



April 12, 2006

Consolidated Financial Results for the Fiscal Year Ended February 28, 2006 YORK-BENIMARU CO., LTD.

-- Securities Code No. 8188

-- URL <http://www.yorkbeni.co.jp>

-- The Company's shares are listed on the First Section of the Tokyo Stock Exchange.

-- Address: 18-2, Asahi 2-chome, Koriyama, Fukushima, 963-8543, Japan

-- Date of the meeting of the Board of Directors to approve consolidated accounts: April 12, 2006

-- U.S. GAAP is not applied.

1. Business Results for the Fiscal Year ended February 28, 2006 (from March 1, 2005 to February 28, 2006)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations [Net sales]	Operating Income	Ordinary Income
Current Fiscal Year	314,909 7.8%	14,088 (2.0%)	14,170 0.0%
	[306,639 7.7%]		
Prior Fiscal Year	292,142 2.8%	14,374 8.2%	14,164 6.0%
	[284,787 2.8%]		
	Net Income	Net Income per Share	Diluted Net Income per Share
Current Fiscal Year	7,364 (5.6%)	144.73 (yen)	(yen)
Prior Fiscal Year	7,799 5.3%	153.13 (yen)	(yen)
	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Net Sales
Current Fiscal Year	6.1%	9.7%	4.6%
Prior Fiscal Year	6.8%	10.2%	5.0%

Notes: 1. All amounts less than one million yen have been disregarded.

2. Equity in losses of affiliates: Current Fiscal year: (57) million yen
Prior Fiscal year: - million yen

3. Average number of shares outstanding: Current Fiscal year: 50,283,132 shares
Prior Fiscal year: 50,426,190 shares

4. There is no change in accounting policies.

5. Percentages above represent increase/decrease over prior fiscal year unless otherwise stated.

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share
February 28, 2006	151,808	123,581	81.4%	2,441.30 (yen)
February 28, 2005	141,588	117,301	82.8%	2,324.73 (yen)

Note: Number of outstanding shares at end of the fiscal year: Current Fiscal year: 50,585,534 shares
Prior Fiscal year: 50,424,662 shares

(3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
Current Fiscal Year	13,106	(15,503)	(8,609)	19,247
Prior Fiscal Year	12,362	(17,469)	(1,723)	30,252

(4) Number of companies included in consolidated accounts

-The number of consolidated subsidiaries: 3
-The number of non-consolidated subsidiaries to which the equity method is applied: 0
-The number of affiliated companies to which the equity method is applied: 1

(5) Changes in the Scope of Consolidation

-The number of consolidated subsidiaries increased by 1.

2. Business Outlook for the Fiscal Year Ending February 28, 2007 (From March 1, 2006 to February 28, 2007)

(Millions of yen)

	Revenues from Operations [Net Sales]	Operating Income	Ordinary Income	Net Income
Interim Period	177,300 16.7% [172,700 16.8%]	6,950 (1.5%)	7,000 (1.1%)	3,820 0.9%
Entire Year	- - [- -]	- -	- -	- -

(Reference) Expected net income per share for the year ending February 28, 2007: - yen

Note: Percentages above represent increase/decrease over prior fiscal year.

