Purchase of treasury stock				(23)
Disposal of treasury stock				764
Net changes of items other than shareholders' equity	5,629	5,629	(389)	5,240
Net increase (decrease) for the year	5,629	5,629	(389)	(1,373)
Balance at February 28, 2017	16,113	16,113	2,061	1,479,210

(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 29, 2016	As of February 28, 2017
Accumulated depreciation	1,619	2,702

2. Monetary claims and monetary obligations in regard to subsidiaries and affiliates

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

(Millions of yen)

	As of February 29, 2016	As of February 28, 2017
Short-term receivables	37,271	27,529
Short-term payables	10,008	12,614
Long-term payables	7,608	6,973

Nonconsolidated Statements of Income;

1. Major transactions with subsidiaries and affiliates

(Millions of yen)

	For the year ended February 29, 2016	For the year ended February 28, 2017
Operating transactions		
Revenues from operations	110,003	217,856
General and administrative expenses	1,320	3,296
Non-operating transactions	2,108	1,963

2. Main components and amounts of general and administrative expenses

(Millions of yen)

	For the year ended February 29, 2016	For the year ended February 28, 2017
Salaries and wages	3,872	4,193
Provision for bonuses to employees	285	275
Pension expenses	137	171
Depreciation and amortization	2,493	6,186
Commissions paid	1,411	2,433
Electronical data processing expenses	3,275	3,312

3. Main components and amounts of loss on valuation of stocks of subsidiaries and affiliates

The Company recorded 102,648 million yen of loss on valuation of stocks of subsidiaries and affiliates (mainly 94,667 million yen and 6,114 million yen on Sogo & Seibu Co., Ltd. and Barney's Japan Co., Ltd., respectively).

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

Nonconsolidated Balance Sheets

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
ASSETS		
Current assets	551,777	491,835
Cash and bank deposits	44,627	54,580
Accounts receivable due from franchised stores	14,879	15,393
Lease investment assets	5,077	4,595
Inventories	2,582	2,401
Prepaid expenses	23,021	24,386
Deferred income taxes	9,271	8,049
Deposits held by subsidiaries and affiliates	392,385	318,112
Accounts receivable, other	58,845	63,068
Other	1,275	1,359
Allowance for doubtful accounts	(189)	(111)
Non-current assets	1,242,059	1,279,108
Property and equipment	493,018	525,218
Buildings	270,949	286,521
Structures	41,511	43,648
Vehicles	0	0
Furniture, fixtures and equipment	87,910	108,817
Land	82,430	80,563
Lease assets	10,014	5,040
Construction in progress	202	627
Intangible assets	39,870	39,607
Goodwill	3,075	3,447
Rights of leasehold	12,720	13,244
Rights of trademark	14,158	11,466
Software	8,583	10,155
Other	1,332	1,292
Investments and other assets	709,169	714,282
Investments in securities	18,428	20,834
Stocks of subsidiaries and affiliates	459,143	459,143
Investments in capital of subsidiaries and affiliates	7,776	9,247
Long-term loans receivable	398	399
Long-term loans to subsidiaries and affiliates	4,053	3,953
Long-term prepaid expenses	28,711	26,448
Prepaid pension cost	2,878	2,861
Long-term leasehold deposits	174,473	178,044
Deferred income taxes	15,232	15,048
Other	609	588
Allowance for doubtful accounts	(2,534)	(2,286)
TOTAL ASSETS	1,793,836	1,770,944

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
LIABILITIES		
Current liabilities	411,188	422,313
Accounts payable, trade	165,397	170,671
Accounts payable due to franchised stores	15,057	15,122
Lease obligations	5,432	3,680
Accounts payable, other	28,882	24,935
Accrued expenses	16,035	23,796
Income taxes payable	15,764	10,845
Accounts payable for parent company	31,799	22,868
Consumption taxes withheld	6,097	5,993
Deposits received	116,489	133,579
Allowance for bonuses to employees	3,170	3,471
Allowance for bonuses to Directors and Audit & Supervisory Board Members	59	35
Allowance for sales promotion expenses	4,446	4,386
Other	2,555	2,925
Non-current liabilities	56,910	55,473
Guarantee deposits received from franchised stores	9,368	9,742
Long-term loans	219	243
Lease obligations	10,828	6,589
Allowance for retirement benefits to directors and corporate auditors	527	69
Allowance for loss on guarantee	1,750	1,750
Asset retirement obligations	34,216	37,079
TOTAL LIABILITIES	468,099	477,786
NET ASSETS		
Shareholder's equity	1,319,842	1,285,402
Common stock	17,200	17,200
Capital surplus	25,204	25,204
Additional paid-in capital	24,563	24,563
Other capital surplus	640	640
Retained earnings	1,277,437	1,242,997
Legal reserve	4,300	4,300
Other retained earnings	823,409	823,409
General reserve	449,728	415,288
Retained earnings brought forward	373,681	408,201
Accumulated gains (losses) from valuation and translation adjustments	5,894	7,755
Unrealized gains (losses) on available-for-sale securities, net of taxes	5,894	7,755
TOTAL NET ASSETS	1,325,737	1,293,157
TOTAL LIABILITIES AND NET ASSETS	1,793,836	1,770,944

