



April 10, 2008

Consolidated Financial Results for the Fiscal Year Ended February 29, 2008

Seven & i Holdings Co., Ltd.

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

Securities Code No. 3382

President and COO : Noritoshi Murata

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

Date of the ordinary general meeting of shareholders: May 22, 2008

Submission date of annual securities report scheduled: May 23, 2008

Starting date of paying year-end dividend: May 23, 2008

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

1. Business Results for the Fiscal Year Ended February 29, 2008 (from March 1, 2007 to February 29, 2008)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income	
Fiscal year ended February 29, 2008	5,752,392	7.8 %	281,088	(2.0) %	278,262	(1.3) %	130,657	(2.1) %
Fiscal year ended February 28, 2007	5,337,806	37.0 %	286,838	17.1 %	282,016	13.7 %	133,419	51.7 %

	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 Operating Income to Revenues from Operations
Fiscal year ended February 29, 2008	137.03 (yen)	- (yen)	6.7 %	7.2 %	4.9 %
Fiscal year ended February 28, 2007	142.90 (yen)	- (yen)	7.6 %	7.8 %	5.4 %

Notes: 1. Equity in earnings of affiliates:

Fiscal year ended February 29, 2008: 1,072 million yen Fiscal year ended February 28, 2007: 1,321 million yen

2. Percentages represent increase (decrease) from the prior fiscal year unless otherwise stated.

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
As of February 29, 2008	3,886,680	2,058,038	51.1%	2,081.85 (yen)
As of February 28, 2007	3,809,192	1,969,149	50.1%	1,999.77 (yen)

Note: Owners' Equity (Net assets excluding minority interests in consolidated subsidiaries) :

As of February 29, 2008: 1,985,018 million yen As of February 28, 2007: 1,906,798 million 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 the Fiscal Year
Fiscal year ended February 29, 2008	465,380	(237,184)	(130,136)	667,770
Fiscal year ended February 28, 2007	157,209	(235,983)	37,241	570,133

2. Dividends

	Dividends per Share (yen)			Total Amount of Dividends (Millions of yen)	Dividends Payout Ratio (Consolidated)	Ratio of Total Amount of Dividends to Net Assets (Consolidated)
	Interim	Year-end	Annual			
Fiscal year ended February 28, 2007	25.00	27.00	52.00	49,556	36.4 %	2.8%
Fiscal year ended February 29, 2008	26.00	28.00	54.00	51,938	39.4 %	2.6%
Fiscal year ending February 28, 2009 (forecast)	27.00	27.00	54.00		37.6 %	

3. Forecast of Business Results for the Fiscal Year Ending February 28, 2009 (From March 1, 2008 to February 28, 2009)

(Millions of yen, except per share amounts)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income	Net Income per Share
Interim Period	2,850,000 1.2 %	150,000 4.2 %	149,000 2.5 %	72,000 4.1 %	75.51 (yen)
Entire Year	5,760,000 0.1 %	294,000 4.6 %	290,000 4.2 %	137,000 4.9 %	143.68 (yen)

Note: Percentages represent increase from the corresponding period in the prior fiscal year.

4. Others

(1) Changes in significant subsidiaries during the fiscal year ended February 29, 2008

(changes in specific subsidiaries accompanying change in scope of consolidation): Yes

Added: none Excluded: one company (Denny's Japan Co., Ltd.)

Note: For details, please refer to MAJOR SEVEN & i HOLDINGS GROUP COMPANIES on page 3 of attached materials.

(2) Changes in accounting principles, procedures, and method of presentation for preparing the consolidated financial statements (those to be described in the section of Significant Accounting Policies for the Preparation of Consolidated Financial Statements)

Changes due to amendment of accounting standards: Yes

Changes due to other reasons: None

Note: For details, please refer to Changes in Significant Accounting Policies for the Preparation of Consolidated Financial Statements on page 22 of attached materials.

(3) Number of shares outstanding (common stock)

Number of shares outstanding at the end of period (including treasury stock)

As of February 29, 2008: 956,441,983 shares As of February 28, 2007: 967,770,983 shares

Number of treasury stock at the end of period

As of February 29, 2008: 2,954,728 shares As of February 28, 2007: 14,262,380 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to Per Share Information on page 48 of attached materials.

Reference: Summary of Nonconsolidated Financial Statements

1. Nonconsolidated Business Results for the Fiscal Year ended February 29, 2008 (from March 1, 2007 to February 29, 2008)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Fiscal year ended February 29, 2008	58,734	(5.8)%	51,943	(2.3)%	50,294	(3.7)%
Fiscal year ended February 28, 2007	62,366	-	53,168	-	52,214	-

	Net Income		Net Income per Share		Diluted Net Income per Share	
Fiscal year ended February 29, 2008	47,899	(8.1)%	50.15	(yen)	-	(yen)
Fiscal year ended February 28, 2007	52,135	-	55.01	(yen)	-	(yen)

Notes: 1. Percentages represent increase (decrease) from the prior fiscal year unless otherwise stated.

2. The Company was established on September 1, 2005; therefore year-on-year change for the fiscal year ended February 28, 2007 is not stated.

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of February 29, 2008	1,768,915	1,565,344	88.5%	1,636.77 (yen)
As of February 28, 2007	1,775,726	1,602,661	90.3%	1,656.13 (yen)

Note: Equity (Net assets) :

As of February 29, 2008: 1,565,344 million yen

As of February 28, 2007: 1,602,661 million yen

FORWARD LOOKING STATEMENTS

The forecast for the fiscal year ending February 28, 2009 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 forecast.

MAJOR SEVEN & i HOLDINGS GROUP COMPANIES

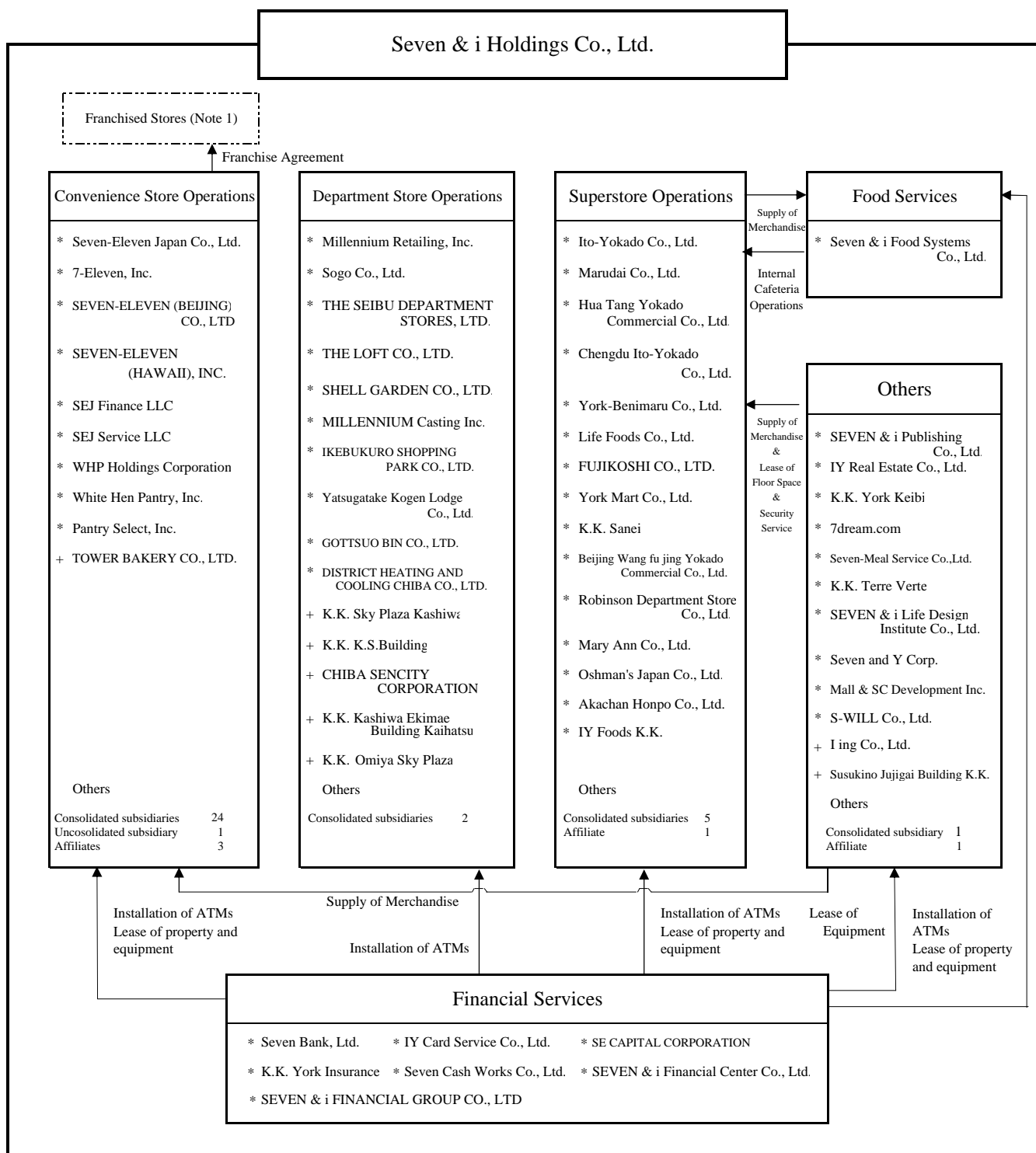
Seven & i Holdings Group consists 99 diversified retail companies, mainly engaged in convenience store operations, superstore operations, department store operations, food services and financial services. Business segments, major group companies and number of companies are as follows.

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

Business Segments	Major Group Companies	Number of Companies
Convenience Store Operations	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	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. FUJIKOSHI 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. Akachan Honpo Co., Ltd. IY Foods K.K.	Consolidated Subsidiaries 20 Affiliate 1 <hr/> Total 21
Department Store Operations	Millennium Retailing, Inc. Sogo Co., Ltd. THE SEIBU DEPARTMENT STORES, LTD. THE LOFT CO., 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. 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 12 Affiliates 5 <hr/> Total 17
Food Services	Seven & i Food Systems Co., Ltd.	Consolidated Subsidiary 1
Financial Services	Seven Bank, Ltd. IY Card Service Co., Ltd. SE CAPITAL CORPORATION K.K. York Insurance Seven Cash Works Co., Ltd. SEVEN & i Financial Center Co., Ltd. SEVEN & i FINANCIAL GROUP CO., LTD.	Consolidated Subsidiaries 7
Others	SEVEN & i Publishing Co., Ltd. IY Real Estate Co., Ltd. K.K. York Keibi 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 3 <hr/> Total 14

1. Restaurant Operations changed its segment name to Food Services from this fiscal year, as a result of reorganization of food business due to the establishment of Seven & i Food Systems Co., Ltd. Seven & i Food Systems Co., Ltd. merged with Denny's Japan Co., Ltd., Famil Co., Ltd. and York Bussan K.K. on September 1, 2007.
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. TOWER BAKERY 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 Jujigai Building K.K. are affiliates and other companies are consolidated subsidiaries.
5. On September 1, 2007, York-Benimaru Co., Ltd. merged with Super Kadoya Co., Ltd.
6. On November 1, 2007, FUJIKOSHI CO., LTD. became a consolidated subsidiary of the Company by a stock acquisition.
7. On July 31, 2007, Akachan Honpo Co., Ltd. became a consolidated subsidiary of the Company by a stock acquisition.
8. Millennium Retailing, Inc. is the holding company of Sogo Co., Ltd., and THE SEIBU DEPARTMENT STORES, LTD., e
9. On March 23, 2007, THE LOFT CO., LTD. became a consolidated subsidiary of the Company by an additional stock acquisition.
10. On January 11, 2008, SEVEN & i FINANCIAL GROUP CO., LTD. was established as the Company's wholly owned subsidiary.

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 29, 2008, Seven Bank, Ltd. placed 13,017 units of ATMs mainly in the stores of group companies.

Subsidiaries and Affiliates

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
Consolidated Subsidiaries							
Seven-Eleven Japan Co., Ltd. *3	Chiyoda-ku, Tokyo	17,200	Convenience store operations	100.0	4	4	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
7-Eleven, Inc.	Texas, U.S.A.	Thousands of U.S. dollars 11	Convenience store operations	100.0 (100.0)	1	-	-
Ito-Yokado Co., Ltd. *3,4	Chiyoda-ku, Tokyo	40,000	Superstore operations	100.0	7	5	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
York-Benimaru Co., Ltd. *3	Koriyama-shi, Fukushima	9,927	Superstore operations	100.0	2	-	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Millennium Retailing, Inc. *3	Chiyoda-ku, Tokyo	37,733	Department store operations	100.0	5	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Sogo Co., Ltd.	Chuo-ku, Osaka-shi	1,000	Department store operations	100.0 (100.0)	-	-	-
THE SEIBU DEPARTMENT STORES, LTD *3	Toshima-ku, Tokyo	6,000	Department store operations	100.0 (100.0)	1	1	-
Seven & i Food Systems Co., Ltd.	Chiyoda-ku, Tokyo	3,000	Food services	100.0	1	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Seven Bank, Ltd. *3,4,5	Chiyoda-ku Tokyo	30,500	Financial services	47.8 (47.8)	2	1	-
SEVEN-ELEVEN (BEIJING) CO., LTD.	Beijing, China	Thousands of U.S. dollars 35,000	Convenience store operations	65.0 (65.0)	-	1	-
SEVEN-ELEVEN (HAWAII), INC.	Hawaii, U.S.A.	Thousands of U.S. dollars 20,000	Convenience store operations	100.0 (100.0)	1	2	-
SEJ Finance LLC *3	Delaware, U.S.A.	Thousands of U.S. dollars 916,147	Convenience store operations	100.0 (100.0)	-	-	-
SEJ Service LLC *3	Delaware, U.S.A.	Thousands of U.S. dollars 1,276,984	Convenience store operations	100.0 (100.0)	-	-	-
WHP Holdings Corporation	Delaware, U.S.A.	U.S. dollars 17,098	Convenience store operations	100.0 (100.0)	-	-	-

