



April 12, 2007

Consolidated Financial Results for the Fiscal Year Ended February 28, 2007

Seven & i Holdings Co., Ltd.

(URL <http://www.7andi.com>)

Securities Code No. 3382

President and C.O.O. : Noritoshi Murata

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

Date of the meeting of the Board of Directors to approve consolidated accounts: April 12, 2007

U.S. GAAP is not applied.

1. Business Results for the Fiscal Year Ended February 28, 2007 (from March 1, 2006 to February 28, 2007)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income	
Current Fiscal Year	5,337,806	37.0 %	286,838	17.1 %	282,016	13.7 %	133,419	51.7 %
Prior Fiscal Year	3,895,772	-	244,940	-	248,110	-	87,930	-

	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Owners' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Revenues from Operations
Current Fiscal Year	142.90	-	7.6 %	7.8 %	5.3 %
Prior Fiscal Year	100.83	-	5.5 %	7.2 %	6.4 %

- Notes:
- All amounts less than one million yen have been disregarded
 - Equity in earnings of affiliates: Current Fiscal Year: 1,321 million yen Prior Fiscal Year: 1,993 million yen
 - Average number of shares outstanding: Current Fiscal Year: 933,675,491 shares Prior Fiscal Year: 870,127,116 shares
 - Change in accounting policies: None
 - The Company was established on September 1, 2005. The Company's consolidated results for the fiscal year ended February 28, 2006 were prepared, assuming that the Company had been established on March 1, 2005
 - Percentages above represent increase from the prior fiscal year unless otherwise stated. The Company started to compile the consolidated financial results from prior fiscal year; therefore year-on-year change for prior fiscal year is not stated
 - Net income per share and diluted net income per share for prior fiscal year were calculated by using average number of outstanding shares during prior fiscal year, assuming that the Company had been established on March 1, 2005
 - Ratio of net income to owners' equity and ratio of ordinary income to total assets for prior fiscal year were calculated by using owners' equity and total assets at the end of fiscal year

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Capital Adequacy Ratio	Net Assets per Share
As of February 28, 2007	3,809,192	1,969,149	50.1%	1,999.77
As of February 28, 2006	3,424,878	1,603,684	46.8%	1,772.25

- Note: Number of shares outstanding at the end of fiscal year:
Current Fiscal Year: 953,508,603 shares Prior Fiscal Year: 904,774,606 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	157,209	(235,983)	37,241	570,133
Prior Fiscal Year	217,325	(388,080)	103,093	610,876

(4) Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 80

Number of nonconsolidated subsidiaries accounted for using the equity method: 0

Number of affiliated companies accounted for using the equity method: 12

(5) Change in the Scope of Consolidation

The number of consolidated subsidiaries increased by 7 and decreased by 3.

The number of affiliated companies to which the equity method is applied increased by 2 and decreased by 1.

2. Business Outlook for the Fiscal Year Ending February 29, 2008 (From March 1, 2007 to February 29, 2008)

(Millions of yen)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income	
Interim Period	2,840,000	11.1 %	148,000	4.1 %	144,000	3.3 %	76,000	10.7 %
Entire Year	5,755,000	7.8 %	300,000	4.6 %	292,000	3.5 %	150,000	12.4 %

< Reference > Expected consolidated net income per share for the fiscal year ending February 29, 2008 157.31 yen

Note : Percentages above represent increase from the prior fiscal year.

FORWARD LOOKING STATEMENTS

The outlook for the fiscal year ending February 29, 2008 is based on Seven & i Holdings' hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of outlook.

MAJOR SEVEN & i HOLDINGS GROUP COMPANIES

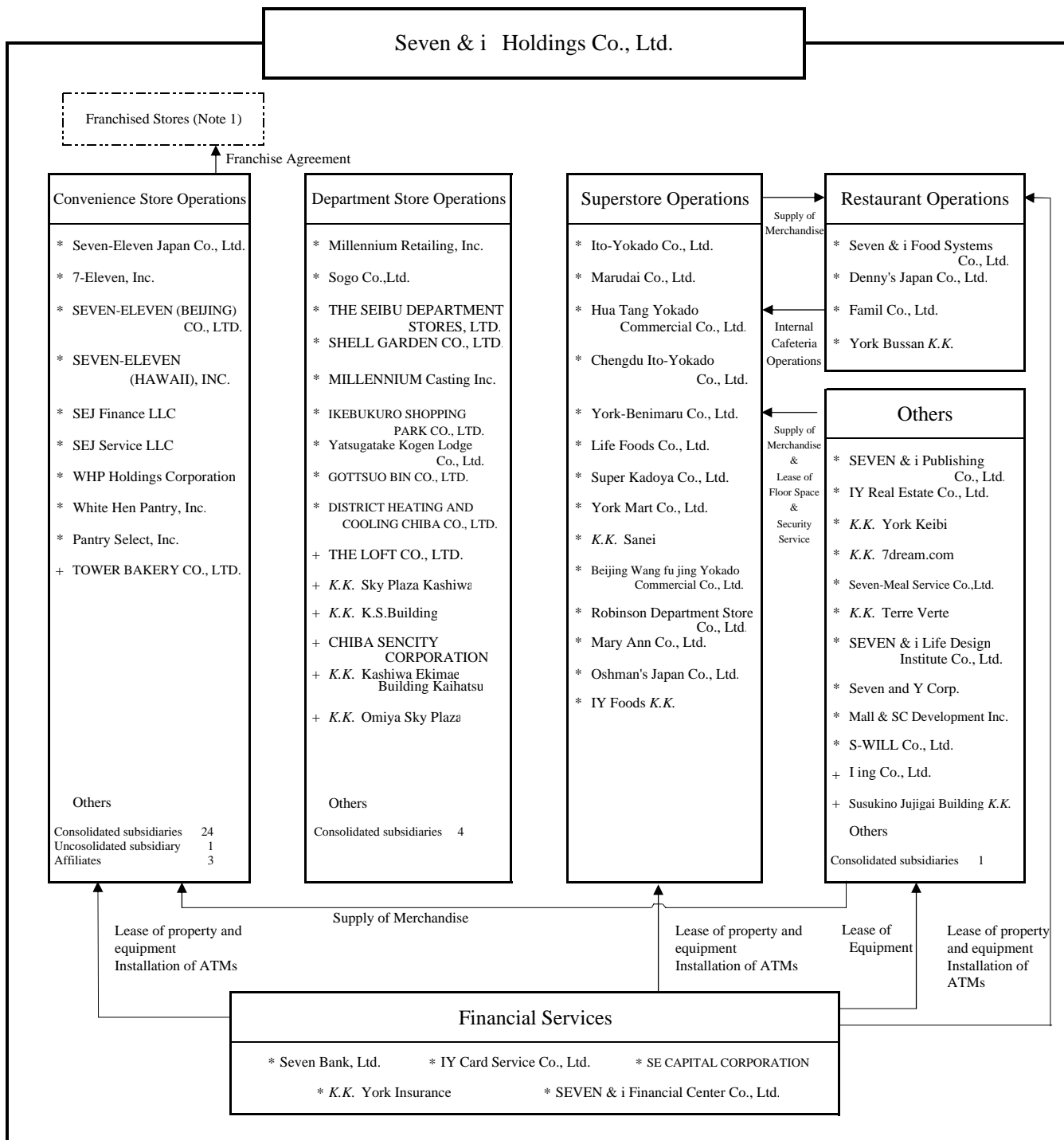
Seven & i Holdings Group consists 94 diversified retail companies, mainly engaged in convenience store operations, superstore operations, department store operations, restaurant operations and financial services. Business segments, major group companies and number of companies are as follows.

This segmentation is same as the business segment shown in the section of segment information.

Business Segment (Number of companies belong to each category)	Major Group Companies	Number of Companies
Convenience Store Operations: (38)	Seven-Eleven Japan Co., Ltd. 7-Eleven, Inc. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (HAWAII), INC. SEJ Finance LLC SEJ Service LLC WHP Holdings Corporation White Hen Pantry, Inc. Pantry Select, Inc. TOWER BAKERY CO., LTD.	Consolidated Subsidiaries 33 Unconsolidated Subsidiary 1 Affiliates 4 <hr/> Total 38
Superstore Operations: (14)	Ito-Yokado Co., Ltd. Marudai Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. Super Kadoya Co., Ltd. York Mart Co., Ltd. K.K. Sanei Beijing Wang fu jing Yokado Commercial Co., Ltd. Robinson Department Store Co., Ltd. Mary Ann Co., Ltd. Oshman's Japan Co., Ltd. IY Foods K.K.	Consolidated Subsidiaries 14
Department Store Operations: (19)	Millennium Retailing, Inc. Sogo Co., Ltd. THE SEIBU DEPARTMENT STORES, LTD. SHELL GARDEN CO., LTD. MILLENNIUM Casting Inc. IKEBUKURO SHOPPING PARK CO., LTD. Yatsugatake Kogen Lodge Co., Ltd. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD. THE LOFT CO., LTD. K.K. Sky Plaza Kashiwa K.K. K.S. Building CHIBA SENCITY CORPORATION K.K. Kashiwa Ekimae Building Kaihatsu K.K. Omiya Sky Plaza	Consolidated Subsidiaries 13 Affiliates 6 <hr/> Total 19
Restaurant Operations: (4)	Seven & i Food Systems Co., Ltd. Denny's Japan Co., Ltd. Famil Co., Ltd. York Bussan K.K.	Consolidated Subsidiaries 4
Financial Services: (5)	Seven Bank, Ltd. IY Card Service Co., Ltd. SE CAPITAL CORPORATION K.K. York Insurance SEVEN & i Financial Center Co., Ltd.	Consolidated Subsidiaries 5
Others: (13)	SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi K.K. 7dream.com Seven-Meal Service Co., Ltd. K.K. Terre Verte SEVEN & i Life Design Institute Co., Ltd. Seven and Y Corp. Mall & SC Development Inc. S-WILL Co., Ltd. I ing Co., Ltd. Susukino Jujigai Building K.K.	Consolidated Subsidiaries 11 Affiliates 2 <hr/> Total 13

1. TOWER BAKERY CO., LTD., THE LOFT CO., LTD., K.K. Sky Plaza Kashiwa, K.K. K.S. Building, CHIBA SENCITY CORPORATION, K.K. Kashiwa Ekimae Building Kaihatsu, K.K. Omiya Sky Plaza, I ing Co., Ltd. and Susukino Jujigaibiru K.K. are affiliates and other companies are consolidated subsidiaries.
2. SEJ Finance LLC and SEJ Service LLC are the holding companies of 7-Eleven, Inc.
3. WHP Holdings Corporation is the holding company of White Hen Pantry, Inc. and Pantry Select, Inc.
4. Millennium Retailing, Inc. is the holding company of Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES, LTD. etc.
5. On March 1, 2007, Seven & i Foods Systems Co., Ltd. became the holding company of Denny's Japan Co., Ltd., Famil Co., Ltd. and York Bussan K.K.
6. On March 23, THE LOFT CO., LTD. became a subsidiary of the Company through stock acquisition.

BUSINESS RELATION IN GROUP



* Consolidated subsidiary
+ Affiliate accounted for using the equity method

- Notes: 1 Each franchised store is operated by an independent franchisee which enters into franchise agreement with Seven-Eleven Japan Co., Ltd. or 7-Eleven, Inc.
2 As of February 28, 2007, Seven Bank, Ltd. placed 12,101 units of ATMs in the stores of group companies.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	1,274,376	33.5	1,102,819	32.2	171,557
Cash and bank deposits	575,643		619,537		
Call Loan	131,300		-		
Accounts and notes receivable, trade	128,336		110,829		
Trade accounts receivable - financial services	72,724		37,562		
Inventories	159,897		148,913		
Prepaid expenses	31,010		30,338		
Deferred income taxes	36,700		31,725		
Other	141,723		126,132		
Allowance for doubtful accounts	(2,959)		(2,220)		
Non-current assets	2,534,381	66.5	2,321,779	67.8	212,602
Property and equipment	1,333,157	35.0	1,200,492	35.0	132,664
Buildings and structures	556,604		502,904		
Furniture, fixtures and equipment	175,285		185,749		
Vehicles	120		111		
Land	564,223		488,152		
Construction in progress	36,923		23,573		
Intangible assets	478,788	12.6	368,971	10.8	109,817
Goodwill	375,301		272,014		
Software	37,162		28,356		
Other	66,324		68,599		
Investments and other assets	722,435	18.9	752,316	22.0	(29,880)
Investments in securities	173,206		216,933		
Long-term loans receivable	14,828		21,458		
Prepaid pension cost	5,965		-		
Long-term leasehold deposits	463,601		463,238		
Advances for store construction	6,174		552		
Deferred income taxes	21,654		26,977		
Other	46,010		34,133		
Allowance for doubtful accounts	(9,006)		(10,977)		
Deferred assets	434	0.0	280	0.0	154
New organization costs	434		280		
TOTAL ASSETS	3,809,192	100.0	3,424,878	100.0	384,313

