

[Reference]

**Nonconsolidated Financial Results
for the Fiscal Year Ended February 28, 2007
York-Benimaru Co., Ltd.**

April 12, 2007

President and C.O.O.: Zenko Ohtaka

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

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		Net Sales		Operating Income	
Current Fiscal Year	313,935	5.5%	304,855	5.3%	10,306	(9.7)%
Prior Fiscal Year	297,445	3.3%	289,393	3.1%	11,412	(5.1)%

	Ordinary Income		Net Income		Net Income per Share	
Current Fiscal Year	11,261	(5.5)%	4,441	(33.9)%	87.77	(yen)
Prior Fiscal Year	11,921	0.7%	6,716	2.6%	132.42	(yen)

	Diluted Net Income per Share	Ratio of Net Income to Owner's Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Net Sales
Current Fiscal Year	-	4.2%	8.7%	3.7%
Prior Fiscal Year	-	6.5%	9.5%	4.1%

- Notes: 1. All amounts less than one million yen have been disregarded.
 2. Average number of shares outstanding:
 Current fiscal year: 50,607,649 shares Prior fiscal year: 50,283,132 shares
 3. Change in accounting policies: None
 4. Percentages above represent increase (decrease) over prior fiscal year, unless otherwise stated.

(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	130,801	106,414	81.4%	2,101.63 (yen)
As of February 28, 2006	126,977	104,192	82.1%	2,058.60 (yen)

- Notes: 1. Number of shares outstanding at the end of the fiscal year:
 Current fiscal year: 50,634,535 shares Prior fiscal year: 50,585,534 shares
 2. Number of treasury stock at the end of the fiscal year:
 Current fiscal year: - shares Prior fiscal year: 49,001 shares

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
As of February 28, 2007	11,184	(7,084)	(2,082)	18,686

Note: The Company started to prepare the nonconsolidated statements of cash flows from this fiscal year; hence information on the nonconsolidated cash flows for prior fiscal year were not available.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	43,197	33.0	37,528	29.6	5,669
Cash and bank deposits	18,686		16,669		
Accounts receivable, trade	664		505		
Parent company's stock	2,601		-		
Inventories	6,902		6,407		
Supplies	5		24		
Prepaid expenses	695		961		
Deferred income taxes	525		1,258		
Short-term loans receivable	1,795		1,162		
Deposits held by financial service company	6,000		6,000		
Accounts receivable, other	4,303		3,430		
Advance payments	59		65		
Other	956		1,043		
Non-current assets	87,604	67.0	89,449	70.4	(1,845)
Property and equipment	58,764	44.9	57,083	44.9	1,680
Buildings	23,749		21,389		
Structures	4,620		4,317		
Vehicles	-		0		
Furniture, fixtures and equipment	1,710		1,837		
Land	24,278		24,101		
Construction in progress	4,405		5,438		
Intangible assets	866	0.7	603	0.5	262
Software	831		574		
Other	35		29		
Investments and other assets	27,972	21.4	31,762	25.0	(3,789)
Investments in securities	4,510		4,771		
Investments in securities of subsidiaries	2,146		6,036		
Investments	1		1		
Investments in an affiliate	256		256		
Long-term loans receivable	223		274		
Long-term prepaid expenses	2,749		2,644		
Deferred income taxes	59		902		
Prepaid pension cost	814		-		
Long-term leasehold deposits	16,853		16,815		
Advances for store construction	963		665		
Allowance for doubtful accounts	(606)		(606)		
TOTAL ASSETS	130,801	100.0	126,977	100.0	3,823

