

CONSOLIDATED STATEMENT OF CASH FLOWS

SEVEN & i HOLDINGS CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES AT FEBRUARY 28, 2006

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2006	2006
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 178,518	\$ 1,538,948
Depreciation and amortization	97,811	843,198
Impairment loss on property and equipment	31,040	267,586
Decrease in allowance for bonuses to employees	(1,047)	(9,026)
Decrease in allowance for accrued pension and severance costs	(7,540)	(65,000)
Interest and dividend income	(3,058)	(26,362)
Interest expenses	6,363	54,853
Foreign currency gain	(2,717)	(23,422)
Gain on sales of subsidiary's common stock	(947)	(8,164)
Equity in earnings of affiliates	(1,993)	(17,181)
Gain on sales of property and equipment	(1,843)	(15,888)
Loss on disposals of property and equipment	8,185	70,561
Increase in accounts receivable, trade	(16,478)	(142,052)
Increase in accounts receivable, financial services	(4,722)	(40,707)
Increase in inventories	(3,255)	(28,060)
Decrease in accounts and notes payable	(21,291)	(183,543)
Proceeds from debt in banking business	21,000	181,034
Net increase in deposit received in banking business	29,873	257,526
Net decrease in call money in banking business	(25,000)	(215,517)
Other	34,493	297,354
Sub-total	317,392	2,736,138
Interest and dividends received	2,384	20,552
Interest paid	(6,015)	(51,853)
Income taxes paid	(96,435)	(831,337)
Net cash provided by operating activities	217,326	1,873,500
Cash flows from investing activities:		
Acquisitions of property and equipment	(146,180)	(1,260,172)
Proceeds from sales of property and equipment	4,703	40,543
Acquisition of intangible assets	(13,695)	(118,060)
Payment for purchase of investments in securities	(101,808)	(877,655)
Proceeds from sales and maturity of investments in securities	69,727	601,095
Acquisition of investments in subsidiaries	(133,451)	(1,150,440)
Proceeds from sales of investments in subsidiary	4,346	37,466
Acquisition of investments in newly consolidated subsidiaries	(74,709)	(644,043)
Payment of loans receivable	(3,561)	(30,698)
Collection of loans receivable	1,099	9,474
Payment for long-term leasehold deposits and advances for store construction	(24,412)	(210,448)
Refund of long-term leasehold deposits	29,776	256,690
Proceeds from deposits from tenants	6,668	57,483
Refund of deposits from tenants	(4,483)	(38,647)
Other	(2,100)	(18,105)
Net cash used in investing activities	(388,080)	(3,345,517)
Cash flows from financing activities:		
Decrease in short-term loans	(2,471)	(21,302)
Proceeds from long-term debt	41,500	357,759
Repayment of long-term debt	(12,533)	(108,043)
Proceeds from commercial paper	554,046	4,776,259
Payments for redemption of commercial paper	(544,532)	(4,694,241)
Payment for redemption of bonds	(20,000)	(172,414)
Dividends paid for minority interests	(16,045)	(138,319)
Payment in relation to stock transfer	(14,400)	(124,138)
Purchase of treasury stock	(127,102)	(1,095,707)
Proceeds from sale of treasury stock	238,222	2,053,638
Other	6,408	55,241
Net cash provided by financing activities	103,093	888,733
Effect of exchange rate changes on cash and cash equivalents	(4,562)	(39,328)
Net decrease in cash and cash equivalents	(72,223)	(622,612)
Cash and cash equivalents at beginning of year	683,100	5,888,793
Cash and cash equivalents at end of year	¥ 610,877	\$ 5,266,181

The accompanying notes are an integral part of these statements.