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	1,097,656	28.8	982,859	28.7	114,797
Accounts and notes payable, trade	305,529		285,123		
Short-term loans	176,913		114,462		
Current portion of long-term loans	61,398		47,832		
Current portion of bonds	30,000		-		
Income taxes payable	44,925		94,030		
Accrued expenses	95,157		88,148		
Deposits received	76,010		73,837		
Allowance for sales promotion expenses	19,515		17,553		
Allowance for bonuses to employees	14,788		13,609		
Allowance for bonuses to directors and corporate auditors	315		-		
Deposit received in banking business	106,167		96,246		
Other	166,934		152,014		
Non-current liabilities	742,386	19.5	724,139	21.2	18,247
Bonds	145,000		115,000		
Long-term loans	370,457		368,314		
Commercial paper	30,344		41,764		
Deferred income taxes	74,167		77,212		
Accrued pension and severance costs	3,357		3,433		
Allowance for retirement benefits to directors and corporate auditors	4,201		3,273		
Deposits received from tenants and franchised stores	61,124		57,820		
Other	53,733		57,318		
TOTAL LIABILITIES	1,840,043	48.3	1,706,998	49.9	133,045
NET ASSETS					
Owners' equity	1,899,768	49.9	-	-	-
Common stock	50,000		-		
Capital surplus	766,185		-		
Retained earnings	1,124,892		-		
Treasury stock	(41,309)		-		
Valuation and translation adjustments	7,029	0.2	-	-	-
Net unrealized losses on available-for-sale securities	(2,100)		-		
Deferred losses on hedges	(370)		-		
Cumulative translation adjustments	9,500		-		
Minority interests	62,350	1.6	-	-	-
TOTAL NET ASSETS	1,969,149	51.7	-	-	-
TOTAL LIABILITIES AND NET ASSETS	3,809,192	100.0	-	-	-

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
MINORITY INTERESTS	-	-	114,196	3.3	-
SHAREHOLDERS' EQUITY					
Common stock	-	-	50,000	1.4	-
Capital surplus	-	-	611,704	17.9	-
Retained earnings	-	-	1,040,613	30.4	-
Net unrealized gains on available-for-sale securities	-	-	7,953	0.2	-
Cumulative translation adjustments	-	-	6,298	0.2	-
Treasury stock	-	-	(112,884)	(3.3)	-
TOTAL SHAREHOLDERS' EQUITY	-	-	1,603,684	46.8	-
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	-	-	3,424,878	100.0	-

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues from operations	5,337,806		3,895,772		1,442,034	137.0
Net sales	4,839,554	100.0	3,437,344	100.0	1,402,209	140.8
Cost of sales	3,568,335	73.7	2,488,509	72.4	1,079,826	143.4
Gross profit on sales	1,271,218	26.3	948,835	27.6	322,383	134.0
Other operating revenue	498,252	10.3	458,427	13.3	39,824	108.7
Gross profit from operations	1,769,471	36.6	1,407,263	40.9	362,207	125.7
Selling, general and administrative expenses	1,482,632	30.7	1,162,322	33.8	320,309	127.6
Advertising and decoration expenses	111,230		87,667			
Salaries and wages	399,393		328,255			
Provision for allowance for bonuses to employees	14,755		8,931			
Pension expenses	10,406		9,925			
Legal welfare expenses	46,148		35,549			
Land and building rent	227,782		167,181			
Depreciation and amortization	125,794		93,614			
Utility expenses	93,137		75,230			
Store maintenance and repair expenses	77,517		64,563			
Other	376,466		291,402			
Operating Income	286,838	5.9	244,940	7.1	41,898	117.1
Non-operating income	10,430	0.2	10,740	0.3	(309)	97.1
Interest and dividends income	4,583		3,057			
Equity in earnings of affiliates	1,321		1,993			
Foreign currency exchange gains	-		3,235			
Other	4,526		2,453			
Non-operating expenses	15,252	0.3	7,570	0.2	7,681	201.5
Interest expense	9,997		5,053			
Interest on bonds	1,176		1,309			
Foreign currency exchange losses	1,326		-			
Other	2,751		1,207			
Ordinary income	282,016	5.8	248,110	7.2	33,906	113.7
Special gains	3,873	0.1	7,611	0.2	(3,737)	50.9
Gain on sales of property and equipment	2,792		1,843			
Gain on sales of investments in subsidiaries	-		947			
Gain from amendment of pension plan of a subsidiary in the United States	-		3,011			
Gain from cancellation of employee retirement benefit trust	-		895			
Other	1,080		913			
Special losses	42,830	0.9	77,203	2.2	(34,373)	55.5
Loss on disposals of property and equipment	18,781		8,184			
Impairment loss	14,199		31,040			
Costs in relation to the establishment of the holding company	-		2,597			
Costs in relation to tender offer	-		20,776			
Provision for doubtful accounts	-		5,789			
Additional retirement allowance for early retirement	-		6,159			
Other	9,849		2,655			
Income before income taxes and minority interests for the year	243,060	5.0	178,518	5.2	64,542	136.2
Income taxes - current	99,526	2.0	83,267	2.4	16,258	119.5
Income taxes - deferred	1,095	0.0	(1,792)	(0.1)	2,887	-
Minority interests in earnings of consolidated subsidiaries	9,019	0.2	9,111	0.3	(92)	99.0
Net income for the year	133,419	2.8	87,930	2.6	45,488	151.7

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Fiscal year ended February 28, 2007 (from March 1, 2006 to February 28, 2007)

(Millions of yen)

	Owners' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at February 28, 2006	50,000	611,704	1,040,613	(112,884)	1,589,432
Increase (decrease) of items during the year					
Dividends from retained earnings			(25,792)		(25,792)
Directors' and corporate auditors' bonuses			(168)		(168)
Dividends from surplus			(23,129)		(23,129)
Net income for the year			133,419		133,419
Increase resulting from stock-for-stock exchange		223,468		(6,440)	217,027
Purchase of treasury stock				(128)	(128)
Gain on sales of treasury stock		1,504		7,652	9,157
Cancellation of treasury stock		(70,491)		70,491	-
Increase resulting from adoption of U.S. GAAP by foreign subsidiaries in U.S.A.			(49)		(49)
Other				0	0
(Decrease) increase of items during the year except those included in owners' equity					
Total increase (decrease) of items during the year	-	154,481	84,279	71,575	310,336
Balance at February 28, 2007	50,000	766,185	1,124,892	(41,309)	1,899,768

	Valuation and translation adjustments				Minority interests	TOTAL NET ASSETS
	Net unrealized losses on available-for-sale securities	Deferred losses on hedges	Cumulative translation adjustments	Total valuation and translation adjustments		
Balance at February 28, 2006	7,953	-	6,298	14,251	114,196	1,717,880
Increase (decrease) of items during the year						
Dividends from retained earnings						(25,792)
Directors' and corporate auditors' bonuses						(168)
Dividends from surplus						(23,129)
Net income for the year						133,419
Increase resulting from stock-for-stock exchange						217,027
Purchase of treasury stock						(128)
Gain on sales of treasury stock						9,157
Cancellation of treasury stock						-
Increase resulting from adoption of U.S. GAAP by foreign subsidiaries in U.S.A.						(49)
Other						0
(Decrease) increase of items during the year except those included in owners' equity	(10,053)	(370)	3,202	(7,222)	(51,845)	(59,068)
Total increase (decrease) of items during the year	(10,053)	(370)	3,202	(7,222)	(51,845)	251,268
Balance at February 28, 2007	(2,100)	(370)	9,500	7,029	62,350	1,969,149

**CONSOLIDATED STATEMENT OF CAPITAL SURPLUS
AND RETAINED EARNINGS**

(Millions of yen)

	Prior Fiscal Year (from March 1, 2005 to February 28, 2006)
Capital surplus	
Capital surplus at beginning of year	122,653
Increase in capital surplus	489,050
Gain on sales of treasury stock	78,702
Increase resulting from stock-transfer	407,086
Increase resulting from adoption of U.S. GAAP by foreign subsidiaries	3,261
Capital surplus at end of year	611,704
Retained earnings	
Retained earnings at beginning of year	983,675
Increase in retained earnings	87,930
Net income for the year	87,930
Decrease in retained earnings	30,993
Cash dividends	16,029
Cash payment upon stock-transfer	14,434
Bonuses to directors and corporate auditors	246
Decrease resulting from adoption of U.S. GAAP by foreign subsidiaries	281
Retained earnings at end of year	1,040,613

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 and minority interests	243,060	178,518	64,542
Depreciation and amortization	132,693	97,810	34,882
Impairment loss	14,199	31,040	(16,841)
Decrease in allowance for bonuses to employees	(448)	(1,046)	598
Decrease in accrued pension and severance costs	(158)	(7,540)	7,381
Increase in prepaid pension cost	(5,232)	-	(5,232)
Interest and dividend income	(4,583)	(3,057)	(1,525)
Interest expense and interest on bonds	11,173	6,362	4,810
Foreign currency exchange losses (gains)	419	(2,717)	3,136
Equity in earnings of affiliates	(1,321)	(1,993)	672
Gain on sale of property and equipment	(2,792)	(1,843)	(949)
Loss on sales and disposals of property and equipment	18,781	8,184	10,597
Gain on sale of subsidiary's common stock	-	(947)	947
Increase in accounts and notes receivable	(17,030)	(16,477)	(552)
Increase in trade accounts receivable - financial services	(36,669)	(4,722)	(31,947)
Increase in inventories	(2,869)	(3,254)	385
Increase (decrease) in accounts and notes payable, trade	2,717	(21,291)	24,008
Proceeds from debt in subsidiary (Bank)	4,000	21,000	(17,000)
Proceeds from issuance of bonds in subsidiary (Bank)	60,000	-	60,000
Net increase in deposit received in banking business	9,921	29,872	(19,951)
Net increase in call loan in banking business	(131,300)	-	(131,300)
Net decrease in call money in banking business	-	(25,000)	25,000
Other, net	20,592	34,494	(13,901)
Sub-total	315,152	317,391	(2,239)
Interest and dividends received	3,605	2,384	1,220
Interest paid	(10,167)	(6,015)	(4,152)
Income taxes paid	(151,381)	(96,434)	(54,946)
Net cash provided by operating activities	157,209	217,325	(60,116)
Cash flows from investing activities:			
Acquisition of property and equipment	(220,540)	(146,179)	(74,360)
Proceeds from sales of property and equipment	9,907	4,702	5,204
Acquisition of intangible assets	(18,848)	(13,694)	(5,153)
Payment for purchase of investments in securities	(159,371)	(101,807)	(57,564)
Proceeds from sale and maturity of investments in securities	147,518	69,726	77,791
Acquisition of investments in subsidiaries	(24,666)	(133,451)	108,784
Proceeds from sales of investments in subsidiaries	6,094	4,345	1,748
Acquisition of investments in newly consolidated subsidiary	(6,195)	(74,709)	68,513
Proceeds from acquisition of investments in newly consolidated subsidiary	20,686	-	20,686
Payment for loans receivable	(51,315)	(3,561)	(47,754)
Collection of loans receivable	51,326	1,099	50,227
Payment for long-term leasehold deposits and advances for store construction	(24,933)	(24,411)	(522)
Refund of long-term leasehold deposits	30,449	29,776	673
Proceeds from deposits from tenants	7,482	6,668	814
Return of deposits from tenant	(4,611)	(4,483)	(127)
Other	1,036	(2,099)	3,135
Net cash used in investing activities	(235,983)	(388,080)	152,096
Cash flows from financing activities:			
Increase (decrease) in short-term loans	63,945	(2,470)	66,415
Proceeds from long-term debt	227,695	41,500	186,195
Repayment of long-term debt	(215,316)	(12,532)	(202,783)
Proceeds from issuance of commercial paper	680,261	554,046	126,214
Payment for redemption of commercial paper	(683,990)	(544,532)	(139,458)
Payment for redemption of bonds	(300)	(20,000)	19,700
Dividends paid to minority interests	(48,881)	(16,045)	(32,836)
Payment in relation to stock-transfer	-	(14,400)	14,400
Capital contribution from minority interests	6,191	940	5,250
Purchase of treasury stock	(128)	(127,101)	126,973
Proceeds from sale of treasury stock	10,183	238,221	(228,037)
Other	(2,419)	5,467	(7,886)
Net cash provided by financing activities	37,241	103,093	(65,851)
Effect of exchange rate changes on cash and cash equivalents	790	(4,562)	5,352
Net decrease in cash and cash equivalents	(40,742)	(72,223)	31,480
Cash and cash equivalents at beginning of year	610,876	683,100	(72,223)
Cash and cash equivalents at end of year	570,133	610,876	(40,742)

Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 80

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., Millennium Retailing, Inc., Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES, LTD., Denny's Japan Co., Ltd., York-Benimaru Co., Ltd. and 7-Eleven, Inc.

Consolidated subsidiaries increased by seven. On September 1, 2006, the Company made York-Benimaru Co., Ltd., previously an affiliate applying the equity method, a wholly owned subsidiary by means of stock-for-stock exchange. Consequently, York-Benimaru Co., Ltd. and its two subsidiaries are now included as consolidated subsidiaries of the Company.

In addition, consolidated subsidiaries increased due to the establishment of Seven & i Food Systems Co., Ltd., and the acquisition of the shares of WHP Holdings Corporation by 7-Eleven, Inc.

On the other hand, consolidated subsidiaries decreased by three due to the sales of a part of owned shares of TOWER BAKERY CO., LTD., and a liquidation of one overseas consolidated subsidiary.

(2) Number of unconsolidated subsidiaries: 1

Name: 7-Eleven Limited

Reason for non-consolidation: Its total assets, sales, the Company's portion of its net income or loss, retained earnings and the effect on the Company's Consolidated Financial Statements are not considered material.

2. Application of equity method

(1) Number of affiliates to which equity method was applied: 12

Major affiliates: THE LOFT CO., LTD.

Affiliates to which the equity method is applied increased by two in connection with the acquisition of investment in I ing Co., Ltd., and the sales of a part of owned shares of TOWER BAKERY CO., LTD. Due to the stock-for-stock exchange, York-Benimaru Co., Ltd., previously an affiliate, has become a consolidated subsidiary.

(2) Name of unconsolidated subsidiary to which equity method was not applied:

7-Eleven Limited

Reason for not applying equity method: The Company's portion of its net income or loss (as calculated by the equity method), retained earnings (as calculated by the equity method) and the effect on the Company's Consolidated Financial Statements are not considered material.

(3) Procedure for applying equity method

The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.

The advance to an affiliate that has negative assets is reduced.