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
White Hen Pantry, Inc.	Delaware, U.S.A	U.S. dollars 13,130	Convenience store operations	100.0 (100.0)	-	-	-
Pantry Select, Inc.	Illinois, U.S.A.	U.S.dollars 10	Convenience store operations	100.0 (100.0)	-	-	-
Marudai Co., Ltd.	Nagaoka-shi, Niigata	213	Superstore operations	100.0 (100.0)	1	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Hua Tang Yokado Commercial Co., Ltd. *3	Beijing, China	Thousands of U.S. dollars 65,000	Superstore operations	75.8 (75.8)	-	-	-
Chengdu Ito-Yokado Co., Ltd.	Sichuan, China	Thousands of U.S. dollars 17,300	Superstore operations	74.0 (74.0)	-	-	-
York Mart Co., Ltd.	Chiyoda-ku, Tokyo	1,000	Superstore operations	100.0	1	-	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
K.K. Sanei	Ishinomaki -shi Miyagi	138	Superstore operations	100.0 (100.0)	-	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Beijing Wang fu jing Yokado Commercial Co., Ltd.	Beijing, China	Thousands of U.S. dollars 12,000	Superstore operations	60.0 (60.0)	1	-	-
Robinson Department Store Co., Ltd. *3	Kasukabe-shi, Saitama	5,500	Superstore operations	87.5 (87.5)	-	-	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Mary Ann Co., Ltd.	Chiyoda-ku, Tokyo	200	Superstore operations	100.0 (100.0)	-	-	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Oshman's Japan Co., Ltd.	Chiyoda-ku, Tokyo	1,200	Superstore operations	100.0 (100.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Akachan Honpo Co., Ltd.	Chuo-ku, Osaka-shi	680	Superstore operations	66.7 (66.7)	-	1	-
IY Foods K.K.	Otone-cho, Kita-Saitama- gun, Saitama	75	Superstore operations	100.0 (100.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Life Foods Co., Ltd.	Koriyama-shi, Fukushima	120	Superstore operations	100.0 (100.0)	1	-	-

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
FUJIKOSHI CO., LTD.	Iwaki-shi, Fukushima	10	Superstore operations	100.0 (100.0)	1	-	-
THE LOFT CO., LTD.	Shibuya-ku, Tokyo	750	Department store operation	70.7 (70.7)	-	-	-
SHELL GARDEN CO., LTD.	Meguro-ku, Tokyo	989	Department store operations	100.0 (100.0)	-	-	-
MILLENNIUM Casting Inc.	Chuo-ku, Tokyo	208	Department store operations	51.8 (51.8) [48.2]	-	-	-
IKEBUKURO SHOPPING PARK CO., LTD.	Toshima-ku, Tokyo	1,200	Department store operation	50.6 (50.6)	-	-	-
Yatsugatake Kogen Lodge Co., Ltd.	Nanmoku -mura, Minami-Saku -gun, Nagano	100	Department store operations	100.0 (100.0)	-	-	-
GOTTSUO BIN CO., LTD.	Toshima-ku, Tokyo	10	Department store operations	100.0 (100.0)	-	-	-
DISTRICT HEATING AND COOLING CHIBA CO., LTD.	Chuo-ku, Chiba-shi	1,000	Department store operations	43.4 (43.4) [18.2]	-	-	-
IY Card Service Co., Ltd. *3	Chiyoda-ku, Tokyo	10,000	Financial services	94.1	-	2	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
SE CAPITAL CORPORATION	Chiyoda-ku, Tokyo	75	Financial services	100.0 (90.0)	1	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
K.K. York Insurance	Chiyoda-ku, Tokyo	30	Financial services	100.0	-	4	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
Seven Cash Works Co., Ltd.	Chiyoda-ku, Tokyo	1,500	Financial services	85.5 (5.0)	-	1	The Company are entrusted with various types of businesses
SEVEN & i Financial Center Co., Ltd.	Chiyoda-ku, Tokyo	10	Financial services	100.0	1	4	The Company are entrusted with various types of businesses
SEVEN & i FINANCIAL GROUP CO., LTD.	Chiyoda-ku, Tokyo	10	Financial services	100.0	1	2	-
SEVEN & i Publishing Co., Ltd.	Chiyoda-ku, Tokyo	242	Others	100.0 (100.0)	-	1	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
IY Real Estate Co., Ltd.	Chiyoda-ku, Tokyo	58	Others	100.0 (100.0)	-	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
K.K. York Keibi	Chiyoda-ku, Tokyo	10	Others	100.0 (100.0)	-	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
7dream.com *3	Chiyoda-ku, Tokyo	5,000	Others	68.0 (68.0)	-	2	The Company provides management strategies as well as other services and various convenience for considerations
Seven-Meal Service Co., Ltd.	Chiyoda-ku, Tokyo	300	Others	90.0 (90.0)	1	1	The Company provides management strategies as well as other services and various convenience for considerations
K.K. Terre Verte	Kitami-shi, Hokkaido	400	Others	99.0 (99.0)	1	2	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
SEVEN & i Life Design Institute Co., Ltd.	Chiyoda-ku, Tokyo	435	Others	100.0 (14.5)	2	-	The Company are entrusted with various types of businesses
Seven and Y Corp.	Chiyoda-ku, Tokyo	438	Others	50.8 (50.8)	-	-	-
Mall & SC Development Inc.	Chiyoda-ku, Tokyo	622	Others	90.0 (15.0)	2	3	The Company provides management strategies as well as other services and various convenience for considerations The Company are entrusted with various types of businesses
S-WILL Co., Ltd.	Chiyoda-ku, Tokyo	0	Others	100.0	2	2	The Company are entrusted with various types of businesses
Other 32 Companies *6	-	-	-	-	-	-	-

Name	Address	Capital (Millions of yen)	Principal Business	Voting Rights Held by Company (%)	Description of Relationship		
					Shared Positions		Business Relationship
					Officers	Employees	
Equity Method - affiliates							
TOWER BAKERY CO., LTD	Koshigaya -shi, Saitama	495	Convenience store operations	20.0 (20.0)	-	-	-
K.K. Sky Plaza Kashiwa	Kashiwa-shi, Chiba	10	Department store operations	45.5 (45.5)	-	-	-
K.K. K.S. Building	Chuo-ku, Kobe-shi	100	Department store operations	40.0 (40.0)	-	-	-
CHIBA SENCITY CORPORATION	Chuo-ku, Chiba-shi	297	Department store operations	34.8 (34.8)	-	-	-
K.K. Kashiwa Ekimae Building Kaihatsu	Kashiwa-shi, Chiba	10	Department store operations	27.2 (27.2)	-	-	-
K.K. Omiya Sky Plaza	Omiya-ku, Saitama-shi	10	Department store operations	20.0 (20.0)	-	-	-
Susukino Jujigai Building K.K	Chuo-ku, Sapporo-shi	100	Others	37.6 (37.6)	-	1	-
I ing Co., Ltd	Chiyoda-ku, Tokyo	107	Others	23.2 (23.2)	-	1	-
Other 4 Companies *6	-	-	-	-	-	-	-

- * 1. The business segment within Group operations is listed under the Principal Business column.
2. Figures in parentheses () in Voting Rights Held by Company column indicate the share of indirect voting rights.
Those in brackets [] indicate share of related or approved parties (supernumerary).
3. Designated subsidiaries.
4. These companies file security registration statement or annual financial reports.
5. Seven Bank Ltd. is considered as a consolidated subsidiary substantially.
6. Key financial data for other companies have been omitted because their effects on the Consolidated Financial Statements are not considered material.

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	Amount
ASSETS					
Current assets	1,274,376	33.5	1,354,417	34.8	80,040
Cash and bank deposits	575,643		649,167		73,523
Call Loan	131,300		23,500		(107,800)
Notes and accounts receivable, trade	128,336		128,852		515
Trade accounts receivable - financial services	72,724		75,741		3,017
Marketable securities	-		94,524		94,524
Inventories	159,897		169,026		9,129
Prepaid expenses	31,010		33,298		2,288
Deferred income taxes	36,700		35,730		(970)
Other	141,723		147,563		5,840
Allowance for doubtful accounts	(2,959)		(2,987)		(28)
Non-current assets	2,534,381	66.5	2,531,954	65.2	(2,427)
Property and equipment	1,333,157	35.0	1,337,142	34.4	3,985
Buildings and structures	556,604		548,784		(7,819)
Furniture, fixtures and equipment	175,285		173,772		(1,512)
Vehicles	120		145		25
Land	564,223		561,204		(3,018)
Construction in progress	36,923		53,234		16,311
Intangible assets	478,788	12.6	465,847	12.0	(12,941)
Goodwill	375,301		360,348		(14,953)
Software	37,162		41,247		4,084
Other	66,324		64,251		(2,073)
Investments and other assets	722,435	18.9	728,964	18.8	6,528
Investments in securities	173,206		160,094		(13,112)
Long-term loans receivable	14,828		15,177		349
Prepaid pension cost	5,965		12,727		6,761
Long-term leasehold deposits	463,601		460,951		(2,649)
Advances for store construction	6,174		11,489		5,314
Deferred income taxes	21,654		28,114		6,459
Other	46,010		48,985		2,974
Allowance for doubtful accounts	(9,006)		(8,575)		430
Deferred assets	434	0.0	308	0.0	(126)
New organization costs	434		308		(126)
TOTAL ASSETS	3,809,192	100.0	3,886,680	100.0	77,487

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	Amount
LIABILITIES					
Current liabilities	1,097,656	28.8	1,177,493	30.3	79,836
Notes and accounts payable, trade	305,529		321,402		15,872
Short-term loans	176,913		149,861		(27,052)
Current portion of long-term loans	61,398		120,419		59,020
Current portion of bonds	30,000		16,217		(13,782)
Income taxes payable	44,925		44,773		(151)
Accrued expenses	95,157		84,605		(10,551)
Deposits received	76,010		87,205		11,194
Allowance for sales promotion expenses	19,515		21,188		1,673
Allowance for bonuses to employees	14,788		16,109		1,320
Allowance for bonuses to directors and corporate auditors	315		326		11
Allowance for losses on uncollected gift tickets for future use	-		6,899		6,899
Deposits received in banking business	106,167		142,205		36,037
Other	166,934		166,280		(654)
Non-current liabilities	742,386	19.5	651,147	16.7	(91,239)
Bonds	145,000		131,077		(13,922)
Long-term loans	370,457		321,336		(49,120)
Commercial paper	30,344		11,777		(18,566)
Deferred income taxes	74,167		62,017		(12,149)
Allowance for accrued pension and severance costs	3,357		4,347		990
Allowance for retirement benefits to directors and corporate auditors	4,201		4,032		(169)
Deposits received from tenants and franchised stores	61,124		61,534		410
Other	53,733		55,023		1,289
TOTAL LIABILITIES	1,840,043	48.3	1,828,641	47.0	(11,402)
NET ASSETS					
Shareholders' equity	1,899,768	49.9	1,979,848	51.0	80,079
Common stock	50,000		50,000		-
Capital surplus	766,185		731,621		(34,563)
Retained earnings	1,124,892		1,205,042		80,149
Treasury stock, at cost	(41,309)		(6,815)		34,493
Accumulated gains (losses) from valuation and translation adjustments	7,029	0.2	5,170	0.1	(1,859)
Unrealized gains (losses) on available-for-sale securities, net of taxes	(2,100)		3,885		5,985
Unrealized gains (losses) on hedging derivatives, net of taxes	(370)		(676)		(305)
Foreign currency translation adjustments	9,500		1,961		(7,538)
Minority interests in consolidated subsidiaries	62,350	1.6	73,020	1.9	10,669
TOTAL NET ASSETS	1,969,149	51.7	2,058,038	53.0	88,889
TOTAL LIABILITIES AND NET ASSETS	3,809,192	100.0	3,886,680	100.0	77,487

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal year ended February 28, 2007		Fiscal year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues from operations	[5,337,806]		[5,752,392]		[414,586]	[107.8]
Net sales	4,839,554	100.0	5,223,832	100.0	384,278	107.9
Cost of sales	3,568,335	73.7	3,863,847	74.0	295,512	108.3
Gross profit on sales	1,271,218	26.3	1,359,984	26.0	88,766	107.0
Other operating revenues	498,252	10.3	528,560	10.2	30,307	106.1
Gross profit from operations	1,769,471	36.6	1,888,545	36.2	119,074	106.7
Selling, general and administrative expenses	1,482,632	30.7	1,607,457	30.8	124,824	108.4
Advertising and decoration expenses	111,230		115,789			
Salaries and wages	399,393		439,713			
Provision for bonuses to employees	14,755		16,065			
Pension expenses	10,406		8,895			
Legal welfare expenses	46,148		50,834			
Land and building rent	227,782		244,575			
Depreciation and amortization	125,794		136,110			
Utility expenses	93,137		100,124			
Store maintenance and repair expenses	77,517		79,781			
Other	376,466		415,566			
Operating Income	286,838	5.9	281,088	5.4	(5,750)	98.0
Non-operating income	10,430	0.2	13,371	0.2	2,940	128.2
Interest and dividends income	4,583		6,431			
Equity in earnings of affiliates	1,321		1,072			
Other	4,526		5,866			
Non-operating expenses	15,252	0.3	16,196	0.3	944	106.2
Interest expenses	9,997		10,901			
Interest on bonds	1,176		764			
Foreign currency exchange losses	1,326		2,244			
Other	2,751		2,286			
Ordinary income	282,016	5.8	278,262	5.3	(3,754)	98.7
Special gains	3,873	0.1	22,352	0.5	18,479	577.1
Gain on sales of property and equipment	2,792		7,128			
Gain on sales of subsidiary's common stock	-		2,620			
U.S. federal excise tax refund	-		4,035			
Gain on increase of the Company's interest in consolidated subsidiaries	-		5,016			
Gain on donations received	-		1,600			
Other	1,080		1,952			
Special losses	42,830	0.9	73,173	1.4	30,343	170.8
Loss on disposals of property and equipment	18,781		8,480			
Impairment loss	14,199		20,030			
Loss on sales of investments in securities	-		17,942			
Valuation loss on investments in securities	-		11,122			
Provision for losses on uncollected gift tickets for future use	-		7,085			
Other	9,849		8,512			
Income before income taxes and minority interests	243,060	5.0	227,441	4.4	(15,618)	93.6
Income taxes - current	99,526	2.0	109,461	2.1	9,935	110.0
Income taxes - deferred	1,095	0.0	(21,222)	(0.4)	(22,318)	-
Minority interests in net income of consolidated subsidiaries	9,019	0.2	8,545	0.2	(474)	94.7
Net income	133,419	2.8	130,657	2.5	(2,761)	97.9

