

CONSOLIDATED BALANCE SHEETS

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

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	2007	2006	2007
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 services.....	72,724	37,563	616,305
Franchisees and other.....	38,329	46,307	324,822
Allowance for doubtful accounts.....	(2,959)	(2,220)	(25,076)
	<u>236,431</u>	<u>192,480</u>	<u>2,003,653</u>
Inventories.....	159,897	148,913	1,355,059
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.....	<u>1,274,377</u>	<u>1,102,819</u>	<u>10,799,805</u>
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)
	<u>1,333,157</u>	<u>1,200,492</u>	<u>11,297,941</u>
Intangible assets:			
Goodwill.....	375,302	272,015	3,180,525
Software and other (Note 14).....	103,487	96,957	877,009
	<u>478,789</u>	<u>368,972</u>	<u>4,057,534</u>
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)	(10,978)	(76,322)
	<u>722,869</u>	<u>752,596</u>	<u>6,126,008</u>
	<u>¥3,809,192</u>	<u>¥3,424,879</u>	<u>\$32,281,288</u>

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

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 3)
	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
	<u>388,025</u>	<u>363,701</u>	<u>3,288,347</u>
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.....	<u>1,097,657</u>	<u>982,859</u>	<u>9,302,178</u>
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	<u>1,840,043</u>	<u>1,706,998</u>	<u>15,593,585</u>
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)
	<u>1,899,769</u>	<u>1,589,432</u>	<u>16,099,737</u>
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
	<u>7,029</u>	<u>14,252</u>	<u>59,568</u>
Minority interests in consolidated subsidiaries	62,351	114,197	528,398
Total net assets.....	<u>1,969,149</u>	<u>1,717,881</u>	<u>16,687,703</u>
	<u>¥3,809,192</u>	<u>¥3,424,879</u>	<u>\$32,281,288</u>