3. Accounting period of consolidated subsidiaries

The fiscal year-end of some subsidiaries is December 31. The financial statements of such subsidiaries as of and for the year ended December 31 are used in preparing the Consolidated Financial Statements

of the Company. All material transactions during the period from January 1 to February 28 are adjusted for in the consolidation process.

The closing date of certain subsidiary is March 31. Pro forma financial statements as of February 28 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate its consolidation.

4. Summary of significant accounting policies

(1) Valuation method for major assets

(a) Valuation method for securities

(I) Held-to-maturity debt securities are carried at amortized cost.

(II) Available-for-sale securities are classified into two categories, where: (i) the fair value is available and (ii) the fair value is not available.

(i) Securities whose fair value is available are valued at the 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 net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

(ii) Securities whose fair value is not available are valued at cost, determined using the moving-average method.

(b) Valuation method for derivatives

Derivative financial instruments are valued at fair value.

(c) Valuation method for inventories

(I) Merchandise:

Inventories are valued principally at the lower of cost or market. Cost is determined principally by the average retail method for domestic consolidated companies and the LIFO method for foreign consolidated subsidiaries.

(II) Supplies:

Supplies are carried at cost. Cost is determined by the last purchase price method.

(2) Depreciation and amortization

(a) Property and equipment

Depreciation of property and equipment is computed generally using the declining-balance method for the Company and its domestic consolidated subsidiaries except for the domestic consolidated subsidiaries in department store business and on the straight-line method for the domestic consolidated subsidiaries in department store business and foreign consolidated subsidiaries.

(b) Intangible assets

Intangible assets are amortized using the straight-line method for the Company and domestic consolidated subsidiaries. Software is amortized using the straight-line method on estimated useful life of 5 years.

(3) Accounting for deferred assets

New organization costs are amortized using the straight-line method over 5 years, or charged to income if immaterial.

(4) Allowances

(a) Allowance for doubtful accounts

An allowance for doubtful accounts is provided against potential losses on collection at an amount measured by a historical bad debt ratio, plus an amount individually measured on the collectibility of receivables that are expected to be uncollectible due to bad financial condition or insolvency.

(b) Allowance for sales promotion expenses

An allowance for sales promotion 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 sales promotion

point card program. In the department store business, estimated costs of sales for goods to be purchased by coupon tickets issued through point system are provided for.

(c) 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.

(d) Allowance for bonuses to directors and corporate auditors

An allowance for bonuses to directors and corporate auditors is provided at the amount estimated to be paid.

(e) Allowance for accrued pension and severance costs (Prepaid pension cost)

An allowance for accrued pension and severance costs is provided at the amount incurred during the fiscal year, which is based on the estimated present value of the projected benefit obligation less the estimated fair value of plan assets at the end of the fiscal year. The excess amount of the estimated fair value of the plan assets over the estimated present value of projected benefit obligation adjusted by unrecognized actuarial differences at February 28, 2007 is recorded as prepaid pension cost. Also, certain domestic consolidated subsidiaries and consolidated subsidiaries in the United States provide allowance for accrued pension.

Unrecognized actuarial differences are amortized on a straight-line basis over the period of mainly 10 years from the next year in which they arise which is shorter than the average remaining years of service of the eligible employees. Unrecognized prior service costs are amortized on a straight-line basis over the period of mainly 5 years.

(f) 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) Foreign currency translation for major assets and liabilities denominated in foreign currency

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statements of Income.

All balance sheets accounts of foreign subsidiaries, except net assets, are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates and all income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under "Minority interests" and "Cumulative translation adjustments".

(6) Leases

Finance leases, except those for which the ownership of the leased assets is considered to be transferred to lessee, are accounted for as operating leases for the Company and its domestic subsidiaries. Foreign subsidiaries account for finance leases as assets and obligations at an amount equal to the present value of future minimum lease payments, during the lease term.

(7) Hedge accounting

(a) Hedge accounting

If interest rate swap contracts are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of interest rate swap contracts is deferred until the related gains and losses on the hedged items are recognized. However, certain interest rate swap contracts which meet specific hedging criteria are not measured at fair value but the differences between the paid and received amount under the swap contracts are recognized and included in interest income or expense as incurred.

(b) Hedge instruments and hedged items

Hedge instruments---Interest swap

Hedged items--Loans payable

(c) Hedging policies

The Company and its subsidiaries have a policy to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in market rates and reducing finance costs. The Company and its subsidiaries do not hold or issue derivative instruments for trading or speculative purposes.

(d) Assessing hedge effectiveness

The hedge effectiveness for interest rate swap contracts is assessed quarterly except for those that meet specific hedging criteria.

(8) Other accounting issues

(a) Accounting for franchised stores in convenience store operations

7-Eleven, Inc. includes the assets, liabilities, net assets and results of operations of its franchised stores in its consolidated financial statements. Seven-Eleven Japan Co., Ltd. recognizes franchise fees from its franchised stores as revenues and includes it in "Other operating revenue".

(b) Accounting for consumption taxes and excise tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statements of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

5. Valuation of the assets and liabilities of consolidated subsidiaries

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, excluding the portion attributable to minority shareholders, are evaluated using the fair value at the time when the Company acquired control of the respective subsidiaries.

6. Goodwill

Goodwill arising from domestic consolidated subsidiaries is amortized over a period of 20 years on a straight-line basis, or charged to income if immaterial. The goodwill recognized in applying the equity method was treated in the same manner.

The consolidated subsidiaries in the United States carry out an impairment test for goodwill and other intangible assets with indefinite lives in accordance with the provisions of Statement of Financial Accounting Standard No. 142 "Goodwill and Other Intangible Assets", and decrease the book value if required.

7. Cash and cash equivalents

Cash and cash equivalents in the accompanying Consolidated Statements of Cash Flows are comprised of cash on hand, demand deposits and short-term investments with maturities 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.

Changes in Account Policy

Accounting standard for presentation of net assets in the balance sheet

Effective from the fiscal year ended February 28, 2007, the Company has adopted the “Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board Statement No.5)” and the “Implementation Guidance for Accounting Standard for Presentation of Net Assets in the Balance Sheet (Financial Accounting Standards Implementation Guidance No.8)” both issued by the Accounting Standards Board of Japan on December 9, 2005.

The adoption of these accounting standards did not have any impact on the accompanying Consolidated Statements of Income.

The amount corresponding to the conventional “Shareholders’ Equity” in the balance sheet is 1,907,169 million yen.

Accounting standard for treasury shares and appropriation of legal reserve (Partial revision)

Effective from the fiscal year ended February 28, 2007, the Company has adopted the revised “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve (Accounting Standards Board Statement No.1)” and the “Implementation Guidance for Accounting Standard for Treasury Shares and Appropriation of Legal Reserve (Financial Accounting Standards Implementation Guidance No.2)” both issued by the Accounting Standards Board of Japan on August 11, 2006.

The adoption of these accounting standards did not have any impact on the accompanying Consolidated Statements of Income.

Accounting standard for directors’ bonus

Conventionally, directors’ bonus has been accounted for as a deduction from unappropriated of retained earnings by the resolution at the shareholders’ meeting. Effective from the fiscal year ended February 28, 2007, the Company has adopted the “Accounting standard for directors’ bonus” (Accounting Standard Board Statement No.4 issued on November 29, 2005 by the Accounting Standards Board). Accordingly, directors’ bonus is accounted for as an expense of the accounting period in which such bonuses are accrued.

As a result of the application of this standard, operating income, ordinary income and income before income taxes and minority interest for the fiscal year ended February 28, 2007 decreased by 315 million yen, respectively.

Notes to Consolidated Financial Statements

Consolidated Balance Sheets;

1. Accumulated depreciation of Property and Equipment

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Accumulated Depreciation	1,052,750	981,030

2. Assets pledged as collateral

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Bank deposits	-	3,423
Accounts and notes receivable, trade	-	6,921
Other current assets	2,274	5,272
Buildings and structures	66,046	70,737
Furniture, fixtures and equipment	925	1,313
Land	99,461	115,917
Other intangible assets	10,355	14,207
Investments in securities	59,475	112,562
Long-term leasehold deposits	4,757	35,672
Other investment	-	774
Total	243,296	366,802
Debts for which above assets are pledged as collateral		
Short-term loans	613	64,678
Long-term loans (including current portion of long-term debt)	240,257	268,061
Long-term accounts payable, other	1,776	1,887

Assets pledged as collateral for the debts of affiliates and vendors

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Buildings	1,095	2,344
Land	2,363	2,828
Debt of affiliates and vendors for which above assets are pledged as collateral	4,024	5,155

Assets pledged as collateral for fund transfer

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Investments in securities	5,498	5,501

Deposits under building lots and building transaction business law

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Investments in securities	34	24
Long-term leasehold deposits	25	10

Assets pledged as collateral for call loan

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Investments in securities	9	-

Deposits under installment sales law as of February 28, 2007

2,210 million yen of investment in securities is pledged as collateral under installment sales law as of February 28, 2007.

Deposits under installment sales law and gift tickets as of February 28, 2006

420 million yen of investment in securities and 5,245 million yen of long-term leasehold deposits are pledged as collateral as of February 28, 2006.

Additional assets pledged as collateral as of February 28, 2007.

580 million yen of investment in securities and 213 million yen of long-term leasehold deposits are pledged as collateral as of February 28, 2007.

Additional assets pledged as collateral for gift tickets as of February 28, 2006.

The amount of gift tickets issued by subsidiaries is 19,198 million yen. To secure approximately half of the amount of gift tickets issued, 3,000 million yen of bank deposits and 243 million yen of other investment are pledged as collateral as of February 28, 2006.

3. Guarantees

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
7-Eleven Mexico, S.A. de C.V.	-	217
Goshogawara Machi Dukuri K.K.	650	767
Employees' housing Loans	1,001	1,180
Total	1,652	2,165

4. Others

(As of February 28, 2007)

Securitization of store properties

The SEIBU DEPARTMENT STORES, LTD. ("SEIBU"), a consolidated subsidiary of the Company, established a real estate trust comprising of the land, land leasehold right and part of the buildings of a store and sold the beneficiary right of the trust to a Special Purpose Corporation ("SPC"). Concurrently, SEIBU has entered into a silent partnership arrangement with SPC with a certain investment. Also, SEIBU leased back such store properties from SPC who has the beneficiary right of the trust.

Under these arrangements, the above noted investment are subordinated to all liabilities to other members

of silent partnership and third parties other than members of the silent partnership.

A summary of Store name, amount of investment and SPC name is as follows:

(Millions of yen)

Store name	Amount of investment	Special purpose company		
		Name	Year-end	Total assets
Ikebukuro	5,850	Asset Ikesei Corp.	July	124,200

(As of February 28, 2006)

(1) Litigation

Sogo Co., Ltd. (“Sogo”), a consolidated subsidiary of the Company, has been named as a defendant in lawsuit which has been filed in the Tokyo District Court by Organization for Promoting Urban Development on November 28, 2002, regarding the cancellation for “sales contract of properties of Kobe North Parking dated February 1996” against the notice of the cancellation for buy-back agreement by Sogo based on the Civil Rehabilitation Law. On August, 29, 2005, the Tokyo District Court judged that Sogo should pay 13,138 million yen for the buy-back such properties (land) and annually 6% of interest from the claim date. Then, Sogo appealed to the Tokyo High Court and the appeal has been pending.

It is the opinion of the management of Sogo that this lawsuit which is pending against Sogo will not have a material adverse effect on its operating results, liquidity or financial position.

(2) Securitization of store properties

The SEIBU DEPARTMENT STORES, LTD. (“SEIBU”), a consolidated subsidiary of the Company, established certain real estate trusts comprising of the land, land leasehold rights and part of the buildings of several stores and sold the beneficiary rights of the trust to several Special Purpose Corporations (“SPCs”). Concurrently, SEIBU has entered into a silent partnership arrangements with SPCs with certain investments. Also, SEIBU leased back such store properties from SPCs who have the beneficiary rights of the trusts.

Under these arrangements, the above noted investments are subordinated to all liabilities to other members of silent partnership and third parties other than members of the silent partnerships.

A summary of Store names, amount of investments and SPC names is as follows:

(Millions of yen)

	Store name	Amount of investment	Special purpose company		
			Name	Year-end	Total assets
1	Ikebukuro	5,850	Asset Ikesei Corp.	July	124,160
2	Sapporo, Funabashi and Shibuya-LOFT	2,065	Global Asset Ikesei Corp.	August	44,331
3	Shibuya-Movida	470	Asset Movida	(Half year-end) Aug. & Feb.	9,877

Consolidated Statements of Income;

1. Inventories valuation loss included in "Cost of sales" is as follows:

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Inventories valuation loss	6,911	7,181

2. The franchised commission from Seven-Eleven Japan Co., Ltd.'s franchised stores is included in "Other operating revenue".

The franchised commission from franchised stores and net sales of franchised stores are as follows:

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Franchised commission from franchised stores	359,770	356,907
Net sales of franchised stores	2,379,890	2,365,344

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

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Buildings and structures	1,117	1,069
Land	1,367	768
Others	308	5
Total	2,792	1,843

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

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Buildings and structures	7,457	4,049
Furniture, fixtures and equipment	7,525	1,375
Software	-	1,750
Others	3,799	1,008
Total	18,781	8,184

5. Impairment loss

For the fiscal year ended February 28, 2007, the Company and its consolidated subsidiaries recognized 14,199 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount	
Stores (Convenience stores)	Land and buildings etc.	Tokyo	46 Stores	13,801	
		Kanagawa Pref.	22 Stores		
		Other (including U.S.)			
Stores (Superstores)	Land and buildings etc.	Saitama Pref.	4 Stores		
		Tokyo	2 Stores		
		Others	12 Stores		
Stores (Department stores)	Building fixtures etc.	Hokkaido	1 Store		
		Saitama Pref.	1 Store		
Stores (Restaurant)	Building and structures etc.	Tokyo & others	51 Stores		
Other facilities etc.	Land and buildings	Ibaraki Pref.	1 Store		397
Total					14,199

The Company and its consolidated domestic subsidiaries group their fixed assets by store which is the minimum cash-generating unit.

