

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the years ended February 28, 2007 and 2006

On September 1, 2005, Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd. and Denny's Japan Co., Ltd. established Seven & i Holdings Co., Ltd. (the "Company") and became wholly owned subsidiaries of the Company by means of a stock transfer. The consolidation procedures in connection with the stock transfer were accounted for in a manner similar to the pooling-of-interest method. The Company's Consolidated Financial Statements were prepared assuming that the above three subsidiaries were combined on March 1, 2005, and capital surplus and retained earnings in the Consolidated Financial Statements of Ito-Yokado Co., Ltd. as of February 28, 2005 were carried forward and recorded as the beginning balances of capital surplus and retained earnings in the Consolidated Statements of Changes in Net Assets of the Company.

	Millions of yen													
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total					
Balance at February 28, 2005	¥	—	¥	—	¥	—	¥	—	¥	—	¥	—	¥	—
Balance succeeded from the Consolidated Financial Statements of Ito-Yokado Co., Ltd. at beginning of year.....		122,654	983,675											1,106,329
Net income for the year.....			87,931											87,931
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries.....		3,261	(282)											2,979
Increase resulting from stock transfer.....		407,086												407,086
Cash dividends.....			(16,030)											(16,030)
Cash payment upon stock transfer... Directors' and corporate auditors' bonuses.....			(14,435)											(14,435)
Sales of treasury stock.....		78,703	(246)											(246)
Net increase (decrease) for the year.....	50,000			(112,885)	7,954		6,298	114,197						65,564
Balance at February 28, 2006	50,000	611,704	1,040,613	(112,885)	7,954	—	6,298	114,197						1,717,881
Net income for the year.....			133,419											133,419
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries.....			(49)											(49)
Increase (decrease) resulting from a stock-for-stock exchange.....		223,468		(6,441)										217,027
Cash dividends.....			(48,922)											(48,922)
Directors' and corporate auditors' bonuses.....			(168)											(168)
Purchase of treasury stock.....				(128)										(128)
Sales of treasury stock.....		1,505		7,653										9,158
Cancellation of treasury stock.....		(70,491)		70,491										—
Net increase (decrease) for the year.....					(10,054)	(371)	3,202	(51,846)						(59,069)
Balance at February 28, 2007	¥50,000	¥766,186	¥1,124,893	¥(41,310)	¥(2,100)	¥(371)	¥9,500	¥62,351	¥1,969,149					

	Thousands of U.S. dollars (Note 3)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustments	Minority interests in consolidated subsidiaries	Total	
Balance at February 28, 2006	\$423,729	\$5,183,932	\$8,818,755	\$(956,653)	\$ 67,407	\$ —	\$53,373	\$ 967,771	\$14,558,314	
Net income for the year.....			1,130,669						1,130,669	
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries.....			(415)						(415)	
Increase (decrease) resulting from stock-for-stock exchange.....		1,893,797		(54,585)					1,839,212	
Cash dividends.....			(414,593)						(414,593)	
Directors' and corporate auditors' bonuses.....			(1,424)						(1,424)	
Purchase of treasury stock.....				(1,085)					(1,085)	
Sales of treasury stock.....		12,754		64,856					77,610	
Cancellation of treasury stock.....		(597,381)		597,381					—	
Net increase (decrease) for the year.....					(85,204)	(3,144)	27,136	(439,373)	(500,585)	
Balance at February 28, 2007	\$423,729	\$6,493,102	\$9,532,992	\$(350,086)	\$(17,797)	\$(3,144)	\$80,509	\$528,398	\$16,687,703	

The accompanying notes are an integral part of these statements.