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ANNUAL REPORT 2015

For the fiscal year ended February 28, 2015

UNY Group Holdings Co., Ltd.

Profile

The UNY Group is a comprehensive retail group operating in 10 domains, centered on general retail and convenience stores (CVS), under UNY Group Holdings Co., Ltd., which is a pure holding company. Building on its base in the Chubu region, where the UNY Group got its start, the Group has grown to include around 8,000 stores in and outside Japan, with UNY Co., Ltd. developing the general merchandise supermarket business in large commercial areas and Circle K Sunkus Co., Ltd. operating the CVS franchise business in small commercial areas.

Disclaimer

This annual report includes forward-looking statements that do not relate to historical or current facts and reflect the forecasts, projections and plans of the UNY Group (UNY Holdings and affiliates). These forecasts, projections and plans are based on the information currently available to and announced by the UNY Group. Changes in this data may cause the results of the UNY Group's future activities to differ from the forecasts, projections and plans described in this annual report. Therefore, please understand that the UNY Group does not guarantee the accuracy of the business forecasts and other forward-looking statements described in this annual report. Moreover, the UNY Group and other concerned parties shall not be responsible in the case that any future results differ from the forecasts, projections and plans in this annual report.

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Everyday especially for you.

The UNY Group welcomes the next 100 years by renewing the UNY Group's mission statement and our vision, and by setting out five shared values as our code of conduct. Based on this new philosophy, the UNY Group is working to come close to customers and moving ahead as a retail conglomerate together with its various local communities.

Our Mission

We in the UNY Group will deliver the greatest satisfaction each day to our customers.

Our Vision

We in the UNY Group will aim to be a close and trusted partner through planning, developing and providing products and services that exceed the expectations of our customers and communities.

Five Shared Values

The values we seek in ourselves to realize our mission and vision:

- **Unique**
- **Proactive**
- **Honest**
- **Basic**
- **Diverse**

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UNY Group History

The UNY Group history began in 1912 with its precursor, a small footwear shop. From that beginning, we have evolved to the present day.

The UNY Group has grown into a retail conglomerate of 40 companies with approximately 8,000 retail stores and net sales of approximately ¥2 trillion.

1912

Nishikawaya, a footwear shop and the precursor of the UNY Group, is founded.

1927

HOTEIYA, which will later merge with Nishikawaya, is founded as a clothing store.

1971

HOTEIYA and Nishikawaya merge to form UNY CO., LTD.

1974

SAGAMI Co., Ltd. is established as a chain specializing in kimono clothing.

1980

The first Circle K store opens, and in 1984 CIRCLE K JAPAN Co., Ltd. is established. In 1979, UNY tied up with Circle K in the U.S. and established the Circle K Business Division inside UNY. Sunkus Co., Ltd. is established. The first Sunkus store opens.

1984

PALEMO CO., LTD., a company of specialty stores handling apparel and sundry merchandise, and MOLIE Co., Ltd., a company of specialty stores handling fashion apparel for middle-aged and elderly women, are established.

1985

UNY (HK) CO., LIMITED is established in Hong Kong as a general retailer.

1991

UNY Card Service Co., Ltd., later to become UCS CO., LTD., is established.

2004

Circle K Sunkus Co., Ltd. is created by a merger.

2010

Establishes the joint venture UNY (SHANGHAI) TRADING Co., Ltd. with the Ting Hsin International Group, a major Chinese food manufacturer, to open stores in Shanghai.

2012

Ahead of moving to a holding company framework, UNY CO., LTD. carries out a public tender for Circle K Sunkus Co., Ltd. with the goal of creating a wholly owned subsidiary.

2013

The UNY Group moves to a pure holding company framework.

Major Group companies

General retail
UNY CO., LTD.

Convenience stores
Circle K Sunkus Co., Ltd.

Specialty stores
SAGAMI Co., Ltd.
PALEMO CO., LTD.
MOLIE Co., Ltd.

Financial services
UCS CO., LTD.

Services
Sun Sougou Maintenance Co., Ltd.
UNICOM Inc.
SUN REFORM Co., Ltd.
MY SUPPORT Co., Ltd.

Food production
NAGAI Co., Ltd.

Food services
UNIFOOD Co., Ltd.

Developer
U-LIFE CO., LTD.

Urban mini-supermarkets
99 ICHIBA Co., Ltd.

Overseas expansion
UNY (HK) CO., LIMITED
UNY (SHANGHAI) TRADING Co., Ltd.

Affiliated companies
Kanemi Co., Ltd.
CITY TOURS Co., Ltd.

At a Glance

Total number of Group stores:

8,035

Total net sales of the Group:

Approx.¥2trillion*

* Includes the net sales of the franchise stores of Circle K Sunkus Co., Ltd.

No.3 in terms of general merchandise supermarkets

UNY CO., LTD. operates 226 retail stores and is the third largest operator of a general merchandise supermarket chain in the industry.

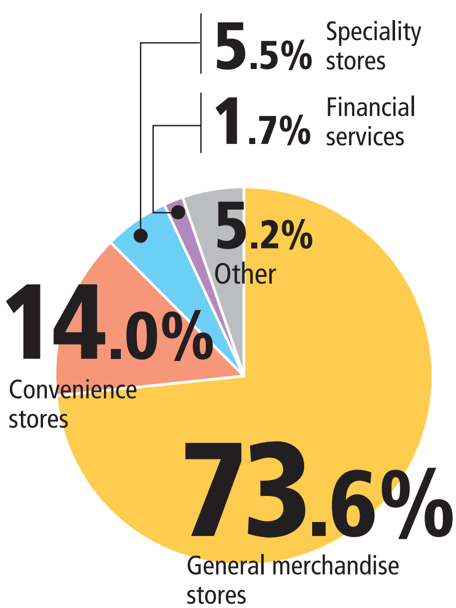
Percentage of stores in the Tokai region: **35%**

The UNY Group is building a dominant presence centered on the Tokai region, and developing retail stores nationwide in all of Japan's prefectures.

No.4 in terms of convenience stores

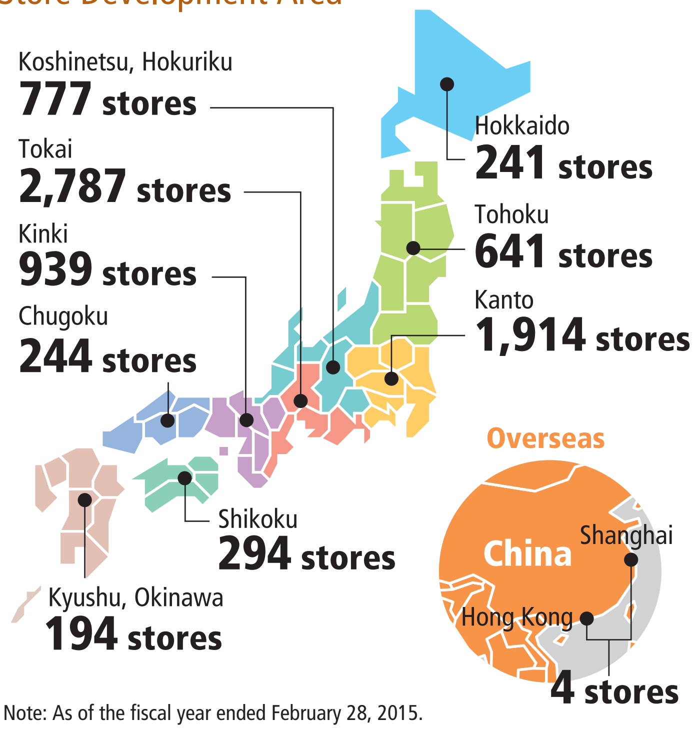
Circle K Sunkus Co., Ltd. operates 6,353 convenience stores and is the fourth largest operator of a convenience store chain in the industry.

Share of Operating Revenue



Note: Excluding consolidated adjustment.

Store Development Area



Note: As of the fiscal year ended February 28, 2015.

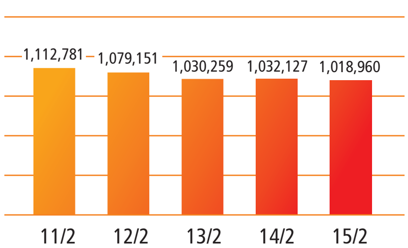
Consolidated Financial Highlights

UNY Group Holdings Co., Ltd. and Consolidated Subsidiaries
Years Ended February 28, 2015 and 2014, and Years Ended February 20, 2013, 2012 and 2011

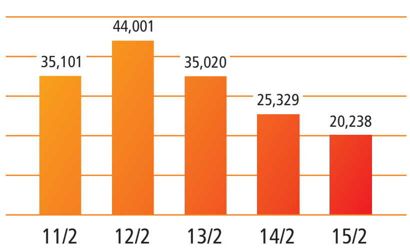
	Millions of yen					Thousands of U.S. dollars*
	2015	2014	2013	2012	2011	**2015**
For the Year						
Operating revenue	**¥1,018,960**	¥1,032,127	¥1,030,259	¥1,079,151	¥1,112,781	**$8,562,689**
Net sales	**848,610**	863,880	858,916	907,615	946,914	**7,131,176**
Cost of goods sold	**629,172**	636,114	630,646	664,302	697,168	**5,287,160**
Selling, general and administrative expenses	**369,550**	370,684	364,593	370,847	380,511	**3,105,462**
Operating income	**20,238**	25,329	35,020	44,001	35,101	**170,067**
Interest expenses	**(2,108)**	(2,591)	(3,443)	(3,914)	(4,329)	**(17,714)**
Income before income taxes and minority interests	**2,485**	15,979	43,501	25,858	20,374	**20,882**
Net (loss) income	**(2,408)**	7,441	30,471	8,324	6,046	**(20,235)**
Purchases of property and equipment	**50,035**	54,743	32,783	27,425	31,573	**420,462**
Lease deposits made	**2,680**	3,015	3,364	2,321	2,573	**22,521**
Per share data (in yen and U.S. dollars):						
Net (loss) income	**(10.47)**	32.13	140.64	42.14	30.61	**(0.09)**
Cash dividends	**20.00**	24.00	24.00	19.00	19.00	**0.17**
Number of common shares issued (in thousands)	**234,101**	234,101	234,101	198,566	198,566	**–**
At Year-End						
Merchandise inventories	**46,650**	47,841	45,858	45,802	45,942	**392,017**
Property and equipment (book value)	**497,084**	487,116	450,387	442,801	434,457	**4,177,177**
Total assets	**952,585**	950,167	832,322	964,595	940,078	**8,004,916**
Long-term debt, less current portion	**199,349**	141,680	150,509	201,330	223,504	**1,675,202**
Total net assets	**301,249**	305,776	304,355	347,499	341,141	**2,531,504**
Profitability Analysis						
(Net sales – Cost of goods sold)/Net sales (%)	**25.9**	26.4	26.6	26.8	26.4	
Income before income taxes/Operating revenue (%)	**0.2**	1.5	4.2	2.4	1.8	
Net (loss) income/Operating revenue (%)	**(0.2)**	0.7	3.0	0.8	0.5	
Net (loss) income/Total assets (%)	**(0.3)**	0.8	3.7	0.9	0.6	
Net (loss) income/Equity [Total net assets – Minority interests] (%)	**(0.8)**	2.5	11.3	3.5	2.5	
Financial Structure Analysis						
Equity [Total net assets – Minority interests]/ Total assets (%)	**30.7**	31.3	35.4	25.2	25.4	
Long-term debt/Equity [Total net assets – Minority interests] (Times)	**0.7**	0.5	0.5	0.8	0.9	
Income before income taxes and interest expenses/ Interest expenses (Times)	**2.2**	7.2	13.6	7.6	5.7	
Turnover Analysis						
Net sales/Merchandise inventories (Times)	**18.1**	18.0	18.7	19.8	20.6	
Operating revenue/Total assets (Times)	**1.1**	1.1	1.2	1.1	1.2	

* See Note 1 of Notes to Consolidated Financial Statements.

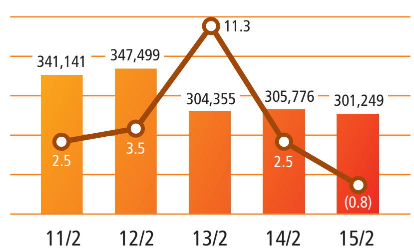
Operating Revenue (millions of yen)



Operating Income (millions of yen)



Total Net Assets / (---millions of yen) Return on Equity (---%)



Message from the President

I took over as president on March 1, 2015.

The UNY Group's history began in 1912 with a footwear shop. Subsequently, it continued to expand its business, focusing on retailing, evolving into today's general retail group with around 8,000 stores across Japan and in Hong Kong and Shanghai.

Expanding consumption associated with a growing population in Japan was a major driver of this growth. However, in light of the present situation in which the population has started to decline and age rapidly, the era where the entire industry could benefit uniformly from economic growth is over. Instead, we have entered an age of corporate consolidation marked by fierce competition to survive.

What is more, changes in the environment are not limited to a shrinking population; they are showing up in a variety of ways, including concentration of the population in urban areas and a growing number of working women. With this, consumers are starting to act according to completely different values than before. The concepts of "product" and "shopping" are growing more diverse, and it is no longer possible to take a broad view of customer needs.

Committed to Boosting Customer Satisfaction by Taking Seriously the Voice of the Customer: The Foundation of Retailing

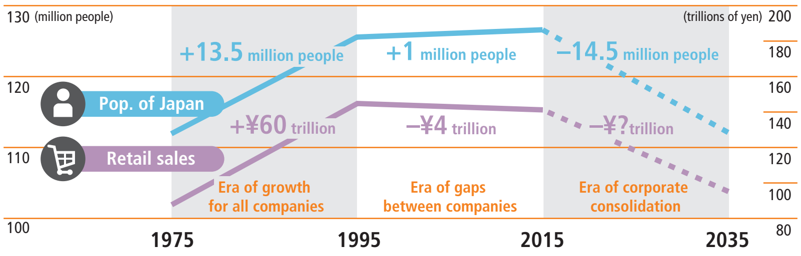
To satisfy customers, first of all we need to know what they expect, what they want. The UNY Group has always overcome the changing times by pursuing new forms of retailing by having each and every store listen to the voices of customers who live in the community. Going forward, I am certain that we can continue to grow by identifying customer needs and boosting customer satisfaction accordingly. The UNY Group is determined to leverage its strengths as a general retailing group with core businesses in general merchandise superstores and convenience stores as it continues to embrace new challenges, with the aim of fulfilling its mission of delivering the greatest satisfaction each day to our customers. We look forward to your continued support of the UNY Group's endeavors.

August 2015

President | **Norio Sako**

The UNY Group's Operating Environment

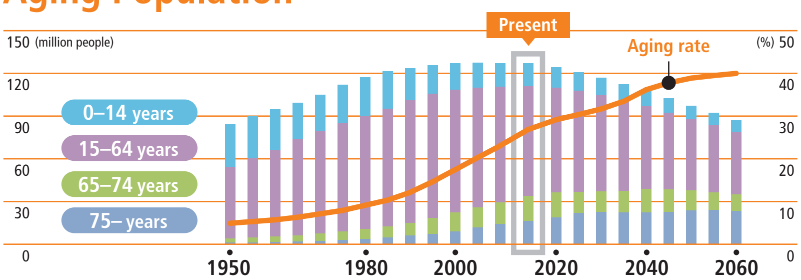
Demographics and Retail Sales Turnover



Sources: National Institute of Population and Social Security Research, "Household Projection for Japan," and Ministry of Economy, Trade and Industry, "Current Survey of Commerce."

Until recently, growth in the Japanese retail market was supported by a rising population. Between 1995 and 2015, however, sales started to decline as the pace of population growth slowed. It is anticipated that this trend will continue.

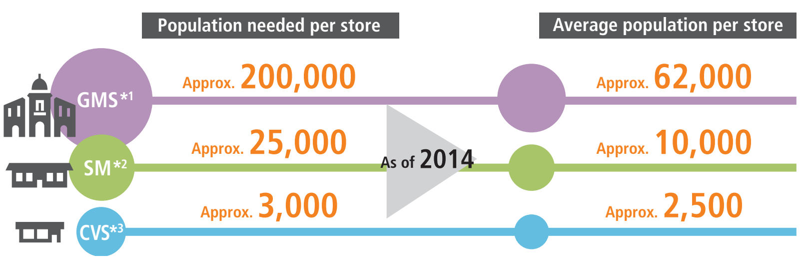
Aging Population



Sources: Ministry of Internal Affairs and Communications, "Population Census of Japan," and National Institute of Population and Social Security Research, "Population Projection for Japan: 2011–2060 (January 2012)."

Together with a declining population due to a falling birthrate, Japan is experiencing population aging unparalleled anywhere else in the world. Generally, senior citizens have a narrow sphere of activity around their location of residence and tend to spend more on foods and daily sundry merchandise than on apparel goods. The key to the future growth of retail chains in Japan will be how stores can attract this age segment.