The book value of stores whose land had significantly depreciated, or which incurred consecutive operating losses, were reduced to recoverable amounts, and the amount written down was recorded as impairment loss in special losses.

Breakdown of impairment loss are as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Building and structures	7,511	5	7,516
Land	4,402	392	4,794
Other	1,887	-	1,887
Total	13,801	397	14,199

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards, and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.1% - 6.2% discount rates were applied.

For the fiscal year ended February 28, 2006, the Company and its consolidated subsidiaries recognized 31,040 million yen of impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location		Amount
Stores (Convenience stores)	Land and buildings etc.	Tokyo	34 Stores	
		Kanagawa Pref.	34 Stores	
		Other (including U.S.)		
Stores (Superstores)	Land and buildings etc.	Hokkaido	7 Stores	30,976
		Chiba Pref.	5 Stores	
		Other	23 Stores	
Stores (Restaurant)	Building and structures etc.	Tokyo & other	51 Stores	
Other facilities etc.	Land etc.	Saitama & other	2 Stores	63
Total				31,040

The Company and its consolidated domestic subsidiaries group their fixed assets by store which is the minimum cash-generating unit.

The book value of stores whose land had significantly depreciated, or which incurred consecutive operating losses, were reduced to recoverable amounts, and the amount written down was recorded as impairment loss in special losses.

Breakdown of impairment loss are as follows:

(Millions of yen)

	Stores	Other facilities etc.	Total
Building and structures	14,810	-	14,810
Land	13,195	34	13,229
Other	2,970	29	3,000
Total	30,976	63	31,040

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards, and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.1% - 6.0% discount rates were applied.

Consolidated Statement of changes in net assets (from March 1, 2006 to February 28, 2007);

Type and number of shares of outstanding

(Thousands of shares)

	Outstanding shares at the end of February 28, 2006	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Outstanding shares at the end of February 28, 2007
Ordinary Share	1,346,383	48,897	427,509	967,770

(Notes)1. 48,897 thousand shares have increased due to the issuance of new shares in relation to the stock-for-stock exchange with Millennium Retailing, Inc. and York-Benimaru Co., Ltd.

2. 427,509 thousand shares have decreased due to the cancellation of treasury stock.

Type and number of shares of treasury stock

(Thousands of shares)

	Outstanding shares at the end of February 28, 2006	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Outstanding shares at the end of February 28, 2007
Ordinary Share	441,608	2,912	430,258	14,262

(Notes)1. Major components of the increase of 2,912 thousand shares are 2,179 thousand shares which represent the Company's interest of the shares held by York-Benimaru Co., Ltd. related to the stock-for-stock exchange.

2. Major components of the decrease of 430,258 thousand shares are the cancellation of 427,509 thousand shares and 2,512 thousand shares which represent the Company's interest of the shares sold by the subsidiaries.

Deposit for subscriptions to shares and deposit for subscriptions to treasury stock

None

2. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 25, 2006 Ordinary general meeting of shareholders	Ordinary Share	26,187 million yen	28.50 yen	Feb. 28, 2006	May 26, 2006
October 12, 2006 Board of directors' meeting	Ordinary Share	23,428 million yen	25.00 yen	Aug. 31, 2006	Nov. 15, 2006

(2) Dividends whose record date is within the fiscal year ended February 28, 2007 but to be effective after the fiscal year-end

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 24, 2007 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	26,128 million yen	27.00 yen	Feb. 28, 2007	May 25, 2007

Consolidated Statements of Cash Flows;

(For the fiscal year ended February 28, 2007)

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

(Millions of yen)

	As of February 28, 2007
Cash and bank deposits	575,643
Time deposits with an original maturity of more than three months	(5,509)
Cash and cash equivalents	570,133

2. Summary of net assets (assets and liabilities) and acquisition costs of companies which became consolidated subsidiaries due to the acquisition of shares for current fiscal year

White Hen Pantry, Inc. (White Hen Pantry)

	As of acquisition date
Current assets	1,696
Non-current assets	4,878
Goodwill	2,926
Current liabilities	(2,668)
Non-current liabilities	(574)
Acquisition cost	6,258
Cash and cash equivalents of White Hen Pantry	(63)
Payment for acquisition of investments in White Hen Pantry	6,195

York-Benimaru Co., Ltd. (York-Benimaru)

	As of acquisition date
Current assets	49,521
Non-current assets	105,379
Goodwill	62,036
Current liabilities	(32,415)
Non-current liabilities	(2,014)
Sub-total	182,508
Carrying value of investment in York-Benimaru under equity method at the time that the Company acquired majority of voting rights	(39,667)
Acquisition cost	142,840
Stock-for-stock exchange	(142,840)
Cash and cash equivalents of York-Benimaru	(20,686)
Proceeds from acquisition of investments in York-Benimaru	(20,686)

3. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 28, 2007
Finance lease obligations for property and equipment recorded in consolidated balance sheet for the current fiscal year	1,280

(For the fiscal year ended February 28, 2006)

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

(Millions of yen)

	As of February 28, 2006
Cash and bank deposits	619,537
Time deposits with an original maturity of more than three months	(8,660)
Cash and cash equivalents	610,876

2. Summary of net assets (assets and liabilities) and acquisition costs of companies which became consolidated subsidiaries due to the acquisition of shares for current fiscal year

Hua Tang Yokado Commercial Co., Ltd. (Hua Tang)

	As of acquisition date
Current assets	5,446
Non-current assets	1,216
Goodwill	1,946
Current liabilities	(2,469)
Minority interests	(2,023)
Sub-total	4,116
Carrying value of investment in Hua Tang under equity method at the time that the Company acquired majority of voting rights	(1,541)
Acquisition cost	2,575
Cash and cash equivalents of Hua Tang	(2,100)
Payment for acquisition of investments in Hua Tang	474

TOWER BAKERY CO., LTD. (TOWER BAKERY)

	As of acquisition date
Current assets	760
Non-current assets	3,754
Goodwill	809
Current liabilities	(2,905)
Non-current liabilities	(741)
Minority interests	(277)
Acquisition cost	1,399
Cash and cash equivalents of TOWER BAKERY	(0)
Payment for acquisition of investments in TOWER BAKERY	1,399

Millennium Retailing, Inc. (Millennium)

	As of acquisition date
Current assets	148,977
Non-current assets	486,841
Goodwill	105,716
Current liabilities	(268,291)
Non-current liabilities	(273,564)
Minority interests (Note)	(64,205)
Acquisition cost	135,474
Cash and cash equivalents of Millennium	(62,677)
Payment for acquisition of investments in Millennium	72,797

(Note) 40,000 million yen of preferred stock held by the third party are included in minority interests.

Seven and Y Corp. (Seven and Y)

	As of acquisition date
Current assets	975
Non-current assets	299
Goodwill	461
Current liabilities	(1,081)
Minority interests	(95)
Sub-total	559
Carrying value of investment in Seven and Y under equity method at the time that the Company acquired majority of voting rights	(59)
Acquisition cost	499
Cash and cash equivalents of Seven and Y	(462)
Payment for acquisition of investments in Seven and Y	37

3. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 28, 2006
Finance lease obligations for property and equipment recorded in consolidated balance sheet for the current fiscal year	1,097

Leases

1. Information for finance lease contracts other than those for which the ownership of the leased assets is to be transferred to lessee.

(1) As lessee

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

Furniture, fixtures and equipment (Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Acquisition cost	82,058	53,560
Accumulated depreciation	25,230	30,183
Net book value	56,827	23,377

Software (Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Acquisition cost	1,094	1,371
Accumulated depreciation	393	707
Net book value	700	664

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

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Due within one year	15,171	8,941
Due over one year	42,381	15,099
Total	57,553	24,041
Balance of impairment loss account on leased assets included in the outstanding future lease payments	24	-

(c) Lease payments, depreciation expense and impairment loss are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
Lease payments	12,762	8,396
Depreciation expense	12,762	8,396
Impairment loss	24	-

(d) Depreciation expense is computed by the straight-line method over the lease term of the leased assets assuming no residual value.

(2) As lessor

(a) Acquisition cost, accumulated depreciation and net book value are summarized as follows:

Furniture, fixtures and equipment

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Acquisition cost	24,075	21,535
Accumulated depreciation	10,437	8,850
Net book value	13,638	12,685

(b) The amounts of outstanding future lease payments to be received are summarized as follows:

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Due within one year	4,053	3,577
Due over one year	9,923	9,380
Total	13,976	12,957

(c) Lease income, depreciation expense and interest income are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
Lease income	4,390	3,819
Depreciation expense	4,048	3,550
Interest income	422	374

(d) Allocation of interest income to each period is computed by interest method.

2. Operating leases

As lessee

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

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Due within one year	66,988	67,684
Due over one year	405,825	419,364
Total	472,814	487,049

3. Impairment loss on leased assets

No impairment loss was recognized on the leased assets for the fiscal year ended February 28, 2006.

Securities Information

(As of February 28, 2007)

1. Held-to-maturity debt securities (fair value is available)

(Millions of yen)

	As of February 28, 2007		
	Book value	Fair value	Difference
Securities with fair value exceeding book value	-	-	-
Securities with fair value not exceeding book value	614	612	(2)
Total	614	612	(2)

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

(Millions of yen)

	Description	As of February 28, 2007		
		Acquisition cost	Book value	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost	Equity securities	12,521	27,010	14,488
	Debt securities	5,536	5,536	0
	Sub total	18,058	32,547	14,489
Securities with book value not exceeding acquisition cost	Equity securities	65,101	46,203	(18,898)
	Debt securities	64,516	64,490	(26)
	Sub total	129,618	110,693	(18,924)
Total		147,676	143,241	(4,435)

3. Available-for-sale securities sold during the fiscal year ended February 28, 2007

Information is not disclosed because the transactions are immaterial.

4. Major securities which are not subject to revaluation

(Millions of yen)

	As of February 28, 2007	
	Book value	
Held-to-maturity debt Bonds	203	
Available-for-sale securities		
-Unlisted securities	16,749	
-Unlisted foreign securities	5,041	
Total	21,790	

5. Redemption schedule of available-for-sale securities with fixed maturities and held-to-maturity debt securities

(Millions of yen)

	As of February 28, 2007			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Governmental and municipal bonds	70,017	624	-	-
Corporate bonds	-	203	-	-
Total	70,017	828	-	-

(As of February 28, 2006)

1. Held-to-maturity debt securities (fair value is available)

(Millions of yen)

	As of February 28, 2006		
	Book value	Fair value	Difference
Securities with fair value exceeding book value	310	310	0
Securities with fair value not exceeding book value	435	432	(2)
Total	745	743	(2)

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

(Millions of yen)

	Description	As of February 28, 2006		
		Acquisition cost	Book value	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost	Equity securities	75,687	89,004	13,316
	Debt securities	5,998	6,003	5
	Sub total	81,686	95,007	13,321
Securities with book value not exceeding acquisition cost	Equity securities	276	226	(50)
	Debt securities	47,542	47,538	(4)
	Sub total	47,819	47,765	(54)
Total		129,506	142,773	13,267

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

Information is not disclosed because the transactions are immaterial.

4. Major securities which are not subject to revaluation

(Millions of yen)

	As of February 28, 2006	
	Book value	
Held-to-maturity debt		
Bonds		203
Available-for-sale securities		
-Unlisted securities		18,228
-Unlisted foreign securities		5,051
Total		23,280

5. Redemption schedule of available-for-sale securities with fixed maturities and held-to-maturity debt securities

(Millions of yen)

	As of February 28, 2006			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Governmental and municipal bonds	53,532	454	-	-
Corporate bonds	-	203	300	-
Total	53,532	658	300	-

Derivative Transactions

Notional amounts, fair value and unrealized gain (loss) of derivative instruments

1. Currency-related transactions

(Millions of yen)

	February 28, 2007				February 28, 2006			
	Notional amounts total	Notional amounts, due over one year	Fair Value	Unrealized gain (loss)	Notional amounts total	Notional amounts, due over one year	Fair Value	Unrealized gain (loss)
Forward exchange contracts								
Buy:								
U.S. Dollar	3,977	-	3,975	(2)	3,255	-	3,254	(1)
Euro	79	-	80	1	11	-	11	0
Foreign currency swap								
U.S. Dollar	35,454	23,636	601	601	47,472	35,454	2,436	2,436
Total	39,511	23,636	4,657	600	50,739	35,454	5,701	2,434

(Note)

Fair values of forward exchange contracts and foreign currency swap are based on values prepared by financial institutions.

2. Interest-related transactions

(Millions of yen)

	As of February 28, 2007				As of February 28, 2006			
	Notional amounts total	Notional amount, due over one year	Fair Value	Unrealized gain (loss)	Notional amounts total	Notional amount, due over one year	Fair Value	Unrealized gain (loss)
Interest rate swap								
Receive float / Pay fix	55,000	45,000	(51)	(51)	35,000	35,000	(71)	(71)
Total	55,000	45,000	(51)	(51)	35,000	35,000	(71)	(71)

(Note)

Fair value of interest rate swap is based on values prepared by financial institutions.

Derivative transaction to which hedge accounting has been applied are excluded from this disclosure.

Accounting for Retirement Benefits

1. Summary of the retirement benefit plans

The Company and its domestic consolidated subsidiaries have a corporate pension fund plan, which are the defined benefit pension plan and certain domestic subsidiaries have the defined contribution pension plan and the lump-sum severance payment plan. A premium on employees' retirement benefit may be added upon retirement of employee.

A consolidated subsidiary in the United States has a defined contribution pension plan in addition to a defined benefit plan.

