



July 11, 2006

# Consolidated Financial Results for the Three-Month Period Ended May 31, 2006

## 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.

### 1. Matters Concerning the Preparation of the Quarterly Financial Results

Adoption of Simplified Accounting Method: Applied

Change in Accounting Method: None

Change in the Scope of Consolidation and Application of Equity Method:

Consolidated subsidiaries: None

Affiliates applied for equity method: Increase one company

### 2. Consolidated Business Results for the Three-Month Period (from March 1, 2006 to May 31, 2006)

#### (1) Results of operations

(Millions of yen, except per share amounts)

	Revenues from Operations	Operating Income	Ordinary Income
Three Months Ended May 31, 2006	1,248,215 -	66,830 -	66,727 -
Fiscal year ended February 28, 2006	3,895,772 -	244,940 -	248,110 -

  

	Net Income	Net Income per Share	Diluted Net Income per Share
Three Months Ended May 31, 2006	35,328 -	39.04 (yen)	- (yen)
Fiscal year ended February 28, 2006	87,930 -	100.83 (yen)	- (yen)

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

2. 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.

3. The Company started to compile the consolidated financial results on a quarterly basis from the nine-month period ended November 30, 2005; hence no financial information was disclosed for the first three-month period of the previous fiscal year. For reference, the comparison with Ito-Yokado's consolidated financial results for the three-month period ended May 31, 2005 is shown on page 3.

4. Net income per share and Diluted net income per share for the fiscal year ended February 28, 2006 were calculated by using average number of outstanding shares during the previous fiscal year, assuming that the Company had been established on March 1, 2005.

5. The Company made Millennium Retailing, Inc. a wholly owned subsidiary by means of a stock-for-stock exchange on June 1, 2006. The Company's consolidated financial results for the three-month period ended May 31, 2006 were prepared, assuming that the stock-for-stock exchange had been implemented at the end of this period.

#### (2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Capital Adequacy Ratio	Net Assets per Share
As of May 31, 2006	3,485,062	1,748,750	48.6%	1,833.06 (yen)
As of February 28, 2006	3,424,878	1,717,880	46.8%	1,772.25 (yen)

#### (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 Period (Year)
Three Months Ended May 31, 2006	12,943	(68,175)	16,298	571,837
Fiscal year ended February 28, 2006	217,325	(388,080)	103,093	610,876

### 3. Consolidated Business Outlook for the Fiscal Year Ending February 28, 2007 (from March 1, 2006 to February 28, 2007)

(Millions of yen)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income
<b>Interim Period</b>	2,540,000 -	147,000 -	145,000 -	75,000 -
<b>Entire Year</b>	5,200,000 33.5%	300,000 22.5%	295,000 18.9%	150,000 70.6%

<Reference> Expected net income per share for the year ending February 28, 2007: 162.50yen

Note: Percentages above represent increase over the previous fiscal year.

At a release point in time of this document, no change is expected in the outlook for the fiscal year ending February 28, 2007, announced on April 12, 2006.

#### FORWARD LOOKING STATEMENTS

The outlook for the fiscal year ending February 28, 2007 is based on 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.

(Reference)

## 1. Comparison with Ito-Yokado's financial results for the three-month period ended May 31, 2005

The Company was established on September 1, 2005. The Company started to compile the consolidated financial results on a quarterly basis from the nine-month period ended November 30, 2005; hence no financial information was disclosed for the first three-month period of the previous fiscal year. For reference, the comparison with Ito-Yokado's consolidated financial results for the three-month period ended May 31, 2005 is as follows.