Necessary Catchment Area Population by Business Category GMS

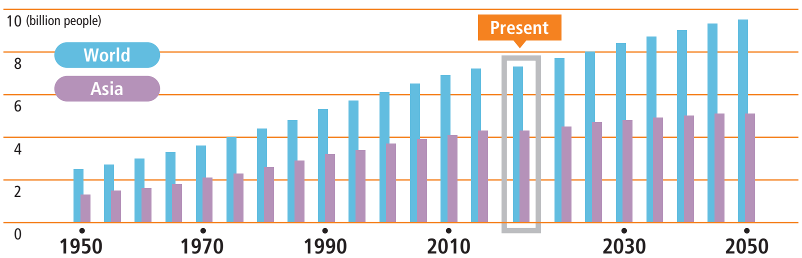


*1 General merchandise store *2 Supermarket *3 Convenience store

Sources: Japan Retailing Center, "Big Store Statistics," and Ministry of Internal Affairs and Communications, "Population Estimates."

The population per store is declining as the number of stores increases. Additionally, the population is concentrating in urban areas while depopulation continues in the countryside. However, this situation is arguably an advantage for convenience stores, which can be opened with precision to target small catchment areas, compared to other business categories that need to attract customers from a wide area.

Increasing World Population



Source: Ministry of Internal Affairs and Communications, "World Statistics 2015."

The world population continues to grow, and in developing countries, particularly those in Asia, active consumer spending is driving economic growth. To succeed in promising markets outside Japan, Japanese retail chains need to rapidly expand their networks of stores while identifying local needs. From this perspective, convenience stores are an appropriate channel, because they are easy to standardize and spread.

Special Feature

Start of Discussions on the Management Integration with FamilyMart Co., Ltd.

On March 10, 2015, the respective boards of UNY Group Holdings Co., Ltd., and FamilyMart Co., Ltd., approved the start of discussions on management integration, in the spirit of treating both companies as equals.

Business Environment

Domestic Retail Business

- Shrinking market due to population decline
- Severe store-opening competition in the convenience store business
- Pan-industry competition
- Increasing consumer attraction to convenience and differentiated product offerings
- Business potential via innovation

Overseas Retail Business

- Steady penetration of the convenience store business developed in Japan

Integration of management resources to create a new retail group will provide the two companies with strategic opportunities

Creation of a New Retail Group with around ¥3.6 Trillion in Total Store Sales

(billions of yen)

		UNY Group Holdings	FamilyMart	Total
Consolidated	Total store sales	¥1,814.4	¥1,860.1	¥3,674.6
	Operating income	20.2	40.4	60.6
Convenience store	Total store sales	¥ 943.6	¥ 1,860.1	¥ 2,803.8
	Operating income	9.1	40.4	49.5
	Number of stores (Japan)	6,353	11,328	17,681
	Number of stores (overseas)	–	5,642	5,642
General merchandise store / Supermarket	Total store sales	¥777.3	–	¥777.3
	Operating income	9.0	–	9.0
	Number of stores (Japan)	324	–	324
	Number of stores (overseas)	4	–	4

Strategic Rationale

UNY Group Holdings and FamilyMart will integrate their management resources and aim to be a company that contributes to customers, franchisees, business partners, shareholders and employees.

Convenience Store

- One of the largest store networks in Japan
- Enhanced procurement
- Enhanced product development
- Integrated infrastructure (e.g., distribution centers) and common functions (e.g., IT)

General Retail

- Expansion of the business centered in the Tokai and Kanto areas
- Utilization of procurement and service of the convenience store business
- Development of a new store format
- Cooperation in e-commerce

Financial Services / Cards, Dedicated Beauty and Fashion Brands, E-Commerce, Medical Care, Tickets / Entertainment, Delivery, Food Production

- Pursue further utilization of the business footprint / value maximization with integrated management resources

Discussions on the Management Integration

- Management integration in the spirit of equals
- Formation of an Integration Preparation Committee, led by the presidents of the two companies
- Other considerations:
  —Group principles
  —Company / group name, brands
  —Board / management structure
  —Human resources
  —Corporate strategy / business plan

Transaction Structure

- UNY Group Holdings will be merged into FamilyMart and form a new holding company
- FamilyMart's CVS business will be integrated with Circle K Sunkus Co., Ltd. (CKS) through an absorption-type demerger, and the CVS brand will be unified

Schedule

March 10, 2015	Resolution of the Board of Directors
	Signing of the memorandum of understanding
August 2015 (planned)	Execution of the basic agreement
April 2016 (planned)	Execution of absorption-type merger agreement and absorption-type demerger agreement
May 2016 (planned)	Annual general meeting (FamilyMart and UNY Group Holdings) to approve the absorption-type merger and absorption-type demerger
September 2016 (planned)	Closing / Effective date of the absorption-type merger and absorption-type demerger

The Integration Preparation Committee was established on April 1, 2015 and began discussions.

The merger ratio for the management integration will be determined through discussions between the two companies by the time of the execution of a basic agreement, based on the results of due diligence and share valuation by third-party advisers, among other considerations.

Initiatives in the Fiscal Year Ending February 2016

Embracing Opportunities in the “Age of Narrowness”

Along with changes in the social structure, the range of everyday shopping is becoming *narrower*, the target customer base is becoming more *narrowly* fragmented, and the market for each store is becoming *narrower* with the rise in the number of stores. The UNY Group will pursue growth in each of its businesses by making optimizations suited to this age of triple “narrowness.”

Triple “Narrowness”

1 Narrow Range of Shopping

- Narrowing sphere of activity due to aging
- Reduced time for shopping in line with women’s social progress

2 Narrow Target

- Retirement of baby boomers, who were the main consumers
- Main composition of households is shifting from a couple with two children to single-person households

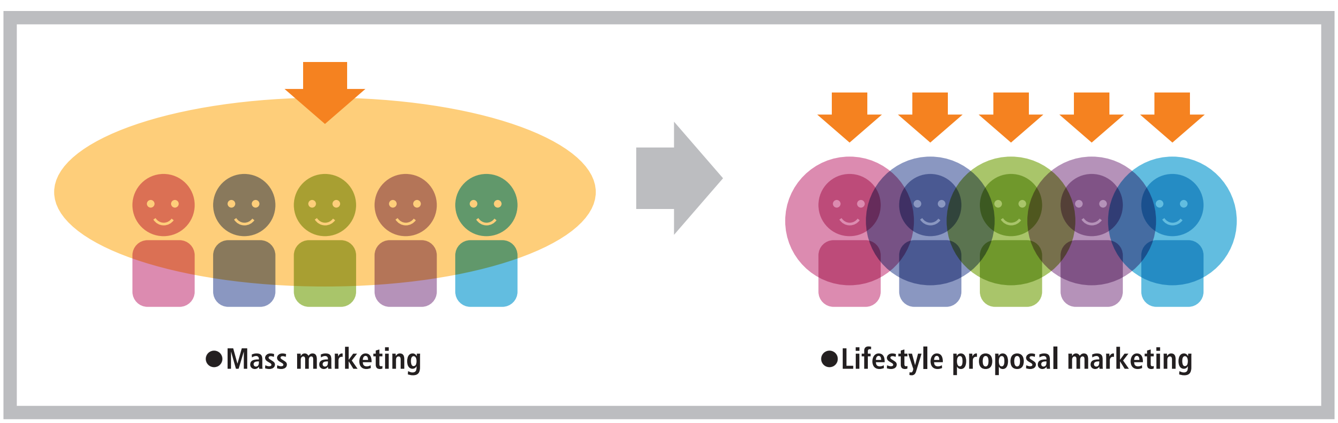
3 Narrow Market

- Declining population per store by business category due to greater competition

General Retail

Switch to Marketing Based on Lifestyle Proposals

During the period of high economic growth with mass production and high sales, the general merchandise supermarket industry achieved growth through mass marketing that targeted the baby boomer generation, which comprises a relatively large share of the general public. However, as attitudes toward shopping diversify with the changing social structure, we must grasp customers’ needs from the standpoint of tastes and lifestyle. UNY will therefore switch to marketing based on lifestyle proposals in pursuit of a new kind of general merchandise supermarket.



Developing Loyal Customers

To boost the frequency of visits, UNY is working to expand the number of holders of the UCS Card and the uniko card, which are credit cards issued by group company UCS CO., LTD. (the latter is the UNY Group's electronic money format). Specifically, we will enhance programs for cardholders, including targeted marketing and sales promotions and the issuance of single-item bonus points for each product.

Consolidated Purchasing and Processing of Fresh Foods at Processing Centers

The Seto Processing Center covering the Chukyo metropolitan area, which is dominant area of UNY Co., Ltd., began full-scale operations in June 2015 as its third base following the Makinohara Processing Center covering the Yamanashi and Shizuoka area and the Kanto Processing Center covering the Kanto area. We have now established a supply system in which processing centers cover around 90% of all Apita and Piago stores. Processing centers handle all of the purchasing and processing of packaged meats and fresh fish, which used to be conducted at each store. The objectives are to further cut costs by consolidating processing work that takes manpower and reducing the work of stores, as well as to create a system in which stores can focus on developing attractive sales floors and serving customers.

Convenience Stores

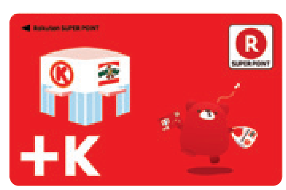
Striving to Be a Chain Supported by Female Customers

Thus far, we have attracted customers and boosted the number of convenience stores by developing products whose main targets were men. However, the catchment area for each store is shrinking as the number of stores in the industry continues to expand. This is why, from now on, convenience stores must develop into stores that attract a wider range of customers. Given this environment, Circle K Sunkus is striving to develop a female customer base. As the social progress of women and the percentage of dual-earner households rises, the rate of working women—especially those in their 30s and 40s—has been rising every year, to around 70%. Circle K Sunkus is strengthening its development of colorful fast foods and daily foods preferred by working women in their 30s and 40s and focusing on enhancing its lineup of cut vegetables, delicatessen items, frozen foods, and other ready-made meals, to meet the needs of working women for quick, simple, and easy foods. We will also expand display space in categories that are anticipated to grow, pushing forward the adoption of flatbed freezer cases and chilled island cases.

Freshly Brewed Coffee

Circle K Sunkus started the full-scale sale of freshly brewed coffee at the service counter in some stores in 2007. By the end of August 2012, it had become among the first in the industry to expand this service to all its stores. Now, in the fiscal year ending February 2016 we have updated our coffee machines across the board, to enable customers to easily enjoy more authentic coffee. We changed the brewing method from the conventional cartridge type to a freshly ground type, and added an aroma fan to the machines so that customers can enjoy the aroma of the brewing coffee as well as the sound of the beans being ground. With each cup of coffee, we provide a good balance of bitterness, acidity, and richness by using 100% high-grade Arabica beans and taking the time to roast the coffee separately.

Enlarging +K Membership



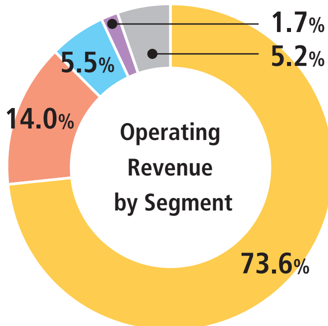
In November 2014, we introduced the R Point Card, a Rakuten Group point card, as a new point card strategy. We also launched our own membership organization, "+K," and enhanced members-only promotions. This will attract into stores the members of Rakuten, which boasts the largest membership in the country (97.75 million members as of December 31, 2014). Members' purchase data will also be gathered and used to support product development and store operations.

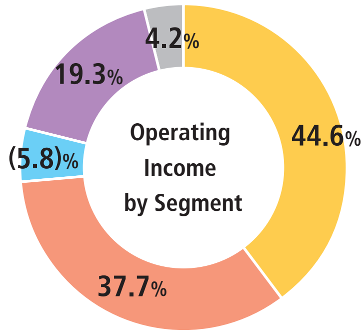
Business Overview

Consolidated Operating Income

Fiscal 2014 **¥25.3 billion**

Fiscal 2015 **¥20.2 billion**





General merchandise stores
Convenience stores
Specialty stores
Financial services
Other

Note: Excluding consolidated adjustment.

General Merchandise Stores

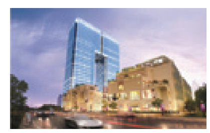
This segment is made up of four companies: UNY CO., LTD., 99 ICHIBA Co., Ltd., UNY (HK) CO., LIMITED, and UNY (SHANGHAI) TRADING Co., Ltd. They run supermarkets, mini-supermarkets, and home centers, with a focus on general merchandise stores, that handle a wide range of apparel, household goods, and food.



UNY CO., LTD.

99 ICHIBA Co., Ltd.

UNY (HK) CO., LIMITED



UNY (SHANGHAI) TRADING Co., Ltd.

Consolidated Subsidiaries

UNY CO., LTD.	100.0%
99 ICHIBA Co., Ltd.	100.0%
UNY (HK) CO., LIMITED	100.0%
UNY (SHANGHAI) TRADING Co., Ltd.	70.0%

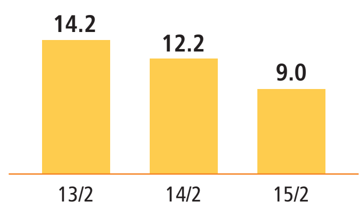
Note: Percentages indicate UNY Group Holdings' equity ownership.

Operating Income

(billions of yen)

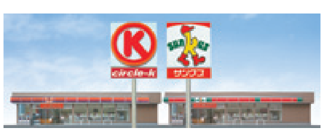
Fiscal 2014 **¥12.2 billion**

Fiscal 2015 **¥9.0 billion**



Convenience Stores

In this segment, Circle K Sunkus Co., Ltd. operates a convenience store franchise business under two brands: Circle K and Sunkus.



Circle K Sunkus Co., Ltd.

Consolidated Subsidiary

Circle K Sunkus Co., Ltd.	100.0%

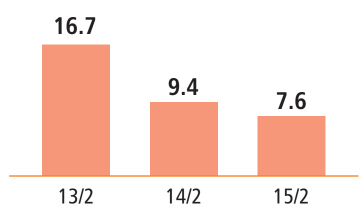
Note: Percentage indicates UNY Group Holdings' equity ownership.

Operating Income

(billions of yen)

Fiscal 2014 **¥9.4 billion**

Fiscal 2015 **¥7.6 billion**



Specialty Stores

This segment comprises three companies: SAGAMI Co., Ltd., which offers kimonos, as well as PALEMO CO., LTD., and MOLIE Co., Ltd., both of which offer apparel for women.

SAGAMI Co., Ltd.

PALEMO CO., LTD.

MOLIE Co., Ltd.

Consolidated Subsidiaries

SAGAMI Co., Ltd.	53.9%
PALEMO CO., LTD.	60.3%
MOLIE Co., Ltd.	100.0%

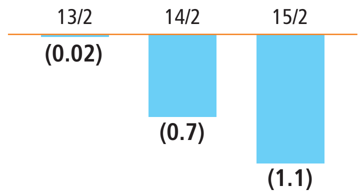
Note: Percentages indicate UNY Group Holdings' equity ownership.

Operating Loss

(billions of yen)

Fiscal 2014 ¥(0.7) billion

Fiscal 2015 ¥(1.1) billion



Financial Services

In this segment, UCS CO., LTD. operates credit card, insurance agency, electronic money, leasing, and travel agency businesses.

UCS Card

Electronic money uniko card

Consolidated Subsidiary

UCS CO., LTD.	81.3%

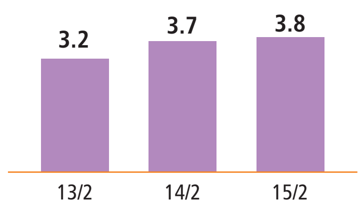
Note: Percentage indicates UNY Group Holdings' equity ownership.

Operating Income

(billions of yen)

Fiscal 2014 ¥3.7 billion

Fiscal 2015 ¥3.8 billion



Other

This segment includes businesses such as real estate, apparel remodeling, maintenance of commercial facilities, advertising, and fast food production and delivery.

Consolidated Subsidiaries

U-LIFE CO., LTD.	100.0%
SUN REFORM Co., Ltd.	100.0%
Sun Sougou Maintenance Co., Ltd.	100.0%
UNICOM Inc.	100.0%
NAGAI Co., Ltd.	100.0%

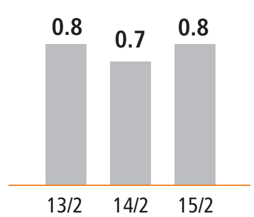
Note: Percentages indicate UNY Group Holdings' equity ownership.