Forward-Looking Statements

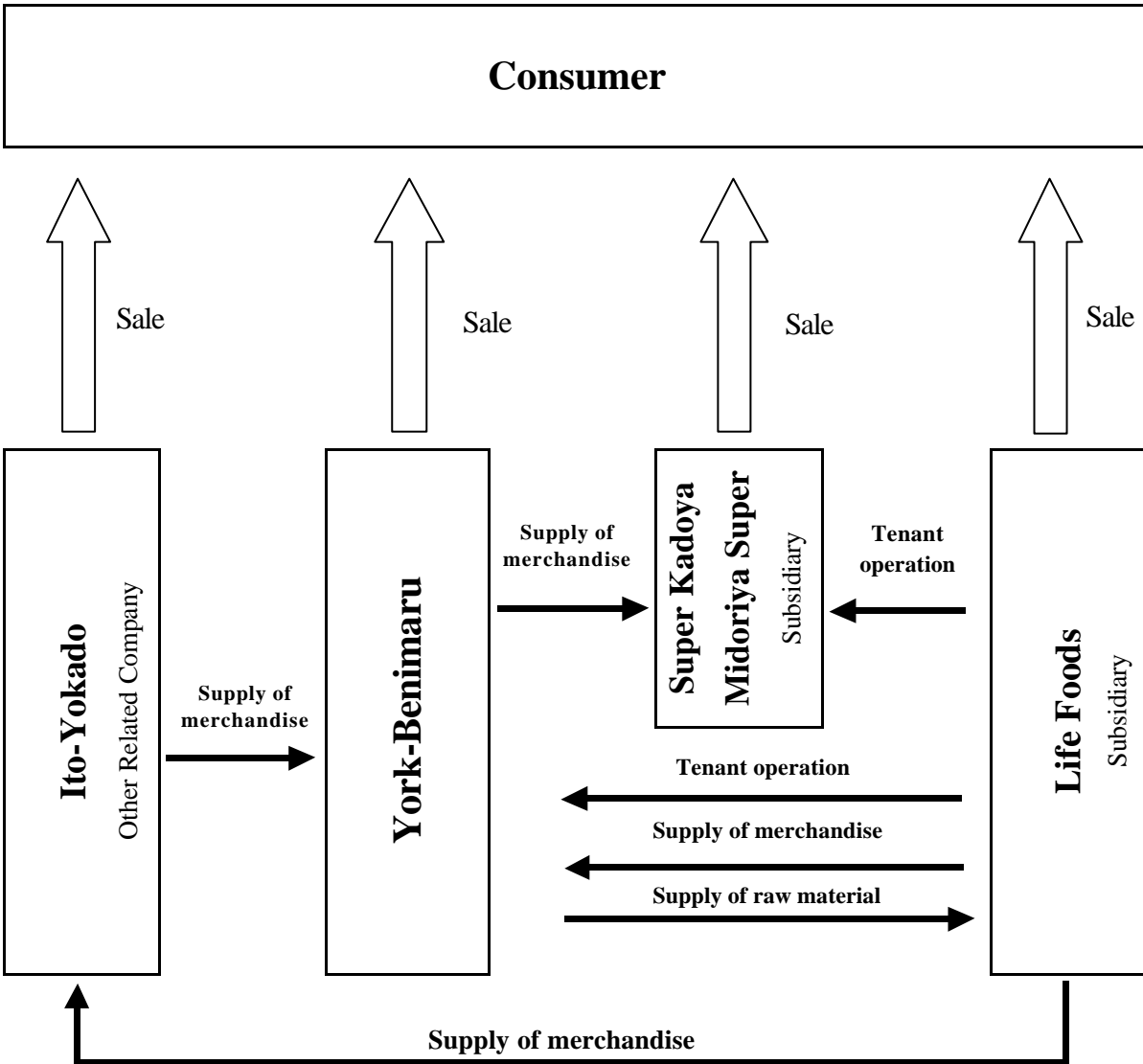
This document contains certain statements based on York-Benimaru's current plans, estimates and strategies; all statements that are not of historical fact are forward-looking statements. These statements represent the judgements and hypotheses of the Company's management based on currently available information. It is possible that the Company's future performance will differ significantly from the contents of these forward-looking statements. Accordingly, there is no assurance that the forward-looking statements in this document will prove to be accurate.

Because York-Benimaru Co., Ltd. is going to be delisted from the Tokyo Stock Exchange due to stock-for-stock exchange in late August 2006, Business Outlook for Entire Year was not disclosed.

GROUP ORGANIZATION

The Group is comprised of York-Benimaru Co., Ltd. and three subsidiaries, two other related companies and one affiliated company accounted for using the equity method and is engaged in the retail and food processing business as a member of the Seven & I Holdings Group.

- Retail business York-Benimaru is engaged in sales of primarily food, appare household goods. Some merchandise are purchased from Ito-Yokado and Life Foods Co., Ltd. based on agreements on the business tie-up.
Midoriya Super and Super Kadoya are engaged in sales of primarily food and household goods. Some merchandise are purchased from York-Benimaru.
- Food Processing business Life Foods Co., Ltd. processes *Sozai* and private brand food products (Tofu, Konnyaku, etc.) and supplies to York-Benimaru.



Companies not included in the chart above:

1. Other Related Company: Seven & I Holdings Co., Ltd.
Seven & I Holdings Co., Ltd., which is a parent company of Ito-Yokado, is engaged in controlling and managing subsidiaries in retail business
2. Affiliated companies to which the equity method is applied:
Beijing Wang fu jing Yokado Commercial Co., Ltd.
Beijing Wang fu jing Yokado Commercial Co., Ltd. is engaged in supermarket operation.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2006		February 28, 2005		Increase (decrease)
	Amount	%	Amount	%	
ASSETS					
Current Assets	45,356	29.9	56,228	39.7	(10,871)
Cash and bank deposits	19,250		26,256		(7,005)
Accounts receivable, trade	567		457		110
Marketable securities	-		3,999		(3,999)
Inventories	7,613		6,447		1,165
Prepaid expenses	1,183		705		477
Deferred income taxes	1,498		1,542		(43)
Deposits held by financial service company	11,000		13,000		(2,000)
Other current assets	4,243		3,819		424
Non-current Assets	106,451	70.1	85,360	60.3	21,091
Property and equipment	69,244	45.6	60,188	42.5	9,055
Buildings and structures	33,032		29,374		3,657
Machinery	1,013		976		36
Furniture, fixtures and equipment	2,760		1,978		782
Land	26,321		24,787		1,534
Construction in progress	6,116		3,071		3,044
Intangible assets	3,655	2.4	1,547	1.1	2,107
Goodwill	2,761		196		2,564
Other	893		1,350		(457)
Investments and other assets	33,552	22.1	23,623	16.7	9,928
Investments in securities	10,728		2,756		7,971
Long-term loans receivable	279		447		(167)
Long-term prepaid expenses	2,835		2,220		614
Deferred income taxes	1,015		1,222		(206)
Long-term leasehold deposits	17,629		16,831		798
Other	1,669		751		917
Allowance for doubtful accounts	(606)		(606)		-
TOTAL ASSETS	151,808	100.0	141,588	100.0	10,220