IY Group Employees' Pension Fund, which the Company and its domestic consolidated subsidiaries participate in, changed its name to "Seven & i Holdings Employees' Pension Fund" on September 1, 2005.

2. Projected retirement benefit obligations

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
Projected benefit obligations (Note 1)	(171,277)	(161,131)
Plan assets (including employee retirement benefit trust)	190,335	171,779
Funded status	19,058	10,648
Unrecognized actuarial differences	(14,155)	(10,870)
Unrecognized prior service costs	(2,293)	(2,570)
Others	-	(639)
Prepaid pension cost, net	2,608	-
Prepaid pension cost	5,965	-
Allowance for accrued pension and severance costs	(3,357)	(3,433)

(Note)

Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
1. For some of the consolidated subsidiaries, the simplified method is employed in computing retirement benefit obligations.	1. For some of the consolidated subsidiaries, the simplified method is employed in computing retirement benefit obligations.

3. Net periodical pension expense

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
Service cost (Notes 1)	10,631	8,601
Interest cost	4,293	4,079
Expected return on plan assets	(6,273)	(5,791)
Amortization of actuarial differences	(646)	634
Amortization of prior service costs	(704)	474
Gain from amendment of pension plan (Note 3)	-	(3,011)
Premium on employees' retirement benefit	1,737	6,294
Net periodic pension expense	9,038	11,281

(Notes)

Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
<p>1. Net periodic pension expense of subsidiaries using the simplified method are included.</p> <p>2. Besides the above net periodic pension expense, benefit cost related to the defined contribution plan employed by a subsidiary in the United States, amounting to 1,384 million yen, is included.</p>	<p>1. Net periodic pension expense of subsidiaries using the simplified method are included.</p> <p>2. Besides the above net periodic pension expense, benefit cost related to the defined contribution plan employed by a subsidiary in the United States, amounting to 1,775 million yen, is included.</p> <p>3. Gain from amendment of pension plan in subsidiaries in the United states</p>

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

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 28, 2006
Allocation method of estimated total retirement benefits	Point basis	Point basis
Discount rate	Mainly 2.5%	Mainly 2.5%
Expected rate of return on plan assets	A consolidated subsidiary in the United States 6.0%	A consolidated subsidiary in the United States 6.0%
Periods over which the prior service costs are amortized	Mainly 3.5%	Mainly 3.5%
Periods over which the actuarial differences are amortized	5 years or 10 years	5 years or 10 years
	Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise which is shorter than the average remaining years of service of eligible employees. A consolidated subsidiary in the United States adopts the corridor approach for the amortization of actual differences.	Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise which is shorter than the average remaining years of service of eligible employees. A consolidated subsidiary in the United States adopts the corridor approach for the amortization of actual differences.

Deferred Income Taxes

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)

	As of February 28, 2007	As of February 28, 2006
Deferred tax assets:		
Inventory reserve	3,754	3,122
Allowance for bonuses to employees	6,010	5,753
Allowance for sales promotion	7,424	6,739
Accrued payroll	4,034	3,089
Allowance for retirement benefits to directors and corporate auditors	1,707	1,333
Accrued pension and severance costs	501	1,392
Depreciation and amortization	8,479	7,237
Tax loss carryforwards	46,581	51,587
Valuation loss on available-for-sale securities	1,682	1,540
Allowance for doubtful accounts	1,834	2,645
Unrealized loss on fixed assets	9,193	12,536
Valuation loss on land and impairment loss	33,425	30,700
Enterprise taxes and business office taxes payable	4,769	8,067
Accrued expenses	8,874	12,338
Other	11,631	11,697
Sub-total	149,904	159,781
Less valuation allowance	(76,838)	(79,333)
Total	73,065	80,447
Deferred tax liabilities:		
Unrealized gain on fixed assets	(51,021)	(56,291)
Unrealized gain on Royalties	(17,321)	(17,154)
Deferred gain on property and equipment	(1,308)	(1,130)
Unrealized gain on available-for-sale securities	(16,018)	(23,588)
Other	(3,433)	(1,756)
Total	(89,103)	(99,921)
Deferred tax liabilities, net	(16,037)	(19,473)

Deferred tax liabilities, net are included in the following items of Consolidated Balance Sheets.

	As of February 28, 2007	As of February 28, 2006
Current assets - Deferred income taxes	36,700	31,725
Non current assets - Deferred income taxes	21,654	26,977
Current liabilities - Other	(225)	(963)
Non current liabilities - Deferred income taxes	(74,167)	(77,212)

2. Reconciliation between the statutory tax rate and the effective tax rate

(%)

	As of February 28, 2007	As of February 28, 2006
Statutory tax rate	40.7	40.7
Adjustments:		
Equity in earnings of affiliates	(0.2)	(0.4)
Amortization of goodwill	1.5	-
Nondeductible items such as entertainment expenses	0.3	0.3
Changes of valuation allowance	(1.3)	5.0
Inhabitants taxes per capita	0.7	0.8
Other	(0.3)	(0.8)
Effective tax rate	41.4	45.6

SEGMENT INFORMATION

1. Business Segments

Fiscal year ended February 28, 2007

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Restaurant operations	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenue and operating income									
Revenue									
1. Customers	2,248,400	1,871,834	988,357	119,972	84,432	24,807	5,337,804	1	5,337,806
2. Intersegment	1,248	11,101	-	1,710	15,862	7,532	37,456	(37,456)	-
Total revenue	2,249,648	1,882,935	988,357	121,683	100,295	32,340	5,375,261	(37,454)	5,337,806
Operating expenses	2,043,558	1,853,765	961,584	120,752	75,747	30,718	5,086,126	(35,158)	5,050,968
Operating income	206,090	29,170	26,772	931	24,547	1,621	289,135	(2,296)	286,838
Assets, depreciation and capital expenditure									
Assets	1,221,548	1,118,593	811,465	78,638	896,116	11,830	4,138,193	(329,000)	3,809,192
Depreciation	71,799	24,070	19,042	3,454	14,173	134	132,673	19	132,693
Impairment loss	5,481	5,785	1,969	962	-	-	14,199	-	14,199
Capital expenditure	81,556	43,515	92,530	4,117	31,823	241	253,785	77	253,863

Fiscal year ended February 28, 2006

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Restaurant operations	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenue and operating income									
Revenue									
1. Customers	2,014,335	1,675,203	-	122,246	71,192	12,793	3,895,772	-	3,895,772
2. Intersegment	900	12,530	-	1,779	11,096	6,986	33,294	(33,294)	-
Total revenue	2,015,236	1,687,734	-	124,025	82,289	19,780	3,929,066	(33,294)	3,895,772
Operating expenses	1,805,420	1,672,353	-	121,399	65,010	18,972	3,683,157	(32,325)	3,650,831
Operating income	209,815	15,381	-	2,625	17,278	808	245,909	(968)	244,940
Assets, depreciation and capital expenditure									
Assets	1,177,401	1,018,184	741,535	83,561	717,401	18,020	3,756,105	(331,226)	3,424,878
Depreciation	64,428	20,796	-	3,019	9,528	37	97,810	0	97,810
Impairment loss	6,341	23,861	-	837	-	-	31,040	-	31,040
Capital expenditure	83,788	49,531	-	4,724	22,852	34	160,931	11	160,942

Notes:

- The classification of business segment is made by the type of products and services and the type of sales.
- Major businesses of each segment are as follows:
 - Convenience store operations ----- Convenience store business operated by corporate stores and franchised store under the name of "7-Eleven".
 - Superstore operations ----- Superstore, supermarket, specialty shop and others
 - Department store operations ----- Sogo Co., Ltd., The Seibu Department Stores, Ltd. and other companies in department stores business
 - Restaurant operations ----- Coffee shop style restaurant, family restaurant operated in shopping center and catering
 - Financial services ----- Bank, credit card and lease business
 - Others ----- Electronic commerce business and other services
- Unallocable operating expenses included in "Eliminations / Corporate" represent the Company's general and administrative expenses and totaled 9,197 million yen for the current fiscal year and 2,660 million yen for the prior fiscal year.

SEGMENT INFORMATION

2. Geographic area segments

Fiscal year ended February 28, 2007

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income						
Revenue						
1. Customers	3,562,124	1,725,922	49,759	5,337,806	-	5,337,806
2. Intersegment	247	2,559	-	2,806	(2,806)	-
Total revenue	3,562,372	1,728,481	49,759	5,340,613	(2,806)	5,337,806
Operating expenses	3,308,403	1,696,496	48,879	5,053,779	(2,810)	5,050,968
Operating income	253,968	31,985	879	286,834	4	286,838
Assets	3,162,319	662,673	21,039	3,846,032	(36,839)	3,809,192

Fiscal year ended February 28, 2006

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenue and operating income						
Revenue						
1. Customers	2,342,849	1,514,403	38,519	3,895,772	-	3,895,772
2. Intersegment	199	2,504	-	2,704	(2,704)	-
Total revenue	2,343,048	1,516,907	38,519	3,898,476	(2,704)	3,895,772
Operating expenses	2,130,171	1,484,415	38,952	3,653,539	(2,707)	3,650,831
Operating income (loss)	212,876	32,492	(432)	244,936	3	244,940
Assets	2,795,282	657,447	19,060	3,471,790	(46,911)	3,424,878

Notes

1. The classification of geographic area segments is made according to the geographical distances.
2. Others consist of the business results mainly in People's Republic of China ("P.R.C.") .

SEGMENT INFORMATION

3. Overseas sales

Fiscal year ended February 28, 2007

(Millions of yen)

	North America	Others	Total
Overseas sales	1,725,922	49,759	1,775,681
Consolidated sales	-	-	5,337,806
Percentage of overseas sales to consolidated sales (%)	32.4	0.9	33.3

Fiscal year ended February 28, 2006

(Millions of yen)

	North America	Others	Total
Overseas sales	1,514,403	38,519	1,552,923
Consolidated sales	-	-	3,895,772
Percentage of overseas sales to consolidated sales (%)	38.9	1.0	39.9

Notes

1. The classification of geographic area segments is made according to the geographical distances.
2. Others consists of sales mainly in P.R.C.
3. Overseas sales represent net sales and other operating revenue of consolidated subsidiaries in country and area outside of Japan.

Related Party Transactions

There was no related party transaction during the fiscal years ended February 28, 2007.

Subsequent Event

Additional acquisitions of shares of THE LOFT CO., LTD.

On March 23, 2007, Millennium Retailing, Inc., a wholly owned subsidiary of the Company, acquired additional shares of THE LOFT CO., LTD., an affiliate of the Company, from MORI TRUST CO., LTD. and AEON Co., Ltd. in accordance with the resolutions approved at meeting of the board of directors held on March 22, 2007. Consequently, THE LOFT CO., LTD. became a subsidiary of the Company.

(1) Objective of share acquisition

Since its establishment in September 2005, the Company has worked to create the “ new comprehensive life-style industry ” and to maximize the group enterprise value , with the group’s operating companies. As a part of those activities, the Company decided to make THE LOFT CO., LTD. a subsidiary.

(2) The companies from which shares acquired

MORI TRUST CO., LTD. and AEON Co., Ltd.

(3) Overview of THE LOFT CO., LTD.

1. Name THE LOFT CO., LTD.
2. Business Operates 36 miscellaneous-goods specialty stores as of March 22, 2007 under the “ LOFT ” brand, principally in the Tokyo metropolitan area.

3. Revenues from operations and net income for the year ended February 28, 2007

Revenues from operations	61,176 million yen
Operating income	1,783 million yen
Net income	513 million yen

4. Amount of common stock, net assets and total assets

Common stock	750 million yen
Net assets	4,891 million yen
Total assets	15,616 million yen

(4) Date of acquisition of additional shares

March 23, 2007

(5) Number of shares acquired, acquisition costs and ownership percentage after acquisition

Number of shares acquired	5,250 shares (35.0%)
Acquisition costs	9,975 million yen
Ownership percentage	70.7%

[Reference] Seven-Eleven Japan Co., Ltd.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	347,329	30.2	325,788	28.7	21,541
Cash and bank deposits	157,744		126,151		
Accounts receivable due from franchised stores	7,726		7,401		
Parent company's stock	43,050		66,102		
Inventories	4,397		3,727		
Prepaid expenses	5,628		4,596		
Deposits held by financial service company	120,000		110,000		
Deferred income taxes	867		-		
Accounts receivable, other	7,373		7,097		
Other	640		733		
Allowance for doubtful accounts	(99)		(22)		
Non-current assets	802,647	69.8	811,211	71.3	(8,563)
Property and equipment	244,547	21.3	253,169	22.3	(8,621)
Buildings	90,797		86,748		
Structures	16,630		15,285		
Furniture, fixtures and equipment	20,307		28,409		
Land	116,322		120,441		
Other	489		2,284		
Intangible assets	11,048	0.9	8,711	0.7	2,337
Rights of leasehold	4,810		4,487		
Software	6,205		4,181		
Other	32		41		
Investments and other assets	547,051	47.6	549,331	48.3	(2,279)
Investments in securities	16,249		13,442		
Investments in securities of subsidiaries and affiliates	38,727		41,408		
Investments in convertible bonds of an affiliate	33,307		33,307		
Investments in affiliates	299,806		299,806		
Long-term loans receivable	3,130		3,604		
Long-term loans to subsidiaries and affiliates	41,016		53,355		
Long-term prepaid expenses	13,732		11,564		
Deferred income taxes	6,346		8,120		
Long-term leasehold deposits	99,421		90,654		
Other	439		427		
Allowance for doubtful accounts	(5,126)		(6,361)		
TOTAL ASSETS	1,149,977	100.0	1,136,999	100.0	12,977