Seven-Eleven Japan Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Operating income and expenses		
Revenues from operations	793,661	833,743
Franchise commission from franchised stores	680,413	723,021
Net sales reported by franchised stores		
Year ended February 29, 2016: 4,182,231		
Year ended February 28, 2017: 4,409,084		
Total net sales (including net sales of corporate stores)		
Year ended February 29, 2016: 4,291,067		
Year ended February 28, 2017: 4,515,605		
Other operating revenues	6,063	5,918
Net sales of corporate stores	107,184	104,803
Cost of sales	77,266	75,342
Gross profit from operations	716,395	758,400
Selling, general and administrative expenses	481,362	514,907
Land and building rent	140,340	154,863
Advertising expenses	66,007	69,002
Depreciation and amortization	46,591	52,767
Interest expenses	42,498	46,602
Salaries and wages	42,963	45,759
Other	142,961	145,912
Operating income	235,033	243,493
Non-operating income	22,422	8,660
Interest income	3,240	3,325
Dividends income	18,076	4,363
Reversal of allowance for doubtful accounts	41	31
Other	1,063	938
Non-operating expenses	729	887
Interest expenses	229	149
Loss on cancellation of Construction contribution	-	380
Lease cancellation expenses before store opening	289	179
Other	209	178
Ordinary income	256,726	251,265
Special gains	375	408
Gain on sales of property and equipment	240	155
Receipt of stock option income	135	77
Compensation income for transfer	-	176
Special losses	11,971	32,992
Loss on sales of property and equipment	268	160
Loss on disposals of property and equipment	3,196	11,020
Loss on cancellation of lease contracts	238	2,283
Impairment loss	7,427	8,783
Loss on disaster	-	660
Other	840	10,084
Income before income taxes	245,131	218,681
Income taxes - current	82,897	73,739
Income taxes - deferred	(677)	790
Net income	162,910	144,151

[Reference] Ito-Yokado Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
ASSETS		
Current assets	244,402	225,387
Cash and bank deposits	28,154	22,153
Accounts receivable, trade	25,514	18,789
Inventories	84,751	65,295
Supplies	77	74
Advance paid	472	269
Prepaid expenses	7,726	7,712
Deferred income taxes	3,493	5,202
Short-term loans to employees	203	184
Short-term loans receivable	394	385
Short-term loans to subsidiaries and affiliates	-	5,377
Deposits held by subsidiaries and affiliates	46,647	60,136
Accounts receivable, other	32,600	30,443
Short-term leasehold deposits	9,062	8,890
Payments in advance	4,201	4,495
Other	1,102	1,248
Allowance for doubtful accounts	-	(5,272)
Non-current assets	554,670	527,928
Property and equipment	336,045	318,808
Buildings	133,475	119,744
Structures	9,103	8,083
Vehicles	21	6
Furniture, fixtures and equipment	7,519	5,805
Land	176,126	176,277
Lease assets	7,151	8,136
Construction in progress	2,647	752
Intangible assets	2,892	2,801
Rights of leasehold	773	747
Trademark	17	14
Software	1,382	1,384
Other	718	654
Investments and other assets	215,733	206,318
Investments in securities	28,481	23,276
Stocks of subsidiaries and affiliates	16,669	15,548
Investments in capital	6	6
Investments in capital of subsidiaries and affiliates	4,578	4,581
Long-term loans receivable	13,641	13,262
Long-term loans to subsidiaries and affiliates	4,000	4,000
Long-term prepaid expenses	5,744	5,678
Prepaid pension cost	24,907	24,352
Long-term leasehold deposits	111,484	114,403
Advances for store construction	5,506	-
Receivable in bankruptcy	0	21
Deferred income taxes	-	483
Other	2,670	2,601
Allowance for doubtful accounts	(1,959)	(1,899)
TOTAL ASSETS	799,073	753,315

Ito-Yokado Co., Ltd.