(Millions of yen)

	February 28, 2006		February 28, 2005		Increase (decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current Liabilities	26,010	17.1	22,531	15.9	3,479
Accounts payable, trade	13,344		11,901		1,442
Short-term loans	360		-		360
Income taxes payable	2,669		3,233		(563)
Accrued expenses	2,010		1,824		186
Allowance for bonuses to employees	1,420		1,260		160
Allowance for point-card expenses	14		-		14
Other	6,190		4,312		1,877
Non-current Liabilities	2,216	1.5	1,755	1.3	460
Accrued pension and severance costs	57		36		20
Allowance for retirement benefits to directors and corporate auditors	699		633		66
Other	1,459		1,085		373
TOTAL LIABILITIES	28,227	18.6	24,287	17.2	3,939
MINORITY INTERESTS	-	-	-	-	-
SHAREHOLDERS' EQUITY					
Common stock	9,927	6.5	9,927	7.0	-
Capital surplus	12,839	8.5	12,839	9.1	(0)
Retained earnings	99,015	65.2	93,729	66.2	5,286
Net unrealized gains on available-for-sale securities	1,917	1.3	1,327	0.9	589
Cumulative translation adjustments	29	0.0	-	-	29
Treasury stock	(148)	(0.1)	(522)	(0.4)	374
TOTAL SHAREHOLDERS' EQUITY	123,581	81.4	117,301	82.8	6,280
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	151,808	100.0	141,588	100.0	10,220

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (decrease)	% of prior fiscal year
	Amount	%	Amount	%	Amount	
Operating income and expenses						%
[Revenues from operations]	[314,909]		[292,142]		[22,766]	107.8
Net sales	306,639	100.0	284,787	100.0	21,852	107.7
Cost of sales	218,118	71.1	202,840	71.2	15,278	107.5
Gross profit	88,520	28.9	81,946	28.8	6,574	108.0
Other operating revenue	8,269	2.7	7,354	2.5	914	112.4
Revenue from commission fee	6,809		6,394			
Rental revenue on real estate	1,459		960			
Gross profit from operations	96,790	31.6	89,301	31.3	7,488	108.4
Selling, general and administrative expenses	82,701	27.0	74,927	26.3	7,774	110.4
Operating income	14,088	4.6	14,374	5.0	(285)	98.0
Non-operating income and expenses						
Non-operating income	262	0.1	181	0.1	80	144.1
Interest income	107		83			
Dividend income	23		23			
Commission fee from tenant	47		-			
Other	83		75			
Non-operating expenses	179	0.1	391	0.1	(211)	45.9
Interest expenses	5		-			
Equity in losses of affiliates	57		-			
Bad debt loss	59		-			
Provision for allowance for doubtful accounts	-		303			
Other	57		88			
Ordinary income	14,170	4.6	14,164	5.0	6	100.0
Special gains and losses						
Special gains	22	0.0	11	0.0	10	192.7
Gain on sale of property and equipment	20		7			
Other	1		3			
Special losses	1,331	0.4	326	0.1	1,004	407.8
Loss on sale of property and equipment	16		7			
Loss on disposal of property and equipment	312		163			
Impairment losses	365		-			
Costs in relation to system integration	545		-			
Other	90		155			
Income before income taxes	12,861	4.2	13,849	4.9	(987)	92.9
Income taxes - current	5,571	1.8	6,222	2.2	(651)	
Income taxes - deferred	(74)	(0.0)	(172)	(0.0)	98	
Net income for the year	7,364	2.4	7,799	2.7	(435)	94.4

CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS

(Millions of yen)

	Current Fiscal Year	Prior Fiscal Year	Increase (decrease)
CAPITAL SURPLUS			
Capital surplus at beginning of year	12,839	12,839	0
Increase in capital surplus	-	0	(0)
Gain on sales of treasury stock	-	0	(0)
Decrease in capital surplus	0	-	0
Reversal of gain on sales of treasury stock	0	-	0
Capital surplus at end of year	12,839	12,839	(0)
RETAINED EARNINGS			
Retained earnings at beginning of year	93,729	87,716	6,012
Increase in retained earnings	7,364	7,799	(435)
Net income	7,364	7,799	(435)
Decrease in retained earnings	2,077	1,786	291
Cash dividends	1,936	1,714	221
Bonuses to directors and corporate auditors	77	71	5
Loss on sales of treasury stock	63	-	63
Retained earnings at end of year	99,015	93,729	5,286