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

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at February 28, 2006	50,000	611,704	1,040,613	(112,884)	1,589,432
Increase (decrease) for the year					
Dividends from appropriation of retained earnings			(25,792)		(25,792)
Directors' and corporate auditors' bonuses			(168)		(168)
Dividends from retained earnings			(23,129)		(23,129)
Net income			133,419		133,419
Increase (decrease) resulting from stock-for-stock exchange		223,468		(6,440)	217,027
Purchase of treasury stock				(128)	(128)
Sales of treasury stock		1,504		7,652	9,157
Cancellation of treasury stock		(70,491)		70,491	-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries			(49)		(49)
Other				0	0
Increase (decrease) of items for the year except those included in shareholders' equity					
Net increase (decrease) for 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

	Accumulated gains (losses) from valuation and translation adjustments				Minority interests in consolidated subsidiaries	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total accumulated gains (losses) from valuation and translation adjustments		
Balance at February 28, 2006	7,953	-	6,298	14,251	114,196	1,717,880
Increase (decrease) for the year						
Dividends from appropriation of retained earnings						(25,792)
Directors' and corporate auditors' bonuses						(168)
Dividends from retained earnings						(23,129)
Net income						133,419
Increase (decrease) resulting from stock-for-stock exchange						217,027
Purchase of treasury stock						(128)
Sales of treasury stock						9,157
Cancellation of treasury stock						-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries						(49)
Other						0
Increase (decrease) of items for the year except those included in shareholders' equity	(10,053)	(370)	3,202	(7,222)	(51,845)	(59,068)
Net increase (decrease) for 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

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at February 28, 2007	50,000	766,185	1,124,892	(41,309)	1,899,768
Increase (decrease) for the year					
Cash dividends			(50,536)		(50,536)
Net income			130,657		130,657
Purchase of treasury stock				(76)	(76)
Sales of treasury stock		2		5	8
Cancellation of treasury stock		(34,565)		34,565	-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries			27		27
Other				(1)	(1)
Increase (decrease) of items for the year except those included in shareholders' equity					
Net increase (decrease) for the year	-	(34,563)	80,149	34,493	80,079
Balance at February 29, 2008	50,000	731,621	1,205,042	(6,815)	1,979,848

	Accumulated gains (losses) from valuation and translation adjustments				Minority interests in consolidated subsidiaries	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Total accumulated gains (losses) from valuation and translation adjustments		
Balance at February 28, 2007	(2,100)	(370)	9,500	7,029	62,350	1,969,149
Increase (decrease) for the year						
Cash dividends						(50,536)
Net income						130,657
Purchase of treasury stock						(76)
Sales of treasury stock						8
Cancellation of treasury stock						-
Increase (decrease) resulting from adoption of U.S. GAAP by U.S. subsidiaries						27
Other						(1)
Increase (decrease) of items for the year except those included in shareholders' equity	5,985	(305)	(7,538)	(1,859)	10,669	8,810
Net increase (decrease) for the year	5,985	(305)	(7,538)	(1,859)	10,669	88,889
Balance at February 29, 2008	3,885	(676)	1,961	5,170	73,020	2,058,038

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008	Increase (Decrease)
Cash flows from operating activities:			
Income before income taxes and minority interests	243,060	227,441	(15,618)
Depreciation and amortization	132,693	143,642	10,949
Impairment loss	14,199	20,030	5,831
Increase (decrease) in allowance for bonuses to employees	(448)	984	1,432
Increase in prepaid pension cost	(5,232)	(6,701)	(1,469)
Interest and dividends income	(4,583)	(6,431)	(1,848)
Interest expenses and interest on bonds	11,173	11,665	492
Foreign currency exchange losses	419	789	370
Equity in earnings of affiliates	(1,321)	(1,072)	248
Gain on sales of property and equipment	(2,792)	(7,128)	(4,335)
Loss on disposals of property and equipment	18,781	8,480	(10,301)
Gain on sales of subsidiary's common stock	-	(2,620)	(2,620)
Gain on increase of the Company's interest in consolidated subsidiaries	-	(5,016)	(5,016)
Loss on sales of investments in securities	-	17,942	17,942
Valuation loss on investments in securities	-	11,122	11,122
Increase in notes and accounts receivable, trade	(17,030)	(333)	16,697
Increase in trade accounts receivable - financial services	(36,669)	(3,167)	33,501
Decrease (increase) in inventories	(2,869)	1,463	4,333
Increase in notes and accounts payable, trade	2,717	5,191	2,474
Proceeds from loans in banking business	4,000	-	(4,000)
Proceeds from issuance of bonds in subsidiary (Bank)	60,000	-	(60,000)
Net increase in deposits received in banking business	9,921	36,037	26,116
Net decrease (increase) in call loan in banking business	(131,300)	107,800	239,100
Other	20,433	16,269	(4,163)
Sub-total	315,152	576,391	261,239
Interest and dividends received	3,605	4,474	869
Interest paid	(10,167)	(11,576)	(1,409)
Income taxes paid	(151,381)	(103,909)	47,471
Net cash provided by operating activities	157,209	465,380	308,171
Cash flows from investing activities:			
Acquisition of property and equipment	(220,540)	(177,357)	43,182
Proceeds from sales of property and equipment	9,907	20,213	10,305
Acquisition of intangible assets	(18,848)	(16,842)	2,006
Payment for purchase of investments in securities	(159,371)	(454,543)	(295,171)
Proceeds from sales and maturity of investments in securities	147,518	449,104	301,586
Acquisition of investments in subsidiaries	(24,666)	(420)	24,246
Proceeds from sales of investments in subsidiaries	6,094	-	(6,094)
Acquisition of investments in newly consolidated subsidiaries	(6,195)	(7,108)	(912)
Proceeds from acquisition of investments in newly consolidated subsidiaries	20,686	2,360	(18,326)
Payment of loans receivable	(51,315)	(637)	50,678
Collection of loans receivable	51,326	2,087	(49,238)
Payment for long-term leasehold deposits and advances for store construction	(24,933)	(29,757)	(4,823)
Refund of long-term leasehold deposits	30,449	30,924	475
Proceeds from deposits from tenants	7,482	5,535	(1,947)
Return of deposits from tenant	(4,611)	(3,449)	1,161
Payment for time deposit	-	(28,353)	(28,353)
Payment for negotiable certificates of deposit	-	(42,000)	(42,000)
Other	1,036	13,058	12,021
Net cash used in investing activities	(235,983)	(237,184)	(1,201)

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008	Increase (Decrease)
Cash flows from financing activities:			
Net (decrease) increase in short-term loans	63,945	(39,231)	(103,177)
Proceeds from long-term loans	227,695	65,869	(161,825)
Repayment of long-term loans	(215,316)	(67,354)	147,962
Proceeds from commercial paper	680,261	715,519	35,257
Payment for redemption of commercial paper	(683,990)	(725,063)	(41,073)
Payment for redemption of bonds	(300)	(30,390)	(30,090)
Dividends paid	(48,881)	(50,498)	(1,617)
Capital contribution from minority interests	6,191	435	(5,756)
Dividends paid for minority interests	(30)	(3,240)	(3,209)
Proceeds from sales of treasury stock	10,183	8	(10,175)
Proceeds from sales of treasury stock by one of a subsidiary	-	7,134	7,134
Other	(2,516)	(3,324)	(807)
Net cash (used in) provided by financing activities	37,241	(130,136)	(167,377)
Effect of exchange rate changes on cash and cash equivalents	790	(422)	(1,212)
Net increase (decrease) in cash and cash equivalents	(40,742)	97,636	138,379
Cash and cash equivalents at beginning of year	610,876	570,133	(40,742)
Cash and cash equivalents at end of year	570,133	667,770	97,636

Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 84

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., Millennium Retailing, Inc., Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES, LTD., Seven & i Food Systems Co., Ltd., York-Benimaru Co., Ltd., Seven Bank, Ltd. and 7-Eleven, Inc.

Consolidated subsidiaries increased by ten. THE LOFT CO., LTD., previously an affiliate applying equity method, became a consolidated subsidiary by additional stock acquisition. In addition, consolidated subsidiaries increased due to the establishment of Seven Cash Works Co., Ltd. and SEVEN & i FINANCIAL GROUP CO., LTD. Consolidated subsidiaries also increased by the acquisition of shares of Akachan Honpo Co., Ltd. and FUJIKOSHI CO., LTD. which have their own subsidiaries.

On the other hand, Seven & i Food Systems Co., Ltd. merged with Denny's Japan Co., Ltd., Famil Co., Ltd. and York Bussan K. K.. Meanwhile, York-Benimaru Co., Ltd. merged with Super Kadoya Co., LTD. As a result, consolidated subsidiaries decreased by six in addition to the liquidation of two overseas consolidated subsidiaries.

(2) Number of unconsolidated subsidiary: 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 unconsolidated subsidiary to which equity method was applied: none

(2) Number of affiliates to which equity method was applied: 13

Major affiliates: PRIME DELICA CO., LTD

Affiliates to which the equity method is applied increased by four in connection with the additional acquisition of shares of Akachan Honpo Co., Ltd., however three companies were decreased due to the sales of their common stock during this fiscal year. In addition, NitteSeven Co., Ltd., a newly formed company, is accounted for using equity method.

THE LOFT CO., LTD., previously an affiliate applying equity method, became a consolidated subsidiary by an additional stock acquisition.

(3) 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.

(4) Procedure for applying equity method

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

(b) The advance to an affiliate that has negative net 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 29 are adjusted for in the consolidation process.

Akachan Honpo Co., Ltd., which became a consolidated subsidiary from July 2007, has changed its year end closing date from December 31 to the end of February. Accordingly, income and loss for the period from January 1, 2008 to February 29, 2008 was consolidated, as well as income and loss for the period from July 1, 2007 to December 31, 2007.

The closing date of certain subsidiary is March 31. Pro forma financial statements as of February 29 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 subsidiaries and by the LIFO method for foreign consolidated subsidiaries.

(II) Supplies:

Supplies are carried at cost which is mainly 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 the department store business and using the straight-line method for the domestic consolidated subsidiaries in the department store business and foreign consolidated subsidiaries.

(Change in depreciation method for property and equipment)

In accordance with the amendment of the Corporation Tax Law ((Partial Amendment of the Income Tax Law etc., March 30, 2007, Law No. 6) and (Partial Amendment of the Corporation Tax Enforcement Ordinance, March 30, 2007, Ordinance No. 83)), effective from the fiscal year ended February 29, 2008, the Company and its domestic consolidated subsidiaries have changed the depreciation method for those property and equipment acquired after April 1, 2007 to the method based on the amended Corporation Tax Law. The impact of this change on the Consolidated Statement of Income is immaterial.

(b) Intangible assets

Intangible assets are amortized using the straight-line method for the Company and domestic consolidated subsidiaries. Software for internal use is amortized using the straight-line method over an 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

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses.

(b) Allowance for sales promotion expenses

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 losses on uncollected gift tickets for future use

Allowance for uncollected gift tickets issued by certain domestic consolidated subsidiaries is provided in case they are used after recorded as income after certain periods. The amount was estimated based on the historical results.

(Change in accounting standard for allowance for losses on uncollected gift tickets for future use)

Effective from the fiscal year ended February 29, 2008, certain domestic consolidated subsidiaries set up an allowance for uncollected gift tickets in accordance with the “Auditing Treatment concerning Reserve under the Special Taxation Measures Law, Reserve under Special Laws, and Reserve for Retirement Benefits to Directors and Corporate Auditors” (The Japanese Institute of Certified Public Accountants, Auditing and Assurance Practice Committee Report No. 42, revised on April 13, 2007). Previously, certain domestic consolidated subsidiaries stopped recording uncollected gift tickets as liabilities and recorded them as income after certain periods from their issuance. By the adoption of the above Auditing Treatment, certain domestic consolidated subsidiaries set up an allowance for losses in case uncollected gift tickets are used after recorded as income.

As a result, 7,085 million yen was recorded in special losses and income before income taxes decreased by the same amount.

(d) Allowance for bonuses to employees

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.

(e) Allowance for bonuses to directors and corporate auditors

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

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

Allowance for accrued pension and severance costs is provided at the amount incurred during the current 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 29, 2008 is recorded as prepaid pension cost. Also, certain domestic consolidated subsidiaries and consolidated subsidiaries in the United States provide allowance for accrued pension and severance cost.

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.

(g) Allowance for retirement benefits to directors and corporate auditors

Allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy. The Company and certain consolidated subsidiaries abolished the program of retirement benefits to directors and corporate auditors, and certain consolidated subsidiaries decided to pay it at the time of their resignation.

(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 are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates except for shareholders' equity, which is translated at the historical rates. 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 "Foreign currency translation adjustments" and "Minority interests in consolidated subsidiaries".

(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 consolidated 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 market 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 policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and interest rates and reducing financing 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 revenues".

(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 and negative goodwill

Goodwill and negative goodwill arising from domestic consolidated subsidiaries is mainly 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.

Change in Significant Accounting Policies for the Preparation of Consolidated Financial Statements

(Accounting standard for business combination)

Effective from the fiscal year ended February 29, 2008, the Company and domestic consolidated subsidiaries adopted “Accounting Standard for Business Combinations” issued by the Business Accounting Council on October 31, 2003, “Accounting Standard for Business Divestitures” (Statement No. 7 issued by the Accounting Standards Board of Japan on December 27, 2005) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (the Financial Accounting Standard Implementation No. 10 finally revised by the Accounting Standards Board of Japan on December 22, 2006).