Operating Income

(billions of yen)

Fiscal 2014 ¥0.7 billion

Fiscal 2015 ¥0.8 billion



The UNY Group's Environmental and Social Initiatives

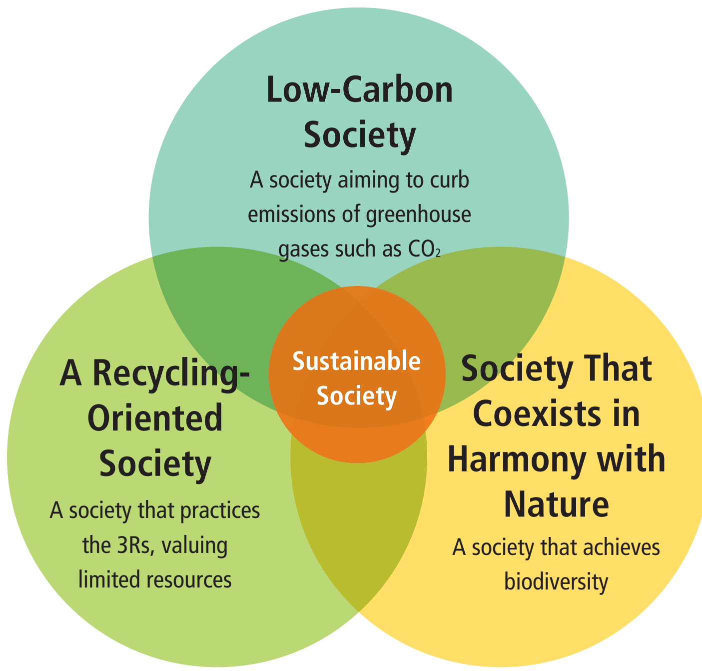
The UNY Group's Environmental Policy

Environmental Philosophy

The UNY Group conducts its business operations with the aim of bequeathing to the next generation a beautiful environment and a sustainable society that is low-carbon, is recycling-oriented, and coexists in harmony with nature.

Environmental Policy

1. We will comply with all laws and regulations related to the environment and strive to prevent environmental pollution and make continual improvements.
2. We will promote energy conservation in stores and offices and improve distribution efficiency to help create a low-carbon society. We will also strive to reduce greenhouse gas emissions through the provision of safe and reliable products and services that have a low environmental impact.
3. We will reduce waste and strive to recycle containers, packaging, and food waste to help create a recycling-oriented society.
4. We will grasp the importance of biodiversity and cooperate within our business operations for its preservation to help create a society that coexists in harmony with nature.
5. We will provide environmental learning opportunities for children, who represent the next generation, to learn about the importance of a sustainable society.
6. We will widely disclose this environmental policy and work with customers to broadly promote community-based environmental conservation and social contribution efforts.

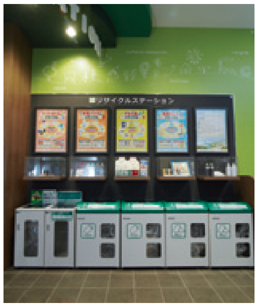


Direction of Environmental and Social Contribution Activities

The UNY Group's environmental and social contribution activities can be divided roughly into two directions. One is the actual conduct of environmental and social contribution through stores, products, and services. The other is the provision of opportunities for various stakeholders to deepen communication with each other, such as between customers and customers, between customers and employees, and between the government and citizens. The latter is based on the idea that no activity can be expanded without connections between people. The UNY Group is committed to building a sustainable society while nurturing relationships with society and customers in the community through the retailing that is its main business.

Examples of the UNY Group's Environmental and Social Contribution Activities

●Reducing Containers and Packaging



UNY has installed recycling boxes in all its stores and collects used packaging and containers (aluminum cans, milk cartons, food trays, and PET bottles). Stores with a large volume collect as much as one ton of PET bottles a week, and customers who live in the community use the stores as recycling stations as well as for shopping.

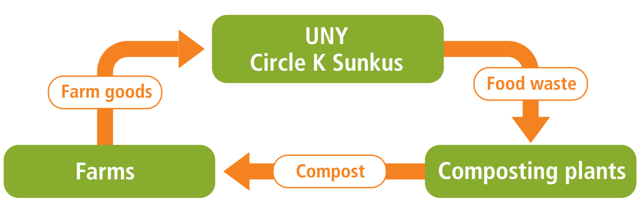
●Reducing Plastic Shopping Bags with the Help of Customers

In 2007, UNY began halting the distribution of free plastic shopping bags at cash registers for food in some stores and expanded this policy to all stores in February 2014. With the understanding of customers, this effort resulted in a reduction of plastic shopping bag use by approximately 66%, compared to the fiscal year ended February 2007, to 616 tons in February 2015, even as the number of stores increased with the merger of a subsidiary.

Meanwhile, Circle K Sunkus built awareness through posters and in-store announcements while also reducing the thickness and changing the sizes of plastic shopping bags themselves. In this way, in the fiscal year ended February 2015, it achieved a reduction of more than 48% in the 989 kilograms of plastic shopping bags used per store in the fiscal year ended February 2001.

●Food-Recycling Loop

We are working to establish a food-recycling loop that makes compost and fodder out of food waste from stores and then uses them in the cultivation and farming of food products such as vegetables, rice and pork. Agricultural and animal products produced at farms based on recycling within the community are sold again at local UNY stores and used as ingredients in boxed lunches sold at Circle K Sunkus stores. UNY aims to expand this initiative to all its stores by the fiscal year ending February 2019.



●For the Happy Smiles of the Children of the Future

The UNY Group engages in social contribution activities based on the theme of bringing happy smiles to the faces of the children of the future. What is more, during the five years from 2014 to 2018, we are implementing a range of programs for children affected by the Great East Japan Earthquake of March 2011.

Donation Program

With the cooperation of manufacturers who agree with this idea, we have implemented a program that uses a portion of proceeds from the sale of certain products to give musical instruments to children in the afflicted areas.

Donations to a Scholarship Fund

Children who graduated with assistance from the scholarship fund

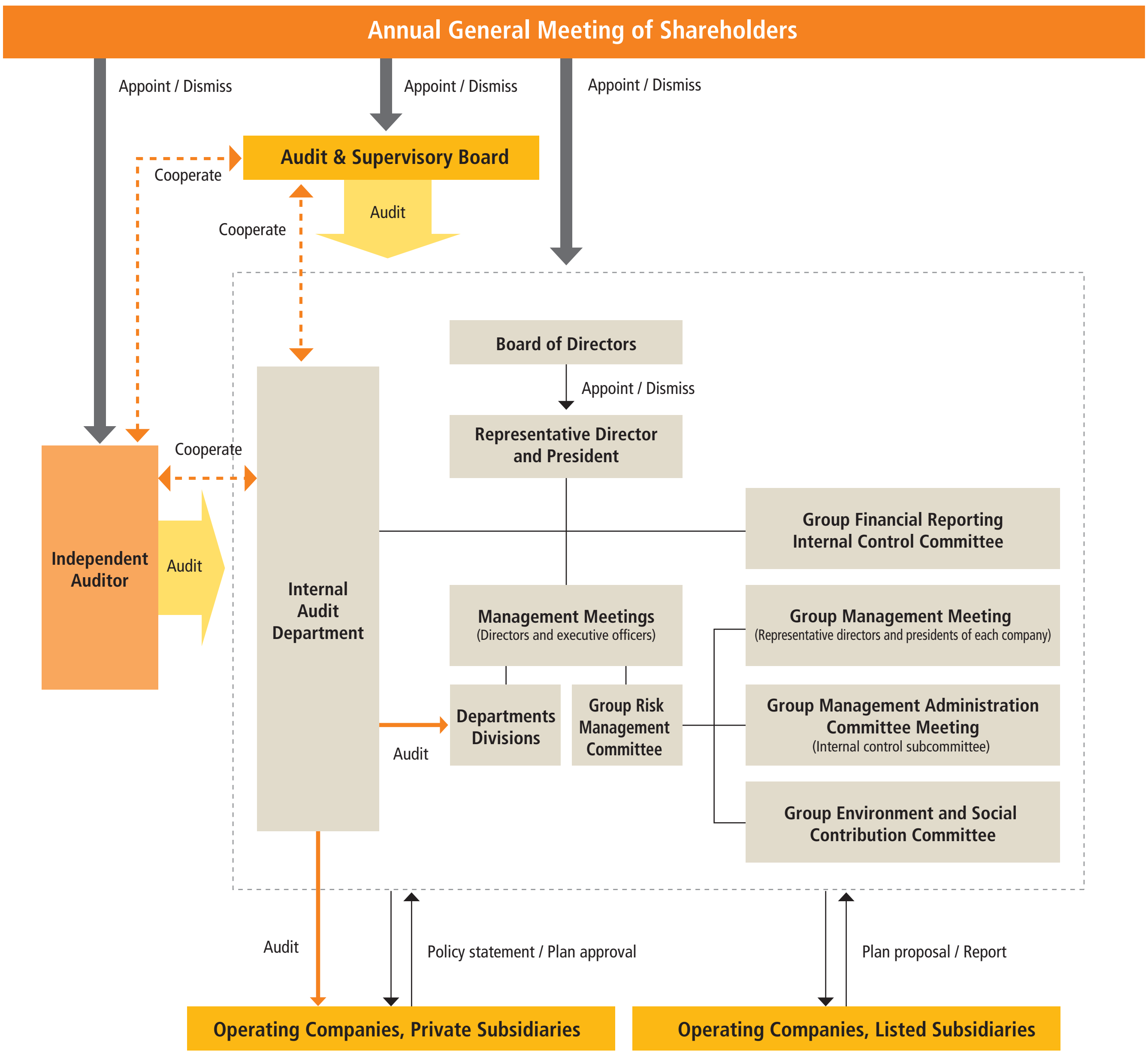
We make donations to the Michinoku Future Fund, which was set up for children who lost one or both parents in the Great East Japan Earthquake.

Corporate Governance

Basic Policy

The UNY Group's mission statement is as follows: "We in the UNY Group will deliver the greatest satisfaction each day to our customers." Our vision is "We in the UNY Group will aim to be a close and trusted partner through planning, developing, and providing products and services that exceed the expectations of our customers and communities." To realize this mission and our vision statement, we have set out five shared values as our code of conduct: Unique, Proactive, Honest, Basic, and Diverse.

Using this basic philosophy, UNY Group Holdings Co., Ltd. oversees operating companies, mainly in the retail industry, as a pure holding company. Our aim is to achieve long-term and stable development by seeking to capture maximum Group synergies to fulfill our responsibility to shareholders. Furthermore, to ensure that we are an attractive corporate group for all stakeholders, including customers, shareholders, regional communities, and employees, we believe that we must continuously raise our corporate value. To achieve these goals, we will strengthen corporate governance across the entire Group as we work to boost management efficiency and ensure management transparency and soundness.



Corporate Governance System

As a pure holding company, UNY Group Holdings oversees two core operating companies (UNY CO., LTD. and Circle K Sunkus Co., Ltd.), three listed companies, and multiple other operating companies that independently operate retail businesses. In this capacity, the Company formulates Group strategies, appropriately allocates management resources, supervises business execution, and carries out other functions.

The Company works to strengthen corporate governance through its Board of Directors and Audit & Supervisory Board. The Company's Board of Directors has 10 members and meets in principle once a month. The Board of Directors decides on important matters concerning business execution and important regulations, ensuring that business is carried out appropriately and efficiently. The term of office for directors is set at one year to ensure a flexible management structure and clarify the responsibilities of directors. The Company also holds regular Management Meetings, comprising the Company's directors (excluding external directors), full-time audit & supervisory board members, the presidents of key subsidiaries, and others, as a body for making accurate and flexible decisions on management in addition to the Board of Directors. These Management Meetings are held to facilitate reports and discussions of Group-wide business strategies, management issues, important financial matters, and other important matters concerning business execution. Furthermore, we hold quarterly Group Management Meetings with the presidents of Group companies to verify Group policies, ascertain the business conditions of each company, and consider other issues that are important for the Group.

Internal Audits, Audits by Audit & Supervisory Board Members, and Independent Auditors

The Company has appointed four audit & supervisory board members, including two external audit & supervisory board members. The audit & supervisory board members attend Board of Directors' meetings, Management Meetings, and other meetings of importance. Audit & supervisory board members also receive reports on Company operations from directors and others, review important decisions, and provide management supervision of the Company and Group companies in collaboration with the Audit Office (internal audit department). The Audit Office convenes once a quarter to discuss the audit system, audit plans, audit methods, audit results, and other audit-related matters. The Audit & Supervisory Board confirms audit plans with the Independent Auditor, and receives the audit results of the Company, consolidated subsidiaries and other entities every quarterly reporting period. In addition, the audit & supervisory board members, Independent Auditor, and the Internal Audit Department hold meetings to disclose and share their annual audit policies.

External Directors and External Audit & Supervisory Board Members

As of May 2014, the Company increased the number of external directors from one to three to ensure management transparency and further strengthen corporate governance. Two of these external directors and the two external corporate auditors are registered with the Tokyo Stock Exchange and the Nagoya Stock Exchange as independent officers.

Committees

The Company has established a number of committees for strengthening Group-wide corporate governance: the Group Risk Management Committee, the Group Financial Reporting Internal Control Committee, the Group Management Administration Committee Meeting, and the Group Environment and Social Contribution Committee. These committees seek to ensure that business operations are executed transparently and soundly.

Directors, Audit & Supervisory Board Members, and Executive Officers

(As of May 21, 2015)

President
Norio Sako

Director, Senior Executive Officer, in charge of Secretary, Public & Investor Relations and Finance & Accounting
Jiro Koshida

Director, Managing Executive Officer, in charge of Affiliates
Takamasa Ogawa

Director, Executive Officer, Group Strategic Headquarters Director
Jun Takahashi

Director, Executive Officer, Group Affairs Headquarters Director
Akira Ito

Director
Shuichi Takeuchi

Director
Yuzuru Yoshida

External Director
Tamotsu Kokado

External Director
Norio Kato

External Director
Takashi Saeki

Fulltime Audit & Supervisory Board Member
Akira Ito

Fulltime Audit & Supervisory Board Member
Takumi Mizutani

External Audit & Supervisory Board Member
Naotaka Nanya

External Audit & Supervisory Board Member
Kazunori Tajima

Executive Officer, Group Social Responsibility Department Director
Noriko Momose

Management's Discussion and Analysis

Fiscal 2015 Consolidated Results

In the fiscal year under review, operating revenue in the general merchandise stores and convenience stores segments, our core businesses, grew at a sluggish pace amid intensifying competition from industry rivals as well as business in other sectors. We were also affected by the ongoing slump in consumer spending associated with a consumption tax rate hike that took effect in April 2014. As a result, operating income fell below that of the previous fiscal year. In addition, we recorded a net loss of ¥2,408 million, reflecting an increase in impairment loss on stores in the general merchandise stores, convenience stores, and specialty stores segments.

Segment Results

Segment Operating Revenue

(millions of yen)

Years ended February 28	2015	2015 Y-o-Y	2014
General merchandise stores	¥ 777,328	–2.8%	¥ 799,905
Convenience stores	148,110	–0.3%	148,505
Specialty stores	58,305	–9.5%	64,455
Financial services	18,429	+6.5%	17,301
Other	54,423	+112.2%	25,652
Adjustment	(37,635)	–	(23,691)
Total	¥1,018,960	–1.3%	¥1,032,127

Segment Operating Income

(millions of yen)

Years ended February 28	2015	2015 Y-o-Y	2014
General merchandise stores	¥ 9,014	–26.3%	¥12,235
Convenience stores	7,613	–19.5%	9,456
Specialty stores	(1,164)	–	(704)
Financial services	3,899	+4.0%	3,749
Other	831	+8.5%	766
Adjustment	45	–	(173)
Total	¥20,238	–20.1%	¥25,329

Note: As of the fiscal year ended February 2014, the fiscal year-end has been changed from February 20 to the last day of February. As a result, the period of the consolidated fiscal year under review differs from that of the previous consolidated fiscal year, which is the object of comparison. Accordingly, the year-on-year figures are included as reference values comparing those periods.

General Merchandise Stores

Operating revenue in the general merchandise stores segment declined 2.8% year on year to ¥777,328 million, and operating income dropped 26.3% to ¥9,014 million.

Same-store sales at core company UNY CO., LTD. fell 2.9%, due to lackluster spending following the consumption tax rate hike, with apparel and household goods experiencing particular difficulty. Gross profit declined 3.3% to ¥208,649 million, as the merchandise gross profit margin slipped 0.2 percentage point to 23.9% due to the weak performance by these categories with high gross profit margins. Operating expenses were reduced substantially, falling 2.6% to ¥198,240 million as a result of ongoing efforts to practice low-cost management, including outlays for advertising. Nevertheless, this was not enough to offset the decrease in the top line, resulting in a 14.3% drop in operating income to ¥10,408 million. The recording of ¥9,557 million in impairment loss on stores, up 233.1% over the previous year, resulted in a net loss of ¥3,244 million. As of the fiscal year under review, UNY (SHANGHAI) TRADING Co., Ltd., which operates a general merchandise supermarket in Shanghai, China, has been included in the consolidated scope of this segment.