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Current Fiscal Year	Prior Fiscal Year	Increase (decrease)
Cash flows from operating activities:			
Income before income taxes	12,861	13,849	(987)
Depreciation and amortization	5,267	5,226	40
Impairment losses	365	-	365
Amortization of goodwill	198	78	119
Equity in losses of affiliates	57	-	57
Increase in allowance for bonuses to employees	119	46	73
Decrease in accrued pension and severance costs	(32)	(252)	219
Increase in allowance for retirement benefits to directors and corporate auditors	66	88	(22)
Interest and dividend income	(131)	(106)	(24)
Loss on sale and disposal of property and equipment	329	171	157
Gain on sale of property and equipment	(20)	(7)	(12)
Costs in relation to system integration	545	-	545
Increase in accounts receivable, trade	(103)	(61)	(41)
Increase in inventories	(451)	(116)	(335)
Decrease in accounts payable, trade	(15)	(107)	92
Other, net	129	(199)	328
Sub-total	19,186	18,609	576
Interest and dividends received	129	96	32
Interest paid	(5)	-	(5)
Income taxes paid	(6,203)	(6,343)	140
Net cash provided by operating activities	13,106	12,362	744
Cash flows from investing activities:			
Increase in time deposits	(3)	(3)	-
Decrease in time deposits	3	3	-
Increase in deposits held by financial service company	2,000	(5,000)	7,000
Acquisition of property and equipment	(10,048)	(11,684)	1,636
Proceeds from sale of property and equipment	68	88	(19)
Payment for disposal of property and equipment	(131)	(19)	(112)
Acquisition of intangible assets	(248)	(298)	49
Proceeds from sale of intangible assets	20	-	20
Acquisition of investments in securities	(7,195)	-	(7,195)
Proceeds from sale of investments in securities	215	42	173
Payment for loans receivable	(89)	(991)	901
Collection of loans receivable	113	916	(803)
Payment for leasehold deposits	(200)	(1,630)	1,429
Refund of leasehold deposits	810	562	247
Proceeds from acquisition of investment in a subsidiary	1,058	-	1,058
Other, net	(1,876)	543	(2,419)
Net cash used in investing activities	(15,503)	(17,469)	1,966
Cash flows from financing activities:			
Repayment of short-term loans	(1,871)	-	(1,871)
Repayment of bonds	(60)	-	(60)
Acquisition of treasury stock	(4,741)	-	(4,741)
Dividends paid	(1,936)	(1,714)	(211)
Other, net	-	(8)	8
Net cash used in financing activities	(8,609)	(1,723)	(6,885)
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Decrease in cash and cash equivalents	(11,005)	(6,830)	(4,175)
Cash and cash equivalents at beginning of year	30,252	37,083	(6,830)
Cash and cash equivalents at end of year	19,247	30,252	(11,005)

Note

In Cash flows from financing activities, "Acquisition of treasury stock" was separately disclosed for the year ended February 28, 2006, which was included in "Other" for the year ended February 28, 2005, because the amount was considered material. The amount of "Acquisition of treasury stock" was ¥(9) million for the year ended February 28, 2005.

Significant Accounting Policies for the Preparation of Financial Statements

1. Scope of consolidation
The consolidated financial statements include the accounts of York-Benimaru Co., Ltd. (the "Company") and three subsidiaries, Life Foods Co., Ltd., Midoriya Super Co., Ltd. and Super Kadoya Co., Ltd. (Super Kadoya). Super Kadoya was newly included in the scope of consolidation in the current fiscal year as Super Kadoya became a wholly owned subsidiary by stock-for-stock exchange on September 1, 2005. Financial statements of Super Kadoya during the period from September 1, 2005 to March 31, 2006 were included in the consolidated financial statements of the Company.
2. Application of the equity method
Beijing Wang fujing Yokado Commercial Co., Ltd is included in the scope of applying the equity method. Its year-end date is December 31.
3. Fiscal year-end of consolidated subsidiaries
The fiscal year-end of all consolidated subsidiaries is the same as the Company.
4. Summary of significant accounting principles
 - (a) Valuation method of major assets
 - (1) Valuation method of securities
Available-for-sale securities are classified into two categories: () fair value available and () fair value is not available.
 - () Securities, whose fair value is available, are valued at quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of the shareholders' equity at a net-of-tax amount. Cost of sales is determined by the moving-average method.
 - () Securities, whose fair value is not available, are valued at cost, determined by the moving-average method.
 - (2) Valuation method of inventories
 - () Fresh foods merchandise is valued at cost. Cost is determined by the last purchase price method
 - () Merchandise held at stores, other than Fresh foods merchandise is valued at the lower of cost or market value. Cost is determined by the retail method.
 - () Merchandise held at distribution centers is valued at cost. Cost is determined by the first-out method.