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	21,772	16.6	21,022	16.5	750
Accounts payable, trade	12,933		11,781		
Accounts payable, other	2,540		3,821		
Income taxes payable	2,388		2,007		
Accrued expenses	2,113		1,882		
Deposits received	409		313		
Deferred income	153		92		
Allowance for bonuses to employees	1,193		1,125		
Allowance for bonuses to directors and corporate auditors	42		-		
Non-current liabilities	2,613	2.0	1,763	1.4	850
Allowance for retirement benefits to directors and corporate auditors	519		461		
Other	2,094		1,301		
TOTAL LIABILITIES	24,386	18.6	22,785	17.9	1,601
NET ASSETS					
Owner's Equity	104,906	80.2	-	-	-
Common stock	9,927		-		
Capital surplus	12,605		-		
Additional paid-in capital	12,605		-		
Other capital surplus	0		-		
Retained earnings	82,373		-		
Legal reserve	2,186		-		
Other retained earnings					
General reserve	69,476		-		
Retained earnings brought forward	10,711		-		
Valuation and translation adjustments	1,508	1.2	-	-	-
Net unrealized gains on available-for-sale securities	1,508		-		
TOTAL NET ASSETS	106,414	81.4	-	-	-
TOTAL LIABILITIES AND NET ASSETS	130,801	100.0	-	-	-

(Millions of yen)

	February 28, 2007		February 28, 2006		Increase (Decrease)
	Amount	%	Amount	%	
SHAREHOLDERS' EQUITY					
Common stock	-	-	9,927	7.8	-
Capital surplus	-	-	12,445	9.8	-
Additional paid-in capital	-		12,445		
Other capital surplus	-		-		
Retained earnings	-	-	80,062	63.1	-
Legal reserve	-		2,186		
General reserve	-		67,505		
Unappropriated retained earnings	-		10,371		
Net unrealized gains on available-for-sale securities	-	-	1,905	1.5	-
Treasury stock	-	-	(148)	(0.1)	-
TOTAL SHAREHOLDERS' EQUITY	-	-	104,192	82.1	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	-	126,977	100.0	-

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Current Fiscal Year		Prior Fiscal Year		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenues from operations]	(313,935)		(297,445)		16,490	105.5
Net sales	304,855	100.0	289,393	100.0	15,461	105.3
Cost of sales	231,718	76.0	220,542	76.2	11,175	105.1
Gross Profit on sales	73,136	24.0	68,851	23.8	4,285	106.2
Other operating revenue	9,080	3.0	8,051	2.8	1,029	112.8
Commission fee income	6,994		6,518			
Rental income	2,086		1,533			
Gross profit from operations	82,217	27.0	76,902	26.6	5,314	106.9
Selling, general and administrative expenses	71,910	23.6	65,489	22.6	6,420	109.8
Salaries and bonuses	28,463		26,055			
Provision for allowance for bonuses to employees	1,193		1,125			
Land and building rent	6,871		5,903			
Store maintenance and repair expenses	3,866		3,883			
Depreciation and amortization	4,673		3,884			
Utility expenses	4,449		3,983			
Delivery expenses	5,310		4,153			
Other	17,082		16,501			
Operating income	10,306	3.4	11,412	3.9	(1,106)	90.3
Non-operating income	996	0.3	611	0.2	385	163.0
Interest income and interest on securities	127		94			
Dividends income	758		418			
Miscellaneous income	110		98			
Non-operating expenses	42	0.0	103	0.0	(60)	41.0
Bad debt loss	-		59			
Miscellaneous expenses	42		43			
Ordinary income	11,261	3.7	11,921	4.1	(659)	94.5
Special gains	743	0.3	20	0.0	723	3607.7
Gain on sale of property and equipment	644		20			
Gain on sale of investments in securities	99		0			
Other	0		-			
Special losses	1,212	0.4	834	0.3	378	145.4
Loss on sale of property and equipment	19		86			
Loss on disposal of property and equipment	84		125			
Impairment loss	803		-			
Salaries and wages for past years	294		-			
Cost in relation to system integration	1		545			
Other	9		76			
Income before income taxes	10,792	3.6	11,107	3.8	(315)	97.2
Income taxes - current	4,467	1.5	4,411	1.5	55	101.3
Income taxes - deferred	1,883	0.6	(19)	(0.0)	1,903	-
Net income for the year	4,441	1.5	6,716	2.3	(2,274)	66.1
Retained earnings brought forward	-		7,773			
Interim dividends	-		978			
Loss on sale of treasury stock	-		3,139			
Unappropriated retained earnings	-		10,371			