Change in Method of Presentation

(Consolidated Balance Sheet)

In accordance with the amendments to the implementation guidelines on the Accounting Standard for Financial Instruments (Report No. 14 finally revised by the Accounting Institution Committee on July 4, 2007) and Q&A on the Accounting Standard for Financial Instruments (finally revised by the JICPA Accounting Institution Committee on November 6, 2007), negotiable certificates of deposits were recorded in Marketable securities from the fiscal year ended February 29, 2008. Negotiable certificates of deposits included in Marketable securities as of February 29, 2008 totaled 94,500 million yen.

Negotiable certificates of deposits included in Cash and bank deposits as of February 28, 2007 totaled 72,000 million yen.

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 29, 2008
Accumulated depreciation	1,052,750	1,148,496

2. Assets pledged as collateral

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Other current assets	2,274	2,274
Buildings and structures	66,046	61,594
Furniture, fixtures and equipment	925	790
Land	99,461	102,902
Other intangible assets	10,355	10,355
Investments in securities	59,475	64,473
Long-term leasehold deposits	4,757	4,606
Total	243,296	246,998
Debts for which above assets are pledged as collateral		
Short-term loans	613	2,569
Long-term loans	240,257	214,565
(including current portion of long-term loans)		
Long-term accounts payable, other	1,776	1,216
Deposits received from tenants and franchised stores	-	188

Assets pledged as collateral for the loans of affiliates and vendors

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Buildings	1,095	1,020
Land	2,363	2,032
Loans of affiliates and vendors for which above assets are pledged as collateral	4,024	3,985

Assets pledged as collateral for exchange settlement transaction

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Investments in securities	5,498	27,525

Assets pledged as collateral under building lots and building transaction business law

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Investments in securities	34	34
Long-term leasehold deposits	25	25

Assets pledged as collateral for call loan

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Investments in securities	9	9

Assets pledged as collateral under installment sales law

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Long-term leasehold deposits	2,210	1,877

Additional assets pledged as collateral

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Investments in securities	580	580
Long-term leasehold deposits	213	259

3. Guarantees

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Loans of Goshogawara Machi Dukuri K.K.	650	336
Employees' housing Loans	1,001	908
Total	1,652	1,244

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 the SPC with a certain investment. Also, SEIBU leased back such store properties from the SPC who has the beneficiary right of the trust.

Under these arrangements, the above noted investment is 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 the SPC name is as follows:

(Millions of yen)

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

(As of February 29, 2008)

(1) 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 the SPC with a certain investment. Also, SEIBU leased back such store properties from the SPC who has the beneficiary right of the trust.

Under these arrangements, the above noted investment is 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 the SPC name is as follows:

(Millions of yen)

Store name	Amount of investment	Special purpose corporation		
		Name	Year-end	Total assets
Ikebukuro	5,850	Asset Ikesei Corp.	July	124,866

(2) Government Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of a consolidated subsidiary, holds government bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds are recorded in “Investments in securities” in the Consolidated Balance Sheet due to its nature of restriction though they have redemption at maturity less than one year.

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 29, 2008
Inventories valuation loss	6,911	3,476

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

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 29, 2008
Franchised commission from franchised stores	359,770	369,466
Net sales of franchised stores	2,379,890	2,421,352

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

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 29, 2008
Buildings and structures	1,117	4,091
Land	1,367	2,168
Others	308	868
Total	2,792	7,128

4. "Gain on donations received"

Gain on donations received recorded for the fiscal year ended February 29, 2008 was received in cash.

5. 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 29, 2008
Buildings and structures	7,457	3,579
Furniture, fixtures and equipment	7,525	1,958
Others	3,799	2,942
Total	18,781	8,480

6. 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	
		Others (including U.S.)		
Stores (Superstores)	Land and buildings etc.	Saitama Pref.	4 Stores	
		Tokyo	2 Stores	
		Others	12 Stores	
Stores (Department stores)	Land and buildings etc.	Hokkaido	1 Store	
		Saitama Pref.	1 Store	
Stores (Restaurant)	Building and structures etc.	Tokyo & others	51 Stores	
Other facilities etc.	Land and buildings etc.	Ibaraki Pref.	1 Store	397
Total				14,199

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amount 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 29, 2008, the Company and its consolidated subsidiaries recognized 20,030 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	70 Stores	18,403
		Kanagawa Pref.	39 Stores	
		Others (including U.S.)		
Stores (Superstores)	Land and buildings etc.	Fukushima Pref.	14 Stores	
		Saitama Pref.	5 Stores	
		Others	15 Stores	
Stores (Department stores)	Buildings and structures etc.	Osaka	1 Store	
		Kanagawa Pref.	1 Store	
Stores(Food service)	Land and buildings	Tokyo & others	130 Stores	
Other facility etc.	Buildings and software etc.	Osaka		
		U. S. & others		
Total				20,030

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts, and such deducted amount 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	10,304	12	10,317
Land	5,851	-	5,851
Software	0	1,573	1,574
Other	2,246	41	2,288
Total	18,403	1,627	20,030

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);

1. 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.

2. 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.

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

None

4. 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 Statement of changes in net assets (from March 1, 2007 to February 29, 2008);

1. Type and number of shares of outstanding

(Thousands of shares)

	Outstanding shares at the end of February 28, 2007	Number of shares increased (Note)	Number of shares decreased (Note)	Outstanding shares at the end of February 29, 2008
Ordinary Share	967,770	-	11,329	956,441

(Note) 11,329 thousand shares have decreased due to the cancellation of treasury stock.

2. Type and number of shares of treasury stock

(Thousands of shares)

	Outstanding shares at the end of February 28, 2007	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Outstanding shares at the end of February 29, 2008
Ordinary Share	14,262	23	11,331	2,954

(Notes)(1) 23 thousand shares have increased mainly due to the acquisition of odd-lot shares.

(2) 11,329 thousand shares out of 11,331 thousand shares have decreased by the cancellation of treasury stock.

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

None

4. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 24, 2007 Ordinary general meeting of shareholders	Ordinary Share	26,128 million yen	27.00 yen	Feb. 28, 2007	May 25, 2007
October 11, 2007 Board of directors' meeting	Ordinary Share	25,160 million yen	26.00 yen	Aug. 31, 2007	Nov. 15, 2007

(2) Dividends whose record date is within the fiscal year ended February 29, 2008 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 22, 2008 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	26,778 million yen	28.00 yen	Feb. 29, 2008	May 23, 2008

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)

(Millions of yen)

	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)

(Millions of yen)

	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)

	As of 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 29, 2008)

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 29, 2008
Cash and bank deposits	649,167
Negotiable certificates of deposits included in marketable securities	94,500
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(75,896)
Cash and cash equivalents	667,770

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

THE LOFT CO., LTD. (THE LOFT)

(Millions of yen)

	As of acquisition date
Current assets	10,096
Non-current assets	5,519
Goodwill	8,263
Current liabilities	(9,972)
Non-current liabilities	(752)
Minority interests	(1,431)
Sub-total	11,722
Carrying value of investment in THE LOFT under equity method at the time that the Company acquired majority of voting rights	(1,747)
Acquisition cost	9,975
Cash and cash equivalents of THE LOFT	(3,260)
Payment for acquisition of investments in THE LOFT	6,714

Akachan Honpo Co., Ltd. (Akachan Honpo)

(Millions of yen)

	As of acquisition date
Current assets	14,723
Non-current assets	23,783
Goodwill	(1,295)
Current liabilities	(25,406)
Non-current liabilities	(9,403)
Minority interests	(1,167)
Acquisition cost	1,235
Cash and cash equivalents of Akachan Honpo	(3,563)
Proceeds from acquisition of investments in Akachan Honpo	(2,328)

3. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 29, 2008
Finance lease obligations for property and equipment recorded in consolidated balance sheet for the current fiscal year	633

SEGMENT INFORMATION

1. Business Segments

Fiscal year ended February 28, 2007 (From March 1, 2006 to 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
Revenues and operating income									
Revenues									
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 revenues	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, impairment loss and capital expenditures									
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 expenditures	81,556	43,515	92,530	4,117	31,823	241	253,785	77	253,863

Fiscal year ended February 29, 2008 (From March 1, 2007 to February 29, 2008)

(Millions of yen)

	Convenience store operations	Superstore operations	Department store operations	Food services	Financial services	Others	Total before eliminations	Eliminations / Corporate	Consolidated total
Revenues and operating income									
Revenues									
1. Customers	2,393,220	2,098,013	1,025,349	113,113	93,902	28,792	5,752,392	-	5,752,392
2. Intersegment	2,481	11,036	5	867	24,052	7,860	46,302	(46,302)	-
Total revenues	2,395,701	2,109,049	1,025,354	113,980	117,955	36,653	5,798,695	(46,302)	5,752,392
Operating expenses	2,194,669	2,074,990	999,590	118,211	96,883	34,164	5,518,510	(47,205)	5,471,304
Operating income (losses)	201,032	34,058	25,764	(4,231)	21,071	2,488	280,185	902	281,088
Assets, depreciation, impairment loss and capital expenditures									
Assets	1,295,164	1,129,181	781,267	69,204	916,729	16,580	4,208,128	(321,448)	3,886,680
Depreciation	74,065	26,452	20,154	2,903	19,773	271	143,620	21	143,642
Impairment loss	9,621	3,943	4,191	2,274	-	-	20,030	-	20,030
Capital expenditures	91,173	47,299	16,669	1,395	31,532	483	188,553	23	188,577

Notes:

- The classification of business segments is made by the type of products and services and the type of sales.
- Restaurant operations changed its segment name to Food services from this fiscal year, as a result of reorganization of food business due to the establishment of Seven & i Food Systems Co., Ltd.
- Major businesses in 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, specialty shop and others
 - Department store operations ----- Sogo Co., Ltd., THE SEIBU DEPARTMENT STORES, LTD. and other companies included in the department stores business.
 - Food services ----- Restaurant operations, meal provision service business (company cafeteria, hospital, school) and fast food operations
 - 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 fiscal year ended February 28, 2007 and 6,791 million yen for the fiscal year ended February 29, 2008.

2. Geographic area segments

Fiscal year ended February 28, 2007 (From March 1, 2006 to February 28, 2007) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues and operating income						
Revenues						
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 revenues	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

Notes:

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

Fiscal year ended February 29, 2008 (From March 1, 2007 to February 29, 2008) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues and operating income						
Revenues						
1. Customers	3,821,898	1,864,450	66,043	5,752,392	-	5,752,392
2. Intersegment	311	2,616	-	2,928	(2,928)	-
Total revenues	3,822,210	1,867,067	66,043	5,755,321	(2,928)	5,752,392
Operating expenses	3,574,937	1,835,484	63,815	5,474,237	(2,932)	5,471,304
Operating income	247,272	31,582	2,228	281,084	3	281,088
Assets	3,265,018	616,626	27,242	3,908,888	(22,207)	3,886,680

Notes:

1. The classification of geographic area segments is made according to the geographical distances.
2. "Others" consists of the business results in P.R.C.

3. Overseas sales

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

Notes:

1. The classification of overseas sales area segments is made according to the geographical distances.
2. "Others" consists of sales mainly in P.R.C.
3. "Overseas sales" represents net sales and other operating revenues of consolidated subsidiaries in countries and areas outside of Japan.

Fiscal year ended February 29, 2008 (From March 1, 2007 to February 29, 2008) (Millions of yen)

	North America	Others	Total
Overseas sales	1,864,450	66,043	1,930,494
Consolidated sales	-	-	5,752,392
Percentage of overseas sales to consolidated sales (%)	32.4	1.2	33.6

Notes:

1. The classification of overseas sales area segments is made according to the geographical distances.
2. "Others" consists of sales in P.R.C.
3. "Overseas sales" represents net sales and other operating revenues of consolidated subsidiaries in countries and areas outside of Japan.

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) Assumed amounts of acquisition cost, accumulated depreciation, impairment loss and net book value, including the interest portion, are summarized as follows:

Furniture, fixtures and equipment

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Acquisition cost	82,083	95,022
Accumulated depreciation	25,230	32,224
Accumulated impairment loss	24	102
Net book value	56,827	62,695

Software

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Acquisition cost	1,094	1,774
Accumulated depreciation	393	629
Net book value	700	1,145

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

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Due within one year	15,171	17,801
Due over one year	42,381	46,142
Total	57,553	63,944
Balance of impairment loss account on leased assets included in the outstanding future lease payments	24	102

(c) Lease payments, reversal of allowance for impairment loss on lease assets, assumed amounts of depreciation expense and impairment loss are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
Lease payments	12,762	17,849
Reversal of allowance for impairment loss on leased assets	-	90
Depreciation expense	12,762	17,939
Impairment loss	24	3

(d) Assumed amounts of depreciation expense are computed using the straight-line method over the lease term 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 29, 2008
Acquisition cost	24,075	25,800
Accumulated depreciation	10,437	12,306
Net book value	13,638	13,494

(b) The future lease income of finance leases are summarized as follows:

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Due within one year	4,053	4,422
Due over one year	9,923	9,455
Total	13,976	13,877

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

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
Lease income	4,390	4,605
Depreciation expense	4,048	4,243
Interest income	422	430

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

2. Operating leases

As lessee

The amounts of outstanding future lease payments under lease agreement other than finance leases, including the interest portion, are summarized as follows:

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Due within one year	66,988	66,483
Due over one year	405,825	422,874
Total	472,814	489,357

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 29, 2008
Deferred tax assets:		
Inventory reserve	3,754	2,615
Allowance for bonuses to employees	6,010	6,529
Allowance for sales promotion expenses	7,424	8,160
Accrued payroll	4,034	3,720
Allowance for retirement benefits to directors and corporate auditors	1,707	1,761
Allowance for accrued pension and severance costs	501	330
Allowance for losses on uncollected gift tickets for future use	-	2,796
Depreciation and amortization	8,479	9,112
Tax loss carried forward	46,581	34,939
Valuation loss on available-for-sale securities	1,682	5,707
Allowance for doubtful accounts	1,834	3,167
Unrealized loss on property and equipment	9,193	12,174
Valuation loss on land and impairment loss on property and equipment	33,425	36,058
Accrued enterprise taxes and business office taxes	4,769	4,913
Accrued expenses	8,874	10,145
Other	11,631	10,251
Sub-total	149,904	152,384
Less: valuation allowance	(76,838)	(83,001)
Total	73,065	69,382
Deferred tax liabilities:		
Unrealized gains on property and equipment	(51,021)	(37,284)
Unrealized gains on royalties	(17,321)	(16,390)
Deferred gains on sales of property and equipment	(1,308)	(1,178)
Unrealized gains on available-for-sale securities	(16,018)	(5,515)
Prepaid pension cost	-	(4,983)
Other	(3,433)	(2,628)
Total	(89,103)	(67,980)
Net deferred tax assets (liabilities)	(16,037)	1,401

Net deferred tax assets (liabilities) are included in the following items of Consolidated Balance Sheets.