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	215,803	18.8	245,896	21.6	(30,092)
Accounts payable, trade	107,465		108,742		
Accounts payable due to franchised stores	4,466		5,507		
Accounts payable, other	15,004		16,170		
Income taxes payable	23,801		54,010		
Consumption taxes withheld	2,625		1,273		
Accrued expenses	4,955		4,479		
Deferred income taxes	-		4,009		
Deposits received	55,009		49,291		
Allowance for bonuses to directors and corporate auditors	61		-		
Allowance for bonuses to employees	1,990		2,056		
Allowance for sales promotion expenses	154		66		
Other	270		288		
Non-current liabilities	9,530	0.8	7,955	0.7	1,575
Guarantee deposits received from franchised stores	5,612		5,298		
Long-term deferred income	400		-		
Accrued pension and severance costs	947		1,441		
Allowance for retirement benefits to directors and corporate auditors	1,070		1,214		
Allowance for loss on guarantee	1,500		-		
TOTAL LIABILITIES	225,334	19.6	253,851	22.3	(28,516)
NET ASSETS					
Owner's equity	916,036	79.7	-	-	-
Common stock	17,200		-		
Capital surplus	24,565		-		
Additional paid-in capital	24,563		-		
Other capital surplus	1		-		
Retained earnings	874,270		-		
Legal reserve	4,300		-		
Other retained earnings			-		
General reserve	703,409		-		
Retained earnings brought forward	166,561		-		
Valuation and translation adjustments	8,606	0.7	-	-	-
Net unrealized gains on available-for-sale securities	8,606		-		
TOTAL NET ASSETS	924,642	80.4	-	-	-
TOTAL LIABILITIES AND NET ASSETS	1,149,977	100.0	-	-	-

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
SHAREHOLDER'S EQUITY					
Common stock	-	-	17,200	1.5	-
Capital surplus	-	-	24,565	2.2	-
Additional paid-in capital	-		24,563		
Other capital surplus	-		1		
Gain on sales of treasury stock	-		1		
Retained earnings	-	-	824,782	72.5	-
Legal reserve	-		4,300		
General reserve	-		703,409		
Unappropriated retained earnings	-		117,073		
Net unrealized gains on available-for-sale securities	-	-	16,600	1.5	-
TOTAL SHAREHOLDER'S EQUITY	-	-	883,148	77.7	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	-	-	1,136,999	100.0	-

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Operating income and expenses						
Revenues from operations	516,967	100.0	492,831	100.0	24,136	104.9
Franchise commission from franchised stores	359,770		356,907			
Net sales reported by franchised stores						
Current fiscal year: 2,379,890						
Prior fiscal year: 2,365,344						
Total net sales (including net sales of corporate stores)						
Current fiscal year: 2,533,534						
Prior fiscal year: 2,498,754						
Other operating revenue	3,553		2,514			
Net sales of corporate stores	153,644		133,409		20,234	115.2
Cost of sales	112,300	21.7	97,140	19.7	15,160	115.6
Gross profit from operations	404,667	78.3	395,690	80.3	8,976	102.3
Selling, general and administrative expenses	231,929	44.9	218,339	44.3	13,589	106.2
Land and building rent	50,861		44,453			
Salaries and wages	34,545		32,386			
Utility expenses	26,752		25,819			
Advertising expenses	24,583		24,728			
Depreciation and amortization	23,452		24,481			
Other	71,734		66,469			
Operating income	172,737	33.4	177,350	36.0	(4,613)	97.4
Non-operating income	5,826	1.1	4,316	0.9	1,510	135.0
Interest income	2,690		1,831			
Interest on securities	1,591		1,662			
Other	1,544		822			
Non-operating expenses	1,800	0.3	2,985	0.6	(1,184)	60.3
Provision for doubtful accounts	46		2,851			
Provision for loss on guarantee	1,500		-			
Other	253		133			
Ordinary income	176,763	34.2	178,682	36.3	(1,918)	98.9
Special gains	3,294	0.6	37,710	7.6	(34,415)	8.7
Gain on sales of property and equipment	806		394			
Gain on sales of investments in securities	-		207			
Gain on sales of parent company's stock	2,488		36,805			
Other	-		303			
Special losses	14,192	2.7	13,287	2.7	904	106.8
Loss on sales of property and equipment	111		116			
Loss on disposals of property and equipment	7,943		2,428			
Impairment loss	4,521		6,245			
Valuation loss on investments in securities of subsidiaries and affiliates	1,271		198			
Costs in relation to the establishment of the holding company	-		1,713			
Costs in relation to tender offer	-		1,758			
Other	344		826			
Income before income taxes	165,865	32.1	203,104	41.2	(37,239)	81.7
Income taxes - current	65,079	12.6	86,713	17.6	(21,633)	
Income taxes - deferred	2,383	0.5	(2,387)	(0.5)	4,770	
Net income for the year	98,402	19.0	118,778	24.1	(20,376)	82.8

[Reference] Ito-Yokado Co., Ltd.

NONCONSOLIDATED BALANCE SHEET

(Millions of yen)

	February 28, 2007	
	Amount	%
ASSETS		
Current assets	363,401	38.9
Cash and bank deposits	143,316	
Accounts receivable, trade	19,412	
Inventories	77,933	
Supplies	108	
Prepaid expenses	7,583	
Short-term loans receivable	386	
Deposits held by financial service company	85,000	
Accounts receivable, other	5,105	
Short-term leasehold deposits	9,446	
Deferred income taxes	12,070	
Other	3,036	
Non-current assets	569,976	61.1
Property and equipment	243,394	26.1
Buildings	116,577	
Structures	9,561	
Vehicles	1	
Furniture, fixtures and equipment	9,102	
Land	97,423	
Construction in progress	10,727	
Intangible assets	2,797	0.3
Rights of leasehold	947	
Software	1,529	
Others	320	
Investments and other assets	323,784	34.7
Investments in securities	27,946	
Investments in securities of subsidiaries and affiliates	29,397	
Investments in capital	11,344	
Long-term loans receivable	10,998	
Long-term leasehold deposits	224,439	
Long-term prepaid expenses	7,309	
Prepaid pension cost	4,295	
Advances for store construction	5,110	
Deferred income taxes	5,967	
Other	2,730	
Allowance for doubtful accounts	(5,755)	
Deferred assets	224	0.0
New organization costs	224	
TOTAL ASSETS	933,602	100.0

Ito-Yokado Co., Ltd.

(Millions of yen)

	February 28, 2007	
	Amount	%
LIABILITIES		
Current liabilities	171,536	18.4
Accounts payable, trade	70,999	
Short-term loans	2,275	
Current portion of bonds	30,000	
Accounts payable, other	14,638	
Income taxes payable	6,929	
Consumption taxes withheld	8,237	
Accrued expenses	10,357	
Deposits received	6,012	
Allowance for bonus to employees	5,197	
Allowance for bonus to directors and corporate auditors	44	
Allowance for sales promotion expenses	3,675	
Issued gift tickets	10,179	
Other	2,990	
Non-current liabilities	128,818	13.8
Long-term loans	7,762	
Bonds	70,000	
Long-term accounts payable	1,150	
Allowance for retirement benefits to directors and corporate auditors	1,287	
Deposits received from tenants	48,618	
TOTAL LIABILITIES	300,354	32.2
NET ASSETS		
Owners' equity	628,216	67.3
Common stock	40,000	
Capital surplus	165,621	
Additional paid-in capital	165,621	
Retained earnings	422,594	
Legal reserve	11,700	
Other retained earnings		
Reserve for deferred gains on property and equipment	1,273	
Retained earnings brought forward	409,621	
Valuation and translation adjustments	5,031	0.5
Net unrealized gains on available-for-sale securities	5,031	
TOTAL NET ASSETS	633,247	67.8
TOTAL LIABILITIES AND NET ASSETS	933,602	100.0

Ito-Yokado Co., Ltd.

NONCONSOLIDATED STATEMENT OF INCOME

(Millions of yen)

	Current Fiscal Year	
	Amount	%
[Revenues from operations]	[1,511,530]	
Sales	1,487,480	100.0
Cost of sales	1,098,160	73.8
Gross profit on sales	389,320	26.2
Other operating revenue	24,049	1.6
Rental income	18,844	
Other income	5,205	
Gross profit from operations	413,370	27.8
Selling, general and administrative expenses	395,047	26.6
Advertising and decoration expenses	50,601	
Salaries and wages	132,027	
Land and building rent	74,510	
Depreciation and amortization	18,188	
Other	119,718	
Operating income	18,322	1.2
Non-operating income	4,654	0.3
Interest income and interest on securities	1,371	
Dividends income	2,947	
Miscellaneous income	334	
Non-operating expenses	1,994	0.1
Interest expense and interest on bonds	1,461	
Miscellaneous expenses	533	
Ordinary income	20,982	1.4
Special gains	3,670	0.3
Gain on sales of property and equipment	430	
Gain on sales of investments in securities	3,240	
Special losses	3,909	0.3
Loss on disposals of property and equipment	525	
Impairment loss	3,077	
Other	306	
Income before income taxes	20,743	1.4
Income taxes - current	7,048	0.5
Income taxes - deferred	338	0.0
Net income for the year	13,356	0.9

[Reference] Millennium Retailing, Inc.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Total current assets	18,969	22.4	14,011	17.8	4,958
Cash and deposits	17,950		12,560		
Supplies	0		0		
Prepaid expenses	19		65		
Deferred income taxes	195		236		
Short-term loans	300		600		
Accounts receivable, other	501		541		
Other	1		7		
Total fixed assets	65,793	77.6	64,665	82.2	1,128
Property and equipment	434	0.5	339	0.4	94
Buildings	332		267		
Furniture, fixtures and equipment	54		24		
Land	47		47		
Intangible assets	6,159	7.3	5,888	7.5	271
Software	6,073		4,939		
Programming in progress of software	-		844		
Other	86		105		
Investments and other assets	59,199	69.8	58,437	74.3	762
Investments in securities	1,319		1,001		
Investments in subsidiaries and affiliates	57,352		57,316		
Long-term leasehold deposits	456		11		
Deferred income taxes	68		74		
Other	2		33		
TOTAL ASSETS	84,763	100.0	78,677	100.0	6,086

Millennium Retailing, Inc.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Total current liabilities	1,515	1.8	1,211	1.6	304
Accounts payable	843		591		
Accrued expenses	91		199		
Income taxes payable	53		-		
Consumption taxes payable	133		-		
Deposits received	19		12		
Allowance for bonuses to employees	365		406		
Other	8		3		
Total non-current liabilities	199	0.2	182	0.2	17
Long-term accounts payable, other	32		-		
Allowance for retirement benefits to directors and corporate auditors	167		182		
TOTAL LIABILITIES	1,715	2.0	1,394	1.8	321
NET ASSETS					
Owner's Equity	83,047	98.0	-	-	-
Common stock	37,733		-		
Capital surplus	44,817		-		
Additional paid-in capital	38,817		-		
Other capital surplus	6,000		-		
Retained earnings	497		-		
Other retained earnings					
Retained earnings brought forward	497		-		
Valuation and translation adjustments	(0)	(0.0)	-	-	-
Net unrealized losses on available-for-sale securities	(0)		-		
TOTAL NET ASSETS	83,047	98.0	-	-	-
TOTAL LIABILITIES AND NET ASSETS	84,763	100.0	-	-	-

Millennium Retailing, Inc.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
SHAREHOLDERS' EQUITY					
Common stock	-	-	34,941	44.4	-
Capital surplus	-	-	42,024	53.4	-
Additional paid-in capital	-		42,024		
Retained earnings	-	-	328	0.4	-
Unappropriated retained earnings	-		328		
Net unrealized losses on available-for-sale securities	-	-	(0)	(0.0)	-
Treasury stock	-	-	(11)	(0.0)	-
TOTAL SHAREHOLDERS' EQUITY	-	-	77,282	98.2	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	-	78,677	100.0	-

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue	10,172	100.0	8,724	100.0	1,448	116.6
Management income (from subsidiaries)	9,556	94.0	8,183	93.8		
Royalty income	600	5.9	525	6.0		
Other operating income	15	0.1	15	0.2		
Gross profit	10,172	100.0	8,724	100.0	1,448	116.6
Selling, general and administrative expenses	9,870	97.0	8,465	97.0	1,404	116.6
Salaries and wages	5,322		5,202			
Land and building rent	496		493			
Depreciation and amortization	1,707		766			
Utilities	26		23			
Other	2,317		1,979			
Operating income	302	3.0	258	3.0	43	117.0
Non-operating income	173	1.7	44	0.5	128	387.0
Interest and dividends income	158		33			
Other	15		11			
Non-operating expenses	62	0.6	15	0.2	47	413.0
Amortization of new stock issuing cost	48		8			
Other	14		6			
Ordinary income	413	4.1	288	3.3	125	143.5
Special gains	66	0.6	-	-	66	-
Gain on sales of investments in subsidiaries and affiliates	66		-			
Special losses	245	2.4	9	0.1	236	2,731.4
Loss on disposal of property and equipment	210		7			
Other	35		1			
Income before income taxes	233	2.3	279	3.2	(45)	83.8
Income taxes - current	18	0.2	102	1.2	(83)	18.4
Income taxes - deferred	46	0.4	3	0.0	43	1,312.6
Net income for the year	168	1.7	173	2.0	(5)	97.1