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
LIABILITIES		
Current liabilities	143,185	145,480
Accounts payable, trade	61,714	53,895
Short-term loans	80	75
Current portion of long-term loans	1,387	1,376
Lease obligations	2,079	2,195
Accounts payable, other	22,603	21,771
Income taxes payable	654	1,287
Consumption taxes withheld	293	5,469
Accrued expenses	9,787	9,473
Advance received	723	839
Deposits received	23,643	27,846
Allowance for bonuses to employees	3,371	3,198
Allowance for bonuses to Directors and Audit & Supervisory Board Members	11	22
Allowance for sales promotion expenses	318	244
Allowance for loss on future collection of gift certificates	460	391
Gift certificates	14,841	14,580
Other	1,212	2,813
Non-current liabilities	74,664	63,026
Long-term loans	3,370	2,101
Lease obligations	7,103	7,808
Deferred income taxes	6,387	-
Allowance for retirement benefits to directors and corporate auditors	516	4
Allowance for loss on guarantee	4,894	1,707
Deposits received from tenants	40,296	38,446
Asset retirement obligations	12,095	12,957
TOTAL LIABILITIES	217,850	208,507
NET ASSETS		
Shareholder's equity	566,340	533,136
Common stock	40,000	40,000
Capital surplus	168,637	168,637
Additional paid-in capital	165,621	165,621
Other capital surplus	3,016	3,016
Retained earnings	357,702	324,498
Legal reserve	11,700	11,700
Other retained earnings		
Reserve for deferred gains on property and equipment	1,176	1,188
Retained earnings brought forward	344,825	311,609
Accumulated gains (losses) from valuation and translation adjustments	14,882	11,672
Unrealized gains (losses) on available-for-sale securities, net of taxes	14,882	11,672
TOTAL NET ASSETS	581,223	544,808
TOTAL LIABILITIES AND NET ASSETS	799,073	753,315

Ito-Yokado Co., Ltd.
Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Revenues from operations	1,289,586	1,255,017
Net sales	1,255,608	1,219,252
Cost of sales	969,187	938,084
Gross profit on sales	286,421	281,167
Other operating revenues	33,978	35,765
Rental income	26,903	28,402
Other income	7,074	7,362
Gross profit from operations	320,399	316,932
Selling, general and administrative expenses	334,380	316,879
Advertising and decoration expenses	33,586	19,389
Salaries and wages	110,596	108,794
Land and building rent	61,175	61,687
Depreciation and amortization	13,125	13,654
Other	115,897	113,353
Operating income	(13,980)	52
Non-operating income	2,442	2,551
Interest income	1,226	1,203
Dividends income	748	578
Other	467	769
Non-operating expenses	1,866	818
Interest expenses	124	92
Foreign exchange losses	1,029	-
Other	713	726
Ordinary income	(13,405)	1,786
Special gains	1,260	321
Gain on sales of property and equipment	48	179
Gain on donation received	1,061	21
Receipt of stock option income	88	58
Gain on sales of stocks of subsidiaries and affiliates	-	62
Other	62	-
Special losses	12,686	26,047
Loss on sales of property and equipment	14	2
Loss on disposals of property and equipment	1,900	1,239
Impairment loss	5,509	18,641
Restructuring expenses	2,111	4,026
Provision for loss on guarantee	3,095	2,085
Other	53	52
Income (loss) before income taxes	(24,831)	(23,939)
Income taxes - current	(5,067)	(3,556)
Income taxes - deferred	4,158	(6,586)
Net income (loss)	(23,923)	(13,797)