As for the number of stores, UNY CO., LTD. had 226, after opening six and closing nine; 99 ICHIBA Co., Ltd. had 90 stores, after opening 15 and closing one; UNY (HK) CO., LIMITED had three stores; and UNY (SHANGHAI) TRADING Co., Ltd. opened and was operating one store.

Convenience Stores

Operating revenue in the convenience stores segment declined 0.3% year on year to ¥148,110 million, and operating income decreased 19.5% to ¥7,613 million.

Operating revenue at Circle K Sunkus Co., Ltd. declined with a 3.6% drop in existing store sales due to factors such as a decline in cigarette sales caused by a shrinking smoking population and sluggish summer goods sales due to the impact of unseasonable summertime weather. Operating expenses rose 0.2% to ¥113,547 million due to an increase in rent associated with a larger number of stores, despite efforts to ensure efficient operation of advertising and promotional costs. Consequently, operating income in the convenience stores segment fell for the year.

The number of stores at the end of the fiscal year under review was 6,069, after opening 348 and closing 244. The total number of stores in the Group, including non-consolidated area franchisers, was 6,353.

Specialty Stores

Operating revenue in the specialty stores segment declined 9.5% year on year to ¥58,305 million, and the segment recorded an operating loss of ¥1,164 million, compared with an operating loss of ¥704 million in the previous fiscal year.

SAGAMI Co., Ltd., saw net sales decline 3.8% as improvement in average spending per customer did not completely offset the decline in the number of customers in the Japanese kimono retailing business following the consumption tax rate hike. Likewise in the home fashion business, there was a large backlash from last-minute demand associated with the consumption tax rate hike, which pushed down net sales 14.1%. Consequently, operating revenue declined 5.3% to ¥21,620 million, and the company recorded an operating loss of ¥470 million, compared with an operating loss of ¥387 million in the previous fiscal year.

PALEMO CO., LTD. improved its operating results for the second half of the year compared to the previous year through efforts to cut losses by closing unprofitable stores and reduce operating costs. Nevertheless, same-store sales dipped 9.1% for the year, as sales of seasonal products were sluggish amid a continuing difficult retail environment for apparel overall. Consequently, operating revenue slipped by 12.2% to ¥31,875 million, and the company recorded an operating loss of ¥679 million, compared with an operating loss of ¥479 million in the previous fiscal year.

As for the number of stores, SAGAMI had 253, after opening seven and closing 23; and PALEMO had 700, after opening 14 and closing 94.

Financial Services

Operating revenue in the financial services segment rose 6.5% year on year to ¥18,429 million, while operating income rose 4.0% to ¥3,899 million.

UCS CO., LTD. expanded shopping transaction volume in its mainstay credit card operations, in part by conducting sales planning in cooperation with Group companies in an effort to increase the amounts being charged and raise the card utilization rate. The company also worked to expand the number of stores that accept uniko cards, an electronic money service that it began in November 2014, by starting to offer the service at Circle K Sunkus stores and some specialty retailers operating inside Apita superstores and Piago general merchandise stores, in addition to the directly operated sections of Apita and Piago stores. The number of uniko card holders increased by 741,000 to 1.133 million, and the transaction volume was heavy, jumping 588.0% to ¥106,471 million. Consequently, the increase in operating revenue offset the rise in SG&A expenses, resulting in the achievement of growth at each profit level.

Outlook for Fiscal 2016

Although there are some bright signs such as a fall in the price of crude oil, rising share prices, and increased spending by foreign visitors to Japan, the future of the UNY Group's operating environment remains uncertain. The challenges include rising costs due to escalating raw material and resource prices attributable to the weaker yen, a worsening employment situation associated with a declining workforce population, and concern about the effect of a future consumption tax rate hike. New growth strategies will need to be established based on a spirit of challenge, a sense of speed, and an ability to get things done, to survive in a changing environment in which competition beyond business category boundaries becomes increasingly borderless in the retail industry. The Group will therefore maximize its management resources in pursuit of a profitable management policy with growth potential, especially for its two key companies in the general merchandise stores and convenience stores segments.

Given this situation, the UNY Group is forecasting full-year operating revenue of ¥1,036.4 billion, operating income of ¥23.5 billion, ordinary income of ¥23.0 billion, and net income of ¥4.8 billion.

Consolidated Earnings Forecast

(millions of yen)

Years ended February 28		Y-o-Y	Y-o-Y increase
Operating revenue	1,036,400	+1.7%	+17,440
Operating income	23,500	+16.1%	+3,262
Net income	4,800	–	+7,208

Forecast by Segment

(millions of yen)

Years ended February 28	Operating revenue	Y-o-Y	Operating income	Y-o-Y
General merchandise stores	¥ 793,610	+2.1%	¥10,100	+12.0%
Convenience stores	151,470	+2.3%	8,000	+5.1%
Specialty stores	54,750	–6.1%	240	–
Financial services	19,360	+5.1%	4,010	+2.8%
Other	53,490	–1.7%	1,240	+49.2%
Adjustment	(36,280)	–	(90)	–
Total	¥1,036,400	+1.7%	¥23,500	+16.1%

Basic Earnings Distribution Policy

The Company's dividend policy sets the annual cash dividend at ¥20 per share, while the Company aims to achieve a consolidated payout ratio of 30%. With this policy, the Company strives to ensure efficient fund distribution to further strengthen its financial soundness and performance.

Consolidated Balance Sheets

UNY Group Holdings Co., Ltd. and Consolidated Subsidiaries
February 28, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
ASSETS			
Current assets:			
Cash and cash equivalents (Notes 3 and 7)	**¥ 53,856**	¥ 54,477	**$ 452,571**
Short-term investments (Notes 3 and 4)	**4,521**	3,015	**37,992**
Receivables:			
Trade notes (Note 3)	**2**	1	**17**
Trade accounts (Note 3)	**107,555**	93,425	**903,824**
Short-term loans (Note 3)	**15,314**	15,054	**128,689**
Other (Note 6)	**16,182**	32,754	**135,983**
Allowance for doubtful accounts	**(2,111)**	(2,290)	**(17,740)**
	136,942	138,944	**1,150,773**
Merchandise inventories	**46,650**	47,841	**392,017**
Deferred tax assets (Note 12)	**3,232**	4,235	**27,159**
Other current assets (Note 3)	**31,936**	29,741	**268,370**
Total current assets	**277,137**	278,253	**2,328,882**
Property and equipment (Note 7):			
Land (Note 13)	**206,147**	209,788	**1,732,328**
Buildings and structures (Note 13)	**536,974**	520,191	**4,512,387**
Equipment and fixtures	**76,957**	77,493	**646,697**
Leased assets (Note 6)	**64,755**	56,680	**544,160**
Construction in progress	**9,942**	6,558	**83,546**
Total property and equipment	**894,775**	870,710	**7,519,118**
Accumulated depreciation	**(397,691)**	(383,594)	**(3,341,941)**
Net property and equipment	**497,084**	487,116	**4,177,177**
Investments and other assets:			
Lease deposits (Note 3)	**89,800**	97,348	**754,622**
Investments in and long-term loans to unconsolidated subsidiaries and affiliates (Notes 3 and 4)	**10,945**	11,829	**91,975**
Investment securities (Notes 3 and 4)	**17,122**	14,669	**143,882**
Deferred tax assets (Note 12)	**15,667**	14,781	**131,655**
Employee retirement benefit asset (Note 8)	**8,461**	–	**71,101**
Goodwill	**5,986**	8,306	**50,303**
Other (Note 8)	**31,934**	39,514	**268,353**
Allowance for doubtful accounts	**(1,551)**	(1,649)	**(13,034)**
Total investments and other assets	**178,364**	184,798	**1,498,857**
	¥952,585	¥950,167	**$8,004,916**

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Notes 3 and 7)	**¥133,860**	¥137,343	**$1,124,874**
Current portion of long-term debt (Notes 3 and 7)	**30,965**	79,038	**260,210**
Notes and accounts payable:			
Trade notes (Note 3)	**6,237**	6,856	**52,412**
Trade accounts (Note 3)	**79,186**	80,075	**665,428**
Other	**55,368**	49,064	**465,278**
	140,791	135,995	**1,183,118**
Accrued expenses	**13,870**	15,404	**116,555**
Income taxes payable	**2,936**	5,998	**24,672**
Other current liabilities (Note 3)	**55,715**	54,951	**468,193**
Total current liabilities	**378,137**	428,729	**3,177,622**
Long-term liabilities:			
Long-term debt, less current portion (Notes 3 and 7)	**199,349**	141,680	**1,675,202**
Guarantee deposits from tenants (Notes 3 and 7)	**49,360**	51,013	**414,789**
Employee retirement benefit liability (Note 8)	**636**	–	**5,345**
Provision for employee retirement benefits (Note 8)	**–**	1,343	**–**
Asset retirement obligations (Note 9)	**16,498**	14,919	**138,639**
Other long-term liabilities (Note 12)	**7,356**	6,707	**61,815**
Total long-term liabilities	**273,199**	215,662	**2,295,790**
Commitments and contingent liabilities (Note 11)			
Net assets (Note 10):			
Shareholders' equity			
Common stock;			
Authorized: 600,000,000 shares			
Issued: 234,100,821 shares in 2015 and 2014	**22,188**	22,188	**186,454**
Capital surplus	**70,883**	70,883	**595,655**
Retained earnings	**196,084**	202,677	**1,647,765**
Less treasury stock at cost: 4,018,712 shares in 2015 and 4,016,783 shares in 2014	**(3,017)**	(3,016)	**(25,353)**
Total shareholders' equity	**286,138**	292,732	**2,404,521**
Accumulated other comprehensive income	**6,490**	4,345	**54,538**
Minority interests	**8,621**	8,699	**72,445**
Total net assets	**301,249**	305,776	**2,531,504**
	¥952,585	¥950,167	**$8,004,916**

Consolidated Statements of Operations

UNY Group Holdings Co., Ltd. and Consolidated Subsidiaries
For the Years Ended February 28, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Operating revenue (Note 15):			
Net sales	¥ 848,610	¥ 863,880	$7,131,176
Other	170,350	168,247	1,431,513
	1,018,960	1,032,127	8,562,689
Operating costs and expenses (Notes 6 and 8):			
Cost of goods sold	629,172	636,114	5,287,160
Selling, general and administrative expenses	369,550	370,684	3,105,462
	998,722	1,006,798	8,392,622
Operating income (Note 15)	20,238	25,329	170,067
Other income (expenses):			
Interest and dividend income	1,501	1,882	12,613
Interest expenses	(2,108)	(2,591)	(17,714)
Equity in net earnings of affiliate	338	221	2,840
Loss on sales or disposals of property and equipment, net	(1,530)	(1,288)	(12,857)
Loss on cancellation of lease contracts	(765)	(708)	(6,429)
Impairment loss on fixed assets (Note 2(i))	(17,469)	(8,109)	(146,798)
Settlement package received	1,149	811	9,655
Miscellaneous, net	1,131	432	9,505
	(17,753)	(9,350)	(149,185)
Income before income taxes and minority interests	2,485	15,979	20,882
Income taxes (Note 12):			
Current	5,245	8,711	44,076
Deferred	802	661	6,739
	6,047	9,372	50,815
(Loss) income before minority interests	(3,562)	6,607	(29,933)
Minority interests in net loss of consolidated subsidiaries	(1,154)	(834)	(9,698)
Net (loss) income	¥ (2,408)	¥ 7,441	$ (20,235)

	Yen		U.S. dollars
Per share (yen and U.S. dollars):			
Net (loss) income	¥ (10.47)	¥ 32.13	$ (0.09)
Cash dividends	20.00	24.00	0.17

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

UNY Group Holdings Co., Ltd. and Consolidated Subsidiaries
For the Years Ended February 28, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
(Loss) income before minority interests:	¥(3,562)	¥6,607	$(29,933)
Other comprehensive income (Note 14):			
Net changes in unrealized gains on available-for-sale securities	1,982	1,738	16,656
Net changes in deferred gains on hedging instruments	38	(248)	319
Net changes in foreign currency translation adjustments	978	825	8,219
Share of other comprehensive income of affiliates accounted for using equity method	13	192	109
Total other comprehensive income	3,011	2,507	25,303
Comprehensive income (loss)	¥ (551)	¥9,114	$ (4,630)
Comprehensive income (loss) attributable to:			
Owners of the parent	¥ 509	¥9,936	$ 4,277
Minority interests	(1,060)	(822)	(8,907)

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

UNY Group Holdings Co., Ltd. and Consolidated Subsidiaries
For the Years Ended February 28, 2015 and 2014

		Millions of yen		
		Shareholders' Equity		
	Number of common shares issued	Common stock	Capital surplus	Retained earnings
Balance at February 20, 2013	234,100,821	¥22,188	¥70,883	¥201,069
Net income	–	–	–	7,441
Cash dividends	–	–	–	(5,833)
Purchase of treasury stock and fractional shares, net of sales	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–
Balance at February 28, 2014	234,100,821	22,188	70,883	202,677
Net loss	**–**	**–**	**–**	**(2,408)**
Cash dividends	**–**	**–**	**–**	**(5,067)**
Fractional shares acquired, net of sales	**–**	**–**	**–**	**–**
Adjustment for retained earnings for changes in scope of consolidation	**–**	**–**	**–**	**882**
Net changes in items other than shareholders' equity	**–**	**–**	**–**	**–**
Balance at February 28, 2015	**234,100,821**	**¥22,188**	**¥70,883**	**¥196,084**

	Thousands of U.S. dollars		
Balance at February 28, 2014	$186,454	$595,655	$1,703,168
Net loss	**–**	**–**	**(20,235)**
Cash dividends	**–**	**–**	**(42,580)**
Fractional shares acquired, net of sales	**–**	**–**	**–**
Adjustment for retained earnings for changes in scope of consolidation	**–**	**–**	**7,412**
Net changes in items other than shareholders' equity	**–**	**–**	**–**
Balance at February 28, 2015	**$186,454**	**$595,655**	**$1,647,765**

See accompanying Notes to Consolidated Financial Statements.

Millions of yen

Shareholders' Equity		Accumulated Other Comprehensive Income (Loss)							
Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Net deferred gains on hedging instruments	Land revaluation decrement	Foreign currency translation adjustments	Retirement benefit adjustment	Total accumulated other comprehensive income (loss)	Minority interests	Total net assets
¥(1,258)	¥292,882	¥3,238	¥304	¥(305)	¥(1,387)	¥ –	¥1,850	¥9,623	¥304,355
–	7,441	–	–	–	–	–	–	–	7,441
–	(5,833)	–	–	–	–	–	–	–	(5,833)
(1,758)	(1,758)	–	–	–	–	–	–	–	(1,758)
–	–	1,919	(249)	–	825	–	2,495	(924)	1,571
(3,016)	292,732	5,157	55	(305)	(562)	–	4,345	8,699	305,776
–	**(2,408)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,408)**
–	**(5,067)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,067)**
(1)	**(1)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**
–	**882**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**882**
–	**–**	**1,986**	**38**	**–**	**1,169**	**(1,048)**	**2,145**	**(78)**	**2,067**
¥(3,017)	**¥286,138**	**¥7,143**	**¥ 93**	**¥(305)**	**¥ 607**	**¥(1,048)**	**¥6,490**	**¥8,621**	**¥301,249**

Thousands of U.S. dollars

$(25,345)	$2,459,932	$43,336	$463	$(2,563)	$(4,723)	$ –	$36,513	$73,101	$2,569,546
–	**(20,235)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(20,235)**
–	**(42,580)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(42,580)**
(8)	**(8)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8)**
–	**7,412**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,412**
–	**–**	**16,689**	**319**	**–**	**9,824**	**(8,807)**	**18,025**	**(656)**	**17,369**
$(25,353)	**$2,404,521**	**$60,025**	**$782**	**$(2,563)**	**$ 5,101**	**$(8,807)**	**$54,538**	**$72,445**	**$2,531,504**