[Reference] Sogo Co., Ltd.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Total current assets	72,836	23.7	73,384	24.5	(547)
Cash and deposits	32,237		33,850		
Notes receivable, trade	429		464		
Accounts receivable, trade	12,107		10,876		
Inventories	9,184		8,543		
Supplies	63		70		
Prepaid expenses	2,592		2,789		
Deferred income taxes	9,550		9,004		
Short-term loans receivable	2		2		
Accounts receivable, other	2,712		2,801		
Refundable consumption taxes	20		793		
Current portion of construction contribution	3,475		3,749		
Other	468		444		
Allowance for doubtful accounts	(8)		(5)		
Total non-current assets	234,931	76.3	226,189	75.5	8,741
Property and equipment	150,815	49.0	137,679	46.0	13,135
Buildings	83,169		80,743		
Structures	1,528		1,590		
Machinery and equipment	581		638		
Furniture and equipment	5,152		4,978		
Land	60,383		49,106		
Construction in progress	-		620		
Intangible assets	19,184	6.2	19,307	6.4	(123)
Land leasing rights	19,068		19,063		
Others	115		244		
Investments and other assets	64,931	21.1	69,202	23.1	(4,270)
Investments in securities	822		929		
Investments in subsidiaries and affiliates	338		338		
Long-term loans receivable	14		16		
Long-term deposits	32,472		33,672		
Construction contribution	25,851		28,701		
Long-term accounts receivable, other	1,774		2,027		
Receivable in bankruptcy	2,324		2,629		
Other	1,812		1,411		
Allowance for doubtful accounts	(479)		(524)		
TOTAL ASSETS	307,767	100.0	299,574	100.0	8,193

Sogo Co., Ltd.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Total current liabilities	146,991	47.7	88,952	29.7	58,038
Accounts payable, trade	20,167		18,942		
Short-term loans	98,000		42,487		
Accounts payable, other	3,917		4,204		
Accrued expenses	2,037		2,500		
Accrued income taxes	198		314		
Consumption taxes payable	1,101		-		
Advance received	1,428		1,248		
Issued gift tickets	10,304		10,014		
Deposits received	3,118		2,767		
Allowance for bonuses to employees	1,810		2,076		
Allowance for sales promotion expenses	4,745		4,274		
Other current liabilities	159		122		
Total non-current liabilities	108,884	35.4	166,150	55.5	(57,266)
Long-term loans	97,758		160,873		
Long-term accounts payable, other	867		1,360		
Deposits received from tenants	3,163		2,749		
Deferred income taxes	7,019		1,112		
Allowance for retirement benefits to directors	75		54		
TOTAL LIABILITIES	255,875	83.1	255,103	85.2	772
NET ASSETS					
Owner's Equity	51,841	16.9	-	-	-
Common stock	1,000		-		
Capital surplus	500		-		
Additional paid-in capital	500		-		
Retained earnings	50,341		-		
Other retained earnings					
Retained earnings brought forward	50,341		-		
Valuation and translation adjustments	50	0.0	-	-	-
Net unrealized gains on available-for-securities	50		-		
TOTAL NET ASSETS	51,891	16.9	-	-	-
TOTAL LIABILITIES AND NET ASSETS	307,767	100.0	-	-	-

Sogo Co., Ltd.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
SHAREHOLDER'S EQUITY					
Common stock	-	-	1,000	0.3	-
Capital surplus	-	-	500	0.2	-
Additional paid-in capital	-		500		
Retained earnings	-	-	42,924	14.3	-
Unappropriated retained earnings	-		42,924		
Net unrealized gains on available-for-sale securities	-	-	45	0.0	-
TOTAL SHAREHOLDER'S EQUITY	-	-	44,470	14.8	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	-	-	299,574	100.0	-

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenue from operations]	[500,714]		[474,731]		25,983	105.5
Net sales	494,349	100.0	468,994	100.0	25,355	105.4
Cost of sales	373,102	75.5	352,025	75.1	21,076	106.0
Gross Profit	121,247	24.5	116,968	24.9	4,279	103.7
Other operating income	6,365	1.3	5,737	1.2	627	110.9
Operating gross profit	127,612	25.8	122,705	26.1	4,907	104.0
Selling, general and administrative expenses	110,858	22.4	105,457	22.4	5,400	105.1
Advertising and decoration expenses	15,918		14,482			
Salaries and wages	26,204		24,832			
Land and building rent	23,588		23,426			
Depreciation and amortization	8,731		8,075			
Utilities	5,787		5,536			
Other	30,627		29,105			
Operating income	16,754	3.4	17,247	3.7	(493)	97.1
Non-operating income	1,987	0.4	2,319	0.4	(332)	85.7
Interest and dividend income	157		86			
Subsidy from renovation construction of sale area	828		1,044			
Gain from uncollectible gift tickets	770		850			
Other	231		338			
Non-operating expenses	3,376	0.7	4,360	0.9	(984)	77.4
Interest expenses	2,355		2,543			
Loss from uncollectible gift tickets	785		907			
Amortization of development cost	-		846			
Other	235		62			
Ordinary income	15,365	3.1	15,207	3.2	158	101.0
Special gains	370	0.1	1,627	0.3	(1,256)	22.8
Gain on sales of investments in securities	229		-			
Gain on sales of property and equipment	5		17			
Gain from cancellation of corporate pension fund	-		1,392			
Other	136		217			
Special losses	2,847	0.6	3,492	0.7	(645)	81.5
Loss on disposal of property and equipment	2,626		2,805			
Loss on sales of property and equipment	31		5			
Loss on investment in securities	-		12			
Other	189		668			
Income before income taxes	12,888	2.6	13,341	2.8	(452)	96.6
Income taxes - current	114	0.0	45	0.0	68	251.2
Income taxes - deferred	5,357	1.1	(7,923)	(1.7)	13,280	-
Net income for the year	7,416	1.5	21,219	4.5	(13,802)	35.0

[Reference] THE SEIBU DEPARTMENT STORES, LTD.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Total current assets	58,829	17.5	56,103	17.7	2,725
Cash and deposits	23,720		18,541		
Notes receivable, trade	562		408		
Accounts receivable, trade	13,275		11,187		
Inventories	8,330		8,128		
Real estate for sale	3,101		3,177		
Supplies	86		98		
Prepaid expenses	2,747		3,436		
Short-term loans receivable	11		31		
Accounts receivable, other	5,930		10,092		
Current portion of construction contribution	883		770		
Other current assets	219		259		
Allowance for doubtful accounts	(39)		(30)		
Total non-current assets	277,893	82.5	261,341	82.3	16,552
Property and equipment	171,340	50.9	127,135	40.0	44,205
Buildings	55,787		50,665		
Structures	890		1,013		
Machinery and equipment	323		370		
Furniture and equipment	2,720		3,854		
Land	103,234		71,221		
Construction in progress	8,385		9		
Intangible assets	2,422	0.7	3,076	1.0	(654)
Land leasing rights	2,178		2,184		
Others	243		892		
Investments and other assets	104,130	30.9	131,129	41.3	(26,999)
Investments in securities	52,609		71,454		
Investments in subsidiaries and affiliates	5,732		5,732		
Investments in partnership	5,850		8,402		
Long-term loans receivable	382		459		
Long-term deposits	33,092		37,369		
Construction contribution	3,792		5,776		
Receivable in bankruptcy	645		710		
Others	2,712		1,981		
Allowance for doubtful accounts	(686)		(756)		
TOTAL ASSETS	336,722	100.0	317,445	100.0	19,277

THE SEIBU DEPARTMENT STORES, LTD.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Total current liabilities	170,416	50.6	172,366	54.3	(1,949)
Notes payable, trade	2,060		2,034		
Accounts payable, trade	18,695		19,552		
Short-term loans	107,000		93,000		
Accounts payable, other	13,847		4,927		
Accrued expenses	2,261		4,327		
Accrued income taxes	253		281		
Consumption taxes payable	-		753		
Advance received	2,747		23,121		
Issued gift tickets	9,346		9,938		
Deposits received	2,706		3,174		
Notes payable, construction	5,087		1,073		
Allowance for bonuses to employees	1,689		2,010		
Allowance for sales promotion expenses	4,354		4,199		
Allowance for store closing losses	-		3,590		
Other	367		381		
Total non-current liabilities	129,831	38.6	99,659	31.4	30,172
Long-term loans	113,000		74,000		
Long-term accounts payable, other	1,535		2,370		
Deposits received from tenants	6,657		7,319		
Deferred income taxes	8,152		15,783		
Allowance for retirement benefits to directors	58		58		
Other	428		127		
TOTAL LIABILITIES	300,248	89.2	272,025	85.7	28,222
NET ASSETS					
Owner's equity	24,960	7.4	-	-	-
Common stock	6,000		-		
Capital surplus	6,529		-		
Additional paid-in capital	6,529		-		
Retained earnings	12,431		-		
Other retained earnings					
Retained earnings brought forward	12,431		-		
Valuation and translation adjustments	11,514	3.4	-	-	-
Net unrealized gains on available-for-securities	11,883		-		
Deferred losses on hedges	(369)		-		
TOTAL NET ASSETS	36,474	10.8	-	-	-
TOTAL LIABILITIES AND NET ASSETS	336,722	100.0	-	-	-

THE SEIBU DEPARTMENT STORES, LTD.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
SHAREHOLDER'S EQUITY					
Common stock	-	-	6,000	1.9	-
Capital surplus	-	-	6,529	2.1	-
Additional paid-in capital	-		6,529		
Retained earnings	-	-	9,884	3.1	-
Unappropriated retained earnings	-		9,884		
Net unrealized gains on available-for-sale securities	-	-	23,005	7.2	-
TOTAL SHAREHOLDER'S EQUITY	-	-	45,419	14.3	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	-	-	317,445	100.0	-

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenue from operations]	[465,831]		[482,938]		(17,106)	96.5
Net sales	459,074	100.0	476,144	100.0	(17,069)	96.4
Cost of sales	348,407	75.9	360,306	75.7	(11,898)	96.7
Gross profit on sales	110,667	24.1	115,838	24.3	(5,170)	95.5
Other operating income	6,756	1.5	6,794	1.4	(37)	99.5
Operating gross profit	117,424	25.6	122,632	25.7	(5,208)	95.8
Selling, general and administrative expenses	99,970	21.8	102,698	21.5	(2,728)	97.3
Advertising and decoration expenses	13,195		12,597			
Salaries and wages	25,658		25,947			
Land and building rent	23,733		26,020			
Depreciation and amortization	5,710		5,965			
Utilities	4,968		5,180			
Other	26,703		26,986			
Operating income	17,454	3.8	19,933	4.2	(2,479)	87.6
Non-operating income	2,829	0.6	2,490	0.5	339	113.6
Interest and dividend income	634		453			
Other	2,194		2,036			
Non-operating expenses	3,472	0.8	5,587	1.2	(2,115)	62.1
Interest expenses	2,096		3,897			
Other	1,376		1,690			
Ordinary income	16,811	3.7	16,835	3.5	(24)	99.9
Special gains	634	0.1	485	0.1	148	130.7
Gain on sales of investments in securities	103		-			
Gain from sales of property and equipment	26		239			
Reversal of allowance for store closing losses	177		-			
Other	326		245			
Special losses	14,826	3.2	12,773	2.7	2,052	116.1
Loss on sales of property and equipment	1		0			
Loss on disposal of property and equipment	3,587		775			
Impairment loss	10,223		-			
Loss from cancellation of corporate pension fund	-		5,014			
Provision for store closing losses	-		3,590			
Litigation losses	-		1,627			
Other	1,013		1,764			
Income before income taxes	2,619	0.6	4,547	0.9	(1,928)	57.6
Income taxes	72	0.0	72	0.0	0	100.8
Net income for the year	2,546	0.6	4,475	0.9	(1,928)	56.9

[Reference] Denny's Japan Co., Ltd.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	39,172	62.0	41,587	63.1	(2,414)
Cash and bank deposits	25,979		28,545		
Accounts receivable, trade	374		367		
Inventories	158		142		
Materials	375		357		
Supplies	45		48		
Prepaid expenses	1,046		1,028		
Income taxes receivable	162		-		
Accounts receivable, other	188		191		
Deposits held by financial service company	10,000		10,000		
Short-term leasehold deposits	424		435		
Deferred income taxes	381		463		
Other	34		8		
Non-current assets	24,044	38.0	24,364	36.9	(319)
Property and equipment	13,193	20.9	13,206	20.0	(13)
Buildings	8,279		8,567		
Structures	1,255		1,402		
Vehicles	0		0		
Furniture, fixtures and equipment	1,687		1,260		
Land	1,932		1,932		
Construction in progress	38		43		
Intangible assets	468	0.7	512	0.8	(43)
Goodwill	38		48		
Rights of leasehold	89		89		
Telephone rights	120		120		
Software	181		218		
Utility rights of facilities	38		35		
Investments and other assets	10,382	16.4	10,645	16.1	(262)
Investments in securities	611		683		
Long-term prepaid expenses	303		319		
Long-term leasehold deposits	8,491		8,898		
Deferred income taxes	737		505		
Allowance for doubtful accounts	(10)		-		
Other	249		238		
TOTAL ASSETS	63,217	100.0	65,952	100.0	(2,734)

Denny's Japan Co., Ltd.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	6,903	10.9	7,367	11.2	(463)
Accounts payable, trade	2,105		2,054		
Accounts payable, other	956		867		
Income taxes payable	-		637		
Consumption taxes withheld	134		237		
Accrued expenses	2,498		2,437		
Deposits received	50		100		
Allowance for bonuses to directors and corporate auditors	11		-		
Allowance for bonuses to employees	569		548		
Accounts payable for acquisition of property and equipment	257		368		
Other	319		115		
Non-current liabilities	357	0.6	567	0.9	(210)
Accrued pension and severance costs	36		277		
Allowance for retirement benefits to directors and corporate auditors	310		280		
Other	9		9		
TOTAL LIABILITIES	7,260	11.5	7,934	12.0	(673)
NET ASSETS					
Owner's equity	55,623	88.0	-	-	-
Common stock	7,125		-		
Capital surplus	9,785		-		
Additional paid-in capital	9,784		-		
Other capital surplus	0		-		
Retained earnings	38,713		-		
Legal reserve	1,383		-		
Other retained earnings					
Reserve for deferred gains on property and equipment	79		-		
General reserve	36,400		-		
Retained earnings brought forward	849		-		
Valuation and translation adjustments	333	0.5	-	-	-
Net unrealized gains on available-for-securities	333		-		
TOTAL NET ASSETS	55,956	88.5	-	-	-
TOTAL LIABILITIES AND NET ASSETS	63,217	100.0	-	-	-

Denny's Japan Co., Ltd.