Merchandise held by one of consolidated subsidiaries is valued at cost. Cost is determined by the retail method.

Suppliers are valued at cost. Cost is determined by the last purchase price method.
 - (b) Depreciation and amortization
 - (1) Property and equipment
Depreciation expenses are computed on the declining-balance method.
One subsidiary computes its depreciation expenses for buildings acquired after April 1, 1998, using the straight-line method.
 - (2) Intangible assets
Amortization expenses for intangible assets are computed on the straight-line method.
Software is amortized on the straight-line method over an estimated useful life of 5 years.
 - (c) Allowances
 - (1) Allowance for doubtful accounts
An allowance for doubtful accounts is provided against potential losses on accounts receivable at an amount measured using a historical bad debt ratio, plus an amount individually measured on collectibility of receivables that are expected to be uncollectible due to bad financial condition or insolvency.

- (2) Allowance for bonuses to employees
An allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.
- (3) Allowance for accrued pension and severance costs
An allowance for accrued pension and severance costs is provided for at the amount incurred during the year, which is based on the estimated present value of the projected benefit obligations less the estimated fair value of plan assets at the end of the year. Unrecognized prior service costs are amortized on a straight-line basis over the period of 5 years from the year in which they arise. Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise.
- (4) Allowance for retirement benefits to directors and corporate auditors
An allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy.
- (5) Allowance for point card expenses
An allowance for point card expenses is provided for the use of points given to customers at the amount expected to be used on the balance sheet date in accordance with the point card program.
- (d) Impairment losses
The Company has adopted the "Accounting Standard for Impairment of Fixed Assets" and Financial Accounting Standards Guidance No.6, "Implementation Guidance for Accounting Standards for Impairment of Fixed Assets" issued by the Accounting Standards Board of Japan since prior fiscal year.
- (e) Leases
All finance lease contracts other than those by which the ownership of the leased assets is to be transferred to lessee are accounted for as operating lease.
- (f) Accounting for consumption taxes
Consumption taxes are separately accounted for, and are excluded from the amounts of the underlying income and expense transactions.
5. Valuation of assets and liabilities of consolidated subsidiaries
All assets and liabilities of the consolidated subsidiaries, including the portion attributable to minority interests, are valued at fair value applicable to the respective dates when the subsidiaries were initially consolidated.
6. Goodwill
Goodwill, representing the difference between the cost of an investment in a subsidiary and the fair value of the Company's share of the net assets of the subsidiary, is treated as an asset or a liability, as the case may be, and is amortized over a period of five or thirteen years on a straight-line basis.
7. Appropriation of retained earnings
The accompanying consolidated statements of capital surplus and retained earnings have been prepared based on the appropriation of retained earnings approved during the year.
8. Cash and cash equivalents
Cash and cash equivalents in the accompanying consolidated statements of cash flows are composed of cash on hand, bank deposits which can be withdrawn at any time, and short-term investments with an original maturity of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

Change in accounting presentation

In Non-operating income, Commission fee from tenant was separately disclosed for the year ended February 28, 2006, which was included in "Other" for the year ended February 28, 2005, because the amount exceeded 10% of total Non-operating income. The amount of Commission fee from tenant was ¥ 6 million for the year ended February 28, 2005.

Additional information

The Corporation Size-based Enterprise Tax system was effective for fiscal year beginning on or after April 1, 2004. For the year ended February 28, 2006, a corporation size-based enterprise tax was recorded as selling, general and administrative expenses, in accordance with the "Disclosure on the Statement of Income for the Corporation Size-based Enterprise Tax" (Practical Issues Task Force Report No.12, February 13, 2004, issued by Accounting Standards Board in Japan).

As a result, selling, general and administrative expenses increased by ¥ 263 million.

Notes to Consolidated Financial Statements

Consolidated Balance Sheets;

(Millions of yen)

	As of February 28, 2006	As of February 28, 2005
1. Accumulated depreciation of property and equipment	59,440	55,365
2. Guarantees	12	27

Consolidated Statements of Income;

1. Major items included in "Selling, general and administrative expenses" are as follows:

(Millions of yen)

	For the year ended February 28, 2006	For the year ended February 28, 2005
Salaries and bonuses	35,597	32,196
Provision for allowance for bonuses to employees	1,357	1,238

2. Cost of sales includes the difference between the "retail method at average cost" and the "retail method at lower of cost or market".

