CONSOLIDATED BALANCE SHEETS

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries at February 28, 2007 and 2006

Current assets: Cash and cash equivalents (Note 14) ¥ 570,134 ¥ 610,877 \$ 4,831,644 Notes and accounts receivable: Trade (Note 14) 128,337 110,830 1,087,602 Financial senvices 72,774 37,563 616,305 Franchisees and other 38,329 46,307 324,822 Allowance for doubtful accounts (2,959) (2,220) (25,036) Inventories 159,887 148,915 1,355,059 Defemed income taxes (Note 9) 36,701 31,725 311,025 Prepaid expenses and other current assets (Note 14) 271,214 118,824 2,298,424 Total current assets 1,274,377 1,102,819 10,799,805 Property and equipment, at cost (Notes 6, 7, 12 and 14) 2,385,908 2,181,522 20,219,559 Less: Accumulated depreciation (1,052,751) (981,030) (8,921,618) Property and equipment, at cost (Notes 6, 7, 12 and 14) 2,385,908 2,181,522 20,219,559 Less: Accumulated depreciation 103,487 96,957 877,009 Property and equipment, at cost (Notes 6, 7, 1		Millions of yen		Thousands of U.S. dollars (Note 3)
Cash and cash equivalents (Note 14)	ASSETS	2007	2006	2007
Trade (Note 14)	·	¥ 570,134	¥ 610,877	\$ 4,831,644
Franchisees and other	Trade (Note 14)			
Allowance for doubtful accounts. (2,959) (2,220) (25,076) (25,076) (256,431 192,480 20,36,53 192,480 192,480 20,36,53 159,897 148,913 1,355,099 Deferred income taxes (Note 9) 36,701 31,725 311,025 Prepaid expenses and other current assets (Note 14) 271,214 118,824 2,298,424 Total current assets. (Note 14) 1,274,377 1,102,819 10,799,805 Property and equipment, at cost (Notes 6, 7, 12 and 14) 2,385,908 2,181,522 20,219,559 Less: Accumulated depreciation (1,052,751) (981,030) (8,921,618) 1,333,157 1,200,492 11,297,941 1,333,157 1,200,492 11,297,941 1,333,157 1,200,492 11,297,941 1,333,157 1,200,492 11,297,941 1,333,157 1,335,157 1,				•
Deferred income taxes (Note 9) 148,913 1,355,059 148,913 1,355,059 148,913 1,355,059 1,350,059 1,350,059 1,350,059 1,350,059 1,350,059 1,274,377 1,102,819 10,799,805 1,274,377 1,102,819 10,799,805 1,274,377 1,102,819 10,799,805 1,274,377 1,102,819 10,799,805 1,353,157 1,200,492 11,297,941 1,353,157 1,200,492 11,297,941 1,353,157 1,200,492 11,297,941 1,353,157 1,200,492 11,297,941 1,353,157 1,200,492 1,297,941 1,353,157 1,200,492 1,297,941 1,353,157 1,200,492 1,297,941 1,353,157 1,200,492 1,297,941 1,353,157 1,200,492 1,297,941 1,353,157 1,200,492 1,297,941 1,297				
Inventories	Allowance for doubtful accounts		, ,	
Deferred income taxes (Note 9) 36,701 31,725 311,025 Prepaid expenses and other current assets (Note 14) 271,214 118,824 2,298,424 Total current assets 1,274,377 1,102,819 10,799,805 Property and equipment, at cost (Notes 6, 7, 12 and 14) 2,385,908 2,181,522 20,219,559 Less: Accumulated depreciation (1,052,751) (981,030) (8,921,618) Less: Accumulated depreciation 1,333,157 1,200,492 11,297,941 Intangible assets: Coodwill 375,302 272,015 3,180,525 Coodwill 378,789 368,972 4,057,534 Total current asset 3,1467,847 Long-term loans 1,462,8 21,458 125,661 Long-term leasehold deposits (Note 14) 463,602 463,239 3,928,831 Long-term leasehold deposits (Note 14) 463,602 463,239 3,928,831 Long-term leasehold deposits (Note 14) 463,602 463,239 3,928,831 Long-term leasehold deposits (Note 19) 5,966 50,559 Deferred income taxes (Note 9) 21,655 26,978 183,517 Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts 6,9006 (1,978) (76,522) 722,869 752,596 6,126,008	-		•	
Prepaid expenses and other current assets (Note 14) 271,214 118,824 2,298,424 Total current assets 1,274,377 1,102,819 10,799,805 Property and equipment, at cost (Notes 6, 7, 12 and 14) 2,385,908 2,181,522 20,219,559 Less: Accumulated depreciation (1,052,751) (981,030) (8,921,618) Less: Accumulated depreciation 1,335,157 1,200,492 11,297,941 Intangible assets: Coodwill 375,302 272,015 3,180,525 Software and other (Note 14) 103,487 96,957 877,009 478,789 368,972 4,057,534 Investments and other assets: Investments in securities (Notes 4 and 14) 173,206 216,933 1,467,847 Long-term loans 14,828 21,458 125,661 Long-term leasehold deposits (Note 14) 463,602 463,239 3,928,831 Prepaid pension cost (Note 10) 5,966 - 50,559 Deferred income taxes (Note 9) 21,655 26,978 183,517 Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts (9,006) (1,978) (76,522) 722,869 752,596 6,126,008			·	
Total current assets	· · · · · ·			
Property and equipment, at cost (Notes 6, 7, 12 and 14). Less: Accumulated depreciation. (1,052,751) (981,030) (8,921,618) 1,333,157 1,200,492 11,297,941 Intangible assets: Goodwill				
Intangible assets: Goodwill	iotal current assets	1,274,377	1,102,819	10,799,805
Intangible assets: Goodwill	Property and equipment, at cost (Notes 6, 7, 12 and 14) Less: Accumulated depreciation			
Software and other (Note 14) 103,487 96,957 877,009 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789	_	1,333,157	1,200,492	11,297,941
Software and other (Note 14) 103,487 96,957 877,009 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789	Intensible accets			
103,487 96,957 877,009 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 368,972 4,057,534 478,789 4		375 302	272.015	3 180 525
Investments and other assets: Investments in securities (Notes 4 and 14) Long-term loans Long-term leasehold deposits (Note 14) Prepaid pension cost (Note 10) Deferred income taxes (Note 9) Deferred income taxes (Note 9) Allowance for doubtful accounts 478,789 368,972 4,057,534 1,467,847 173,206 216,933 1,467,847 14,828 21,458 125,661 463,239 3,928,831 75,596 - 50,559 26,978 183,517 Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts (9,006) (10,978) (76,322) 722,869 752,596 6,126,008				
Investments in securities (Notes 4 and 14) 173,206 216,933 1,467,847 Long-term loans 14,828 21,458 125,661 Long-term leasehold deposits (Note 14) 463,602 463,239 3,928,831 Prepaid pension cost (Note 10) 5,966 - 50,559 Deferred income taxes (Note 9) 21,655 26,978 183,517 Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts (9,006) (10,978) (76,322) 722,869 752,596 6,126,008	-			
Long-term leasehold deposits (Note 14) 463,602 463,239 3,928,831 Prepaid pension cost (Note 10) 5,966 - 50,559 Deferred income taxes (Note 9) 21,655 26,978 183,517 Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts (9,006) (10,978) (76,322) 722,869 752,596 6,126,008	` ,			
Prepaid pension cost (Note 10). 5,966 - 50,559 Deferred income taxes (Note 9) 21,655 26,978 183,517 Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts (9,006) (10,978) (76,322) 722,869 752,596 6,126,008	· ·			
Deferred income taxes (Note 9) 21,655 26,978 183,517 Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts (9,006) (10,978) (76,322) 722,869 752,596 6,126,008			_	
Other (Note 14) 52,618 34,966 445,915 Allowance for doubtful accounts (9,006) (10,978) (76,322) 722,869 752,596 6,126,008			26,978	
Allowance for doubtful accounts (9,006) (10,978) (76,322) 722,869 752,596 6,126,008				
722,869 752,596 6,126,008		(9,006)	(10,978)	(76,322)
	_	722,869	752,596	6,126,008
*3,809,192 *3,424,879 \$32,281,288	_	¥3,809,192	¥3,424,879	\$32,281,288