Consolidated Statements of Cash Flows

UNY Group Holdings Co., Ltd. and Consolidated Subsidiaries
For the Years Ended February 28, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 2,485**	¥15,979	**$ 20,882**
Adjustments for:			
Depreciation	**37,232**	35,413	**312,874**
Impairment loss on fixed assets	**17,469**	8,109	**146,798**
Net loss on sales or disposal of property and equipment	**1,530**	1,288	**12,857**
Changes in operating assets and liabilities:			
Trade receivables	**(12,889)**	(13,528)	**(108,311)**
Inventories	**1,209**	(2,101)	**10,160**
Trade payables	**(1,508)**	380	**(12,672)**
Other, net	**21,163**	(1,267)	**177,841**
Subtotal	**66,691**	44,273	**560,429**
Interest and dividends received	**1,254**	1,711	**10,537**
Interest paid	**(1,971)**	(2,576)	**(16,563)**
Income taxes paid	**(8,132)**	(8,023)	**(68,336)**
Net cash provided by operating activities	**57,842**	35,385	**486,067**
Cash flows from investing activities:			
Property and equipment:			
Purchases	**(50,035)**	(54,743)	**(420,462)**
Proceeds from sales	**743**	771	**6,244**
Lease deposits made	**(2,680)**	(3,015)	**(22,521)**
Lease deposits repaid	**5,314**	5,005	**44,655**
Purchases of additional investments in subsidiaries and affiliates	**(558)**	(3,154)	**(4,689)**
Net decrease (increase) in short-term investments and investment securities	**1,179**	(889)	**9,907**
Other, net	**(7,299)**	(4,498)	**(61,336)**
Net cash used in investing activities	**(53,336)**	(60,523)	**(448,202)**
Cash flows from financing activities:			
Increase in long-term debt	**81,990**	59,500	**688,992**
Repayment of long-term debt	**(72,738)**	(64,004)	**(611,244)**
Net (decrease) increase in short-term borrowings	**(2,488)**	90,096	**(20,908)**
Net decrease in guarantee deposits from tenants	**(1,281)**	(572)	**(10,765)**
Dividends paid to shareholders	**(5,067)**	(5,833)	**(42,580)**
Dividends paid to minority shareholders	**(108)**	(98)	**(907)**
Other, net	**(7,142)**	(7,375)	**(60,017)**
Net cash (used in) provided by financing activities	**(6,834)**	71,714	**(57,429)**
Effect of exchange rate changes on cash and cash equivalents	**978**	825	**8,219**
Net (decrease) increase in cash and cash equivalents	**(1,350)**	47,401	**(11,345)**
Cash and cash equivalents at beginning of year	**54,477**	7,076	**457,790**
Increase in cash and cash equivalents upon inclusion or exclusion of subsidiaries on consolidation	**729**	–	**6,126**
Cash and cash equivalents at end of year	**¥53,856**	¥54,477	**$452,571**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

UNY Group Holdings Co., Ltd. and Consolidated Subsidiaries

1 Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of UNY Group Holdings Co., Ltd. (hereinafter the "Company") and its consolidated subsidiaries (together with the Company, the "UNY Group") have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (IFRS). As discussed in Note 2(a), the accounts of the consolidated overseas subsidiaries have been prepared in accordance with IFRS, with adjustments for the specified five items as applicable. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese-language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing approximate exchange rate at February 28, 2015, which was ¥119 to U.S. $1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

In preparing these consolidated financial statements, certain reclassifications were made to the original Japanese consolidated financial statements in order to present them in a form that would be more familiar to readers outside Japan. In addition, certain comparative figures have been reclassified to conform to the current year's presentation.

2 Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in certain unconsolidated subsidiaries and significant affiliates are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost. The difference between the acquisition cost of investments in subsidiaries and the underlying equity in the net assets, adjusted based on the fair value at the time of acquisition, are principally deferred as goodwill and amortized on a straight-line basis over a period from five years to 20 years. The negative goodwill resulting from the acquisition, measured by the excess of the underlying equity in the net assets over the acquisition cost, is credited to income, except for that resulting from acquisitions incurred before April 1, 2010, which was amortized over five years by the year ended February 28, 2014. All significant intercompany accounts and transactions have been eliminated on consolidation.

Under the accounting standard for consolidation, a subsidiary is defined as an enterprise that is controlled by another enterprise and is a majority (more than 50%) owned enterprise or a 40% to 50% owned enterprise that meets certain criteria. An affiliated company is defined as an enterprise over which the investor has significant influence and is an enterprise other than a subsidiary that is a 20% or more owned enterprise or 15% to 19% owned enterprise that meets certain criteria. For the years ended February 28, 2015 and 2014, there was no company that was not more than a 50% owned enterprise but was nevertheless classified as a consolidated subsidiary based on the judgment of the Company in accordance with the accounting standard.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended February 28, 2015 and 2014 was as follows:

	2015	2014
Consolidated subsidiaries:		
Domestic	16	18
Overseas	3	1
Unconsolidated subsidiaries and affiliates accounted for by the equity method	1	1
Unconsolidated subsidiaries stated at cost	11	12
Affiliates stated at cost	8	10

The Company has adopted the Accounting Standards Board of Japan ("ASBJ") issued Practical Issues Task Force No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"), from the year ended February 20, 2010. PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare its consolidated financial statements using the overseas subsidiaries' financial statements prepared in accordance with either IFRS or U.S. generally accepted accounting principles ("U.S. GAAP"). In this case, adjustments for the following five items are required in the consolidation process so that the impact on net income is accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subject to amortization
(b) Actuarial gains and losses of defined benefit retirement plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurements of investment properties and revaluation of property and equipment, and intangible assets
(e) Accounting for net income attributable to minority interests

Although the fiscal year-end of certain consolidated subsidiaries differs from the consolidated fiscal year-end of the Company, the Company has consolidated their accounts as of their year-end because the difference was not more than three months. Significant transactions for the period between the subsidiaries' year-end and the Company's year-end have been adjusted on consolidation.

(b) Changes in the Company's fiscal year-end

Based on the approval for a change in the articles of incorporation at the shareholders' meeting held on May 16, 2013, the Company changed its fiscal year-end from February 20 to the end of February effective February 21, 2013 in order for a more timely and proper disclosure and more effective group management. Accordingly, the accompanying consolidated statements of operations for the year ended February 28, 2014 included the Company's operating results for the 12 month and 8 day from February 21, 2013 to February 28, 2014.

(c) Cash equivalents

The UNY Group considers highly liquid debt investments acquired with an original maturity of three months or less to be cash equivalents.

(d) Investments and marketable securities

Debt securities for which the UNY Group has both the positive intention and the ability to hold to maturity are classified as held-to-maturity securities and are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value, and net unrealized gains or losses on these securities, net of applicable income taxes, are reported as accumulated other comprehensive income. Gains and losses on the disposition of investment securities are computed by the moving average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost, determined by the moving average method. Adjustments in carrying values of individual investment securities are charged to income through write-downs when a decline in value is deemed other than temporary.

(e) Accounting for derivatives

Derivative instruments are valued at fair value if hedge accounting is not appropriate or when there is no hedging designation, and the gains and losses on the derivatives are recognized in the current earnings. Certain transactions classified as hedging transactions are accounted for under a deferral method. According to the special treatment permitted by the accounting standard for financial instruments, hedging interest rate swap contracts are accounted for on an accrual basis and recorded net of interest expenses generated from borrowings, if certain conditions are met. Foreign currency exchange forward contracts and currency swaps are accounted for to translate foreign currency denominated assets and liabilities at such contract rates as an interim measure if certain hedging criteria are met.

(f) Inventories

Inventories are stated at the lower of cost, determined principally by the retail method, or the net realizable value. Fresh foods are stated at cost, determined by the last purchase price.

(g) Property and equipment and depreciation

Property and equipment, including significant renewals and additions, are stated at cost and are depreciated principally by the straight-line method for the overseas consolidated subsidiary and by the declining balance method for the Company and its domestic consolidated subsidiaries at rates based on the estimated useful life of the asset, except as mentioned below.

The buildings of the Company and its domestic consolidated subsidiaries acquired on or after April 1, 1998 are depreciated by the straight-line method. The Company and its domestic consolidated subsidiaries capitalize property and equipment with a cost of ¥100,000 or more and depreciate property and equipment that is more than ¥100,000 but less than ¥200,000 over three years on a straight-line basis.

(Change in accounting policies with amendment of respective laws or regulations that are not distinguishable from change in accounting estimates)

From the year ended February 28, 2014, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property and equipment in accordance with the amendment of the Corporate Tax Law of Japan. Assets acquired on or after February 21, 2013 are depreciated using the method prescribed in the amended Corporate Tax Law of Japan. As a result of this change, operating income and income before income taxes and minority interests were ¥686 million more for the year ended February 28, 2014 than the amounts that would have been reported without the change.

(h) Leases

Effective from the year ended February 20, 2010, the Company and its domestic consolidated subsidiaries have adopted ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard requires that all finance lease transactions be accounted for in a manner similar to that used for ordinary sale and purchase transactions. Prior to February 21, 2009, the Company and its domestic consolidated subsidiaries had accounted for finance leases that did not transfer ownership of the leased property to the lessee with accounting treatment similar to that used for operating lease transactions, with the disclosure of certain "as if capitalized" information as permitted by the previous accounting standard.

(Accounting for leases as lessee)

Effective from the year ended February 20, 2010, the Company and its domestic consolidated subsidiaries capitalize the assets used under finance leases that commenced on or after February 21, 2009, except for certain immaterial or short-term finance leases that are accounted for as operating leases in accordance with the revised standard. Depreciation of leased assets capitalized in finance lease transactions is computed by the straight-line method over the lease term as the useful life with the assumption of no residual value. As permitted, finance leases that commenced prior to February 21, 2009 and have been accounted for with accounting treatment similar to that used for operating leases continue to be accounted for with accounting treatment similar to that used for operating leases with the disclosure of certain "as if capitalized" information.

(Accounting for leases as lessor)

Effective from the year ended February 20, 2010, a certain consolidated subsidiary engaged in leasing operations as lessor recognizes "lease investments assets" for finance leases that do not transfer ownership of the leased assets to the lessee, in a manner similar to the accounting treatment for ordinary sale transactions. The "lease investments assets" account was presented as current assets in the accompanying consolidated balance sheets. The total amount equivalent to interest is allocated over the lease term, and the consolidated subsidiary recognizes it as income at the due date of each lease payment as permitted by the revised standard. With the respect to finance leases that commenced prior to February 21, 2009, the appropriate book value of fixed assets, net of accumulated depreciation, as of February 20, 2009, was recognized as the value of the lease investment assets at the beginning of the year ended February 20, 2010. Interest revenue from these finance lease contracts is calculated by the straight-line method over the remaining lease period, instead of using the interest method as the principal method of the revised accounting standard. Prior to February 21, 2009, the consolidated subsidiary accounted for all lease contracts with accounting treatment similar to that used for operating leases as permitted by the previous accounting standard and, as lessor, the leased assets were recorded at cost and depreciated by the straight-line method over the term of the lease to the amount equivalent to the estimated disposal value at the lease termination date.

(i) Accounting standard for impairment of fixed assets

The Company and its domestic consolidated subsidiaries have adopted the "Accounting Standard for Impairment of Fixed Assets" and the related practical guidance. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. According to the standard, an impairment loss shall be recognized in the income statement by reducing the carrying amount of the impaired asset or a group of assets to the recoverable amount, which is to be measured as the higher of the asset's net selling price or value in use. Fixed assets include land, buildings and structures and equipment and fixtures as well as intangible assets and are to be grouped at the lowest levels for which there are identifiable cash flows from other groups of assets.

For the purpose of recognition and measurement of an impairment loss, fixed assets of the UNY Group are principally grouped into cash generating units, such as stores, other than idle or unused property. The UNY Group determines whether an asset is impaired by comparing the undiscounted expected cash flow to the carrying amount in the accounting records. An impairment loss is recognized if the undiscounted expected cash flow is less than the carrying amount of the asset. The recoverable amount of an asset is measured based on the net selling price primarily from appraisal valuation or operating cash flow discounted by the applicable interest rate. Discount rates for the years ended February 28, 2015 and 2014 ranged from 1.9% to 5.6% and from 3.3% to 5.7%, respectively.

For the years ended February 28, 2015 and 2014, the UNY Group recognized impairment losses on fixed assets as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Property for general merchandise stores, convenience stores, specialty stores and other property	¥16,825	¥8,095	$141,386
Goodwill	640	–	5,378
Idle property	4	14	34
Total	¥17,469	¥8,109	$146,798

(j) Revaluation of land

In accordance with the Law Concerning Revaluation of Land in Japan, one of the consolidated subsidiaries elected the one-time revaluation to restate the cost of land used for business at a value rationally reassessed effective February 20, 2002, reflecting appropriate adjustments for land shape and other factors and based on appraisal values issued by the Japanese National Tax Agency or municipal property tax bases. According to the law, an amount equivalent to the tax effect on the difference between the original book value and sound reassessed value is recorded as deferred tax liabilities for the revaluation account. The rest of the difference, net of the tax effect and minority interests portion, is recorded as the land revaluation decrement account in accumulated other comprehensive income in the accompanying consolidated balance sheets.

(k) Allowance for doubtful accounts

An allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss based on the individual financial review approach for doubtful or troubled receivables and a general reserve for other receivables based on the historical loss experience for a certain past period.

(l) Employee retirement benefits

Employees who terminate their service with the UNY Group are entitled to retirement benefits determined generally by the basic rate of pay at the time of termination, length of service and conditions under which the termination occurs. Such retirement and severance benefits to employees are principally covered by a non-contributory pension plan (the "plan") such as corporate pension fund plans funded in outside insurance companies and trust banks.

The UNY Group principally recognizes retirement benefits for employees, including pension cost and related liability, based on the actuarial present value of the retirement benefit obligation, using the actuarial appraisal approach and the value of pension plan assets available for benefits at the fiscal year-end. In the calculation of the retirement benefit obligation, the expected retirement benefits are attributed to the period up to the end of the respective fiscal year based on the straight-line method. Actuarial differences arising from changes in the retirement benefit obligation or the value of pension plan assets resulting from the actuality being different from what was assumed or from changes in the assumptions themselves are amortized on a straight-line basis over five to 10 years, a period within the remaining service years of employees, from the year following the year in which they arise. Past service costs are amortized on a straight-line basis over five to 10 years, a period within the remaining service years of employees.

(Accounting change)

Effective from the year ended February 28, 2015, the Company and its domestic consolidated subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, revised on May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, revised on May 17, 2012 (hereinafter, "Guidance No. 25")), except for Article 35 of Statement No. 26 and Article 67 of Guidance No. 25, and accordingly, actuarial differences and past service costs that had yet to be recognized in profit or loss have been recognized as retirement benefit adjustment of accumulated other comprehensive income within net assets, after adjusting for tax effects, and the difference between retirement benefit obligations and plan assets has been recognized as an employee retirement benefit asset or liability. In accordance with Article 37 of Statement No. 26, this accounting change has not been retrospectively applied to the financial statements in prior years, and the effect of the change in accounting policies arising from initial application has been recognized in retirement benefit adjustment in accumulated other comprehensive income.

As a result of the application, the UNY Group recognized employee retirement benefit asset in the amount of ¥8,461 million ($71,101 thousand) and employee retirement benefit liability in the amount of ¥636 million ($5,345 thousand). Also, accumulated other comprehensive income was ¥1,048 million ($8,807 thousand) less and minority interests ¥193 million ($1,622 thousand) more at February 28, 2015 than the amounts that would have been reported without the change.

(m) Accounting for allowance for loss on interest repayments

An allowance for loss on interest repayments is provided by one of the consolidated subsidiaries engaged in financial services based on anticipated losses taking into consideration the historical repayment of claims of customers seeking a refund of interest that exceeded the upper limit for interest rates prescribed under the Interest Rate Restriction Law of Japan. The consolidated subsidiary adopted the "Application of Auditing for Provision of Allowance for Loss for Reclaimed Refund of Interest in the Accounting of Consumer Finance Companies" (Audit Practice Committee Report No. 37, issued by the Japanese Institute of Certified Public Accountants on October 13, 2006) to clarify the guidelines for calculating the allowance for loss on interest repayments and a reasonable period for estimation. Allowances of ¥1,653 million ($13,891 thousand) and ¥1,832 million at February 28, 2015 and 2014, respectively, were included in other long-term liabilities in the accompanying consolidated balance sheets.

(n) Allowance for sales promotion

Certain consolidated subsidiary grant points to customers as member cardholders on purchases of merchandise using a "Point Card" system. These points are awarded in proportion to purchase amounts and may be redeemed for future merchandise. For the years ended February 28, 2015 and 2014, respectively, one and two consolidated subsidiaries provided an allowance for sales promotions based on the estimates at the fiscal year-end under the point card system. Allowances of ¥1,738 million ($14,605 thousand) and ¥1,605 million at February 28, 2015 and 2014, respectively, were included in other current liabilities in the accompanying consolidated balance sheets.

(o) Allowance for store system renewals

At February 28, 2015, a consolidated subsidiary engaged in the convenience store business provided an allowance for the disposal of the current store systems as it determined to replace them. Allowances of ¥188 million ($1,580 thousand) and ¥285 million ($2,395 thousand) at February 28, 2015 were included in other current liabilities and other long-term liabilities, respectively, in the accompanying consolidated balance sheets. Allowances of ¥144 million and ¥672 million at February 28, 2014 were included in other current liabilities and other long-term liabilities, respectively.