STATEMENT OF CHANGES IN NET ASSETS

Current Fiscal Year (from March 1, 2006 to February 28, 2007)

(Millions of yen)

	Owner's Equity			
	Common Stock	Capital surplus		
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus
Balance at February 28, 2006	9,927	12,445	-	12,445
Increase (decrease) of items during the period				
Dividends from retained earnings				
Directors' and corporate auditors' bonuses				
Reversal of deferred gain on property and equipment				
Transfer to other reserve				
Net income				
Increase resulting from merger		160		160
Purchase of treasury stock				
Disposal of treasury stock			0	0
Transfer related to stock-for-stock exchange				
Decrease of items during the period except those included in owner's equity				
Total increase (decrease) of items during the year	-	160	0	160
Balance at February 28, 2007	9,927	12,605	0	12,605

	Owner's Equity						
	Retained Earnings					Treasury Stock	Total Owners' Equity
	Legal Reserve	Other Retained Earnings			Total Retained Earnings		
		Reserve for deferred gain on property and equipment	Other Reserve	Retained Earnings brought forward			
Balance at February 28, 2006	2,186	338	67,167	10,371	80,062	(148)	102,287
Increase (decrease) of items during the period							
Dividends from retained earnings				(2,073)	(2,073)		(2,073)
Directors' and corporate auditors' bonuses				(57)	(57)		(57)
Reversal of deferred gain on property and equipment		(29)		29	-		-
Transfer to other reserve			2,000	(2,000)	-		-
Net income				4,441	4,441		4,441
Increase resulting from merger							160
Purchase of treasury stock						(9)	(9)
Disposal of treasury stock						0	0
Transfer related to stock-for-stock exchange						158	158
Decrease of items during the period except those included in owner's equity							
Total increase (decrease) of items during the year	-	(29)	2,000	339	2,310	148	2,619
Balance at February 28, 2007	2,186	309	69,167	10,711	82,373	-	104,906

	Valuation and translation adjustments		Total Net Assets
	Net unrealized gains on available-for-sale securities	Total valuation and translation adjustments	
Balance at February 28, 2006	1,905	1,905	104,192
Increase (decrease) of items during the period			
Dividends from retained earnings			(2,073)
Directors' and corporate auditors' bonuses			(57)
Reversal of deferred gain on property and equipment			-
Transfer to other reserve			-
Net income			4,441
Increase resulting from merger			160
Purchase of treasury stock			(9)
Disposal of treasury stock			0
Transfer related to stock-for-stock exchange			158
Decrease of items during the period except those included in owner's equity	(397)	(397)	(397)
Total increase (decrease) of items during the year	(397)	(397)	2,222
Balance at February 28, 2007	1,508	1,508	106,414

STATEMENT OF APPROPRIATION OF RETAINED EARNINGS

(Millions of yen, except per share amounts)

	Prior Fiscal Year
Unappropriated retained earnings	10,386
Unappropriated retained earnings at end of fiscal year	10,371
Reversal of deferred gain on property and equipment	15
The above shall be appropriated as follows:	
Cash dividends	1,062
[Dividends per share]	[21.00 yen]
Bonuses to directors and corporate auditors	57
[Portion to corporate auditors]	[6]
General reserve	2,000
Unappropriated retained earnings carried forward	7,266

Notes:

1. The company paid 978 million yen (20.00 yen per share) as interim dividends on November 15, 2005
2. Reversal of deferred gain on property and equipment is treated in accordance with the regulations of Special Taxation Measures Law.
3. All amounts less than one million yen have been disregarded.