(Millions of yen)

	For the year ended February 28, 2006	For the year ended February 28, 2005
Difference between the "retail method at average cost"	1,333	1,191

3. Major items included in "Gain on sale of property and equipment" are as follows:

(Millions of yen)

	For the year ended February 28, 2006	For the year ended February 28, 2005
Land	20	7
Furniture, fixtures and equipment	0	-

4. Major items included in "Loss on sale of property and equipment" are as follows:

(Millions of yen)

	For the year ended February 28, 2006	For the year ended February 28, 2005
Land	0	-
Buildings and structures	10	-
Machinery	0	7
Furniture, fixtures and equipment	4	-

5. Major items included in "Loss on disposal of property and equipment" are as follows:

(Millions of yen)

	For the year ended February 28, 2006	For the year ended February 28, 2005
Buildings and structures	157	95
Furniture, fixtures and equipment	154	67
Total	312	163

6. For the year ended February 28, 2006, The Company recognized Impairment losses for the following group of assets.

	Location	Description	Amount (Millions of yen)
Operating stores	Ibaraki 2 stores	Goodwill, Buildings and structures, and Other	365

The Company and its subsidiaries group its fixed assets by store which is the minimum cash-generating unit. The book value of stores whose profitability were low were reduced to recoverable amount and the amount written down was recorded as impairment loss.

Impairment losses of ¥ 365 million (Goodwill, ¥ 352 million; Buildings and structures, ¥ 3 million; and Other, ¥ 9 million) were recognized and recorded as "Impairment loss" (Special losses) in the accompanying consolidated statements of income.

The recoverable value of the assets group is measured based on the net realizable value and the Company valued the net realizable value as zero.

For the year ended February 28, 2005

There were no material impairment losses for the year ended February 28, 2005.

Consolidated Statements of Cash Flows;

Reconciliation of cash and cash equivalents in the consolidated statements of cash flows and account balances in the consolidated balance sheets.

(Millions of yen)

	As of February 28, 2006	As of February 28, 2005
Cash and bank deposits	19,250	26,256
Time deposits with an original maturity of more than three months	(3)	(3)
Securities	-	3,999
Cash and cash equivalents	19,247	30,252

Summary of net assets (assets and liabilities) and acquisition costs of companies which became a consolidated subsidiary due to stock-for-stock exchange for the current year

(Millions of yen)

	As of acquisition date
Current assets	1,972
Non-current assets	4,813
Goodwill	3,115
Current liabilities	(2,269)
Non-current liabilities	(2,581)
Acquisition cost	5,051
Treasury stock used for the exchange	(5,051)
Cash and cash equivalents of the subsidiary	(1,058)
Receipt from acquisition of the subsidiary	1,058

Segment Information

1. Business segment information

Business segment information for the year ended February 28, 2005 and 2006 have not been disclosed because revenues from operations, operating income and total assets of the supermarket chain business constituted over 90% of the consolidated totals, respectively.

2. Geographic segment information

The Company has no overseas consolidated subsidiaries for the year ended February 28, 2005 and 2006.

3. Overseas sales

The Company has no overseas sales for the year ended February 28, 2005 and 2006.

Leases

1. Financial lease contracts other than those by which the ownership of the leased assets is to be transferred to lessee.

(1) Acquisition cost, accumulated depreciation and net book value, including the interest portion, are summarized as follows:

(Millions of yen)

	As of February 28, 2006	As of February 28, 2005
Furniture, fixtures and equipment:		
Acquisition cost	8,253	6,660
Accumulated depreciation	4,354	3,302
Net book value	3,899	3,358

(2) The amounts of outstanding future lease payments, including the interest portion, are summarized as follows:

(Millions of yen)

	As of February 28, 2006	As of February 28, 2005
Within one year	1,469	1,281
Over one year	2,430	2,076
Total	3,899	3,358

(3) Lease payments and depreciation expense are as follows:

(Millions of yen)

	For the year ended February 28, 2006	For the year ended February 28, 2005
Lease payments	1,581	1,369
Depreciation expense	1,581	1,369

(4) Depreciation expense is computed using the straight-line method over the lease term assuming no residual value.

2. Operating leases

The amounts of outstanding future lease payments, including the interest portion, are summarized as follows:

(Millions of yen)

	As of February 28, 2006	As of February 28, 2005
Within one year	313	206
Over one year	4,313	2,847
Total	4,627	3,054

All amounts less than one million yen have been disregarded.

Related party transactions

(As of and for the year ended February 28, 2006)

Parent company or significant shareholder

(Millions of yen)

Name	Location	Common stock	Business	Percentage of equity ownership	Detail of relationship		Transaction	Transaction amount	Account	Balance at year-end
					Number of directors assigned	Business relationship				
Ito-Yokado Co., Ltd	Chiyoda, Tokyo	47,987	Operation of Supermarket store chain	36.3% (including indirect ownership, 4.9%)	2	Business tie-up	Purchase of stocks	4,345		

Directors and major shareholders

Companies which our directors and their relatives own majority part of the company's shares.