(p) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains or losses are included in current earnings.

For the financial statement items of an overseas consolidated subsidiary, all asset and liability accounts are translated into Japanese yen by applying the exchange rates in effect at the subsidiary's fiscal year-end. All income and expense accounts are translated at the average rates of exchange prevailing during the fiscal year. Translation differences are reported as foreign currency translation adjustments in accumulated other comprehensive income in the accompanying consolidated balance sheets.

(q) Income taxes

Income taxes are accounted for by the asset/liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the promulgation date.

(r) Enterprise taxes

With the implementation of the "Revision of the Local Tax Law," issued on March 31, 2003, a local corporate enterprise tax base such as "added value amount" and "capital amount" has been adopted. Enterprise taxes based on "added value amount" and "capital amount" are included in selling, general and administrative expenses pursuant to "Practical Treatment for Presentation of Size-Based Corporate Enterprise Taxes in the Statement of Income" (ASBJ Report of Practical Issues No. 12).

(s) Appropriation of retained earnings

Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or the shareholders.

(t) Per share data

Net income (loss) per share is computed by dividing income or loss available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year. Diluted net income per share is not disclosed because the UNY Group had no diluted common shares for the years ended February 28, 2015 and 2014. Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of operations represent dividends declared as applicable to the respective year.

(u) Accounting standards issued but not yet adopted

The following standards and guidance have been issued but not yet adopted and have not been early adopted in these consolidated financial statements.

(Accounting standard for retirement benefits)

ASBJ Statement No. 26 and ASBJ Guidance No. 25 amend the treatment of actuarial differences and past service costs, the determination of retirement benefit obligations and current service costs and enhancement of disclosures from the viewpoint of improvements to financial reporting and international convergence. The Company expects to adopt the revised standards for the determination of retirement benefit obligations and current service costs from the beginning of the fiscal year ending February 29, 2016. The Company is currently in the process of assessing the impact of these standards on the consolidated financial statements.

(Accounting standard for business combinations)

ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements," on September 13, 2013. Under these revised accounting standards, the accounting treatment for changes in a parent's ownership interest in a subsidiary when the parent retains control over the subsidiary in the additional acquisition of shares in a subsidiary and acquisition related costs were revised. In addition, the presentation method of net income was amended as well as the amendment of "minority interests" to "non-controlling interests," and transitional provisions for accounting treatments were defined. The Company expects to apply these revised accounting standards and guidance from the beginning of the fiscal year ending February 28, 2017. However, the transitional provisions for accounting treatments will be applied for business combinations performed on or after March 1, 2016. The effect of adoption of these revised standards was not determined as of the preparation of the consolidated financial statements for the current year.

3 Financial Instruments

Information on financial instruments for the years ended February 28, 2015 and 2014 is set forth below.

(1) Qualitative information on financial instruments

(a) Policy for financial instruments

The UNY Group has a policy of raising funds primarily through borrowings, commercial paper, bonds and securitized receivables from banks and other financial institutions and to invest its cash surplus, if any, in low-risk, highly liquid financial instruments. Derivative transactions are used for the purpose of hedging against the risk of future fluctuations in trade accounts payable denominated in foreign currencies and fluctuations in interest rates on borrowings. The UNY Group makes it its principle neither to hold nor issue any derivative instruments for speculative purposes.

(b) Financial instruments and risk management

The UNY Group is exposed to credit risk principally with respect to receivables. In order to reduce the credit risk associated with these receivables, the UNY Group assesses prospective debtors' creditworthiness and performs credit management based on internal rules. The UNY Group holds the securities of certain entities with which the companies do business, exposing them to the risk of market price fluctuation. The UNY Group regularly monitors the financial status of the issuers and the fair value of the instruments in order to mitigate the risk.

The leases to which the UNY Group companies are lessees require deposits that expose them to loss if the lessor defaults. In order to reduce the risk of default, payment dates and deposit balances are strictly managed and the financial condition of the lessor is monitored.

Payables such as trade notes and accounts payable are generally due within one year. A portion of the trade accounts are denominated in foreign currencies and exposed to the risk of fluctuations in the value of currencies. To reduce the risk, foreign exchange forward contracts are entered into.

Borrowings and bonds are used mainly to finance operating activities and capital investment. Borrowings and bonds with variable interest rates expose the UNY Group to the risks associated with the fluctuation in the interest rates. In connection with some of these borrowings, interest rate or currency swap contracts are entered into with the objective of controlling the risk of interest rate fluctuation. A subsidiary providing financial services manages its liquidity risk by employing a number of procurement methods, securing commitment lines from multiple financial institutions and maintaining a balance of short-term and long-term financing that is adjusted to reflect the market environment.

Guarantee deposits from tenants are related mainly to store lease agreements with tenants and are paid back in installments or in a one-time payment for the store lease agreement period.

(c) Supplemental information on fair value

The fair value of financial instruments includes values based on market prices as well as reasonable estimates when market prices are not available. Since certain assumptions are used in the computation of the reasonable estimates, the result may be different if alternative assumptions are used.

(2) Fair values of financial instruments

The fair and carrying values of the financial instruments included in the consolidated balance sheets at February 28, 2015 and 2014, other than those for which the fair value was extremely difficult to determine, are set forth in the table below.

Millions of yen

	Carrying value	Fair value	Difference
At February 28, 2015:			
Financial assets:			
(1) Cash and cash equivalents	¥ 53,856	¥ 53,856	¥ –
(2) Short-term investments	4,521	4,521	–
(3) Trade notes and accounts receivable	107,557		
Less allowance for doubtful accounts*1	(914)		
Less deferred installment income	(87)		
	106,556	106,580	24
(4) Short-term loans	15,314		
Less allowance for doubtful accounts*1	(1,023)		
	14,291	14,304	13
(5) Investment securities:			
Listed affiliate's stocks	7,148	8,421	1,273
Available-for-sale securities	16,412	16,412	–
(6) Lease deposits, including current portion	61,237		
Less allowance for doubtful accounts	(194)		
	61,043	61,096	53
Total	¥263,827	¥265,190	¥1,363
Financial liabilities:			
(1) Trade notes and accounts payable	¥ 85,423	¥ 85,423	¥ –
(2) Short-term borrowings	2,860	2,860	–
(3) Commercial paper	131,000	131,000	–
(4) Bonds, including current portion	275	277	2
(5) Bank loans, including current portion	206,906	208,235	1,329
(6) Guarantee deposits from tenants, including current portion	9,910	9,887	(23)
Total	¥436,374	¥437,682	¥1,308
Derivative transactions*2			
(1) Derivatives, hedge accounting applied	¥ 144	¥ 144	¥ –
(2) Derivatives, hedge accounting not applied	(11)	(11)	–
Total	¥ 133	¥ 133	¥ –

Millions of yen

	Carrying value	Fair value	Difference
At February 28, 2014:			
Financial assets:			
(1) Cash and cash equivalents	¥ 54,477	¥ 54,477	¥ –
(2) Short-term investments	3,015	3,015	–
(3) Trade notes and accounts receivable	93,426		
Less allowance for doubtful accounts*1	(1,413)		
Less deferred installment income	(89)		
	91,924	91,953	29
(4) Short-term loans	15,054		
Less allowance for doubtful accounts*1	(664)		
	14,390	14,407	17
(5) Investment securities:			
Listed affiliate's stocks	6,938	7,742	804
Available-for-sale securities	13,931	13,931	–
(6) Lease deposits, including current portion	66,149		
Less allowance for doubtful accounts	(349)		
	65,800	67,757	1,957
Total	¥250,475	¥253,282	¥2,807

Millions of yen

	Carrying value	Fair value	Difference
Financial liabilities:			
(1) Trade notes and accounts payable	¥ 86,931	¥ 86,931	¥ –
(2) Short-term borrowings	5,343	5,343	–
(3) Commercial paper	132,000	132,000	–
(4) Bonds, including current portion	565	567	2
(5) Bank loans, including current portion	197,321	198,609	1,288
(6) Guarantee deposits from tenants, including current portion	12,178	11,992	(186)
Total	¥434,338	¥435,442	¥1,104
Derivative transactions*2			
(1) Derivatives, hedge accounting applied	¥ 89	¥ 89	¥ –
(2) Derivatives, hedge accounting not applied	(9)	(9)	–
Total	¥ 80	¥ 80	¥ –

Thousands of U.S. dollars

	Carrying value	Fair value	Difference
At February 28, 2015:			
Financial assets:			
(1) Cash and cash equivalents	$ 452,571	$ 452,571	$ –
(2) Short-term investments	37,992	37,992	–
(3) Trade notes and accounts receivable	903,841		
Less allowance for doubtful accounts*1	(7,681)		
Less deferred installment income	(731)		
	895,429	895,630	201
(4) Short-term loans	128,689		
Less allowance for doubtful accounts*1	(8,597)		
	120,092	120,201	109
(5) Investment securities:			
Listed affiliate's stocks	60,067	70,765	10,698
Available-for-sale securities	137,916	137,916	–
(6) Lease deposits, including current portion	514,596		
Less allowance for doubtful accounts	(1,630)		
	512,966	513,412	446
Total	$2,217,033	$2,228,487	$11,454
Financial liabilities:			
(1) Trade notes and accounts payable	$ 717,840	$ 717,840	$ –
(2) Short-term borrowings	24,034	24,034	–
(3) Commercial paper	1,100,840	1,100,840	–
(4) Bonds, including current portion	2,311	2,328	17
(5) Bank loans, including current portion	1,738,706	1,749,874	11,168
(6) Guarantee deposits from tenants, including current portion	83,277	83,084	(193)
Total	$3,667,008	$3,678,000	$10,992
Derivative transactions*2			
(1) Derivatives, hedge accounting applied	$ 1,210	$ 1,210	$ –
(2) Derivatives, hedge accounting not applied	(92)	(92)	–
Total	$ 1,118	$ 1,118	$ –

*1 Allowance for doubtful accounts earmarked for trade notes, trade accounts and short-term loans is deducted from the carrying amount.
*2 The value of derivative instruments is shown as a net position.

Notes

(a) The calculation methods for fair value of financial instruments, securities and derivative transactions are summarized as follows:

Assets:

(1) Cash and cash equivalents and (2) Short-term investments
The carrying value is deemed to approximate the fair value since such instruments are scheduled to be settled in a short period of time. The fair value of certain financial instruments is determined by the quoted price obtained from the relevant financial institution.

(3) Trade notes and accounts receivable and (4) Short-term loans
The fair value of trade notes and accounts receivable with short-term settlements and those associated with entities going bankrupt or potentially bankrupt are determined by deducting the relevant estimated credit loss from the carrying value, which is deemed to approximate the fair value. The fair value of trade accounts relating to the financial services business is calculated by discounting the sum of future interest and principal using the rates that would apply to similar new contracts at the balance-sheet date.

(5) Investment securities
The fair value of stocks and bonds are based on prices listed on stock exchanges or prices presented by counterparty financial institutions.

(6) Lease deposits, including current portion
The fair value of a lease deposit is the present value calculated by discounting the future collectable cash flow, using the risk-free rate based on treasury bonds.

Liabilities:

(1) Trade notes and accounts payable, (2) Short-term borrowings and (3) Commercial paper
The carrying value is deemed to approximate the fair value since such instruments are scheduled to be settled in a short period of time.

(4) Bonds, including current portion
The fair value of bonds that have market prices is based on these prices. The fair value of bonds that do not have market prices is based on the present value that is calculated by discounting the sum of the principal and interest over the remaining period by the interest rate that reflects the credit risk.

(5) Bank loans, including current portion
The fair value of a bank loan is calculated by discounting the sum of principal and interest by the rate that would be expected to be used if a new loan were borrowed under similar circumstances. The fair value of a bank loan with a variable interest rate subject to special treatment for interest rate swaps is calculated by discounting the sum of the principal amount together with the corresponding interest rate swap contract by a reasonably estimated rate.

(6) Guarantee deposits from tenants, including current portion
The fair value of guarantee deposits is calculated by discounting the sum of the principal and interest by the risk-free rate based on treasury bonds.

Derivatives:
See Note 5, "Derivative Financial Instruments."

(b) The following were not included in the table above because the fair value was extremely difficult to determine:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unlisted stocks	¥ 651	¥ 676	$ 5,471
Unconsolidated subsidiaries and affiliates stocks	2,435	4,098	20,462
Lease deposits	37,885	39,560	318,361
Guarantee deposits from tenants	40,121	39,690	337,151

These items were not included in the table above because it was impractical to determine the fair values as they had no quoted market prices and the future cash flows could not be estimated.

(c) The redemption schedule for financial assets at February 28, 2015 and 2014 is as follows:

Millions of yen	Due within one year	Due after one year through five years	Due after five years
At February 28, 2015:			
Cash and cash equivalents	¥ 53,856	¥ –	¥ –
Short-term investments	4,521	–	–
Trade notes and accounts receivable*1	94,287	9,790	1,063
Short-term loans*1	8,922	6,175	211
Lease deposits	10,075	28,356	22,806
Total	¥171,661	¥44,321	¥24,080
At February 28, 2014:			
Cash and cash equivalents	¥ 54,477	¥ –	¥ –
Short-term investments	3,015	–	–
Trade notes and accounts receivable*1	79,483	9,750	1,087
Short-term loans*1	7,876	6,869	302
Investment securities			
Held-to-maturity bonds	–	507	48
Lease deposits	9,536	31,555	25,058
Total	¥154,387	¥48,681	¥26,495

Thousands of U.S. dollars	Due within one year	Due after one year through five years	Due after five years
At February 28, 2015:			
Cash and cash equivalents	$ 452,571	$ –	$ –
Short-term investments	37,992	–	–
Trade notes and accounts receivable*1	792,328	82,268	8,933
Short-term loans*1	74,975	51,891	1,773
Lease deposits	84,663	238,286	191,647
Total	$1,442,529	$372,445	$202,353

*1 Trade notes and accounts receivable and short-term loans whose redemption schedules were unable to be reasonably estimated are excluded.

(d) The redemption schedules for long-term debt at February 28, 2015 are disclosed in Note 7, "Short-Term Borrowings and Long-Term Debt."

4 Investments

Short-term investments at February 28, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Marketable securities — bonds	¥ 504	¥ –	$ 4,235
Time deposits with an original maturity of more than three months	4,017	3,015	33,757
	¥4,521	¥3,015	$37,992

At February 28, 2015 and 2014, investment securities consisted of the following:

	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Marketable securities:			
Equity securities	¥16,323	¥13,305	$137,168
Bonds	–	555	–
Others	89	71	748
	16,412	13,931	137,916
Other nonmarketable securities	710	738	5,966
	¥17,122	¥14,669	$143,882

Marketable securities are classified as available-for-sale and are stated at fair value with unrealized gains and losses excluded from current earnings and reported as a net amount within the net assets account until realized. Gross unrealized gains and losses for marketable securities at February 28, 2015 and 2014 are summarized as follows:

Millions of yen	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
At February 28, 2015:				
Marketable securities:				
Equity securities	¥5,858	¥10,518	¥(53)	¥16,323
Bonds	500	4	–	504
Others	48	41	–	89
	¥6,406	¥10,563	¥(53)	¥16,916
Millions of yen				
At February 28, 2014:				
Marketable securities:				
Equity securities	¥5,892	¥7,475	¥(62)	¥13,305
Bonds	550	7	(2)	555
Others	49	22	–	71
	¥6,491	¥7,504	¥(64)	¥13,931
Thousands of U.S. dollars				
At February 28, 2015:				
Marketable securities:				
Equity securities	$49,227	$88,386	$(445)	$137,168
Bonds	4,202	33	–	4,235
Others	403	345	–	748
	$53,832	$88,764	$(445)	$142,151

At February 28, 2015 and 2014, investments in and long-term loans to unconsolidated subsidiaries and affiliates consisted of the following:

	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Investments accounted for by the equity method for one significant affiliate and at cost for others	¥ 9,583	¥11,037	$80,530
Interest-bearing long-term loans	1,362	792	11,445
	¥10,945	¥11,829	$91,975

5 Derivative Financial Instruments

The UNY Group is a party to derivative financial instruments such as foreign currency exchange forward contracts and interest rate swap contracts in the normal course of business. The UNY Group enters into these instruments to reduce its own exposure to fluctuations in exchange rates and interest rates for hedging purposes. In connection with these instruments, the UNY Group is exposed to the risk of credit loss in the event of nonperformance by a counterparty. However, the UNY Group does not expect nonperformance by the counterparties to the derivative transactions because the UNY Group's use of counterparties is limited to major banks with relatively high credit ratings. At February 28, 2015 and 2014, outstanding derivative financial instruments were accounted for mainly by hedge accounting.

