

FINANCIAL SECTION

CONTENTS

Consolidated Financial Summary	42
Financial Review	43
Operational and Other Risk Factors	45
Consolidated Balance Sheets	48
Consolidated Statements of Income	50
Consolidated Statements of Changes in Net Assets	51
Consolidated Statements of Cash Flows	52
Notes to Consolidated Financial Statements	53
Report of Independent Auditors	73 / 74

CONSOLIDATED FINANCIAL SUMMARY

Seven & i Holdings Co., Ltd. and its consolidated subsidiaries for the years ended February 28, 2007 and 2006

Figures for Ito-Yokado Co., Ltd. and its consolidated subsidiaries for the years ended February 28, 2005 and February 29, 2004 are presented for the convenience of the reader.

Seven-Eleven Japan Co., Ltd. and Denny's Japan Co., Ltd. became wholly owned subsidiaries of Seven & i Holdings Co., Ltd. in the fiscal year ended February 28, 2006. The associated decrease in minority interests contributed to the increase in net income.

	Millions of yen		Thousands of U.S. dollars (Note A)	Millions of yen	
	Seven & i Holdings			Ito-Yokado	
	2007	2006	2007	2005	2004
For the year:					
Revenues from operations.....	¥5,337,807	¥3,895,772	\$45,235,653	¥3,623,555	¥3,542,146
Operating income.....	286,838	244,940	2,430,831	211,951	207,783
Income before income taxes and minority interests.....	243,060	178,518	2,059,831	150,833	177,784
Net income.....	133,419	87,931	1,130,669	17,205	53,632
% of revenues.....	2.5%	2.3%	2.5%	0.5%	1.5%
Capital expenditures (Note B).....	278,389	185,354	2,359,229	168,725	171,877
Depreciation and amortization (Note C).....	132,693	97,811	1,124,517	95,161	94,985
Return on equity.....	7.6%	5.5%	7.6%	1.5%	4.8%
Return on assets.....	3.7%	2.6%	3.7%	0.7%	2.2%
At year-end:					
Total assets.....	¥3,809,192	¥3,424,879	\$32,281,288	¥2,574,817	¥2,461,927
Cash and cash equivalents.....	570,134	610,877	4,831,644	683,100	567,390
Total current assets.....	1,274,377	1,102,819	10,799,805	1,058,624	915,621
Total current liabilities.....	1,097,657	982,859	9,302,178	672,703	581,627
Long-term debt.....	565,672	547,437	4,793,831	249,135	277,792
Total net assets.....	1,969,149	1,717,881	16,687,703	1,144,505	1,138,211
Business segments:					
Convenience store operations:					
Revenues from operations.....	¥2,249,649	¥2,015,236	\$19,064,822	¥1,806,169	¥1,721,458
Operating income.....	206,090	209,815	1,746,525	195,385	187,467
Superstore operations:					
Revenues from operations.....	1,882,935	1,687,735	15,957,076	1,642,265	1,669,330
Operating income.....	29,170	15,382	247,203	7,815	21,166
Department store operations:					
Revenues from operations.....	988,358	—	8,375,915	—	—
Operating income.....	26,773	—	226,890	—	—
Restaurant operations:					
Revenues from operations.....	121,684	124,025	1,031,221	126,181	126,189
Operating income.....	932	2,625	7,899	3,621	3,261
Financial services:					
Revenues from operations.....	100,295	82,289	849,958	61,236	37,219
Operating income (loss).....	24,548	17,278	208,034	5,402	(3,936)
Others:					
Revenues from operations.....	32,341	19,781	274,076	17,196	14,738
Operating income (loss).....	1,622	808	13,746	211	(206)
Net income per share:					
Basic.....	¥142.90	¥100.83	\$1.21	¥40.73	¥128.25
Diluted.....	—	—	—	40.51	128.22

Notes: (A) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥118=US\$1, the approximate rate of exchange on February 28, 2007.

(B) Capital expenditures include property and equipment, intangible assets and long-term leasehold deposits.

(C) Depreciation and amortization is included in cost of sales as well as selling, general and administrative expenses.