[Reference] York-Benimaru Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
ASSETS		
Current assets	47,425	40,968
Cash and bank deposits	18,880	12,445
Accounts receivable, trade	24	22
Inventories	9,344	9,404
Supplies	23	24
Prepaid expenses	817	855
Deferred income taxes	1,660	1,556
Short-term loans receivable	88	89
Deposits held by subsidiaries and affiliates	5,000	5,000
Accounts receivable, other	8,290	8,155
Payments in advance	2,596	2,670
Other	701	745
Non-current assets	137,468	137,015
Property and equipment	93,542	98,760
Buildings	38,001	40,693
Structures	6,911	7,488
Furniture, fixtures and equipment	2,853	3,632
Land	43,813	43,773
Lease assets	532	1,344
Construction in progress	1,429	1,829
Intangible assets	948	730
Goodwill	316	189
Software	601	513
Other	29	27
Investments and other assets	42,976	37,523
Investments in securities	22,066	16,176
Stocks of subsidiaries and affiliates	170	170
Investments in capital	1	1
Long-term loans receivable	264	284
Long-term prepaid expenses	2,728	2,862
Prepaid pension cost	2,903	2,910
Long-term leasehold deposits	15,361	15,549
Allowance for doubtful accounts	(519)	(432)
TOTAL ASSETS	184,894	177,983

York-Benimaru Co., Ltd.

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
LIABILITIES		
Current liabilities	32,971	32,483
Accounts payable, trade	19,153	18,269
Short-term loans	78	77
Lease obligations	123	237
Accounts payable, other	5,312	5,286
Accounts payable for parent company	1,695	1,171
Income taxes payable	1,141	865
Accrued expenses	2,936	3,019
Deposits received	493	1,552
Advance received	255	260
Allowance for bonuses to employees	1,587	1,608
Allowance for bonuses to Directors and Audit & Supervisory Board Members	47	42
Allowance for loss on future collection of gift certificates	14	12
Other	131	79
Non-current liabilities	10,486	8,985
Long-term loans	146	139
Lease obligations	681	1,393
Deposits received from tenants	2,678	2,653
Allowance for retirement benefits to directors and corporate auditors	251	225
Deferred income taxes	4,687	2,471
Asset retirement obligations	1,818	1,907
Other	223	192
TOTAL LIABILITIES	43,458	41,468
NET ASSETS		
Shareholder's equity	128,775	127,687
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	106,242	105,153
Legal reserve	2,186	2,186
General reserve	69,401	69,397
Retained earnings brought forward	34,654	33,570
Accumulated gains (losses) from valuation and translation adjustments	12,660	8,827
Unrealized gains (losses) on available-for-sale securities, net of taxes	12,660	8,827
TOTAL NET ASSETS	141,435	136,514
TOTAL LIABILITIES AND NET ASSETS	184,894	177,983

York-Benimaru Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Revenues from operations	412,977	426,172
Net sales	406,223	418,729
Cost of sales	310,868	319,932
Gross Profit on sales	95,355	98,797
Other operating revenues	6,753	7,442
Commission fee income	2,911	3,493
Rental income	3,842	3,949
Gross profit from operations	102,109	106,240
Selling, general and administrative expenses	88,784	92,185
Salaries and wages	37,582	39,459
Provision for bonuses to employees	1,587	1,608
Legal welfare expenses	5,376	5,668
Advertising and decoration expenses	6,667	6,624
Land and building rent	9,136	9,378
Store maintenance and repair expenses	4,740	4,940
Depreciation and amortization	3,931	4,519
Utility expenses	6,127	5,413
Other	13,634	14,572
Operating income	13,324	14,054
Non-operating income	1,295	1,439
Interest income	102	96
Dividends income	1,158	1,309
Other	35	33
Non-operating expenses	91	149
Interest expenses	4	4
Maintenance expenses for idle assets	60	79
Other	25	65
Ordinary income	14,529	15,344
Special gains	3,448	70
Gain on sales of property and equipment	-	5
Receipt of stock option income	101	64
Compensation income for transfer	2,821	-
Reversal of allowance for doubtful accounts	344	-
Other	180	-
Special losses	4,578	2,124
Loss on sales of property and equipment	1,066	-
Loss on disposals of property and equipment	804	476
Impairment loss	2,427	1,647
Loss on disaster	139	-
Other	140	-
Income before income taxes	13,399	13,290
Income taxes - current	4,717	4,361
Income taxes - deferred	(287)	(53)
Net income	8,969	8,982