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
SHAREHOLDER'S EQUITY					
Common stock	-	-	7,125	10.8	-
Capital surplus	-	-	9,785	14.8	-
Additional paid-in capital	-		9,784		
Other capital surplus	-		0		
Retained earnings	-	-	40,822	61.9	-
Legal reserve	-		1,383		
General reserve	-		36,408		
Unappropriated retained earnings	-		3,030		
Net unrealized gains on available-for-sale securities	-	-	285	0.4	-
TOTAL SHAREHOLDER'S EQUITY	-	-	58,017	88.0	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	-	-	65,952	100.0	-

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenues from operations]	[93,020]		[94,560]		(1,540)	98.4
Net sales	92,788	100.0	94,473	100.0	(1,685)	98.2
Cost of sales	30,522	32.9	31,385	33.2	(862)	97.2
Gross profit on sales	62,265	67.1	63,088	66.8	(822)	98.7
Other operating revenue	232	0.3	86	0.1	145	268.3
Gross profit from operations	62,497	67.4	63,175	66.9	(677)	98.9
Selling, general and administrative expenses	62,130	67.0	61,215	64.8	915	101.5
Salaries and wages	28,996		29,256			
Land and building rent	10,217		10,055			
Utility expenses	5,177		5,024			
Depreciation and amortization	2,108		2,050			
Legal welfare expenses	2,059		2,008			
Other	13,570		12,820			
Operating income	367	0.4	1,959	2.1	(1,592)	18.7
Non-operating income	288	0.3	272	0.3	16	106.1
Interest income	105		37			
Dividends income	2		2			
Income related to advertising media installation	87		142			
Miscellaneous income	93		90			
Non-operating expenses	115	0.1	117	0.1	(2)	98.0
Demolition expenses for closed stores	65		76			
Miscellaneous expenses	39		40			
Provision for doubtful accounts	10		-			
Ordinary income	540	0.6	2,114	2.2	(1,573)	25.6
Special gains	96	0.1	579	0.6	(482)	16.7
Gain on sales of property and equipment	16		333			
Gain on sales of parent company's stock	-		246			
Gain on sales of investments in securities	9		-			
Indemnity for cancellation of lease contracts	71		-			
Special losses	1,341	1.4	791	0.8	549	169.4
Loss on disposals of property and equipment	281		253			
Impairment loss	864		457			
Loss on cancellation of lease contracts	158		4			
Other	36		76			
Income before income taxes	(703)	(0.7)	1,902	2.0	(2,605)	-
Income taxes - current	268	0.3	1,242	1.3	(974)	21.6
Income taxes - deferred	(31)	(0.0)	(157)	(0.2)	126	-
Net (loss) income for the year	(940)	(1.0)	817	0.9	(1,757)	-

Brief Summary of FY2007

April 12, 2007
Seven & i Holdings Co., Ltd.

1. CONSOLIDATED BUSINESS RESULTS

[Financial Results : Review & Estimation]

(Millions of yen)

	05/2		06/2		07/2		08/2 (est.)	
	<Ito-Yokado>	YOY(%)	<7&iHD>	YOY(%)*	<7&iHD>	YOY(%)	<7&iHD>	YOY(%)
Revenues from operations	3,623,554	102.3	3,895,772	107.5	5,337,806	137.0	5,755,000	107.8
Convenience store operations	1,806,168	104.9	2,015,236	111.6	2,249,648	111.6	2,330,000	103.6
Superstore operations	1,642,264	98.4	1,687,734	102.8	1,882,935	111.6	2,100,000	111.5
Department store operations *1	-	-	-	-	988,357	-	1,084,000	109.7
Restarurant operations	126,181	100.0	124,025	98.3	121,683	98.1	123,000	101.1
Financial services	61,236	164.5	82,289	134.4	100,295	121.9	125,000	124.6
Other	17,195	116.7	19,780	115.0	32,340	163.5	35,000	108.2
Eliminations / Corporate	-29,492	-	-33,294	-	-37,454	-	-42,000	-
Operating income	211,950	102.0	244,940	115.6	286,838	117.1	300,000	104.6
Convenience store operations	195,385	104.2	209,815	107.4	206,090	98.2	207,000	100.4
Superstore operations	7,814	36.9	15,381	196.8	29,170	189.6	40,000	137.1
Department store operations *1	-	-	-	-	26,772	-	29,000	108.3
Restarurant operations	3,620	111.0	2,625	72.5	931	35.5	2,000	214.7
Financial services	5,401	-	17,278	319.9	24,547	142.1	19,500	79.4
Other	211	-	808	382.2	1,621	200.7	2,000	123.3
Eliminations / Corporate	-482	-	-968	-	-2,296	-	500	-
Non-operating income	5,242	70.9	10,740	204.9	10,430	97.1		
Non-operating expenses	8,926	62.0	7,570	84.8	15,252	201.5		
Ordinary income	208,267	103.7	248,110	119.1	282,016	113.7	292,000	103.5
Special gains	7,902	304.7	7,611	96.3	3,873	50.9		
Special losses	65,336	255.2	77,203	118.2	42,830	55.5		
Income before income taxes and minority interests	150,832	84.8	178,518	118.4	243,060	136.2		
Net income	17,205	32.1	87,930	511.1	133,419	151.7	150,000	112.4

* Results of 06/2 are compared with consolidated results of Ito-Yokado for 05/2.

Earnings per share	yen		%		yen		%	
	40.73	31.8	100.83	247.6	142.90	141.7	157.31	110.1

Number of shares outstanding

Average		870,127,116 shares	933,675,491 shares
End of period		904,774,606 shares	953,508,603 shares

Exchange rates

		05/2	06/2	07/2	08/2 (est.)
P/L	\$1=	108.23 yen	110.26 yen	116.38 yen	115.00 yen
	1yuan=	13.06 yen	13.57 yen	14.62 yen	15.00 yen
B/S	\$1=	104.21 yen	118.07 yen	119.11 yen	-
	1yuan=	12.59 yen	14.63 yen	15.24 yen	-

Major financial indicators

	05/2	06/2	07/2
Ratio of operating income to revenues from operations	5.8 %	6.3 %	5.4 %
Ratio of net income to owners' equity	1.5 %	5.5 % *2	7.6 %

*1 For 05/2 and 06/2, department store operations had no profit/loss results, so none are shown here.

*2 Ratio of net income to owners' equity for 06/2 was calculated by using owners' equity at the end of fiscal year.

2. Results of Principal Companies

Seven-Eleven Japan

(Millions of yen)

	05/2		06/2		07/2		08/2 (est.)	
		YOY(%)		YOY(%)		YOY(%)		YOY(%)
Total store sales	2,440,853	104.2	2,498,754	102.4	2,533,534	101.4	2,660,000	105.0
Revenues from operations	467,233	104.9	492,831	105.5	516,967	104.9	559,000	108.1
Operating income	174,365	104.5	177,350	101.7	172,737	97.4	173,600	100.5
Ordinary income	176,070	104.2	178,682	101.5	176,763	98.9		
Net income	92,891	101.5	118,778	127.9	98,402	82.8		
Number of domestic stores	10,826	+ 523	11,310	+ 484	11,735	+ 425	12,185	+ 450
Net sales increase, existing stores only (%)	-0.7		-1.6		-1.9		+0.5	
Merchandise GP Margin (%)	30.7	+0.1	31.0	+0.3	30.9	-0.1	31.2	+0.3
Average daily sales per store (thousand yen)	639	- 8	627	- 12	610	- 17		

7-Eleven, Inc.

(Millions of yen)

	04/12		05/12		06/12		07/12 (est.)	
		YOY(%)		YOY(%)		YOY(%)		YOY(%)
Net sales	1,311,852	104.9	1,485,408	113.2	1,690,613	113.8	1,738,000	102.8
Merchandise	854,265	99.4	916,066	107.2	1,008,818	110.1		
Gasoline	457,586	117.0	569,342	124.4	681,795	119.8		
Operating income	26,530	-	32,348	121.9	32,015	99.0	33,000	103.1
Net income	7,024	-	1,823	26.0	14,702	806.3		
Number of stores	5,799	+ 15	5,829	+ 30	6,050	+ 221	6,175	+ 125
Number of stores operated by area licensees	11,039	+ 1,160	12,484	+ 1,445	13,946	+ 1,462	-	-
Net sales increase, existing stores only (%) (U.S. Merchandise sales)	+5.3		+4.4		+3.1		+3.1	
Merchandise GP Margin (%)	35.6	+0.1	35.8	+0.2	36.0	+0.2	36.2	+0.2

* The amounts of each fiscal year reflect adjustments to the necessary for the consolidation to Seven & i Holdings' consolidated accounts.

Ito-Yokado

(Millions of yen)

	05/2		06/2		07/2		08/2 (est.)	
		YOY(%)		YOY(%)		YOY(%)		YOY(%)
Revenues from operations	1,473,583	98.6	1,493,605	101.4	1,511,530	101.2	1,530,000	101.2
Net sales	1,455,358	98.7	1,470,523	101.0	1,487,480	101.2	1,505,000	101.2
Operating income	8,800	36.5	12,072	137.2	18,322	151.8	22,000	120.1
Ordinary income	27,081	64.0	30,900	114.1	20,982	67.9		
Net income	17,509	61.0	51,322	293.1	13,356	26.0		
Number of domestic stores	181	+ 4	178	- 3	174	- 4	176	+ 2
Net sales increase, existing stores only (%)	- 4		- 2		- 1		±0	
Merchandise GP Margin (%)	31.0	-0.6	30.9	-0.1	30.3	-0.6	30.5	+0.2

York-Benimaru

(Millions of yen)

	05/2		06/2		07/2		08/2 (est.)	
		YOY(%)		YOY(%)		YOY(%)		YOY(%)
Revenues from operations	287,833	102.9	297,445	103.3	313,935	105.5	334,000	106.4
Net sales	280,595	102.8	289,393	103.1	304,855	105.3	324,000	106.3
Operating income	12,024	109.1	11,412	94.9	10,306	90.3	11,900	115.5
Ordinary income	11,835	106.4	11,921	100.7	11,261	94.5		
Net income	6,545	105.8	6,716	102.6	4,441	66.1		

Number of domestic stores	110	+6	116	+6	128	+12	133	+5
Net sales increase, existing stores only (%)	-1.0		-2.2		-3.6		+0.7	
Merchandise GP Margin (%)	26.7	+0.1	26.8	+0.1	26.9	+0.1	27.2	+0.3

* The net increase of stores for York-Benimaru for 07/2 included three stores of Midoriya Super Co., Ltd. ,which merged with York-Benimaru in March 2006.

[Reference] Consolidated results of York-Benimaru

(Millions of yen)

	05/2		06/2		07/2		08/2 (est.)	
		YOY(%)		YOY(%)		YOY(%)		YOY(%)
Revenues from operations	292,142	102.8	314,909	107.8	340,337	108.1	360,000	105.8
Operating income	14,374	108.2	14,088	98.0	13,166	93.5	15,000	113.9

*Consolidated subsidiaries of York-Benimaru: Life Foods Co., Ltd. and Super Kadoya Co., Ltd.

Sogo

(Millions of yen)

	05/2		06/2		07/2		08/2 (est.)	
		YOY(%)		YOY(%)		YOY(%)		YOY(%)
Revenues from operations	449,049	99.2	474,731	105.7	500,714	105.5	521,000	104.1
Net sales	443,845	99.0	468,994	105.7	494,349	105.4	514,000	104.0
Operating income	16,951	127.8	17,247	101.8	16,754	97.1	18,500	110.4
Ordinary income	15,802	112.8	15,207	96.2	15,365	101.0		
Net income	18,643	137.3	21,219	113.8	7,416	35.0		

Number of domestic stores	11	±0	12	+1	12	±0	12	±0
Net sales increase, existing stores only (%)	-1.0		+0.9		+2.8		+3.8	
Merchandise GP Margin (%)	27.3	+0.1	27.2	-0.1	26.8	-0.4	26.8	±0.0

The Seibu Department Stores

(Millions of yen)

	05/2		06/2		07/2		08/2 (est.)	
		YOY(%)		YOY(%)		YOY(%)		YOY(%)
Revenues from operations	480,182	90.6	482,938	100.6	465,831	96.5	487,000	104.5
Net sales	472,968	90.4	476,144	100.7	459,074	96.4	480,000	104.6
Operating income	19,518	92.4	19,933	102.1	17,454	87.6	17,500	100.3
Ordinary income	17,102	105.4	16,835	98.4	16,811	99.9		
Net income	6,034	3.5	4,475	74.2	2,546	56.9		

Number of domestic stores	18	±0	18	±0	16	-2	16	±0
Net sales increase, existing stores only (%)	-5.0		+1.0		+0.2		+5.5	
Merchandise GP Margin (%)	28.3	-0.2	28.1	-0.2	27.8	-0.3	27.7	-0.1

Denny's Japan

(Millions of yen)

	05/2		06/2		07/2	
		YOY(%)		YOY(%)		YOY(%)
Revenues from operations	96,523	100.9	94,560	98.0	93,020	98.4
Net sales	96,360	100.9	94,473	98.0	92,788	98.2
Operating income	3,220	107.9	1,959	60.9	367	18.7
Ordinary income	3,317	103.1	2,114	63.7	540	25.6
Net income	1,284	111.4	817	63.7	-940	-

Number of domestic stores	582	+4	583	+1	585	+2
Net sales increase, existing stores only (%)	-1.2		-2.9		-3.8	
Merchandise GP Margin (%)	66.9	-0.2	66.8	-0.1	67.1	+0.3

* It is planned that Seven & i Food Systems Co., Ltd. will merge Denny's Japan, Famil, and York Bussan on September 1, 2007. For that reason, projected figures for Denny's Japan for 08/2 are not disclosed.