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Current assets - Deferred income taxes	36,700	35,730
Non-current assets - Deferred income taxes	21,654	28,114
Current liabilities - Other	(225)	(425)
Non-current liabilities - Deferred income taxes	(74,167)	(62,017)

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

(%)

	As of February 28, 2007	As of February 29, 2008
Statutory tax rate	40.7	40.7
Adjustments:		
Equity in earnings of affiliates	(0.2)	(0.2)
Non-deductible items such as entertainment expenses	0.3	0.3
Decrease in valuation allowance	(1.3)	(2.6)
Inhabitants taxes per capita	0.7	0.6
Amortization of goodwill	1.5	1.9
Other	(0.3)	(1.9)
Effective tax rate	41.4	38.8

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
Debt securities with fair value exceeding book value	-	-	-
Debt 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
Government and municipal bonds	70,017	624	-	-
Corporate bonds	-	203	-	-
Total	70,017	828	-	-

(As of February 29, 2008)

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

(Millions of yen)

	As of February 29, 2008		
	Book value	Fair value	Difference
Debt securities with fair value exceeding book value	605	606	1
Debt securities with fair value not exceeding book value	9	9	(0)
Total	614	616	1

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

(Millions of yen)

	Description	As of February 29, 2008		
		Acquisition cost	Book value	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost	Equity securities	9,340	17,782	8,441
	Debt securities	5,521	5,522	0
	Sub total	14,862	23,304	8,442
Securities with book value not exceeding acquisition cost	Equity securities	19,126	17,306	(1,820)
	Debt securities	92,019	91,996	(22)
	Sub total	111,145	109,302	(1,843)
Total		126,008	132,607	6,598

3. Available-for-sale securities sold during the fiscal year ended February 29, 2008

(Millions of yen)

	As of February 29, 2008
Sales amounts	23,785
Gain on sales of available-for-sale securities	99
Loss on sales of available-for-sale securities	(17,891)

4. Major securities which are not subject to revaluation

(Millions of yen)

	As of February 29, 2008	
	Book value	
Held-to-maturity debt		
-Bonds		203
Available-for-sale securities		
-Unlisted securities		16,925
-Unlisted foreign securities		3,041
-Debt securities		24
- Negotiable certificates of deposits		94,500
Total		114,492

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

(Millions of yen)

	As of February 29, 2008			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Government and municipal bonds	97,518	614	-	-
Corporate bonds	3	199	-	-
Debt securities	24	-	-	-
Negotiable certificates of deposits	94,500	-	-	-
Total	192,046	814	-	-

Derivative Transactions

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

1. Currency-related transactions

(Millions of yen)

	As of February 28, 2007				As of February 29, 2008			
	Contract amount		Estimated amounts	Unrealized gains (losses)	Contract amount		Estimated amounts	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Forward exchange contracts:								
Buy U.S. Dollar	3,977	-	3,975	(2)	4,774	-	4,497	(277)
Buy Euro	79	-	80	1	181	-	179	(2)
Foreign currency swap:								
Buy U.S. Dollar	35,454	23,636	601	601	24,502	12,684	2,413	2,413
Total	39,511	23,636	4,657	600	29,459	12,684	7,090	2,133

(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 29, 2008			
	Contract amount		Estimated amounts	Unrealized gains (losses)	Contract amount		Estimated amounts	Unrealized gains (losses)
	Total	Over one year			Total	Over one year		
Interest rate swap:								
Receive float / Pay fix	35,000	35,000	25	25	36,000	-	76	76
Receive fix / Pay float	20,000	10,000	(77)	(77)	10,000	10,000	(35)	(35)
Total	55,000	45,000	(51)	(51)	46,000	10,000	41	41

(Note) (1) Fair value of interest rate swap is based on values prepared by financial institutions.

(2) 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.

Consolidated subsidiaries in the United States have a defined contribution pension plan in addition to a defined benefit plan.

2. Projected retirement benefit obligations

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
Projected benefit obligations (Note)	(171,277)	(177,921)
Fair value of plan assets (including employee retirement benefit trust)	190,335	178,555
Funded status	19,058	633
Unrecognized actuarial differences	(14,155)	9,212
Unrecognized prior service costs	(2,293)	(1,466)
Prepaid pension cost, net of allowance for accrued pension and severance costs	2,608	8,379
Prepaid pension cost	5,965	12,727
Allowance for accrued pension and severance costs	(3,357)	(4,347)

(Note)

Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
For some of the consolidated subsidiaries, the simplified method is employed in computing retirement benefit obligations.	For some of the consolidated subsidiaries, the simplified method is employed in computing retirement benefit obligations.

3. Net periodic benefit cost

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
Service cost (Notes 1)	10,631	10,869
Interest cost	4,293	4,407
Expected return on plan assets	(6,273)	(6,682)
Amortization of actuarial differences	(646)	(1,009)
Amortization of prior service costs	(704)	(751)
Premium on employees' retirement benefit	1,737	672
Net periodic benefit cost	9,038	7,505

(Notes)

Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
1. Net periodic benefit cost of subsidiaries using the simplified method is included.	1. Net periodic benefit cost of subsidiaries using the simplified method is included.
2. Besides the above net periodic benefit cost, benefit cost related to the defined contribution plan employed by consolidated subsidiaries in the United States, amounting to 1,384 million yen, is included.	2. Besides the above net periodic benefit cost, benefit cost related to the defined contribution plan employed by consolidated subsidiaries in the United States, amounting to 1,414 million yen, is included.

4. Assumptions used in accounting for retirement benefit obligations

(Millions of yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
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 6.25%
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. Consolidated subsidiaries in the United States adopt the corridor approach for the amortization of actuarial 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. Consolidated subsidiaries in the United States adopt the corridor approach for the amortization of actuarial differences.

PER SHARE INFORMATION

(yen)

	Fiscal year ended February 28, 2007	Fiscal year ended February 29, 2008
Net assets per share	1,999.77	2,081.85
Net income per share	142.90	137.03

Note: Diluted net income per share is not presented because the Company does not have any diluted shares.

Basis for calculation of net income per share is as follows. (Millions of yen, except number of common stock)

	Fiscal Year ended February 28, 2007	Fiscal Year ended February 29, 2008
Net income	133,419	130,657
Net income attributable to common stock	133,419	130,657
Amount not attributable to common stock	-	-
Average number of common stock outstanding during the period (thousand of shares)	933,675	953,496

Basis for calculation of net assets per share is as follows. (Millions of yen, except number of common stock)

	As of February 28, 2007	As of February 29, 2008
Total net assets	1,969,149	2,058,038
Amounts subtracted from total net assets: minority interest in consolidated subsidiaries	(62,350)	(73,020)
Net assets for common stock at the end of period	1,906,798	1,985,018
Number of common stock at the end of period used for calculating the amounts of net assets per share (thousand of shares)	953,508	953,487

Subsequent Event

1. Acquisition and cancellation of treasury stock

On April 10, 2008, the Company's Board of Directors approved the acquisition of treasury stock, pursuant to Article 165-3 and Article 156 of the Japanese Corporate Law, and the cancellation of treasury stock thereby acquired, pursuant to Article 178 of the Japanese Corporate Law.

(1) Reason for the acquisition of treasury stock

To improve shareholder value and capital efficiency.

(2) Details of the acquisition

(a) Class of shares to be acquired

Common stock

(b) Number of shares to be acquired

Up to 50,000,000 shares, representing 5.23% of issued shares (excluding treasury stock)

(c) Total amount of acquisition

Up to 170 billion yen

(d) Scheduled period of acquisition

From April 18, 2008 to June 30, 2008

(e) Method of acquisition

Purchase from the market

(3) Details of the cancellation

(a) Class of shares to be cancelled

Common stock

(b) Number of shares to be cancelled

Up to 50,000,000 shares, representing 5.23% of issued shares prior to cancellation (excluding treasury stock). All of the shares acquired as described above in item (2), will be cancelled.

(c) Number of issued shares after cancellation

906,441,983 shares (scheduled)

(d) Scheduled date of cancellation

July 31, 2008

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	26,789	1.5	22,006	1.2	(4,783)
Cash and bank deposits	14,595		10,443		
Prepaid expenses	253		258		
Accounts receivable, other	11,741		11,015		
Other	199		288		
Non-current assets	1,748,726	98.5	1,746,769	98.8	(1,957)
Property and equipment	56	0.0	63	0.0	6
Buildings and structures	43		52		
Furniture, fixtures and equipment	12		10		
Investments and other assets	1,748,670	98.5	1,746,706	98.8	(1,964)
Investments in securities	999		3,828		
Investments in subsidiaries	1,745,230		1,740,330		
Prepaid pension cost	97		201		
Long-term leasehold deposits	2,342		2,342		
Other	-		2		
Deferred assets	210	0.0	140	0.0	(70)
New organization costs	210		140		(70)
TOTAL ASSETS	1,775,726	100.0	1,768,915	100.0	(6,810)

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	171,043	9.6	201,627	11.4	30,584
Short-term loans from a subsidiary	170,000		200,000		
Accounts payable, other	213		337		
Accrued expenses	214		312		
Income taxes payable	17		271		
Advance received	202		198		
Allowance for bonuses to employees	193		225		
Allowance for bonuses to directors and corporate auditors	65		73		
Other	136		208		
Non-current liabilities	2,021	0.1	1,944	0.1	(77)
Deferred income taxes	39		82		
Allowance for retirement benefits to directors and corporate auditors	72		-		
Deposits received from tenants	1,910		1,861		
TOTAL LIABILITIES	173,065	9.7	203,571	11.5	30,506
NET ASSETS					
Shareholders' equity	1,602,661	90.3	1,566,520	88.6	(36,141)
Common stock	50,000		50,000		
Capital surplus	1,503,253		1,470,622		
Additional paid-in capital	1,175,496		1,175,496		
Other capital surplus	327,756		295,125		
Retained earnings	49,515		46,126		
Other retained earnings					
Retained earnings brought forward	49,515		46,126		
Treasury stock, at cost	(106)		(229)		
Accumulated gains (losses) from valuation and translation adjustments	-	-	(1,175)	(0.1)	(1,175)
Unrealized gains (losses) on available-for-sale securities, net of taxes	-		(1,175)		
TOTAL NET ASSETS	1,602,661	90.3	1,565,344	88.5	(37,317)
TOTAL LIABILITIES AND NET ASSETS	1,775,726	100.0	1,768,915	100.0	(6,810)

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal year ended February 28, 2007		Fiscal year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues from operations	62,366	100.0	58,734	100.0	(3,632)	94.2
Dividends income	55,604		51,654			
Management consulting fee income	3,571		3,984			
Commission fee income	3,189		3,095			
Selling, general and administrative expenses	9,197	14.7	6,791	11.6	(2,406)	73.8
Advertising expenses	241		202			
Salaries and wages	2,808		2,868			
Provision for bonuses to employees	193		225			
Legal welfare expenses	373		386			
Pension expenses	128		117			
Land and building rent	509		488			
Commission paid	896		1,202			
Other	4,046		1,301			
Operating income	53,168	85.3	51,943	88.4	(1,225)	97.7
Non-operating income	45	0.0	108	0.2	62	236.7
Interest income	8		26			
Dividends income	2		15			
Other	34		66			
Non-operating expenses	999	1.6	1,756	3.0	756	175.7
Interest expense	889		1,674			
Amortization of new organization costs	70		70			
Other	40		12			
Ordinary income	52,214	83.7	50,294	85.6	(1,919)	96.3
Special gains	-	-	1,600	2.8	1,600	-
Gain on donations received	-		1,600			
Special losses	-	-	3,877	6.6	3,877	-
Loss on extinguishment of tie-in shares due to demerger	-		3,737			
Other	-		140			
Income before income taxes	52,214	83.7	48,016	81.8	(4,197)	92.0
Income taxes - current	39	0.0	74	0.1	35	191.1
Income taxes - deferred	39	0.1	42	0.1	2	106.4
Net income	52,135	83.6	47,899	81.6	(4,235)	91.9

STATEMENT OF CHANGES IN NET ASSETS

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

(Millions of yen)

	Shareholders' Equity							Total Net Assets	
	Common Stock	Capital Surplus			Retained Earnings		Treasury Stock, at cost		Total Shareholders' Equity
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings			
Balance at February 28, 2006	50,000	1,375,211	1	1,375,212	32,515	32,515	(122)	1,457,606	1,457,606
Increase (decrease) for the year									
Dividends from appropriation of retained earnings					(26,187)	(26,187)		(26,187)	(26,187)
Directors' and corporate auditors' bonuses					(17)	(17)		(17)	(17)
Dividends from retained earnings					(23,428)	(23,428)		(23,428)	(23,428)
Net income					52,135	52,135		52,135	52,135
Increase resulting from merger					14,497	14,497	(99,870)	(85,372)	(85,372)
Increase resulting from stock-for-stock exchange		100,285	127,758	228,043				228,043	228,043
Reversal of additional paid-in capital		(300,000)	300,000	-				-	-
Purchase of treasury stock							(128)	(128)	(128)
Sales of treasury stock			8	8			2	10	10
Cancellation of treasury stock			(100,011)	(100,011)			100,011	-	-
Net increase (decrease) for the year	-	(199,714)	327,754	128,040	16,999	16,999	15	145,055	145,055
Balance at February 28, 2007	50,000	1,175,496	327,756	1,503,253	49,515	49,515	(106)	1,602,661	1,602,661