Derivative transactions to which hedge accounting was applied at February 28, 2015 and 2014 were as follows:

(1) Currency-related transactions

Millions of yen	Contract amount: Total	Contract amount: Due after one year	Fair value	
At February 28, 2015:				
Derivatives accounted for by deferral hedge accounting:				
Forward contracts to buy U.S. dollars	¥ 2,123	¥ –	¥144	*1
Derivatives accounted for by method translating to assign to the related liabilities:				
Forward contracts to buy U.S. dollars	47	–		*2
Currency swaps—receipt: U.S. dollars/payment: Japanese yen	34,117	34,117		*2
Derivatives for which hedge accounting is not applied:				
Forward contracts to buy Japanese yen	90	–	(6)	*1
At February 28, 2014:				
Derivatives accounted for by deferral hedge accounting:				
Forward contracts to buy U.S. dollars	¥ 6,950	¥ –	¥89	*1
Derivatives accounted for by method translating to assign to the related liabilities:				
Forward contracts to buy U.S. dollars	110	–		*2
Currency swaps—receipt: U.S. dollars/payment: Japanese yen	36,500	27,500		*2
Thousands of U.S. dollars				
At February 28, 2015:				
Derivatives accounted for by deferral hedge accounting:				
Forward contracts to buy U.S. dollars	$ 17,840	$ –	$1,210	*1
Derivatives accounted for by method translating to assign to the related liabilities:				
Forward contracts to buy U.S. dollars	395	–		*2
Currency swaps—receipt: U.S. dollars/payment: Japanese yen	286,697	286,697		*2
Derivatives for which hedge accounting is not applied:				
Forward contracts to buy Japanese yen	756	–	(50)	*1

*1 The fair value is measured at the price obtained from the corresponding financial institution.

*2 Derivative instruments such as forward contracts or currency swap contracts are accounted for by hedge accounting such that the derivative instruments are not separated from hedged items is reflected in the calculation of the related trade accounts or bank loans.

(2) Interest rate-related transactions

	Contract amount: Total (Millions of yen)	Contract amount: Due after one year (Millions of yen)	Fair value (Millions of yen)	
At February 28, 2015:				
Derivatives for which hedge accounting is not applied:				
Interest rate swaps—receive floating/pay fixed	**¥ 500**	**¥ –**	**¥(5)**	*1
Derivatives accounted for by special treatment of interest rate swap contracts:				
Interest rate swaps—receive floating/pay fixed	**34,500**	**27,000**		*2
At February 28, 2014:				
Derivatives for which hedge accounting is not applied:				
Interest rate swaps—receive floating/pay fixed	¥ 540	¥ 500	¥(9)	*1
Derivatives accounted for by special treatment of interest rate swap contracts:				
Interest rate swaps—receive floating/pay fixed	44,000	28,500		*2

	Contract amount: Total (Thousands of U.S. dollars)	Contract amount: Due after one year (Thousands of U.S. dollars)	Fair value (Thousands of U.S. dollars)	
At February 28, 2015:				
Derivatives for which hedge accounting is not applied:				
Interest rate swaps—receive floating/pay fixed	**$ 4,202**	**$ –**	**$(42)**	*1
Derivatives accounted for by special treatment of interest rate swap contracts:				
Interest rate swaps—receive floating/pay fixed	**289,916**	**226,891**		*2

*1 The fair value is measured at the price obtained from the corresponding financial institution.
*2 Derivative instruments such as interest rate swap contracts are accounted for by hedge accounting such that the derivative instruments are not separated from the hedged bank loans. Therefore, the fair value of such derivative instruments is reflected in the calculation of the related bank loans.

6 Lease Commitments

(a) Lessee

The UNY Group leases stores and office buildings that are generally under long-term noncancelable lease agreements. These leases are normally for a term of 20 years, with annual rental charges negotiated every two or three years. Under such lease agreements, lease deposits are required and generally bear no interest for the first 10 years after the original agreement date. A major portion of the deposits is refundable over the succeeding 10 years in equal installments with nominal interest. The remaining portion is refundable upon termination of the lease and is non-interest bearing.

The Company and certain domestic consolidated subsidiaries also lease computer equipment, store fixtures and vehicles under three-to 20-year noncancelable lease agreements. As disclosed in Note 2(h), as lessee, finance lease transactions that did not transfer ownership of the leased assets to the lessee and which commenced prior to February 21, 2009 were accounted for by accounting treatment similar to that used for operating leases. If the leased property of the UNY Group had been capitalized for such finance lease contracts, the related accounts would have been increased/(decreased) at February 28, 2015 and 2014 as follows:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Property and equipment, net of accumulated depreciation*1	**¥ 504**	¥2,134	**$ 4,235**
Lease obligations as liabilities*2	**916**	2,699	**7,697**
Allowance for impairment loss on leased property	**(241)**	(142)	**(2,025)**
Net effect on retained earnings at year-end	**¥(171)**	¥ (423)	**$(1,437)**

*1 Pro forma depreciation of the leased property is computed by the straight-line method over the term of the lease, assuming the leased property had been capitalized.
*2 Pro forma interest on lease obligations for financing leases is computed by the interest method over the term of the lease.

The aggregate future minimum payments for noncancelable operating leases and financing leases not capitalized, excluding the imputed interest portion, at February 28, 2015 and 2014, were as follows:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Financing leases as lessee:			
Due within one year	**¥ 379**	¥ 1,652	**$ 3,185**
Due after one year	**537**	1,047	**4,512**
	¥ 916	¥ 2,699	**$ 7,697**
Operating leases as lessee:			
Due within one year	**¥13,590**	¥14,828	**$114,202**
Due after one year	**57,677**	71,888	**484,680**
	¥71,267	¥86,716	**$598,882**

Gross rental and lease expense, consisting of minimum rental payments for all operating leases and financing leases, for the years ended February 28, 2015 and 2014 was ¥93,953 million ($789,521 thousand) and ¥93,240 million, respectively.

(b) Lessor

The UNY Group leases portions of its floor space to tenants under sublease agreements that are generally cancelable upon six months' advance notice. Rental payments are based upon minimum payments plus a percentage of the tenant's sales. Other operating revenue in the accompanying consolidated statements of operations includes such sublease rentals received from tenants.

A certain consolidated subsidiary engaged in leasing operations as lessor enters into various lease agreements with third parties principally for the lease of vehicles. These lease investment assets at February 28, 2015 and 2014 are summarized as follows:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Future lease receivables	**¥1,114**	¥834	**$9,361**
Estimated residual values	**9**	7	**76**
Unearned imputed interest income	**(155)**	(123)	**(1,303)**
Lease investment assets included in other receivables	**¥ 968**	¥718	**$8,134**

The aggregate annual maturities of these lease receivables as of February 28, 2015 were as follows:

Years ending February 28,	Millions of yen	Thousands of U.S. dollars
2016	¥ 305	$2,563
2017	291	2,445
2018	220	1,849
2019	175	1,471
2020	112	941
Thereafter	11	92
	¥1,114	$9,361

The aggregate future minimum lease commitments to be received for non-cancelable operating lease agreements at February 28, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Operating leases as lessor:			
Due within one year	¥345	¥310	$2,899
Due after one year	522	544	4,387
	¥867	¥854	$7,286

7 Short-Term Borrowings and Long-Term Debt

Short-term borrowings at February 28, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Short-term bank loans with interest rates ranging from 0.11% to 0.28% per annum at February 28, 2015:			
Collateralized	¥ –	¥ 300	$ –
Unsecured	2,860	5,043	24,034
Commercial paper at interest rates ranging from 0.101% to 0.109% per annum at February 28, 2015	131,000	132,000	1,100,840
	¥133,860	¥137,343	$1,124,874

At February 28, 2015 and 2014, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Bonds issued by a consolidated subsidiary, Nagai Co., Ltd.:			
1.04% unsecured straight bonds due June 2014	¥ –	¥ 20	$ –
0.98% unsecured straight bonds due September 2014	–	30	–
0.97% unsecured straight bonds due September 2014	–	20	–
0.74% unsecured straight bonds due December 2014	–	20	–
0.77% unsecured straight bonds due March 2015	40	120	336
0.76% unsecured straight bonds due December 2015	50	100	420
0.69% unsecured straight bonds due September 2016	40	60	336
0.65% unsecured straight bonds due March 2017	75	105	631
0.55% unsecured straight bonds due March 2018	70	90	588
Loans principally from banks and insurance companies due through 2024 at interest rates ranging from 0.20% to 2.9% per annum at February 28, 2015:			
Collateralized	518	796	4,353
Unsecured	206,388	196,525	1,734,353
Capitalized lease obligations	23,133	22,832	194,395
	230,314	220,718	1,935,412
Less current maturities	(30,965)	(79,038)	(260,210)
	¥199,349	¥141,680	$1,675,202

The aggregate annual maturities of long-term debt at February 28, 2015 are summarized as follows:

Years ending February 28,	Millions of yen	Thousands of U.S. dollars
2016	¥ 30,965	$ 260,210
2017	39,205	329,454
2018	15,712	132,034
2019	53,329	448,143
2020	26,542	223,042
Thereafter	64,561	542,529
	¥230,314	$1,935,412

Certain assets of the UNY Group that were pledged as collateral for long-term debt and guarantee deposits from tenants in the aggregate amounts of ¥2,190 million ($18,403 thousand) and ¥2,823 million at February 28, 2015 and 2014, respectively, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Buildings and structures	¥3,319	¥3,948	$27,891
Land	4,039	4,428	33,941
Time deposits	–	100	–
	¥7,358	¥8,476	$61,832

As is customary in Japan, substantially all bank borrowings are subject to general agreements that provide, among other things, that the banks may, under certain circumstances, request additional security for these loans and may treat any security so furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness. The banks have never requested the UNY Group to submit such additional security.

8 Employee Retirement Benefits

The UNY Group principally has a non-contributory defined benefit pension plan and a lump-sum retirement benefit plan that substantially cover all full-time employees.

(Year ended February 28, 2015)
(a) Movement in retirement benefit obligations

	Millions of yen	Thousands of U.S. dollars
Balances at March 1, 2014	¥85,565	$719,034
Service cost	3,375	28,361
Interest cost	938	7,882
Actuarial differences	(82)	(689)
Benefit paid	(4,934)	(41,462)
Other	77	647
Balances at February 28, 2015	¥84,939	$713,773

(b) Movement in plan assets

	Millions of yen	Thousands of U.S. dollars
Balances at March 1, 2014	¥83,353	$700,445
Expected return on pension plan assets	1,249	10,496
Actuarial differences	5,593	47,000
Contributions paid by the employer	7,163	60,193
Benefit paid	(4,863)	(40,866)
Other	269	2,261
Balances at February 28, 2015	¥92,764	$779,529

(c) Reconciliation from retirement benefit obligations and plan assets to employee retirement benefit asset or liability

	Millions of yen	Thousands of U.S. dollars
Funded retirement benefit obligations	¥84,660	$711,428
Plan assets	(92,764)	(779,529)
	(8,104)	(68,101)
Unfunded retirement benefit obligations	279	2,345
Total net employee retirement benefit asset/ liability at February 28, 2015	(7,825)	(65,756)
(1) Employee retirement benefit liability	636	5,345
(2) Employee retirement benefit asset	(8,461)	(71,101)
Total net employee retirement benefit asset/ liability at February 28, 2015	¥ (7,825)	$ (65,756)

(d) Net periodic retirement benefit expense

	Millions of yen	Thousands of U.S. dollars
Service cost	¥3,375	$28,361
Interest cost	938	7,882
Expected return on pension plan assets	(1,249)	(10,496)
Amortization of actuarial differences	1,474	12,387
Amortization of past service costs	(826)	(6,941)
Transitional provision	17	143
Net periodic retirement benefit expense	¥3,729	$31,336

(e) Retirement benefit adjustment in accumulated other comprehensive income, before tax effects, at February 28, 2015

	Millions of yen	Thousands of U.S. dollars
Actuarial differences (loss)	¥2,303	$19,353
Past service costs	(845)	(7,101)
Transitional provision	17	143
Total balance at February 28, 2015	¥1,475	$12,395

(f) Plan assets comprise:

Equity securities	14%
Bonds	30%
Life insurance company general accounts	38%
Others	18%
	100%

(Year ended February 28, 2014)

	Millions of yen
Retirement benefit obligation	¥85,565
Fair value of pension plan assets at end of year	(83,353)
Retirement benefit obligation in excess of pension plan assets	2,212
Less unrecognized transitional provision	(33)
Less unrecognized actuarial differences (loss)	(9,401)
Unrecognized past service costs	1,669
	(5,553)
Prepaid pension cost included in investments and other assets on the consolidated balance sheets	6,896
Net amounts of employee retirement benefit liability recognized on the consolidated balance sheets	¥ 1,343

	Millions of yen
Components of net periodic retirement benefit expense:	
Service cost	¥ 3,332
Interest cost	929
Expected return on pension plan assets	(1,140)
Transitional provision	17
Amortization of actuarial differences	1,291
Amortization of past service costs	(822)
Net periodic retirement benefit expense	¥ 3,607

Major assumptions used in the calculation of the above information for the years ended February 28, 2015 and 2014 were as follows:

	2015	2014
Method attributing the retirement benefits to periods of service	Straight-line method	Straight-line method
Discount rate	0.5%–1.1%	0.5%–1.1%
Expected rate of return on pension plan assets	1.5%–2.0%	1.5%–2.0%
Amortization period of past service costs	5 to 10 years	5 to 10 years
Amortization period of actuarial differences	5 to 10 years	5 to 10 years
Amortization period of transitional provision	15 years for one subsidiary	15 years for one subsidiary

9 Asset Retirement Obligations

The asset retirement obligations are based upon estimated future restoration obligations pursuant to the real estate lease contracts for stores and other facilities as lessees and calculated based on the estimated store operational periods ranging from two to 50 years following each of the lease contracts and discounted by discount rates of 0.1% to 2.2%. The activities of asset retirement obligations accounted for the years ended February 28, 2015 and 2014 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
At the beginning of year*	¥15,167	¥13,621	$127,454
New additions	2,701	1,637	22,697
Changes in estimated obligations and accretion	234	219	1,966
Settlement payments	(754)	(430)	(6,336)
Other	(259)	120	(2,176)
At the end of year*	¥17,089	¥15,167	$143,605

*Regarding some stores and offices under real estate leasing agreements, the Company and its domestic consolidated subsidiaries have obligations related to the cost of restoring the property to its original state at the time of vacating the property. However, since some lease properties have leases with terms that are uncertain and there are no plans to vacate at this time, it is impossible to reasonably estimate the amount of asset retirement obligation. Therefore, no asset retirement obligation has been recorded for such obligations.

10 Net Assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under Japanese Corporate Law (“the Law”), in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution of the shareholders’ meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

At both February 28, 2015 and 2014, capital surplus consisted principally of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥2,532 million ($21,277 thousand) at both February 28, 2015 and 2014.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on May 21, 2015, the shareholders approved cash dividends amounting to ¥2,303 million ($19,353 thousand). The appropriation had not been accrued in the consolidated financial statements as of February 28, 2015, as such appropriations are recognized in the period in which they are approved by the shareholders.

11 Commitments and Contingent Liabilities

(a) Loan commitments

A certain consolidated subsidiary engaged in providing financial services to customers has entered into card cashing agreements that permit customers to extend their loans up to designated amounts. The outstanding balance of unexercised commitments relating to the above agreements as of February 28, 2015 and 2014 amounted to ¥625,502 million ($5,256,319 thousand) and ¥669,621 million, respectively. As most of these agreements are entered into with credit card members without exceptions, the unused amount does not necessarily represent actual future cash flow requirements.

(b) Contingent liabilities

At February 28, 2015 and 2014, the UNY Group was contingently liable for guarantees of the indebtedness of affiliates, franchisees and others in the amount of ¥3,884 million ($32,639 thousand) and ¥3,911 million, respectively.