NONCONSOLIDATED STATEMENT OF CASH FLOWS

(Millions of yen)

	Current Fiscal Year
Cash flows from operating activities:	
Income before income taxes	10,792
Depreciation and amortization	4,673
Impairment losses	803
Increase in allowance for bonuses to employees	68
Increase in allowance for bonuses to directors and corporate auditors	42
Increase in prepaid pension cost	(814)
Interest and dividend income	(886)
Gain on sale of investments in securities	(99)
Gain on sale of property and equipment	(644)
Loss on sale of property and equipment	19
Loss on disposal of property and equipment	84
Increase in accounts receivable, trade	(152)
Increase in inventories	(356)
Increase in accounts payable, trade	1,151
Payment for bonuses to directors and corporate auditors	(57)
Other, net	(193)
Sub-total	14,430
Interest and dividends received	825
Income taxes paid	(4,071)
Net cash provided by operating activities	11,184
Cash flows from investing activities:	
Acquisition of property and equipment	(8,954)
Proceeds from sale of property and equipment	2,196
Acquisition of intangible assets	(528)
Proceeds from sale of investments in securities	312
Proceeds from merger	212
Payment for loans receivable	(3,406)
Collection of loans receivable	2,615
Refund of leasehold deposits	1,829
Payment for advances for store construction	(1,018)
Other, net	(342)
Net cash used in investing activities	(7,084)
Cash flows from financing activities:	
Acquisition of treasury stock	(9)
Dividends paid	(2,073)
Other, net	0
Net cash used in financing activities	(2,082)
Effect of exchange rate changes on cash and cash equivalents	-
Increase in cash and cash equivalents	2,017
Cash and cash equivalents at beginning of year	16,669
Cash and cash equivalents at end of year	18,686

Significant Accounting Policies for the Preparation of Semiannual Nonconsolidated Financial Statements

(a) Valuation method of major assets

(1) Valuation method of securities

Investments in subsidiaries are valued at cost, determined by the moving-average method.

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

Available-for-sale securities are classified into two categories: (i) fair value is available and (ii) 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 the net assets at a net-of-tax amount. Cost of sales is determined by the moving-average method.

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

(2) Valuation method of inventories

· Merchandise held by the Company, except for that described below, is valued at the lower of cost or market value; cost is determined by the retail method.

· Fresh foods merchandise is valued at cost, determined by the last purchase price method.

· Merchandise held at distribution centers is valued at cost, determined by the first-in first-out method.

· Other inventories are valued at cost, determined by the last purchase price method.

(b) Depreciation and amortization

(1) Property and equipment

Depreciation expense is computed using the declining-balance method.

(2) Intangible assets

Amortization expense of intangible assets is computed using the straight-line method.

Software is amortized using the straight-line method over its estimated useful life (5 years).

(c) Allowances

(1) Allowance for doubtful accounts

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

(2) Allowance for bonuses to employees

An allowance for bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(3) Allowance for bonuses to directors and corporate auditors

An allowance for bonuses to directors and corporate auditors is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(4) Allowance for accrued pension and severance costs

An allowance for accrued pension and severance costs is provided at the amount incurred during the year, which is based on the present value of the projected benefit obligation less the estimated fair value of plan assets at the end of the fiscal year. Unrecognized prior service costs are amortized on a straight-line basis over the period of 5 years from the year in which they arise. Unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise.

(5) 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.

(d) Leases

All finance lease contracts, other than those for which the ownership of the leased assets is to be transferred to lessee, are accounted for as operating leases.

(e) Cash and cash equivalents

Cash and cash equivalents in the accompanying statements of cash flows are composed of cash on hand, bank deposits which can be withdrawn at any time, and short-term investments with an original maturity of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(f) Accounting for consumption taxes

Consumption taxes are separately accounted for, and are excluded from the amounts of the underlying income and expense transactions.

Change in Accounting Policies

(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 Accounting Standards Board of Japan on December 9, 2005.

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

The amount corresponding to the conventional "Shareholders' Equity" in the balance sheet is 106,414 million yen.

(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 director' bonus" (Accounting Standards Board Statement No.4 issued by the Accounting Standards Board of Japan on November 29, 2005). 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 for the fiscal year ended February 28, 2007 decreased by 42 million yen, respectively.