STATEMENT OF CHANGES IN NET ASSETS

Fiscal year ended February 29, 2008 (from March 1, 2007 to February 29, 2008)

(Millions of yen)

	Shareholders' Equity							
	Common Stock	Capital Surplus			Retained Earnings		Treasury Stock, at cost	Total Shareholders' Equity
		Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings		
Balance at February 28, 2007	50,000	1,175,496	327,756	1,503,253	49,515	49,515	(106)	1,602,661
Increase (decrease) for the year								
Cash dividends					(51,288)	(51,288)		(51,288)
Net income					47,899	47,899		47,899
Purchase of treasury stock							(32,760)	(32,760)
Sales of treasury stock			2	2			5	8
Cancellation of treasury stock			(32,632)	(32,632)			32,632	-
Increase (decrease) of items for the year except those included in shareholders' equity								-
Net increase (decrease) for the year	-	-	(32,630)	(32,630)	(3,388)	(3,388)	(122)	(36,141)
Balance at February 29, 2008	50,000	1,175,496	295,125	1,470,622	46,126	46,126	(229)	1,566,520

	Accumulated gains (losses) from valuation and translation adjustments		TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments	
Balance at February 28, 2007	-	-	1,602,661
Increase (decrease) for the year			
Cash dividends			(51,288)
Net income			47,899
Purchase of treasury stock			(32,760)
Sales of treasury stock			8
Cancellation of treasury stock			-
Increase (decrease) of items for the year except those included in shareholders' equity		(1,175)	(1,175)
Net increase (decrease) for the year		(1,175)	(37,317)
Balance at February 29, 2008		(1,175)	1,565,344

Notes to Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets;

1. Notes on outstanding balances with subsidiaries and affiliates

Major balances included in each account on the balance sheet, which are not separately shown.

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Accounts receivable, other	661	676
Current assets other	195	286
Accounts payable, other	105	130
Accrued expenses	91	169
Advance received	200	196
Deposits received from tenants	1,887	1,839

2. Guarantees

(Millions of yen)

	As of February 28, 2007	As of February 29, 2008
Loans of IY Card Service Co., Ltd.	4,000	10,000
Bonds issued by Ito-Yokado Co., Ltd.	100,000	70,000
Total	104,000	80,000

Nonconsolidated Statements of Income;

Major transactions with subsidiaries and affiliates

(Millions of yen)

	For the year ended February 28, 2007	For the year ended February 29, 2008
Dividends income	55,604	51,654
Management consulting fee income	3,571	3,984
Commission fee income	3,187	3,094
Advertising expenses	21	27
Commission paid	514	845
Interest expense	889	1,674

Nonconsolidated Statement of changes in net assets

Type and number of shares of treasury stock (from March 1, 2006 to February 28, 2007)

(Thousands of shares)

	Number of shares at the end of February 28, 2006	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Number of shares at the end of February 28, 2007
Common stock	29	427,541	427,512	58

(Notes)1. 427,509 thousand shares have increased in relation to the merger of Ito-Yokado SHC Co., Ltd.

2. 427,509 thousand shares out of 427,512 thousand shares have decreased by the cancellation of treasury stock.

Type and number of shares of treasury stock (from March 1, 2007 to February 29, 2008)

(Thousands of shares)

	Number of shares at the end of February 28, 2007	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	Number of shares at the end of February 29, 2008
Common stock	58	11,352	11,331	79

(Notes)1. 11,329 thousand shares have increased due to the acquisition of shares owned by Seven-Eleven Japan Co., Ltd.

2. 11,329 thousand shares out of 11,331 thousand shares have decreased by the cancellation of treasury stock.

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

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	347,329	30.2	418,229	34.4	70,899
Cash and bank deposits	157,744		155,373		
Accounts receivable due from franchised stores	7,726		9,821		
Marketable securities	-		10,000		
Parent company's stock	43,050		-		
Inventories	4,397		3,543		
Prepaid expenses	5,628		9,129		
Deposits held by financial service company	120,000		215,000		
Deferred income taxes	867		5,765		
Accounts receivable, other	7,373		8,977		
Other	640		763		
Allowance for doubtful accounts	(99)		(144)		
Non-current assets	802,647	69.8	796,460	65.6	(6,187)
Property and equipment	244,547	21.3	243,377	20.0	(1,170)
Buildings	90,797		96,558		
Structures	16,630		18,028		
Furniture, fixtures and equipment	20,307		18,916		
Land	116,322		109,106		
Construction in progress	489		767		
Intangible assets	11,048	0.9	10,397	0.9	(651)
Rights of leasehold	4,810		5,246		
Software	6,205		5,107		
Other	32		43		
Investments and other assets	547,051	47.6	542,684	44.7	(4,366)
Investments in securities	16,249		12,180		
Investments in securities of subsidiaries and affiliates	38,727		38,727		
Investments in convertible bonds of an affiliate	33,307		33,307		
Investments in affiliates	299,806		299,806		
Long-term loans receivable	3,130		2,680		
Long-term loans to subsidiaries and affiliates	41,016		27,951		
Long-term prepaid expenses	13,732		15,982		
Deferred income taxes	6,346		8,608		
Long-term leasehold deposits	99,421		107,583		
Other	439		444		
Allowance for doubtful accounts	(5,126)		(4,588)		
TOTAL ASSETS	1,149,977	100.0	1,214,689	100.0	64,711

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	215,803	18.8	229,402	18.9	13,599
Accounts payable, trade	107,465		109,647		
Accounts payable due to franchised stores	4,466		4,164		
Accounts payable, other	15,004		15,246		
Income taxes payable	23,801		31,927		
Consumption taxes withheld	2,625		1,869		
Accrued expenses	4,955		4,575		
Deposits received	55,009		57,111		
Allowance for bonuses to directors and corporate auditors	61		69		
Allowance for bonuses to employees	1,990		2,112		
Allowance for sales promotion expenses	154		2,308		
Other	270		369		
Non-current liabilities	9,530	0.8	9,477	0.8	(53)
Guarantee deposits received from franchised stores	5,612		6,058		
Long-term deferred income	400		347		
Allowance for accrued pension and severance costs	947		306		
Allowance for retirement benefits to directors and corporate auditors	1,070		1,116		
Allowance for loss on guarantee	1,500		1,650		
TOTAL LIABILITIES	225,334	19.6	238,880	19.7	13,545
NET ASSETS					
Shareholder's equity	916,036	79.7	973,819	80.2	57,783
Common stock	17,200		17,200		
Capital surplus	24,565		24,565		
Additional paid-in capital	24,563		24,563		
Other capital surplus	1		1		
Retained earnings	874,270		932,053		
Legal reserve	4,300		4,300		
Other retained earnings					
General reserve	703,409		823,409		
Retained earnings brought forward	166,561		104,344		
Accumulated gains (losses) from valuation and translation adjustments	8,606	0.7	1,989	0.1	(6,617)
Unrealized gains (losses) on available-for-sale securities, net of taxes	8,606		1,989		
TOTAL NET ASSETS	924,642	80.4	975,809	80.3	51,166
TOTAL LIABILITIES AND NET ASSETS	1,149,977	100.0	1,214,689	100.0	64,711

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal year ended February 28, 2007		Fiscal year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Operating income and expenses						
Revenues from operations	516,967	100.0	527,667	100.0	10,699	102.1
Franchise commission from franchised stores	359,770		369,466			
Net sales reported by franchised stores						
Fiscal year ended February 28, 2007:	2,379,890					
Fiscal year ended February 29, 2008:	2,421,352					
Total net sales (including net sales of corporate stores)						
Fiscal year ended February 28, 2007:	2,533,534					
Fiscal year ended February 29, 2008:	2,574,306					
Other operating revenues	3,553		5,247			
Net sales of corporate stores	153,644		152,953		(690)	99.6
Cost of sales	112,300	21.7	111,786	21.2	(514)	99.5
Gross profit from operations	404,667	78.3	415,881	78.8	11,214	102.8
Selling, general and administrative expenses	231,929	44.9	247,709	46.9	15,780	106.8
Land and building rent	50,861		57,535			
Salaries and wages	34,545		35,710			
Utility expenses	26,752		27,937			
Depreciation and amortization	23,452		22,379			
Advertising expenses	24,583		21,718			
Other	71,734		82,427			
Operating income	172,737	33.4	168,171	31.9	(4,565)	97.4
Non-operating income	5,826	1.1	8,697	1.6	2,870	149.3
Interest income	2,690		3,552			
Interest on securities	1,591		2,191			
Dividends income	851		2,346			
Other	693		605			
Non-operating expenses	1,800	0.3	403	0.1	(1,397)	22.4
Provision for doubtful accounts	46		-			
Provision for loss on guarantee	1,500		150			
Other	253		253			
Ordinary income	176,763	34.2	176,465	33.4	(297)	99.8
Special gains	3,294	0.6	908	0.2	(2,386)	27.6
Gain on sales of property and equipment	806		415			
Reversal of doubtful accounts	-		492			
Gain on sales of parent company's stock	2,488		-			
Special losses	14,192	2.7	12,683	2.4	(1,508)	89.4
Loss on sales of property and equipment	111		113			
Loss on disposals of property and equipment	7,943		2,302			
Impairment loss	4,521		7,904			
Valuation loss on investments in securities of subsidiaries and affiliates	1,271		-			
Loss on sales of parent company's stock	-		1,933			
Other	344		429			
Income before income taxes	165,865	32.1	164,690	31.2	(1,175)	99.3
Income taxes - current	65,079	12.6	65,590	12.4	511	100.8
Income taxes - deferred	2,383	0.5	(2,617)	(0.5)	(5,001)	-
Net income	98,402	19.0	101,717	19.3	3,314	103.4

[Reference] Ito-Yokado Co., Ltd.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	363,401	38.9	324,493	36.4	(38,907)
Cash and bank deposits	143,316		81,670		
Accounts receivable, trade	19,412		20,528		
Marketable securities	-		115,000		
Inventories	77,933		73,745		
Supplies	108		80		
Advance paid	500		390		
Prepaid expenses	7,583		7,904		
Deferred income taxes	12,070		9,652		
Short-term loans to employees	54		44		
Short-term loans receivable	331		330		
Deposits held by financial service company	85,000		-		
Accounts receivable, other	5,105		4,312		
Short-term leasehold deposits	9,446		8,785		
Payments in advance	1,654		1,358		
Other	881		691		
Non-current assets	569,976	61.1	566,586	63.6	(3,390)
Property and equipment	243,394	26.1	247,647	27.8	4,253
Buildings	116,577		104,508		
Structures	9,561		8,492		
Vehicles	1		0		
Furniture, fixtures and equipment	9,102		7,995		
Land	97,423		93,780		
Construction in progress	10,727		32,870		
Intangible assets	2,797	0.3	3,159	0.4	362
Rights of leasehold	947		939		
Trademark	72		65		
Software	1,529		1,911		
Other	247		242		
Investments and other assets	323,784	34.7	315,778	35.4	(8,005)
Investments in securities	27,946		47,715		
Investments in securities of subsidiaries and affiliates	29,397		8,066		
Investments in capital	10		10		
Investments in affiliates	11,333		11,770		
Long-term loans receivable	10,998		10,667		
Long-term prepaid expenses	7,309		9,152		
Prepaid pension cost	4,295		8,711		
Long-term leasehold deposits	224,439		209,123		
Advances for store construction	5,110		10,752		
Receivable in bankruptcy	-		3,069		
Deferred income taxes	5,967		-		
Other	2,730		1,915		
Allowance for doubtful accounts	(5,755)		(5,177)		
Deferred assets	224	0.0	168	0.0	(56)
New organization costs	224		168		
TOTAL ASSETS	933,602	100.0	891,248	100.0	(42,353)

Ito-Yokado Co., Ltd.