(Millions of yen)

Name	Location	Common stock	Business	Percentage of equity ownership	Detail of relationship		Transaction	Transaction amount	Account	Balance at year-end
					Number of directors assigned	Business relationship				
Koriyama Kanko Kotsu Co., Ltd	Koriyama, Fukushima	20	Transportation	Direct: 57.0% A relative of York-Benimaru's COO	None	Taxi and surrogate driving service	Payment of fare	24	Accounts payable, other	2
Oyama Yuenchi Co., Ltd	Oyama, Tochigi	10	Rental management service	Direct: 100.0% A relative of York-Benimaru's corporate auditor	None	Spa facility rental	Facility rental income	91	Advances received	4
						Consulting service	Deposits received	14	Long-term deposits	14
							Payment of fee	43	-	-

Terms of transactions: Transactions with the companies above are on arm's length basis.

Note:

Figures in "Transaction amount" do not include consumption taxes and figures in "Balance at year-end" include consumption taxes.

Affiliated company

A subsidiary of the other related company

(Millions of yen)

Name	Location	Common stock	Business	Percentage of equity ownership	Detail of relationship		Transaction	Transaction amount	Account	Balance at year-end
					Number of directors assigned	Business relationship				
SEVEN & i Financial Center Co., Ltd.	Chiyoda, Tokyo	10	Management of IY Group funds	-	1	Deposits of funds	Deposits of funds (Net)	(2,000)	Deposits held at financial service company	11,000
Seven Bank, Ltd.	Chiyoda, Tokyo	61,000	Banking	-	1	Credits of funds	Credits of funds (Net)	(999)	Bank Deposits	2,000

Terms of transactions:

Terms of transactions with Seven & i Financial Center Co., Ltd. are fairly determined based on the market conditions
(On September 1, 2005, IYG Financial Center Co., Ltd. changed its name to Seven & i Financial Center Co., Ltd.)

Transactions with Seven Bank, Ltd above are on arm's length basis.

Deferred income taxes

For the year ended February 28, 2006

1. The tax effects of temporary differences that give rise to the significant components of deferred tax assets and liabilities are as follows:

(Millions of yen)

Deferred tax assets:	
Enterprise tax payable	204
Allowance for bonuses to employees	566
Depreciation and amortization	303
Allowance for retirement benefits to directors and corporate auditors	278
Valuation loss on inventories based on lower of cost or market value	530
Amortization of right of leasehold	1,292
Loss on disposal of property and equipment	90
Loss on discontinuance of development	396
Bad debt loss	241
Other	285
Subtotal	4,189
Deferred tax liabilities:	
Prepaid pension costs	191
Provision for deferred gain on sale of property and equipment	213
Net unrealized gains on available-for-sale securities	1,269
Subtotal	1,674
Deferred tax assets, net	2,514

2. The reconciliation between the statutory tax rate and the effective tax rate for the year ended February 28, 2006 is as follows:

Statutory tax rate	39.8%
Adjustments:	
Inhabitant tax per capita	1.7
Impairment loss of goodwill	1.1
Amortization of goodwill	0.6
Other	(0.5)
Effective tax rate	42.7%

Securities Information

1. Available-for-sale securities (fair value is available)

(Millions of yen)

	Description	As of February 28, 2006			As of February 28, 2005		
		Acquisition cost	Book value	Net unrealized gains/(losses)	Acquisition cost	Book value	Net unrealized gains/(losses)
Securities with book value exceeding acquisition cost	Equity securities	507	3,692	3,185	494	2,700	2,205
	Subtotal	507	3,692	3,185	494	2,700	2,205
Securities with book value not exceeding acquisition cost	Equity securities	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-
	Total	507	3,692	3,185	494	2,700	2,205

2. Available-for-sale securities sold during the fiscal year ended February 28, 2006 and 2005.

(Millions of yen)

	For the year ended February 28, 2006			For the year ended February 28, 2005		
	Sales value	Total amount of gain on sales	Total amount of loss on sales	Sales value	Total amount of gain on sales	Total amount of loss on sales
Total	1	0	-	42	3	-

3. Major securities which are not subject to revaluation

(Millions of yen)

	Description	As of February 28, 2006	As of February 28, 2005
		Book value	Book value
Held-to-maturity debt	Commercial Paper	-	3,999
Available-for-sale securities	Unlisted securities (excluding the OTC securities)	7,036	56
	Total	7,036	4,056

4. Redemption schedule of held-to-maturity debt securities

(Millions of yen)

	As of February 28, 2006				As of February 28, 2005			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Commercial Paper	-	-	-	-	3,999	-	-	-

Derivative Transactions

There were no derivative transactions for the year ended February 28, 2006 and 2005.