Notes to Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
1. Accumulated depreciation of property and equipment	51,988	48,004
2. Major balances with related companies		
Short-term loans receivable	1,700	—
Accounts payable - other	1,425	—
Accounts payable - trade	728	1,280
3. Guarantees	4	11
4. Number of authorized shares	—	100,000,000 shares
5. Net assets resulted from revaluating assets at fair market value as stipulated in Article 124, item 3 of the Enforcement Regulations of the Japanese Commercial Code	—	1,905

Non-consolidated Statements of Income;

1. Net sales includes sales by tenants based on agreements with the tenants. Sales, cost of sales and gross profit relating to the tenant sales which are included in the accompanying statements of income are as follows:

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Net sales	50,728	49,734
Cost of sales	45,926	45,151
Gross profit	4,802	4,582

2. Net purchases for the year include the purchases from the related companies as follows:

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Net purchases from the related companies	33,934	38,287

3. Cost of sales includes the difference between the "retail method at average cost" and the "retail method at lower of cost or market" as follows:

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Difference between the "retail method at average cost" and the "retail method at lower of cost or market"	1,464	1,313

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

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Land	644	20

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

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Land	19	18
Buildings	-	53
Structures	-	10
Furniture, fixtures and equipment	-	4
Total	19	86

6. Major items included in "Loss on disposal 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	29	68
Structures	0	2
Furniture, fixtures and equipment	54	54
Total	84	125

7. Transaction with related companies are as follows:

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Interest income from the related companies	3	0
Dividend income from the related companies	754	413
Loss on sale of property and equipment from transaction with related companies	-	70

8. For the year ended February 28, 2007, The Company recognized impairment losses on the following group of assets.

	Location	Description	Amount (Millions of yen)
Operating stores	Miyagi 1 store	Buildings, Structures, Furniture, fixtures and equipment	351
Operating stores	Fukushima 2 stores	Land, Buildings, Structures, Furniture, fixtures and equipment	325
Operating stores	Yamagata 1 store	Land, Buildings, Structures, Furniture, fixtures and equipment	126

The Company groups its fixed assets primarily by operating store, which is the minimum cash-generating unit. The book value of the stores, which were decided to be closed based on the Company's scrap & build strategy, was decreased to its net recoverable value and the amount written down was recorded as impairment losses. Impairment losses of 803 million yen (Buildings, 541 million yen; Structures, 50 million yen; Furniture, fixtures and equipment; 20 million yen; Land, 190 million yen) were recognized and recorded as "Impairment losses" (Special losses) in the accompanying nonconsolidated statements of income. The recoverable value of the assets group is measured based on the net realizable value and the Company valued the net realizable value of Buildings, Structures, Furniture, fixtures and equipment as zero, the net realizable value of Land as estimated market price primarily based on valuation report of a real estate appraiser.

Nonconsolidated statements changes in net assets

For the fiscal year ended February 28, 2007

1.Total numbers and periodic changes of shares outstanding and treasury stock by class

	Outstanding shares by class	Treasury shares by class
	common stock	common stock
Number of shares at the end of prior fiscal year	50,634,535 shares	49,001 shares
Increase in number of shares	- shares	2,658 shares
Decrease in number of shares	- shares	51,659 shares
Number of shares at the end of current fiscal year	50,634,535 shares	- shares

(Notes)

- 1.Increase in number of common stock of treasury stock is due to purchase of the odd stock by acquisition claim.
- 2.Decrease in number of common stock of treasury stock are due to disposal of the odd stock by adding-to-holdings claim, and due to transfer related to stock-for-stock exchange.

2.Dividend

(1)Dividends from surplus

The resolution matter of the 43rd shareholders' meeting held at May 19, 2006

- | | |
|-------------------------------|-------------------|
| (1)Total amounts of dividend: | ¥1,062,296,214 |
| (2)Dividend per share | ¥21.00 |
| (3)Record date | February 28, 2006 |
| (4)Effective date | May 22, 2006 |

The resolution matter of board of directors' meeting held at October 12, 2006

- | | |
|-------------------------------|-------------------|
| (1)Total amounts of dividend: | ¥1,011,658,600 |
| (2)Dividend per share | ¥20.00 |
| (3)Record date | August 31, 2006 |
| (4)Effective date | November 15, 2006 |