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	171,536	18.4	126,475	14.2	(45,060)
Accounts payable, trade	70,999		70,022		
Short-term loans	1,600		1,790		
Current portion of long-term loans	675		675		
Current portion of bonds	30,000		-		
Accounts payable, other	14,638		14,834		
Income taxes payable	6,929		801		
Consumption taxes withheld	8,237		2,720		
Accrued expenses	10,357		10,676		
Advance received	503		496		
Deposits received	6,012		2,543		
Allowance for bonuses to employee:	5,197		5,225		
Allowance for bonuses to directors and corporate auditors	44		50		
Allowance for sales promotion expense:	3,675		3,289		
Allowance for loss on uncollected gift tickets for future use	-		2,229		
Notes payable for acquisition of property and equipment	1,302		-		
Gift tickets	10,179		9,935		
Other	1,184		1,185		
Non-current liabilities	128,818	13.8	133,639	15.0	4,820
Bonds	70,000		70,000		
Long-term loans	7,762		7,087		
Long-term accounts payable	1,150		1,120		
Allowance for retirement benefits to directors and corporate auditors	1,287		1,273		
Deposits received from tenants	48,618		49,356		
Allowance for loss on guarantee	-		278		
Deferred income taxes	-		4,524		
TOTAL LIABILITIES	300,354	32.2	260,114	29.2	(40,239)
NET ASSETS					
Shareholder's equity	628,216	67.3	613,610	68.8	(14,605)
Common stock	40,000		40,000		
Capital surplus	165,621		165,621		
Additional paid-in capital	165,621		165,621		
Retained earnings	422,594		407,989		
Legal reserve	11,700		11,700		
Other retained earnings					
Reserve for deferred gains on property and equipment	1,273		986		
Retained earnings brought forward	409,621		395,302		
Accumulated gains (losses) from valuation and translation adjustment:	5,031	0.5	17,523	2.0	12,491
Unrealized gains (losses) on available-for-sale securities, net of taxes	5,031		17,523		
TOTAL NET ASSETS	633,247	67.8	631,133	70.8	(2,114)
TOTAL LIABILITIES AND NET ASSETS	933,602	100.0	891,248	100.0	(42,353)

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal year ended February 28, 2007		Fiscal year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenues from operations]	[1,511,530]		[1,489,380]		[(22,149)]	[98.5]
Net sales	1,487,480	100.0	1,464,094	100.0	(23,386)	98.4
Cost of sales	1,098,160	73.8	1,087,298	74.3	(10,861)	99.0
Gross profit on sales	389,320	26.2	376,795	25.7	(12,524)	96.8
Other operating revenues	24,049	1.6	25,286	1.8	1,236	105.1
Rental income	18,844		19,505			
Other income	5,205		5,781			
Gross profit from operations	413,370	27.8	402,082	27.5	(11,287)	97.3
Selling, general and administrative expenses	395,047	26.6	384,955	26.3	(10,092)	97.4
Advertising and decoration expenses	50,601		44,229			
Salaries and wages	132,027		131,509			
Land and building rent	74,510		71,642			
Depreciation and amortization	18,188		16,694			
Other	119,718		120,879			
Operating income	18,322	1.2	17,126	1.2	(1,195)	93.5
Non-operating income	4,654	0.3	4,063	0.2	(590)	87.3
Interest income	1,371		1,366			
Interest on securities	-		556			
Dividends income	2,947		1,607			
Other	334		533			
Non-operating expenses	1,994	0.1	1,849	0.1	(145)	92.7
Interest expenses	285		278			
Interest on bonds	1,176		764			
Other	533		805			
Ordinary income	20,982	1.4	19,341	1.3	(1,640)	92.2
Special gains	3,670	0.3	10,101	0.7	6,430	275.2
Gain on sales of property and equipment	430		5,647			
Gain on sales of investments in securities	-		3,438			
Gain on sales of subsidiary's stock	3,240		-			
Other	-		1,015			
Special losses	3,909	0.3	10,566	0.7	6,656	270.3
Loss on sales of property and equipment	-		603			
Loss on disposals of property and equipment	525		789			
Impairment loss	3,077		3,348			
Provision for loss on uncollected gift tickets for future use	-		2,549			
Valuation loss on investments in securities of subsidiaries and affiliates	-		1,770			
Other	306		1,504			
Income before income taxes	20,743	1.4	18,876	1.3	(1,867)	91.0
Income taxes - current	7,048	0.5	3,451	0.2	(3,597)	49.0
Income taxes - deferred	338	0.0	4,336	0.3	3,998	-
Net income	13,356	0.9	11,088	0.8	(2,268)	83.0

[Reference] York-Benimaru Co., Ltd.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	43,197	33.0	45,677	31.5	2,480
Cash and bank deposits	18,686		10,621		
Accounts receivable, trade	664		846		
Parent company's stock	2,601		1,800		
Marketable securities	-		2,500		
Inventories	6,902		7,188		
Supplies	5		4		
Prepaid expenses	695		811		
Deferred income taxes	525		961		
Short-term loans receivable	1,795		1,629		
Deposits held by financial service company	6,000		14,500		
Accounts receivable, other	4,303		3,729		
Payments in advance	59		72		
Other	956		1,010		
Non-current assets	87,604	67.0	99,553	68.5	11,949
Property and equipment	58,764	44.9	62,607	43.1	3,843
Buildings	23,749		25,213		
Structures	4,620		4,805		
Furniture, fixtures and equipment	1,710		1,415		
Land	24,278		30,025		
Construction in progress	4,405		1,147		
Intangible assets	866	0.7	3,165	2.2	2,298
Goodwill	-		2,220		
Rights of leasehold	-		90		
Software	831		816		
Other	35		38		
Investments and other assets	27,972	21.4	33,780	23.2	5,807
Investments in securities	4,510		9,567		
Investments in securities of subsidiaries	2,146		821		
Investments in capital	1		1		
Investments in an affiliate	256		256		
Long-term loans receivable	223		829		
Long-term prepaid expenses	2,749		2,961		
Deferred income taxes	59		-		
Prepaid pension cost	814		1,260		
Long-term leasehold deposits	16,853		18,272		
Advances for store construction	963		415		
Allowance for doubtful accounts	(606)		(606)		
TOTAL ASSETS	130,801	100.0	145,230	100.0	14,429

York-Benimaru Co., Ltd.

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	21,772	16.6	23,744	16.4	1,971
Accounts payable, trade	12,933		13,481		
Accounts payable, other	2,540		3,265		
Income taxes payable	2,388		2,475		
Accrued expenses	2,113		2,376		
Deposits received	409		429		
Deferred income	153		195		
Gift tickets	-		17		
Allowance for bonuses to employees	1,193		1,416		
Allowance for bonuses to directors and corporate auditors	42		34		
Allowance for loss on uncollected gift tickets for future use	-		52		
Non-current liabilities	2,613	2.0	5,701	3.9	3,087
Allowance for retirement benefits to directors and corporate auditors	519		338		
Deferred income taxes	-		2,884		
Other	2,094		2,477		
TOTAL LIABILITIES	24,386	18.6	29,445	20.3	5,058
NET ASSETS					
Shareholder's Equity	104,906	80.2	111,720	76.9	6,813
Common stock	9,927		9,927		
Capital surplus	12,605		12,605		
Additional paid-in capital	12,605		12,605		
Other capital surplus	0		0		
Retained earnings	82,373		89,186		
Legal reserve	2,186		2,186		
Other retained earnings					
General reserve	69,476		69,462		
Retained earnings brought forward	10,711		17,537		
Accumulated gains (losses) from valuation and translation adjustments	1,508	1.2	4,065	2.8	2,557
Unrealized gains (losses) on available-for-sale securities, net of taxes	1,508		4,065		
TOTAL NET ASSETS	106,414	81.4	115,785	79.7	9,370
TOTAL LIABILITIES AND NET ASSETS	130,801	100.0	145,230	100.0	14,429

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal year ended February 28, 2007		Fiscal year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenues from operations]	[313,935]		[330,145]		[16,209]	[105.2]
Net sales	304,855	100.0	319,931	100.0	15,076	104.9
Cost of sales	231,718	76.0	241,977	75.6	10,259	104.4
Gross Profit on sales	73,136	24.0	77,953	24.4	4,817	106.6
Other operating revenues	9,080	3.0	10,213	3.2	1,132	112.5
Commission fee income	6,994		7,567			
Rental income	2,086		2,646			
Gross profit from operations	82,217	27.0	88,167	27.6	5,950	107.2
Selling, general and administrative expenses	71,910	23.6	76,940	24.1	5,029	107.0
Salaries and wages	28,463		30,331			
Provision for bonuses to employees	1,193		1,416			
Land and building rent	6,871		7,603			
Store maintenance and repair expenses	3,866		4,001			
Depreciation and amortization	4,673		4,959			
Utility expenses	4,449		4,823			
Delivery expenses	5,310		5,851			
Other	17,082		17,953			
Operating income	10,306	3.4	11,227	3.5	920	108.9
Non-operating income	996	0.3	1,341	0.4	344	134.5
Interest income and interest on securities	127		-			
Interest income	-		189			
Interest on securities	-		46			
Dividends income	758		1,023			
Other	110		81			
Non-operating expenses	42	0.0	42	0.0	0	100.6
Other	42		42			
Ordinary income	11,261	3.7	12,525	3.9	1,264	111.2
Special gains	743	0.3	2,865	0.9	2,121	385.3
Gain on sales of property and equipment	644		41			
Gain on sales of investments in securities	99		2			
Gain on sales of parent company's stock	0		-			
Reversal of retirement benefits to directors and corporate auditors	-		48			
Gain on extinguishment of tie-in shares due to demerger	-		2,773			
Special losses	1,212	0.4	535	0.2	(676)	44.2
Loss on sales of property and equipment	19		0			
Loss on disposals of property and equipment	84		147			
Valuation loss on investments in securities	-		3			
Impairment loss	803		326			
Provision for loss on uncollected gift tickets for future use	-		57			
Salaries and wages for past years	294		-			
Cost in relation to system integration	1		-			
Other	9		-			
Income before income taxes	10,792	3.6	14,854	4.6	4,062	137.6
Income taxes - current	4,467	1.5	4,672	1.4	205	104.6
Income taxes - deferred	1,883	0.6	1,032	0.3	(851)	54.8
Net income	4,441	1.5	9,150	2.9	4,708	206.0

[Reference] Millennium Retailing, Inc.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	18,969	22.4	10,245	12.0	(8,724)
Cash and deposits	17,950		8,411		
Supplies	0		0		
Prepaid expenses	19		56		
Deferred income taxes	195		206		
Short-term loans to subsidiaries and affiliates	300		200		
Accounts receivable, other	501		1,369		
Other	1		2		
Non-current assets	65,793	77.6	74,807	88.0	9,014
Property and equipment	434	0.5	298	0.4	(136)
Buildings	332		254		
Furniture, fixtures and equipment	54		43		
Land	47		-		
Intangible assets	6,159	7.3	5,370	6.3	(788)
Software	6,073		5,299		
Other	86		70		
Investments and other assets	59,199	69.8	69,138	81.3	9,939
Investments in securities	1,319		1,321		
Investments in subsidiaries and affiliates	57,352		67,327		
Long-term leasehold deposits	456		457		
Deferred income taxes	68		1		
Other	2		30		
TOTAL ASSETS	84,763	100.0	85,053	100.0	289

Millennium Retailing, Inc.

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	1,515	1.8	1,537	1.8	21
Accounts payable, other	843		835		
Accrued expenses	91		91		
Income taxes payable	53		62		
Consumption taxes withheld	133		146		
Deposits received	19		14		
Allowance for bonuses to employees	365		379		
Other	8		7		
Non-current liabilities	199	0.2	185	0.2	(13)
Long-term accounts payable, other	32		31		
Allowance for retirement benefits to directors and corporate auditors	167		154		
TOTAL LIABILITIES	1,715	2.0	1,723	2.0	7
NET ASSETS					
Shareholder's Equity	83,047	98.0	83,332	98.0	284
Common stock	37,733		37,733		
Capital surplus	44,817		40,711		
Additional paid-in capital	38,817		38,817		
Other capital surplus	6,000		1,894		
Retained earnings	497		4,887		
Other retained earnings					
Retained earnings brought forward	497		4,887		
Accumulated gains (losses) from valuation and translation adjustments	(0)	(0.0)	(2)	(0.0)	(2)
Unrealized gains (losses) on available-for-sale securities, net of taxes	(0)		(2)		
TOTAL NET ASSETS	83,047	98.0	83,329	98.0	282
TOTAL LIABILITIES AND NET ASSETS	84,763	100.0	85,053	100.0	289

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal Year ended February 28, 2007		Fiscal Year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenues from operations	10,172	100.0	14,789	100.0	4,616	145.4
Dividends income	-	-	4,770	32.2		
Management consulting fee income	9,556	94.0	9,282	62.8		
Royalty income	600	5.9	720	4.9		
Other operating revenues	15	0.1	16	0.1		
Gross profit from operations	10,172	100.0	14,789	100.0	4,616	145.4
Selling, general and administrative expenses	9,870	97.0	9,738	65.8	(131)	98.7
Salaries and wages	5,322		5,414			
Land and building rent	496		393			
Depreciation and amortization	1,707		1,841			
Utility expenses	26		18			
Other	2,317		2,070			
Operating income	302	3.0	5,050	34.2	4,748	-
Non-operating income	173	1.7	50	0.3	(123)	29.1
Interest and dividends income	158		48			
Other	15		2			
Non-operating expenses	62	0.6	40	0.3	(22)	64.3
Amortization of new stock issuing cost	48		-			
Other	14		40			
Ordinary income	413	4.1	5,061	34.2	4,647	-
Special gains	66	0.6	12	0.1	(53)	19.0
Gain on sales of investments in subsidiaries and affiliates	66		-			
Gain on sales of property and equipment	-		12			
Special losses	245	2.4	15	0.1	(230)	6.3
Loss on disposals of property and equipment	210		1			
Other	35		14			
Income before income taxes	233	2.3	5,058	34.2	4,824	-
Income taxes - current	18	0.2	112	0.8	94	600.5
Income taxes - deferred	46	0.4	57	0.4	11	123.9
Net income	168	1.7	4,887	33.0	4,719	-

[Reference] Sogo Co., Ltd.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	72,836	23.7	60,523	20.9	(12,312)
Cash and deposits	32,237		23,406		
Notes receivable, trade	429		401		
Accounts receivable, trade	12,107		12,542		
Inventories	9,184		10,164		
Supplies	63		73		
Prepaid expenses	2,592		2,743		
Deferred income taxes	9,550		5,377		
Short-term loans receivable	2		1		
Accounts receivable, other	2,733		2,600		
Current portion of construction contribution	3,475		2,720		
Other	468		498		
Allowance for doubtful accounts	(8)		(7)		
Non-current assets	234,931	76.3	228,616	79.1	(6,314)
Property and equipment	150,815	49.0	148,048	51.2	(2,766)
Buildings	83,169		78,186		
Structures	1,528		1,419		
Machinery and equipment	581		529		
Furniture, fixtures and equipment	5,152		4,315		
Land	60,383		60,379		
Construction in progress	-		3,217		
Intangible assets	19,184	6.2	19,108	6.6	(75)
Rights of leasehold	19,068		19,068		
Other	115		40		
Investments and other assets	64,931	21.1	61,458	21.3	(3,473)
Investments in securities	822		793		
Investments in subsidiaries and affiliates	338		338		
Long-term loans receivable	14		12		
Long-term leasehold deposits	32,472		32,440		
Construction contribution	25,851		23,209		
Long-term accounts receivable, other	1,774		1,512		
Receivable in bankruptcy	2,324		2,027		
Other	1,812		1,726		
Allowance for doubtful accounts	(479)		(601)		
TOTAL ASSETS	307,767	100.0	289,139	100.0	(18,627)

Sogo Co., Ltd.