(Millions of yen)

	Three Months Ended May 31, 2006 Seven & i Holdings (Consolidated)		Three Months Ended May 31, 2005 Ito-Yokado (Consolidated)	
	Amount	YOY	Amount	YOY
Revenues from Operations	1,248,215	36.9%	911,455	5.0%
Operating Income	66,830	16.3%	57,443	10.4%
Ordinary Income	66,727	15.9%	57,579	11.5%
Net Income	35,328	94.8%	18,134	17.8%

## 2. Segment Information

(Revenues from operations by Business segment)

(Millions of yen)

	Three Months Ended May 31, 2006 Seven & i Holdings (Consolidated)		Three Months Ended May 31, 2005 Ito-Yokado (Consolidated)	
	Amount	YOY	Amount	YOY
Convenience store operations	523,594	19.7%	437,509	5.8%
Superstore operations	428,872	0.2%	428,011	3.8%
Department store operations	241,977	-	-	-
Restaurant operations	31,180	(0.4%)	31,302	(1.8%)
Financial services	24,064	23.2%	19,530	45.3%
Others	7,390	102.9%	3,641	4.3%
Eliminations / Corporate	(8,863)	-	(8,540)	-
Consolidated total	1,248,215	36.9%	911,455	5.0%

(Operating income by Business segment)

(Millions of yen)

	Three Months Ended May 31, 2006 Seven & i Holdings (Consolidated)		Three Months Ended May 31, 2005 Ito-Yokado (Consolidated)	
	Amount	YOY	Amount	YOY
Convenience store operations	48,528	1.5%	47,789	4.5%
Superstore operations	6,724	24.9%	5,382	53.8%
Department store operations	6,571	-	-	-
Restaurant operations	535	(32.7%)	796	(7.9%)
Financial services	5,183	51.6%	3,418	63.4%
Others	390	419.5%	75	-
Eliminations / Corporate	(1,101)	-	(19)	-
Consolidated total	66,830	16.3%	57,443	10.4%

# CONDENSED CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	May 31, 2006		February 28, 2006	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>Current assets</b>	<b>1,112,019</b>	<b>31.9</b>	<b>1,102,819</b>	<b>32.2</b>
Cash and bank deposits	577,227		619,537	
Accounts and notes receivable, trade	135,252		110,829	
Trade accounts receivable - financial services	40,695		37,562	
Inventories	156,351		148,913	
Deferred income taxes	32,657		31,725	
Other	172,440		156,471	
Allowance for doubtful accounts	(2,606)		(2,220)	
<b>Non-current assets</b>	<b>2,372,514</b>	<b>68.1</b>	<b>2,321,779</b>	<b>67.8</b>
<b>Property and equipment</b>	<b>1,205,902</b>	<b>34.6</b>	<b>1,200,492</b>	<b>35.0</b>
Buildings and structures	514,568		502,904	
Furniture and fixtures	186,327		185,749	
Vehicles	112		111	
Land	490,420		488,152	
Construction in progress	14,473		23,573	
<b>Intangible assets</b>	<b>410,959</b>	<b>11.8</b>	<b>368,971</b>	<b>10.8</b>
<b>Investments and other assets</b>	<b>755,651</b>	<b>21.7</b>	<b>752,316</b>	<b>22.0</b>
Investments in securities	225,835		216,933	
Long-term leasehold deposits	454,794		463,238	
Deferred income taxes	25,583		26,977	
Other	59,763		56,144	
Allowance for doubtful accounts	(10,323)		(10,977)	
<b>Deferred assets</b>	<b>528</b>	<b>0.0</b>	<b>280</b>	<b>0.0</b>
New organization costs	528		280	
<b>TOTAL ASSETS</b>	<b>3,485,062</b>	<b>100.0</b>	<b>3,424,878</b>	<b>100.0</b>

(Millions of yen)