Accounting for Retirement Benefits

1. Retirement benefit plans

The Company and one of its consolidated subsidiaries have participated in the "Seven & I Holdings Employees' Pension Fund".

2. Projected retirement benefit obligations

(Millions of yen)

	As of February 28, 2006	As of February 28, 2005
Projected benefit obligations	13,993	13,536
Plan assets	14,909	13,119
Unrecognized actuarial differences	(110)	1,017
Unrecognized prior service costs	(380)	(489)
Accrued pension and severance costs	57	36
Prepaid pension and severance costs	482	147

Note:

For two consolidated subsidiaries, the simplified method is employed in computing benefit obligations.

3. Net periodic pension expenses

(Millions of yen)

	For the year ended February 28, 2006	For the year ended February 28, 2005
Service cost (Notes 1, 2)	685	854
Interest cost	337	337
Expected return on plan assets	(459)	(476)
Amortization of unrecognized prior service costs	(108)	(54)
Amortization of unrecognized actuarial differences	119	(5)

Notes

- The employee contribution is excluded from the service cost.
- Net periodic pension expenses of the subsidiaries using the simplified method are included.

4. Assumptions used in accounting for accrued pension and severance costs

	As of and for the year ended February 28, 2006	As of and for the year ended February 28, 2005
Discount rate	2.5 %	2.5 %
Expected return on plan assets	3.5 %	3.5 %
Allocation method of estimated total retirement benefits	Point basis	Point basis
Periods over which the prior service costs are amortized	5 year	5 years
Periods over which the actuarial differences are amortized	10 years	10 years

Subsequent events

(The Stock-for-stock Exchange Agreement with Seven & I Holdings Co., Ltd.)

The board of directors of the Company approved a resolution that the Company would become a wholly owned subsidiary of Seven & I Holdings Co., Ltd. (the “Holding company”) by means of stock-for-stock exchange, and the Company entered into a Stock-for-stock Exchange Agreement with the Holding company.

1. Objective of the stock-for-stock exchange

The Company has managed to build a firm foundation for its operation and an excellent financial position in the Tohoku district as a member of Supermarket chain of the Seven & I Holdings Group. At this time, the Company entered into the Stock-for-stock Exchange Agreement in order to increase corporate value of the entire group by sharing business information and seeking out a synergy effect as a core member of Supermarket chain of the Seven & I Holdings Group.

2. Schedule

- | | |
|-----------------------|--|
| On April 11, 2006: | • The board of directors meeting of both parties to approve the Stock-for-stock Exchange Agreement |
| | • Enter into the Stock-for-stock Exchange Agreement |
| On May 19, 2006: | • The shareholders’ meeting of the Company to approve the Stock-for-stock Exchange Agreement. |
| On September 1, 2006: | • The date of Stock-for-stock Exchange |

(*) Approval at the shareholders’ meeting of the Holding company is not required as simplified method for stock-for-stock exchange is applied.

3. Stock exchange ratio

Stock exchange ratio is as follows:

1 share of the Company : 0.88 share of the Holding company

(*) The Holding company’s shares are not allotted to the Company’s shares held by the Holding company.

Breakdown of Sales by Product Category (Consolidated)

(Millions of yen)

	Current Fiscal Year		Prior fiscal year		% of prior fiscal year (%)
	Sales	%	Sales	%	
Fresh Foods	91,438	29.8	84,257	29.6	108.5
Processed Foods	67,536	22.0	61,115	21.5	110.5
Daily Foods	57,021	18.6	52,178	18.3	109.3
Delicatessen	36,875	12.1	33,774	11.8	109.2
Foods Total	252,872	82.5	231,326	81.2	109.3
Apparel	20,000	6.5	19,453	6.8	102.8
Household Goods	18,774	6.1	18,071	6.4	103.9
Other Business	14,992	4.9	15,935	5.6	94.1
Total	306,639	100.0	284,787	100.0	107.7

1. The Delicatessen category consists of sales of sozai prepared dishes, sushi, bakery foods and fast-food items.
2. The Other Business category consists of sales of tenants.
3. Consumption taxes are excluded from the amounts above.

Breakdown of Sales by Product Category (Non-consolidated)

(Millions of yen)

	Current Fiscal Year		Prior fiscal year		% of prior fiscal year (%)
	Sales	%	Sales	%	
Fresh Foods	85,526	29.5	83,017	29.6	103.0
Processed Foods	63,304	21.9	59,978	21.4	105.5
Daily Foods	52,881	18.3	51,068	18.2	103.5
Foods Total	201,712	69.7	194,065	69.2	103.9
Apparel	19,872	6.9	19,453	6.9	102.2
Household Goods	18,074	6.2	17,779	6.3	101.7
Other Business	49,734	17.2	49,297	17.6	100.9
Total	289,393	100.0	280,595	100.0	103.1

Consumption taxes are excluded from the amounts above.