(2)Dividends whose effective date is after the end of current fiscal year and record date is included in the current fiscal year

The resolution matter of the 44th shareholders' meeting will be held at May 17, 2007

- | | |
|-------------------------------|-------------------|
| (1)Total amounts of dividend: | ¥645,083,976 |
| (2)Dividend resource | Retained earnings |
| (3)Dividend per share | ¥12.74 |
| (4)Record date | February 28, 2007 |
| (5)Effective date | May 18, 2007 |

Nonconsolidated statements changes in net assets

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

(Millions of yen)

	For the year ended February 28, 2007
Cash and bank deposits	18,686
Cash and cash equivalents	18,686

Leases

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

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

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Furniture, fixtures and equipment:		
Acquisition cost	7,773	6,880
Accumulated depreciation	3,329	3,478
Net book value	4,444	3,401

(2) 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
Within one year	1,489	1,263
Over one year	2,955	2,138
Total	4,444	3,401

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

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 28, 2006
Lease payments	1,736	1,426
Depreciation expense	1,736	1,426

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

2. Operating leases

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

(Millions of yen)

	As of February 28, 2007	As of February 28, 2006
Within one year	313	313
Over one year	3,999	4,313
Total	4,313	4,627

Related party transactions

(As of and for the year ended February 28, 2007)

1. Directors and major shareholders

(Millions of yen)

Relationship	Name	Location	Common stock	Business	Percentage of equity ownership	Detail of relationship		Transaction	Transaction amount	Account	Balance at year-end
						Number of directors assigned	Business relationship				
Directors and their close relatives	Zenko Ohtaka	-	-	President of the Company	Indirect: 0.2%	-		Sales of stock	3	-	-
	Kyoujyu Ohtaka	-	-	Brother of Zenko Ohtaka, President of the Company	Indirect: 0.0%	-		Sales of stock	3	-	-
Companies which our directors and their relatives own majority part of the company's voting rights	Koriyama Kanko Kotsu Co., Ltd	Koriyama, Fukushima	20	Transportation	Direct: 57.0% A relative of the Company's President	None	Taxi and surrogate driving service	Payment of fare	24	Accounts payable, other	1
	Oyama Yuenchi Co., Ltd	Oyama, Tochigi	10	Rental management service	Direct: 100.0% A relative of the Company's corporate auditor	None	Spa facility rental	Facility rental income	57	-	-
							Deposits received	-	Long-term deposits received	14	
Consulting service	Payment of fee	43	Accounts payable, other	3							

Terms of transactions:

Transactions with the companies above are on arm's length basis.

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

2. Subsidiaries

(Millions of yen)

Relationship	Name	Location	Common stock	Business	Percentage of equity ownership	Detail of relationship		Transaction	Transaction amount	Account	Balance at year-end
						Number of directors assigned	Business relationship				
Subsidiaries	Life Foods Co., Ltd.	Koriyama, Fukushima	120	Food Processing and Retail business	Direct: 100.0%	4	Business tie-up, Tenant operation	Purchases of merchandise	33,934	Accounts payable, trade	728
	Super Kadoya Co., Ltd.	Omitama, Ibaraki	80	Retail business	Direct: 100.0%	4	Business tie-up	Payment for loan receivable (Net)	850	Short-term loans receivable	1,700
								Advance payments	-	Accounts payable, other	1,210

Terms of transactions:

Transactions with Life Foods Co., Ltd. above are on arm's length basis.

Terms of transactions with Super Kadoya Co., Ltd. are fairly determined based on the market condition:

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

3. Affiliated companies

(Millions of yen)

Relationship	Name	Location	Common stock	Business	Percentage of equity ownership	Detail of relationship		Transaction	Transaction amount	Account	Balance at year-end
						Number of directors assigned	Business relationship				
Subsidiaries of parent company	Seven & i Financial Center Co., Ltd.	Chiyoda, Tokyo	10	Management of Seven & i Holdings Group funds	-	1	Deposits of funds	Deposits of funds (Net)	-	Deposits held at financial service company	6,000
	Seven Bank, Ltd.	Chiyoda, Tokyo	61,000	Banking	Direct: 4.5% Indirect: 7.1%	1	Credits of funds	Credits of funds (Net)	1	Bank Deposits	2,002

