

# CONSOLIDATED STATEMENTS OF INCOME

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the fiscal years ended February 29, 2008 and February 28, 2007

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	2008
<b>Revenues from operations:</b>			
Net sales.....	¥5,223,833	¥4,839,554	\$49,750,790
Other operating revenues (Note 16).....	528,560	498,253	5,033,905
	<b>5,752,393</b>	<b>5,337,807</b>	<b>54,784,695</b>
<b>Costs and expenses:</b>			
Cost of sales (Note 16).....	3,863,848	3,568,336	36,798,552
Selling, general and administrative expenses (Notes 10, 12 and 16).....	1,607,457	1,482,633	15,309,114
	<b>5,471,305</b>	<b>5,050,969</b>	<b>52,107,666</b>
Operating income.....	<b>281,088</b>	<b>286,838</b>	<b>2,677,029</b>
<b>Other income (expenses):</b>			
Interest and dividend income.....	6,432	4,583	61,257
Interest expenses.....	(11,666)	(11,174)	(111,105)
Foreign currency exchange losses.....	(2,244)	(1,327)	(21,371)
Equity in earnings of affiliates.....	1,073	1,321	10,219
Impairment loss on property and equipment (Note 7).....	(20,031)	(14,199)	(190,771)
Gain on sales of property and equipment (Note 16).....	7,128	2,793	67,886
Loss on disposals of property and equipment (Note 16).....	(8,481)	(18,782)	(80,771)
Gain on sales of subsidiary's common stock.....	2,620	—	24,952
U.S. federal excise tax refund.....	4,036	—	38,438
Gain on increase of the Company's interest in consolidated subsidiaries.....	5,016	1	47,771
Gain on donations received (Note 16).....	1,600	—	15,238
Loss on sales of investments in securities.....	(17,942)	—	(170,876)
Valuation loss on investments in securities.....	(11,122)	(90)	(105,924)
Provision for loss on future collection of gift certificates.....	(7,085)	—	(67,476)
Other, net.....	(2,980)	(6,904)	(28,382)
	<b>(53,646)</b>	<b>(43,778)</b>	<b>(510,915)</b>
Income before income taxes and minority interests.....	<b>227,442</b>	<b>243,060</b>	<b>2,166,114</b>
<b>Income taxes (Note 9):</b>			
Current.....	109,462	99,526	1,042,495
Deferred.....	(21,223)	1,096	(202,124)
	<b>88,239</b>	<b>100,622</b>	<b>840,371</b>
Income before minority interests.....	<b>139,203</b>	<b>142,438</b>	<b>1,325,743</b>
<b>Minority interests in net income of consolidated subsidiaries.....</b>	<b>8,545</b>	<b>9,019</b>	<b>81,381</b>
Net income.....	<b>¥ 130,658</b>	<b>¥ 133,419</b>	<b>\$ 1,244,362</b>
		Yen	U.S. dollars (Note 3)
<b>Per share of common stock:</b>			
Net income (Basic).....	¥137.03	¥142.90	\$1.31
Cash dividends.....	54.00	52.00	0.51

The accompanying notes are an integral part of these statements.