	May 31, 2006		February 28, 2006	
	Amount	%	Amount	%
<b>LIABILITIES</b>				
<b>Current liabilities</b>	<b>1,026,742</b>	<b>29.5</b>	<b>982,859</b>	<b>28.7</b>
Accounts and notes payable, trade	315,481		285,123	
Short-term loans	130,288		114,462	
Current portion of long-term loans	49,411		47,832	
Current portion of bonds	30,000		-	
Income taxes payable	27,557		94,030	
Deposits received	98,330		73,837	
Other	375,673		367,573	
<b>Non-current liabilities</b>	<b>709,569</b>	<b>20.3</b>	<b>724,139</b>	<b>21.2</b>
Bonds	85,000		115,000	
Long-term loans	381,970		368,314	
Commercial paper	42,762		41,764	
Deferred income taxes	79,086		77,212	
Accrued pension and severance costs	3,546		3,433	
Allowance for retirement benefits to directors and corporate auditors	3,041		3,273	
Deposits received from tenants and franchised stores	58,554		57,820	
Other	55,609		57,318	
<b>TOTAL LIABILITIES</b>	<b>1,736,312</b>	<b>49.8</b>	<b>1,706,998</b>	<b>49.9</b>
<b>NET ASSETS</b>				
<b>Owners' Equity</b>	<b>1,679,491</b>	<b>48.2</b>	<b>1,589,432</b>	<b>46.4</b>
Common stock	50,000		50,000	
Capital surplus	692,415		611,704	
Retained earnings	1,049,981		1,040,613	
Treasury stock	(112,906)		(112,884)	
<b>Valuation and translation adjustments</b>	<b>12,563</b>	<b>0.4</b>	<b>14,251</b>	<b>0.4</b>
Net unrealized gains on available-for-sale securities	7,861		7,953	
Deferred losses on hedges	(1)		-	
Cumulative translation adjustments	4,703		6,298	
<b>Minority Interests</b>	<b>56,695</b>	<b>1.6</b>	<b>114,196</b>	<b>3.3</b>
<b>TOTAL NET ASSETS</b>	<b>1,748,750</b>	<b>50.2</b>	<b>1,717,880</b>	<b>50.1</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,485,062</b>	<b>100.0</b>	<b>3,424,878</b>	<b>100.0</b>

# CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Three Months Ended May 31, 2006		Fiscal Year Ended February 28, 2006	
	Amount	%	Amount	%
<b>Revenues from operations</b>	<b>1,248,215</b>		<b>3,895,772</b>	
Net sales	1,128,004	100.0	3,437,344	100.0
Cost of sales	830,204	73.6	2,488,509	72.4
<b>Gross profit on sales</b>	<b>297,799</b>	<b>26.4</b>	<b>948,835</b>	<b>27.6</b>
Other operating revenue	120,211	10.7	458,427	13.3
<b>Gross profit from operations</b>	<b>418,011</b>	<b>37.1</b>	<b>1,407,263</b>	<b>40.9</b>
Selling, general and administrative expenses	351,180	31.2	1,162,322	33.8
<b>Operating Income</b>	<b>66,830</b>	<b>5.9</b>	<b>244,940</b>	<b>7.1</b>
Non-operating income and expenses				
Non-operating income	3,312	0.3	10,740	0.3
Non-operating expenses	3,416	0.3	7,570	0.2
<b>Ordinary income</b>	<b>66,727</b>	<b>5.9</b>	<b>248,110</b>	<b>7.2</b>
Special gains and losses				
Special gains	872	0.1	7,611	0.2
Special losses	4,417	0.4	77,203	2.2
<b>Income before income taxes and minority interests for the period (year)</b>	<b>63,181</b>	<b>5.6</b>	<b>178,518</b>	<b>5.2</b>
Income taxes - current	24,034	2.1	83,267	2.4
Income taxes - deferred	11	0.0	(1,792)	(0.1)
Minority interests in earnings of consolidated subsidiaries	3,807	0.4	9,111	0.3
<b>Net income for the period (year)</b>	<b>35,328</b>	<b>3.1</b>	<b>87,930</b>	<b>2.6</b>