Terms of transactions:

Terms of transactions with Seven & i Financial Center Co., Ltd. are fairly determined based on the market condition:

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

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:		
Enterprise tax payable	202	159
Allowance for bonuses to employees	474	447
Depreciation and amortization	289	250
Allowance for retirement benefits to directors and corporate auditors	206	183
Valuation loss on inventories based on lower of cost or market value	582	522
Amortization of right of leasehold	1,325	1,286
Loss on disposal of property and equipment	85	85
Loss on discontinuance of development	388	396
Bad debt loss	241	241
Impairment loss	319	-
Other	151	190
Sub-total	4,268	3,764
Valuation allowance	(2,157)	-
Total deferred tax assets	2,110	3,764
Deferred tax liabilities:		
Prepaid pension cost	323	130
Provision for deferred gain on property and equipment	204	213
Net unrealized gains on available-for-sale securities	997	1,259
Total deferred tax liabilities	1,525	1,603
Deferred tax assets, net	585	2,160

2.The reconciliation between the statutory tax rate and the effective tax rate

	For the year ended February 28, 2007	For the year ended February 28, 2006
Statutory tax rate	39.8 %	39.8 %
Adjustments:		
Inhabitant tax per capita	2.0 %	1.8 %
Dividends income	(2.7)%	(1.5)%
Valuation allowance	20.0 %	- %
Other	(0.2)%	(0.6)%
Effective tax rate	58.8 %	39.5 %

Equity method earnings or losses

(Millions of yen)

	For the year ended February 28, 2007
Acquisition cost of investments in subsidiaries and affiliates	256
Carrying value of investments in subsidiaries and affiliates under equity method	190
Equity in earnings of subsidiaries and affiliates under equity method	(45)

Securities Information

As of and for the year ended February 28, 2007

1. Investments in securities of subsidiaries and affiliates (fair value is available)

There were no investment in securities of subsidiaries and no investment in affiliate whose fair value was available for the year ended February 28, 2007.

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	633	3,138	2,505
	Subtotal	633	3,138	2,505
Securities with book value not exceeding acquisition cost	Equity securities	-	-	-
	Subtotal	-	-	-
	Total	633	3,138	2,505

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

(Millions of yen)

Sales value	Total amount of gain on sales	Total amount of loss on sales
312	99	-

4. Major securities which are not subject to revaluation

(Millions of yen)

	Description	As of February 28, 2007
		Book value
Available-for-sale securities	Unlisted securities	3,973
	Total	3,973

As of and for the year ended February 28, 2006

Investments in securities of subsidiaries and affiliates (fair value is available)

There was no investment in securities of subsidiaries and no investment in affiliate whose fair value was available for the year ended February 28, 2006

Derivative Transactions

There were no derivative transactions for the year ended February 28, 2007 and 2006.

Accounting for Retirement Benefits

For the year ended February 28, 2007

1. Retirement benefit plans

The Company has participated in the "Seven & i Holdings Employees' Pension Fund".

2. Projected retirement benefit obligations

(Millions of yen)

	As of February 28, 2007
Projected benefit obligations	(12,838)
Plan assets	14,025
Unrecognized actuarial differences	(82)
Unrecognized prior service costs	(290)
Prepaid pension and severance costs	814

3. Net periodic pension expenses

(Millions of yen)

	For the year ended February 28, 2007
Service cost (Note)	628
Interest cost	308
Expected return on plan assets	(462)
Amortization of unrecognized prior service costs	(116)
Amortization of unrecognized actuarial differences	26
Net periodic pension expense	385

Note: The employee contribution is excluded from the service cost.

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

	As of and for the year ended February 28, 2007
Discount rate	2.5 %
Expected return on plan assets	3.5 %
Allocation method of estimated total retirement benefits	Point basis
Periods over which the prior service costs are amortized	5 years
Periods over which the actuarial differences are amortized	10 years