12 Income Taxes

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at February 28, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Deferred tax assets—current:			
Accrued bonuses	**¥ 823**	¥1,340	**$ 6,916**
Allowance for sales promotion	**613**	605	**5,151**
Accrued enterprise taxes	**255**	629	**2,143**
Other	**2,283**	2,260	**19,184**
Less valuation allowance	**(685)**	(476)	**(5,756)**
	3,289	4,358	**27,638**
Net of deferred tax liabilities—current	**(57)**	(123)	**(479)**
Deferred tax assets—current portion	**¥3,232**	¥4,235	**$27,159**
Deferred tax liabilities—current:			
Deferred gains on hedges and other	**¥ 57**	¥ 123	**$ 479**
Net of deferred tax assets—current	**(57)**	(123)	**(479)**
Deferred tax liabilities—current portion	**¥ –**	¥ –	**$ –**

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Deferred tax assets—noncurrent:			
Impairment loss on fixed assets	**¥24,922**	¥21,955	**$209,429**
Operating loss carryforwards	**8,258**	10,909	**69,395**
Asset retirement obligations	**5,838**	5,288	**49,059**
Loss on write-down of securities	**1,480**	1,312	**12,437**
Allowance for doubtful accounts	**425**	807	**3,571**
Allowance for losses for interest payments	**583**	688	**4,899**
Other	**3,881**	4,237	**32,613**
Less valuation allowance	**(21,356)**	(22,690)	**(179,462)**
	24,031	22,506	**201,941**
Net of deferred tax liabilities—noncurrent	**(8,364)**	(7,725)	**(70,286)**
Deferred tax assets—noncurrent portion	**¥15,667**	¥14,781	**$131,655**
Deferred tax liabilities—noncurrent:			
Gain on sale of property	**¥2,168**	¥ 2,196	**$ 18,218**
Capitalized dismantling and restoration cost of leased property	**2,016**	1,780	**16,941**
Unrealized gains on available-for-sale securities	**3,553**	2,464	**29,857**
Asset for retirement benefits	**2,992**	–	**25,143**
Prepaid pension cost	**–**	2,408	**–**
Other	**869**	884	**7,303**
	11,598	9,732	**97,462**
Net of deferred tax assets—noncurrent	**(8,364)**	(7,725)	**(70,286)**
Deferred tax liabilities—noncurrent portion included in other long-term liabilities	**¥ 3,234**	¥ 2,007	**$ 27,176**
Deferred tax liabilities for revaluation (See Note 2(j)) included in other long-term liabilities	**¥ 75**	¥ 75	**$ 630**

In assessing the realizability of deferred tax assets, management of the UNY Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At February 28, 2015 and 2014, a valuation allowance was established to reduce the deferred tax assets to the amount that management of the UNY Group believed the deferred tax assets were expected to be realizable.

The reconciliation of the difference between the Japanese statutory tax rate and the effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of operations for the years ended February 28, 2015 and 2014 was as follows:

	Percentage of pre-tax income	
	2015	2014
Statutory tax rate	**37.6%**	37.6%
Increase (decrease) due to:		
Permanently nondeductible expenses	**12.1**	2.5
Tax exempt income	**(9.9)**	(4.1)
Local minimum taxes—per capita levy	**40.5**	6.3
Amortization of goodwill	**25.4**	3.7
Change in valuation allowance	**109.8**	15.7
Effect on income tax rate changes	**13.7**	–
Impairment loss on goodwill	**9.7**	–
Other	**4.4**	(3.1)
Effective income tax rate	**243.3%**	58.6%

Following the promulgation on March 31, 2014 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014), a special surtax to be applied to restoration work in connection with the Great East Japan Earthquake has been abolished from the fiscal year beginning on or after April 1, 2014. In line with this revision, the Company changed the statutory tax rate used to calculate deferred tax assets and liabilities from 37.6% to 35.3% for temporary differences expected to be reversed in the fiscal year beginning on March 1, 2015. This tax rate change had no material effects on the consolidated financial statements for the year ended February 28, 2015.

On March 31, 2015, amendments to the Japanese tax regulations were promulgated. As a result of these amendments, the statutory income tax rate for the Company was reduced from 35.3% to 32.7% for the fiscal year beginning on March 1, 2016 and to 32.0% for fiscal years beginning on and after March 1, 2017. If these new statutory income tax rates utilized for the measurement of deferred tax assets and liabilities had been used, net deferred tax assets would have been ¥813 million ($6,832 thousand) less and deferred income tax expense would have been ¥1,086 million ($9,126 thousand) more than the amounts without the change.

13 Fair Value of Rental Property

At February 28, 2015 and 2014, the UNY Group owned commercial facilities and rental property, including land, for leases in Aichi Prefecture and other areas. For the years ended February 28, 2015 and 2014, the UNY Group recorded net rental income from rental property in the amount of ¥9,954 million ($83,647 thousand) and ¥9,405 million, respectively, in the accompanying consolidated statements of operations, while the UNY Group recorded impairment loss of ¥123 million ($1,034 thousand) and ¥61 million, respectively.

Information about the fair value of those properties as of and for the years ended February 28, 2015 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Carrying value at the beginning of the year	¥62,302	¥47,487	$523,546
Net changes during the year	(2,901)	14,815	(24,378)
Carrying value at the end of the year	59,401	62,302	499,168
Fair value at the end of the year*	¥55,481	¥58,317	$466,227

*Fair value was measured at reasonable estimated values based principally on real estate appraisal standards by using indices and other reconciliations.

14 Other Comprehensive Income

Amounts reclassified to net income (loss) that were recognized in other comprehensive income and the tax effects for each component of other comprehensive income for the years ended February 28, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrealized gains on available-for-sale securities:			
Increase during the year	¥3,111	¥2,661	$26,143
Reclassification adjustments	(41)	15	(345)
Subtotal, before tax	3,070	2,676	25,798
Tax benefit	(1,088)	(938)	(9,142)
Subtotal, net of tax	1,982	1,738	16,656
Net deferred gains on hedging instruments:			
Increase (decrease) during the year	55	(398)	462
Tax effect	(17)	150	(143)
Subtotal, net of tax	38	(248)	319
Foreign currency translation adjustments:			
Increase during the year	978	825	8,219
Share of other comprehensive income of affiliates accounted for by the equity method			
Increase during the year	13	192	109
Total other comprehensive income	¥3,011	¥2,507	$25,303

15 Segment Information

(a) General information about reportable segments

The reportable segments of the UNY Group are the business units for which the Company is able to obtain financial information separately in order for the Board of Directors of the Company to conduct periodic investigations to determine the distribution of management resources and evaluate business results. The Company has identified its business units by the products and/or services provided to the customers. As a result, the UNY Group categorizes its business into four reportable segments: "General merchandise stores," "Convenience stores," "Specialty stores" and "Financial services."

(b) Basis of measurement for reported segment profit, segment assets and other material items:

The accounting methods used for the reportable segments are consistent with the accounting methods described in Note 2, "Summary of Significant Accounting Policies." Segment income for each reported segment is presented on an operating income basis, and intersegment profit is accounted for based on prices of ordinary transactions with independent third parties.

(c) Information about segment revenue, segment income, segment assets and other items

Millions of yen

	General merchandise stores	Convenience stores	Specialty stores	Financial services	Other	Total	Adjustment	Consolidated total
For the fiscal year 2015:								
Operating revenue:								
External customers	¥775,170	¥147,960	¥58,295	¥ 13,474	¥24,009	¥1,018,908	¥ 52	¥1,018,960
Intersegment sales	2,158	150	10	4,955	30,414	37,687	(37,687)	–
Total	¥777,328	¥148,110	¥58,305	¥ 18,429	¥54,423	¥1,056,595	¥(37,635)	¥1,018,960
Segment income (loss)	¥ 9,014	¥ 7,613	¥ (1,164)	¥ 3,899	¥ 831	¥ 20,193	¥ 45	¥ 20,238
Segment assets	¥571,699	¥270,805	¥26,819	¥137,365	¥22,680	¥1,029,368	¥(76,783)	¥ 952,585
Other items:								
Depreciation	¥ 17,451	¥ 17,018	¥ 703	¥ 1,281	¥ 772	¥ 37,225	¥ 7	¥ 37,232
Investments in affiliated companies accounted for by the equity method	7,148	–	–	–	–	7,148	–	7,148
Increase in property and equipment and intangible assets	32,464	26,242	1,340	1,577	484	62,107	5	62,112

Millions of yen

	General merchandise stores	Convenience stores	Specialty stores	Financial services	Other	Total	Adjustment	Consolidated total
For the fiscal year 2014:								
Operating revenue:								
External customers	¥797,708	¥148,446	¥64,445	¥ 13,239	¥ 8,289	¥1,032,127	¥ –	¥1,032,127
Intersegment sales	2,197	59	10	4,062	17,363	23,691	(23,691)	–
Total	¥799,905	¥148,505	¥64,455	¥ 17,301	¥25,652	¥1,055,818	¥(23,691)	¥1,032,127
Segment income (loss)	¥ 12,235	¥ 9,456	¥ (704)	¥ 3,749	¥ 766	¥ 25,502	¥ (173)	¥ 25,329
Segment assets	¥551,815	¥270,913	¥28,978	¥127,089	¥23,372	¥1,002,167	¥(52,000)	¥ 950,167
Other items:								
Depreciation	¥ 16,024	¥ 17,141	¥616	¥ 1,178	¥ 449	¥ 35,408	¥ 5	¥ 35,413
Investments in affiliated companies accounted for by the equity method	6,938	–	–	–	–	6,938	–	6,938
Increase in property and equipment and intangible assets	34,531	33,376	1,168	1,689	340	71,104	35	71,139

Thousands of U.S. dollars

	General merchandise stores	Convenience stores	Specialty stores	Financial services	Other	Total	Adjustment	Consolidated total
For the fiscal year 2015:								
Operating revenue:								
External customers	**$6,514,034**	**$1,243,361**	**$489,874**	**$ 113,227**	**$ 201,756**	**$8,562,252**	**$ 437**	**$8,562,689**
Intersegment sales	**18,134**	**1,261**	**84**	**41,639**	**255,580**	**316,698**	**(316,698)**	**–**
Total	**$6,532,168**	**$1,244,622**	**$489,958**	**$ 154,866**	**$ 457,336**	**$8,878,950**	**$(316,261)**	**$8,562,689**
Segment income (loss)	**$ 75,748**	**$ 63,975**	**$ (9,782)**	**$ 32,765**	**$ 6,983**	**$ 169,689**	**$ 378**	**$ 170,067**
Segment assets	**$4,804,193**	**$2,275,672**	**$225,370**	**$1,154,328**	**$ 190,588**	**$8,650,151**	**$(645,235)**	**$8,004,916**
Other items:								
Depreciation	**$ 146,647**	**$ 143,008**	**$ 5,908**	**$ 10,765**	**$ 6,487**	**$ 312,815**	**$ 59**	**$ 312,874**
Investments in affiliated companies accounted for by the equity method	**60,067**	**–**	**–**	**–**	**–**	**60,067**	**–**	**60,067**
Increase in property and equipment and intangible assets	**272,807**	**220,521**	**11,261**	**13,252**	**4,067**	**521,908**	**42**	**521,950**

(d) Enterprise-wide information:

Geographic information was not shown because operating revenues to external customers in Japan and property and equipment in Japan accounted for more than 90% of the total related balances.

(e) Information about impairment loss on fixed assets by reported segments

Millions of yen

	General merchandise stores	Convenience stores	Specialty stores	Financial services	Other	Total	Reconciliation	Consolidated total
Impairment loss on fixed assets:								
For the fiscal year 2015	**¥ 9,713**	**¥ 5,220**	**¥ 1,462**	**¥ –**	**¥1,074**	**¥ 17,469**	**¥ –**	**¥ 17,469**
For the fiscal year 2014	2,974	4,632	389	–	114	8,109	–	8,109
								Thousands of U.S. dollars
For the fiscal year 2015	**$81,622**	**$43,865**	**$12,286**	**$ –**	**$9,025**	**$146,798**	**$ –**	**$146,798**

(f) Information about amortization and unamortized balance of goodwill by reported segments

Millions of yen

	General merchandise stores	Convenience stores	Specialty stores	Financial services	Other	Total	Reconciliation	Consolidated total
Goodwill:								
Amortization for the year 2014	¥ –	¥ 1,496	¥ 24	¥ –	¥ 40	¥ 1,560	¥ –	¥ 1,560
Balance at February 28, 2014	–	7,483	71	–	752	8,306	–	8,306
Amortization for the year 2015	**–**	**1,497**	**24**	**–**	**159**	**1,680**	**–**	**1,680**
Impairment for the year 2015	**–**	**–**	**47**	**–**	**593**	**640**	**–**	**640**
Balance at February 28, 2015	**–**	**5,986**	**–**	**–**	**–**	**5,986**	**–**	**5,986**
								Thousands of U.S. dollars
Amortization for the year 2015	**$ –**	**$12,580**	**$202**	**$ –**	**$1,336**	**$14,118**	**$ –**	**$14,118**
Impairment for the year 2015	**–**	**–**	**395**	**–**	**4,983**	**5,378**	**–**	**5,378**
Balance at February 28, 2015	**–**	**50,303**	**–**	**–**	**–**	**50,303**	**–**	**50,303**
Negative goodwill (resulting from acquisitions incurred before April 1, 2010):								
Amortization for the year 2014	449	–	–	–	–	449	–	449
Balance at February 28, 2014	–	–	–	–	–	–	–	–

Independent Auditor's Report

Independent Auditor's Report

To the Board of Directors of UNY Group Holdings Co., Ltd.:

We have audited the accompanying consolidated financial statements of UNY Group Holdings Co., Ltd. and its consolidated subsidiaries (the "UNY Group"), which comprise the consolidated balance sheets as at February 28, 2015 and 2014, and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the UNY Group as at February 28, 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended February 28, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 19, 2015
Nagoya, Japan

Corporate Data (As of February 28, 2015)

Corporate Data

Head Office
1, Amaikegotanda-cho, Inazawa, Aichi 492-8680, Japan
Tel: +81-587-24-8000
URL: http://www.unygroup-hds.com/english/

Data of Establishment
March 13, 1950

Note: This is the date of establishment of UNY CO., LTD., the former name of UNY Group Holdings Co., Ltd.

Number of Employees
37,083 (Consolidated)

Capital
¥22,188 million

Stock Listings
Tokyo Stock Exchange, Nagoya Stock Exchange

Transfer Agent and Registrar
Sumitomo Mitsui Trust Bank, Limited

Consolidated Subsidiaries
UNY CO., LTD. (general merchandise stores)
UNY (HK) CO., LIMITED (general merchandise stores)
UNY (SHANGHAI) TRADING Co., Ltd.
Circle K Sunkus Co., Ltd. (convenience stores)
SAGAMI Co., Ltd. (kimono retailing)
PALEMO CO., LTD. (young women's apparel and accessories)
MOLIE Co., Ltd. (high-quality women's wear)
UCS CO., LTD. (credit card services)
U-LIFE CO., LTD. (real-estate rental business)
Sun Sougou Maintenance Co., Ltd. (facility management)
SUN REFORM Co., Ltd. (repair and photographic processing)
99 ICHIBA Co., Ltd. (urban mini-supermarkets)
UNICOM Inc. (advertising)
NAGAI Co., Ltd. (food production)

Note: In addition to the above list, the UNY Group includes one SAGAMI subsidiary and three Circle K Sunkus subsidiaries.

Stock Information

Total Number of Authorized Shares
600,000,000

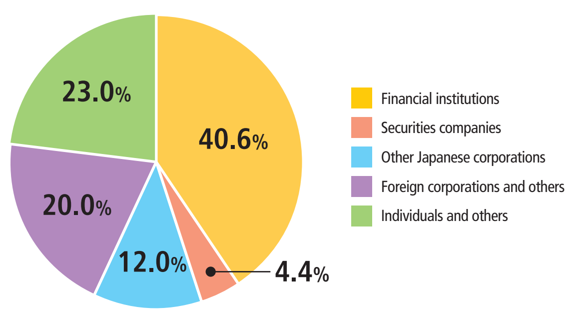
Shares of Common Stock Issued
234,100,821

Number of Shareholders
65,166

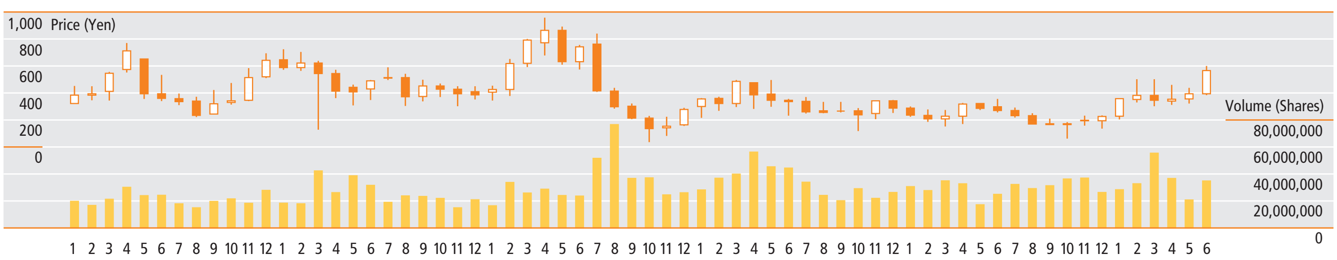
Major Shareholders

	Number of shares held (thousands)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd.	21,979	9.39
Japan Trustee Services Bank, Ltd.	16,269	6.95
ITOCHU Corporation	6,992	2.99
Nippon Life Insurance Company	6,807	2.91
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,074	2.59
Aioi Nissay Dowa Insurance Co., Ltd.	5,403	2.31
The Dai-ichi Life Insurance Company, Limited	5,000	2.13
UNY Dainikyoeikai	4,633	1.98
BNP Paribas Japan	4,125	1.76
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,805	1.63

Distribution of Shareholders



Share Price and Volume



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