

## With our management philosophy of placing customers first, we aim to be a leader in the retail industry.

With its “customers first” management philosophy, the Seiyu Group’s fundamental policy is to contribute to society by offering quality stores, products and services that enhance the quality of life in the communities where we operate. In an increasingly challenging operating environment, Seiyu is focusing its resources in the retail business and related fields, and is taking measures aimed at achieving faster improvement in its corporate value to strengthen its core retail business and sales capabilities. In addition, to fulfill its role as a good corporate citizen, the Seiyu Group is taking active measures to preserve the environment and contribute to society as a whole.

At the end of February 2002, the Seiyu Group comprised 399 stores, 37 consolidated subsidiaries operating in businesses such as finance and real estate, which primarily serve the retail business, and 11 affiliates. With this foundation, the Seiyu Group aims to be a leader in the retail industry.

### Contents

|  |    |
|--|----|
| Financial Highlights                                   | 1  |
| Message from the President                             | 2  |
| Merchandising  | 4  |
| Store Development                                      | 6  |
| Growth of the Seiyu Group                              | 8  |
| Environmental Activities                               | 9  |
| Management’s Discussion and Analysis                   | 10 |
| Consolidated Balance Sheets                            | 12 |
| Consolidated Statements of Income                      | 14 |
| Consolidated Statements of Shareholders’ Equity        | 15 |
| Consolidated Statements of Cash Flows                  | 16 |
| Consolidated Statement of Cash Flows                   | 17 |
| Notes to the Consolidated Financial Statements         | 18 |
| Report of the Independent Certified Public Accountants | 30 |
| Investor Information                                   | 31 |
| Corporate Data   | 32 |

#### Forward-looking statements

Statements in this annual report with respect to Seiyu’s plans, strategies and beliefs, as well as other statements that are not historical facts, are forward-looking statements involving risks and uncertainties. Various factors could cause actual results to differ materially from such statements.