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Three Months Ended May 31, 2006	Fiscal Year Ended February 28, 2006
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests for the period (year)	63,181	178,518
Depreciation and amortization	31,434	97,810
Equity in earnings of affiliates	(496)	(1,993)
Increase in accounts and notes receivable	(25,103)	(16,477)
Increase in trade accounts receivable - financial services	(3,132)	(4,722)
Increase in inventories	(7,621)	(3,254)
Increase (decrease) in accounts and notes payable	29,494	(21,291)
Other, net	23,208	88,802
Sub-total	110,964	317,391
Interest and dividends received	1,032	2,384
Interest paid	(3,312)	(6,015)
Income taxes paid	(95,740)	(96,434)
<b>Net cash provided by operating activities</b>	<b>12,943</b>	<b>217,325</b>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(37,402)	(146,179)
Proceeds from sales of property and equipment	1,529	4,702
Acquisition of intangible assets	(10,171)	(13,694)
Payment for purchase of investments in securities	(52,334)	(101,807)
Proceeds from sale and maturity of investments in securities	43,390	69,726
Acquisition of investments in subsidiaries	(20,410)	(133,451)
Payment for long-term leasehold deposits and advances for store construction	(5,269)	(24,411)
Refund of long-term leasehold deposits	10,116	29,776
Other	2,376	(72,739)
<b>Net cash used in investing activities</b>	<b>(68,175)</b>	<b>(388,080)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans	15,817	(2,470)
Proceeds from long-term debt	20,720	41,500
Repayment of long-term debt	(10,123)	(12,532)
Proceeds from issuance of commercial paper	168,384	554,046
Payment for redemption of commercial paper	(163,363)	(544,532)
Dividends paid	(24,980)	(30,445)
Other	9,842	97,527
<b>Net cash provided by financing activities</b>	<b>16,298</b>	<b>103,093</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(105)</b>	<b>(4,562)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(39,039)</b>	<b>(72,223)</b>
<b>Cash and cash equivalents at beginning of period (year)</b>	<b>610,876</b>	<b>683,100</b>
<b>Cash and cash equivalents at end of period (year)</b>	<b>571,837</b>	<b>610,876</b>

# SEGMENT INFORMATION

## <Business Segments>

For the three-month period ended May 31, 2006 (From March 1, 2006 to May 31, 2006)

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Restaurant operations	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenues and operating income									
<b>Revenues</b>									
1. Customers	523,412	426,038	241,977	30,751	20,430	5,606	1,248,215	-	1,248,215
2. Intersegment	182	2,834	-	429	3,633	1,783	8,863	(8,863)	-
<b>Total revenues</b>	<b>523,594</b>	<b>428,872</b>	<b>241,977</b>	<b>31,180</b>	<b>24,064</b>	<b>7,390</b>	<b>1,257,079</b>	<b>(8,863)</b>	<b>1,248,215</b>
<b>Operating expenses</b>	<b>475,066</b>	<b>422,148</b>	<b>235,405</b>	<b>30,644</b>	<b>18,880</b>	<b>7,000</b>	<b>1,189,146</b>	<b>(7,761)</b>	<b>1,181,384</b>
<b>Operating income</b>	<b>48,528</b>	<b>6,724</b>	<b>6,571</b>	<b>535</b>	<b>5,183</b>	<b>390</b>	<b>67,932</b>	<b>(1,101)</b>	<b>66,830</b>

### 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 stores under the name of "7-Eleven".
  - Superstore operations ----- Superstore, supermarket and specialty shop and others
  - Department store operations ----- Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES, LIMITED, and other companies in department store 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

## <Reference>

Fiscal year ended February 28, 2006 (From March 1, 2005 to 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
Revenues and operating income									
<b>Revenues</b>									
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)	-
<b>Total revenues</b>	<b>2,015,236</b>	<b>1,687,734</b>	<b>-</b>	<b>124,025</b>	<b>82,289</b>	<b>19,780</b>	<b>3,929,066</b>	<b>(33,294)</b>	<b>3,895,772</b>
<b>Operating expenses</b>	<b>1,805,420</b>	<b>1,672,353</b>	<b>-</b>	<b>121,399</b>	<b>65,010</b>	<b>18,972</b>	<b>3,683,157</b>	<b>(32,325)</b>	<b>3,650,831</b>
<b>Operating income</b>	<b>209,815</b>	<b>15,381</b>	<b>-</b>	<b>2,625</b>	<b>17,278</b>	<b>808</b>	<b>245,909</b>	<b>(968)</b>	<b>244,940</b>