[Reference] Sogo & Seibu Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
ASSETS		
Current assets	87,368	99,880
Cash and bank deposits	15,975	24,397
Notes receivable, trade	625	822
Accounts receivable, trade	25,228	22,643
Inventories	23,916	23,553
Real estate for sale	2,494	2,475
Supplies	251	242
Prepaid expenses	3,721	3,482
Deferred income taxes	7,914	8,996
Short-term loans receivable	101	340
Accounts receivable, other	4,897	7,958
Current portion of construction contribution	950	759
Other	1,289	4,480
Allowance for doubtful accounts	(0)	(272)
Non-current assets	349,509	324,262
Property and equipment	219,523	203,298
Buildings	76,488	68,165
Structures	1,220	966
Machinery and equipment	573	534
Furniture, fixtures and equipment	2,842	2,634
Lease assets	3,048	2,163
Land	135,288	128,762
Construction in progress	59	70
Intangible assets	24,676	23,297
Rights of leasehold	20,881	20,699
Other	3,795	2,598
Investments and other assets	105,309	97,666
Investments in securities	4,286	3,850
Stocks of subsidiaries and affiliates	26,591	25,166
Long-term loans receivable	221	184
Long-term leasehold deposits	58,630	51,056
Construction contribution	10,210	9,968
Long-term accounts receivable, other	21	206
Receivable in bankruptcy	401	336
Deferred income taxes	3,177	5,109
Other	2,243	2,171
Allowance for doubtful accounts	(474)	(383)
TOTAL ASSETS	436,878	424,143

Sogo & Seibu Co., Ltd.

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
LIABILITIES		
Current liabilities	240,899	225,109
Accounts payable, trade	36,684	34,595
Short-term loans	154,671	134,900
Accounts payable, other	6,467	8,300
Lease obligations	1,285	752
Accrued expenses	2,878	2,774
Income taxes payable	263	558
Consumption taxes withheld	257	99
Advance received	1,835	1,590
Gift certificates	15,619	15,202
Deposits received	8,522	8,885
Allowance for bonuses to employees	951	1,394
Allowance for bonuses to Directors and Audit & Supervisory Board Members	37	26
Allowance for sales promotion expenses	6,018	5,926
Allowance for loss on future collection of gift certificates	1,588	1,404
Allowance for store closing losses	1,173	4,801
Asset retirement obligations	2,217	3,493
Other	425	404
Non-current liabilities	71,073	105,206
Long-term loans	59,452	91,830
Long-term accounts payable, other	278	203
Lease obligations	2,449	1,973
Deposits received from tenants	7,108	6,655
Allowance for retirement benefits to directors and corporate auditors	49	8
Allowance for environmental obligations	346	340
Allowance for store closing losses	-	593
Allowance for business liquidation losses	-	535
Asset retirement obligations	1,354	3,036
Other	34	30
TOTAL LIABILITIES	311,973	330,315
NET ASSETS		
Shareholder's equity	123,526	92,672
Common stock	10,000	10,000
Capital surplus	53,998	53,998
Additional paid-in capital	39,317	39,317
Other capital surplus	14,681	14,681
Retained earnings	59,528	28,674
Other retained earnings		
Retained earnings brought forward	59,528	28,674
Accumulated gains (losses) from valuation and translation adjustments	1,378	1,154
Unrealized gains (losses) on available-for-sale securities, net of taxes	1,378	1,154
TOTAL NET ASSETS	124,905	93,827
TOTAL LIABILITIES AND NET ASSETS	436,878	424,143

Sogo & Seibu Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Revenues from operations	803,443	760,692
Net sales	790,708	747,951
Cost of sales	625,517	595,044
Gross profit on sales	165,191	152,907
Operating revenues	12,734	12,740
Gross profit from operations	177,925	165,647
Selling, general and administrative expenses	170,514	161,306
Advertising and decoration expenses	27,005	25,467
Salaries and wages	43,977	41,770
Land and building rent	41,404	40,523
Depreciation and amortization	11,751	10,566
Utility expenses	10,202	8,473
Other	36,173	34,504
Operating income	7,411	4,341
Non-operating income	796	545
Interest and dividends income	430	373
Other	365	172
Non-operating expenses	2,136	2,293
Interest expenses	1,110	902
Other	1,026	1,390
Ordinary income	6,070	2,593
Special gains	578	326
Gain on sales of property and equipment	32	-
Receipt of stock option income	108	52
Gain on donation received	437	-
Gain on sales of investment securities	-	57
Other	-	217
Special losses	10,365	38,031
Loss on disposals of property and equipment	2,596	2,415
Impairment loss	4,126	17,537
Restructuring expenses	3,153	16,336
Valuation loss on investments in securities	-	1,424
Other	489	316
Income before income taxes	(3,716)	(35,111)
Income taxes - current	(599)	(3,820)
Income taxes - deferred	917	(2,864)
Net income	(4,034)	(28,426)

