

CONSOLIDATED STATEMENTS OF INCOME

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2007	2006	2007
Revenues from operations:			
Net sales	¥4,839,554	¥3,437,345	\$41,013,169
Other operating revenues (Note 16)	498,253	458,427	4,222,484
	<u>5,337,807</u>	<u>3,895,772</u>	<u>45,235,653</u>
Costs and expenses:			
Cost of sales (Note 16)	3,568,336	2,488,509	30,240,136
Selling, general and administrative expenses (Notes 10, 12 and 16)	1,482,633	1,162,323	12,564,686
	<u>5,050,969</u>	<u>3,650,832</u>	<u>42,804,822</u>
Operating income	<u>286,838</u>	<u>244,940</u>	<u>2,430,831</u>
Other income (expenses):			
Interest and dividend income	4,583	3,058	38,839
Interest expenses	(11,174)	(6,363)	(94,695)
Foreign currency exchange gains (losses)	(1,327)	3,236	(11,246)
Equity in earnings of affiliates	1,321	1,993	11,195
Impairment loss on property and equipment (Note 7)	(14,199)	(31,040)	(120,331)
Gain on sales of property and equipment (Note 16)	2,793	1,843	23,669
Loss on disposals of property and equipment (Note 16)	(18,782)	(8,185)	(159,169)
Costs in relation to tender offer	—	(20,776)	—
Gain from amendment of retirement allowance regulation in subsidiaries in the United States	—	3,011	—
Costs in relation to the establishment of the holding company	—	(2,598)	—
Provision for doubtful accounts	—	(5,789)	—
Additional retirement allowance for early retirement	—	(6,160)	—
Other, net	(6,993)	1,348	(59,262)
	<u>(43,778)</u>	<u>(66,422)</u>	<u>(371,000)</u>
Income before income taxes and minority interests	<u>243,060</u>	<u>178,518</u>	<u>2,059,831</u>
Income taxes (Note 9):			
Current	99,526	83,268	843,441
Deferred	1,096	(1,793)	9,288
	<u>100,622</u>	<u>81,475</u>	<u>852,729</u>
Income before minority interests	<u>142,438</u>	<u>97,043</u>	<u>1,207,102</u>
Minority interests in net income of consolidated subsidiaries	9,019	9,112	76,433
Net income	<u>¥ 133,419</u>	<u>¥ 87,931</u>	<u>\$ 1,130,669</u>
	Yen		U.S. dollars (Note 3)
Per share of common stock:			
Net income	¥142.90	¥100.83	\$1.21
Cash dividends	52.00	28.50	0.44

The accompanying notes are an integral part of these statements.