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	146,991	47.7	144,698	50.0	(2,292)
Accounts payable, trade	20,167		20,153		
Short-term loans	98,000		90,000		
Accounts payable, other	3,917		7,076		
Accrued expenses	2,037		2,309		
Income taxes payable	198		299		
Consumption taxes withheld	1,101		784		
Advance received	1,428		1,519		
Gift tickets	10,304		10,387		
Deposits received	3,118		3,302		
Allowance for bonuses to employees	1,810		1,899		
Allowance for sales promotion expenses	4,745		4,862		
Allowance for losses on uncollected gift tickets for future use	-		1,936		
Other	159		166		
Non-current liabilities	108,884	35.4	91,013	31.5	(17,870)
Long-term loans	97,758		79,607		
Long-term accounts payable, other	867		422		
Deposits received from tenants	3,163		3,116		
Deferred income taxes	7,019		7,778		
Allowance for retirement benefits to directors and corporate auditors	75		88		
TOTAL LIABILITIES	255,875	83.1	235,712	81.5	(20,163)
NET ASSETS					
Shareholder's Equity	51,841	16.9	53,390	18.5	1,549
Common stock	1,000		1,000		
Capital surplus	500		500		
Additional paid-in capital	500		500		
Retained earnings	50,341		51,890		
Other retained earnings					
Retained earnings brought forward	50,341		51,890		
Accumulated gains (losses) from valuation and translation adjustments	50	0.0	36	0.0	(13)
Unrealized gains (losses) on available-for-sale securities, net of taxes	50		36		
TOTAL NET ASSETS	51,891	16.9	53,427	18.5	1,535
TOTAL LIABILITIES AND NET ASSETS	307,767	100.0	289,139	100.0	(18,627)

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal Year ended February 28, 2007		Fiscal Year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenues from operations]	[500,714]		[502,001]		[1,286]	[100.3]
Net sales	494,349	100.0	495,336	100.0	986	100.2
Cost of sales	373,102	75.5	375,561	75.8	2,459	100.7
Gross Profit	121,247	24.5	119,775	24.2	(1,472)	98.8
Other operating revenues	6,365	1.3	6,664	1.3	299	104.7
Gross profit from operations	127,612	25.8	126,440	25.5	(1,172)	99.1
Selling, general and administrative expenses	110,858	22.4	110,197	22.2	(661)	99.4
Advertising and decoration expenses	15,918		16,224			
Salaries and wages	26,204		26,901			
Land and building rent	23,588		23,612			
Depreciation and amortization	8,731		8,557			
Utility expenses	5,787		5,790			
Other	30,627		29,109			
Operating income	16,754	3.4	16,242	3.3	(511)	96.9
Non-operating income	1,987	0.4	1,016	0.2	(971)	51.1
Interest and dividends income	157		204			
Subsidy from renovation construction of sale area	828		222			
Gain on uncollected gift tickets	770		254			
Other	231		334			
Non-operating expenses	3,376	0.7	2,548	0.5	(827)	75.5
Interest expenses	2,355		2,267			
Loss on uncollected gift tickets	785		-			
Other	235		281			
Ordinary income	15,365	3.1	14,710	3.0	(654)	95.7
Special gains	370	0.1	511	0.1	140	138.0
Gain on sales of investments in securities	229		-			
Gain on sales of property and equipment	5		48			
Other	136		462			
Special losses	2,847	0.6	4,053	0.9	1,205	142.4
Loss on disposals of property and equipment	2,626		1,602			
Loss on sales of property and equipment	31		1			
Provision for losses on uncollected gift tickets for future use	-		2,130			
Other	189		319			
Income before income taxes	12,888	2.6	11,169	2.2	(1,719)	86.7
Income taxes - current	114	0.0	75	0.0	(39)	65.8
Income taxes - deferred	5,357	1.1	4,941	1.0	(415)	92.2
Net income	7,416	1.5	6,151	1.2	(1,264)	82.9

[Reference] THE SEIBU DEPARTMENT STORES, LTD.

NONCONSOLIDATED BALANCE SHEETS

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
ASSETS					
Current assets	58,829	17.5	81,560	25.7	22,731
Cash and deposits	23,720		39,039		
Notes receivable, trade	562		476		
Accounts receivable, trade	13,275		14,950		
Inventories	8,330		9,267		
Real estate for sale	3,101		3,115		
Supplies	86		88		
Prepaid expenses	2,747		2,815		
Deferred income taxes	-		6,065		
Short-term loans receivable	11		11		
Accounts receivable, other	5,930		5,112		
Current portion of construction contribution	883		412		
Other	219		236		
Allowance for doubtful accounts	(39)		(30)		
Non-current assets	277,893	82.5	235,712	74.3	(42,181)
Property and equipment	171,340	50.9	165,231	52.1	(6,108)
Buildings	55,787		57,403		
Structures	890		815		
Machinery and equipment	323		250		
Furniture, fixtures and equipment	2,720		3,000		
Land	103,234		103,251		
Construction in progress	8,385		509		
Intangible assets	2,422	0.7	2,353	0.7	(68)
Rights of leasehold	2,178		2,178		
Other	243		175		
Investments and other assets	104,130	30.9	68,126	21.5	(36,004)
Investments in securities	52,609		18,705		
Investments in subsidiaries and affiliates	5,732		5,732		
Investments in partnership	5,850		5,850		
Long-term loans receivable	382		371		
Long-term leasehold deposits	33,092		32,730		
Construction contribution	3,792		3,460		
Receivable in bankruptcy	645		615		
Other	2,712		1,321		
Allowance for doubtful accounts	(686)		(660)		
TOTAL ASSETS	336,722	100.0	317,272	100.0	(19,450)

THE SEIBU DEPARTMENT STORES, LTD.

(Millions of yen)

	February 28, 2007		February 29, 2008		Increase (Decrease)
	Amount	%	Amount	%	
LIABILITIES					
Current liabilities	170,416	50.6	182,094	57.4	11,677
Notes payable, trade	2,060		2,409		
Accounts payable, trade	18,695		19,931		
Short-term loans	107,000		125,000		
Accounts payable, other	13,847		5,114		
Accrued expenses	2,261		2,613		
Income taxes payable	253		464		
Consumption taxes withheld	-		542		
Advance received	2,747		1,647		
Gift tickets	9,346		9,121		
Deposits received	2,706		3,097		
Notes payable for acquisition of property and equipment	5,087		3,038		
Allowance for bonuses to employees	1,689		1,747		
Allowance for sales promotion expenses	4,354		4,411		
Allowance for losses on uncollected gift tickets for future use	-		2,585		
Other	367		368		
Non-current liabilities	129,831	38.6	90,457	28.5	(39,374)
Long-term loans	113,000		81,000		
Long-term accounts payable, other	1,535		1,233		
Deposits received from tenants	6,657		6,084		
Deferred income taxes	8,152		1,338		
Allowance for retirement benefits to directors and corporate auditors	58		89		
Other	428		710		
TOTAL LIABILITIES	300,248	89.2	272,551	85.9	(27,696)
NET ASSETS					
Shareholder's equity	24,960	7.4	43,447	13.7	18,486
Common stock	6,000		6,000		
Capital surplus	6,529		6,529		
Additional paid-in capital	6,529		6,529		
Retained earnings	12,431		30,918		
Other retained earnings					
Retained earnings brought forward	12,431		30,918		
Accumulated gains (losses) from valuation and translation adjustments	11,514	3.4	1,273	0.4	(10,240)
Unrealized gains (losses) on available-for-sale securities, net of taxes	11,883		1,950		
Unrealized gains (losses) on hedging derivatives, net of taxes	(369)		(676)		
TOTAL NET ASSETS	36,474	10.8	44,721	14.1	8,246
TOTAL LIABILITIES AND NET ASSETS	336,722	100.0	317,272	100.0	(19,450)

NONCONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Fiscal Year ended February 28, 2007		Fiscal Year ended February 29, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
[Revenues from operations]	[465,831]		[468,063]		2,231	100.5
Net sales	459,074	100.0	461,079	100.0	2,004	100.4
Cost of sales	348,407	75.9	351,885	76.3	3,478	101.0
Gross profit on sales	110,667	24.1	109,193	23.7	(1,473)	98.7
Other operating revenues	6,756	1.5	6,983	1.5	227	103.4
Gross profit from revenues	117,424	25.6	116,177	25.2	(1,246)	98.9
Selling, general and administrative expenses	99,970	21.8	100,885	21.9	915	100.9
Advertising and decoration expenses	13,195		13,869			
Salaries and wages	25,658		25,970			
Land and building rent	23,733		22,610			
Depreciation and amortization	5,710		6,363			
Utility expenses	4,968		5,033			
Other	26,703		27,038			
Operating income	17,454	3.8	15,292	3.3	(2,162)	87.6
Non-operating income	2,829	0.6	2,211	0.5	(617)	78.2
Interest and dividends income	634		634			
Other	2,194		1,576			
Non-operating expenses	3,472	0.8	3,236	0.7	(235)	93.2
Interest expenses	2,096		2,930			
Other	1,376		306			
Ordinary income	16,811	3.7	14,267	3.1	(2,543)	84.9
Special gains	634	0.1	6,952	1.5	6,318	-
Gain on sales of investments in securities	103		6,873			
Gain on sales of property and equipment	26		1			
Reversal of allowance for store closing losses	177		-			
Other	326		76			
Special losses	14,826	3.2	8,718	1.9	(6,107)	58.8
Loss on sales of property and equipment	1		4			
Loss on disposals of property and equipment	3,587		1,864			
Impairment loss	10,223		4,191			
Provision for losses on uncollected gift tickets for future use	-		2,241			
Other	1,013		416			
Income before income taxes	2,619	0.6	12,501	2.7	9,882	477.3
Income taxes - current	72	0.0	79	0.0	6	109.5
Income taxes - deferred	-	-	(6,065)	(1.3)	(6,065)	-
Net income	2,546	0.6	18,486	4.0	15,940	725.9

[Reference] Seven & i Food Systems Co., Ltd.

NONCONSOLIDATED BALANCE SHEET

(Millions of yen)

	February 29, 2008	
	Amount	%
ASSETS		
Current assets	40,935	62.3
Cash and bank deposits	8,883	
Accounts receivable, trade	526	
Marketable securities	15,000	
Inventories	157	
Materials	520	
Supplies	27	
Prepaid expenses	985	
Accounts receivable, other	1,138	
Deposits held by financial service company	13,200	
Short-term leasehold deposits	428	
Other	67	
Non-current assets	24,808	37.7
Property and equipment	12,102	18.4
Buildings	8,080	
Structures	941	
Vehicles	0	
Furniture, fixtures and equipment	1,382	
Land	1,686	
Construction in progress	11	
Intangible assets	388	0.6
Goodwill	28	
Rights of leasehold	89	
Software	238	
Utility rights of facilities	30	
Other	0	
Investments and other assets	12,317	18.7
Investments in securities	420	
Long-term prepaid expenses	283	
Prepaid pension cost	838	
Long-term leasehold deposits	10,600	
Allowance for doubtful accounts	(38)	
Other	212	
TOTAL ASSETS	65,743	100.0

Seven & i Food Systems Co., Ltd.

(Millions of yen)

	February 29, 2008	
	Amount	%
LIABILITIES		
Current liabilities	10,369	15.8
Accounts payable, trade	2,824	
Accounts payable, other	1,524	
Income taxes payable	287	
Consumption taxes withheld	253	
Accrued expenses	3,800	
Advance received	492	
Deposits received	123	
Allowance for bonuses to directors and corporate auditors	23	
Allowance for bonuses to employees	663	
Accounts payable for acquisition of property and equipment	111	
Short-term allowance for impairment loss on lease assets	141	
Other	122	
Non-current liabilities	803	1.2
Deferred income taxes	464	
Long-term allowance for impairment loss on lease assets	268	
Other	70	
TOTAL LIABILITIES	11,173	17.0
NET ASSETS		
Shareholder's equity	54,423	82.8
Common stock	3,000	
Capital surplus	56,321	
Additional paid-in capital	750	
Other capital surplus	55,571	
Retained earnings	(4,898)	
Legal reserve	-	
Other retained earnings		
Retained earnings brought forward	(4,898)	
Accumulated gains (losses) from valuation and translation adjustments	146	0.2
Unrealized gains (losses) on available-for-sale securities, net of taxes	146	
TOTAL NET ASSETS	54,570	83.0
TOTAL LIABILITIES AND NET ASSETS	65,743	100.0

Seven & i Food Systems Co., Ltd.

NONCONSOLIDATED STATEMENT OF INCOME

(Millions of yen)

	Fiscal year ended February 29, 2008	
	Amount	%
[Revenues from operations]	[54,958]	
Net sales	54,702	100.0
Cost of sales	19,603	35.8
Gross profit on sales	35,099	64.2
Other operating revenues	255	0.5
Gross profit from operations	35,355	64.7
Selling, general and administrative expenses	38,278	70.0
Salaries and wages	19,441	
Land and building rent	6,128	
Utility expenses	3,230	
Depreciation and amortization	1,075	
Legal welfare expenses	1,395	
Other	7,007	
Operating loss	2,923	(5.3)
Non-operating income	219	0.4
Interest income	12	
Securities interest income	124	
Dividends income	1	
Income related to advertising media installation	38	
Miscellaneous income	42	
Non-operating expenses	57	0.1
Miscellaneous expenses	57	
Ordinary loss	2,761	(5.0)
Special gains	610	1.1
Loss on extinguishment of tie-in shares due to demerger	603	
Other	7	
Special losses	2,394	4.4
Loss on sales of property and equipment	83	
Impairment loss	1,058	
Loss on cancellation of lease contracts	267	
Store-closing cost and removal expenses	689	
Other	294	
Loss before income taxes	4,545	(8.3)
Income taxes - current	157	0.3
Income taxes - deferred	195	0.3
Net loss	4,897	(8.9)