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

Nonconsolidated Balance Sheets

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
ASSETS		
Current assets	26,416	22,833
Cash and bank deposits	2,543	3,214
Accounts receivable, trade	793	796
Inventories	170	185
Materials	369	368
Supplies	79	43
Prepaid expenses	673	619
Accounts receivable, other	1,079	1,016
Deferred income taxes	562	335
Deposits held by subsidiaries and affiliates	19,852	15,976
Current portion of leasehold deposits	175	173
Other	115	102
Non-current assets	17,562	18,067
Property and equipment	7,902	8,341
Buildings	3,122	3,696
Structures	271	243
Furniture, fixtures and equipment	1,620	1,692
Land	2,346	2,346
Lease assets	497	351
Construction in progress	44	10
Intangible assets	157	158
Rights of leasehold	36	36
Software	108	113
Utility rights of facilities	11	8
Other	0	0
Investments and other assets	9,503	9,568
Investments in securities	242	331
Long-term prepaid expenses	178	155
Prepaid pension cost	1,867	1,794
Long-term leasehold deposits	6,436	6,244
Deferred income taxes	710	991
Allowance for doubtful accounts	(30)	(30)
Other	97	81
TOTAL ASSETS	43,979	40,901

Seven & i Food Systems Co., Ltd.

(Millions of yen)

	February 29, 2016	February 28, 2017
	Amount	Amount
LIABILITIES		
Current liabilities	7,597	10,082
Accounts payable, trade	1,934	1,798
Accounts payable, other	1,033	1,115
Short-term loans payable	-	2,000
Income taxes payable	353	467
Consumption taxes withheld	528	296
Accrued expenses	2,407	2,729
Deposits received	240	703
Allowance for bonuses to Directors and Audit & Supervisory Board Members	12	13
Allowance for bonuses to employees	518	478
Accounts payable for acquisition of property and equipment	160	69
Current portion of lease obligations	300	295
Other	109	113
Non-current liabilities	2,909	3,647
Long-term allowance for impairment loss on lease assets	0	4
Lease obligations	498	237
Asset retirement obligations	2,156	3,153
Long-term guarantee deposited	212	212
Other	41	39
TOTAL LIABILITIES	10,507	13,729
NET ASSETS		
Shareholder's equity	33,414	27,040
Common stock	3,000	3,000
Capital surplus	51,861	47,175
Additional paid-in capital	750	750
Other capital surplus	51,111	46,425
Retained earnings	(21,446)	(23,135)
Other retained earnings		
Retained earnings brought forward	(21,446)	(23,135)
Accumulated gains (losses) from valuation and translation adjustments	57	131
Unrealized gains (losses) on available-for-sale securities, net of taxes	57	131
TOTAL NET ASSETS	33,471	27,171
TOTAL LIABILITIES AND NET ASSETS	43,979	40,901

Seven & i Food Systems Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 29, 2016	Year ended February 28, 2017
	Amount	Amount
Revenues from operations	83,839	82,562
Net sales	83,680	82,394
Cost of sales	30,180	30,046
Gross profit on sales	53,499	52,348
Other operating revenues	158	168
Gross profit from operations	53,658	52,516
Selling, general and administrative expenses	52,636	52,001
Salaries and bonuses	26,904	26,117
Land and building rent	7,570	7,643
Utility expenses	4,016	3,540
Depreciation and amortization	822	865
Legal welfare expenses	2,515	2,535
Other	10,806	11,297
Operating income	1,021	515
Non-operating income	124	106
Interest income	85	63
Dividends income	6	6
Income related to advertising media installation	10	-
Miscellaneous income	21	36
Non-operating expenses	24	26
Interest expenses	1	1
Miscellaneous expenses	22	25
Ordinary income	1,121	595
Special gains	69	111
Compensation income for expropriation	-	88
Gain on donation received	33	-
Other	36	22
Special losses	688	2,296
Impairment loss	636	1,753
Store-closing cost and removal expenses	21	61
Temporary expenses due to personnel system change	-	454
Other	29	26
Income (loss) before income taxes	503	(1,589)
Income taxes - current	177	166
Income taxes - deferred	(131)	(67)
Net income (loss)	457	(1,688)