The accompanying notes are an integral part of these balance sheets.

	Millions of yen		Thousands of U.S. dollars (Note 3)
LIABILITIES AND NET ASSETS	2007	2006	2007
Current liabilities:			
Short-term loans (Notes 11 and 14)	¥ 176,913	¥ 114,462	\$ 1,499,263
Current portion of long-term debt (Notes 11 and 14)	101,118	50,395	856,932
Notes and accounts payable:	•	•	•
Trade (Note 5)	203,673	182,074	1,726,042
Trade for franchised stores (Note 15)	101,857	103,050	863,195
Other	82,495	78,577	699,110
_	388,025	363,701	3,288,347
Accrued expenses	95,157	88,149	806,415
Income taxes payable	44,925	94,030	380,720
Deposits received	76,011	73,837	644,161
Deposits received in banking business	106,168	96,246	899,729
Allowance for bonuses to employees	14,789	13,609	125,331
Allowance for sales promotion expenses	19,515	17,554	165,381
Other (Note 9)	75,036	70,876	635,899
Total current liabilities	1,097,657	982,859	9,302,178
Long-term debt (Notes 11 and 14)	565,672	547,437	4,793,831
Allowance for accrued pension and severance costs (Note 10)	3,357	3,433	28,449
Allowance for retirement benefits to directors			
and corporate auditors	4,202	3,274	35,610
Deferred income taxes (Note 9)	74,167	77,213	628,534
Deposits received from tenants and franchised stores	61,124	57,821	518,000
Other liabilities	33,864	34,961	286,983
Total liabilities	1,840,043	1,706,998	15,593,585
Commitments and contingent liabilities (Notes 12 and 14)			
Net assets:			
Shareholders' equity:			
Common stock, authorized 4,500,000,000 shares, issued			
967,770,983 shares in 2007 and 1,346,383,002 shares in 2006	50,000	50,000	423,729
Capital surplus	766,186	611,704	6,493,102
Retained earnings	1,124,893	1,040,613	9,532,992
Treasury stock, at cost, 14,262,380 shares in 2007 and			
441,608,396 shares in 2006	(41,310)	(112,885)	(350,086)
_	1,899,769	1,589,432	16,099,737
Accumulated gains (losses) from valuation and translation adjustments:			
Unrealized gains (losses) on available-for-sale securities,			
net of taxes (Note 4)	(2,100)	7,954	(17,797)
Unrealized losses on hedging derivatives, net of taxes	(371)	_	(3,144)
Foreign currency translation adjustments	9,500	6,298	80,509
_	7,029	14,252	59,568
Minority interests in consolidated subsidiaries	62,351	114,197	528,398
Total net assets	1,969,149	1,717,881	16,687,703
_	¥3,809,192	¥3,424,879	\$32,281,288
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