Matters to Be Disclosed on the Internet upon Sending the Notice of Convocation of the 36th Ordinary General Meeting of Shareholders

Notes to the Consolidated Financial Statements
Notes to the Financial Statements
(March 1, 2016, through February 28, 2017)

FamilyMart UNY Holdings Co., Ltd.

The above matters are provided to the shareholders of FamilyMart UNY Holdings Co., Ltd. (the "Company") by posting them on its website (http://www.fu-hd.com/) in accordance with the relevant laws and regulations, as well as Article 15 of the Articles of Incorporations of the Company. This document is within the scope of the audits by Corporate Auditors and Independent Auditors in preparing the Auditor's Reports.

[Notes to the Consolidated Financial Statements]

Basis of Presentation of the Consolidated Financial Statements and Summary of Significant Accounting Policies

1. Scope of Consolidation

(1) Number of Consolidated subsidiaries: 29 companies
Major consolidated subsidiaries: FamilyMart Co., Ltd.; UNY Co., Ltd.; Taiwan FamilyMart Co., Ltd.; famima Retail Service Co., Ltd.; famima.com Co., Ltd.; UCS Co., Ltd.; Sun Sougou Maintenance Co., Ltd.; and UNY (HK) CO., LIMITED

In the fiscal year ended February 28, 2017, an absorption-type merger was conducted whereby the Company (former FamilyMart Co., Ltd.) is the surviving company and UNY Group Holdings Co., Ltd. is the absorbed company ("Absorption-Type Merger") (the former FamilyMart Co., Ltd. after the Absorption-Type Merger is called the "Integrated Company"). In addition, an absorption-type demerger ("Absorption-Type Demerger") was conducted whereby the Integrated Company was the demerged company, and Circle K Sunkus Co., Ltd., a wholly-owned subsidiary of UNY Group Holdings Co., Ltd., is the succeeding company. As the Integrated Company's convenience store business was succeeded by Circle K Sunkus Co., Ltd., FamilyMart Co., Ltd. (the company name has been changed from Circle K Sunkus Co., Ltd. due to the Absorption-Type Demerger), UNY Co., Ltd., UCS Co., Ltd., Sun Sougou Maintenance Co., Ltd., UNY (HK) CO., LIMITED and 22 other companies have been included in the scope of consolidation. Of the subsidiaries acquired through the Absorption-Type Merger, 10 companies have been excluded from the scope of consolidation due to the disposal of their shares.

In addition to the above, one subsidiary has been newly established and included in the scope of consolidation.

Meanwhile, two subsidiaries have been excluded from the scope of consolidation due to liquidation or disposal of their shares.

(2) Major unconsolidated subsidiaries: Taiwan Distribution Center Co., Ltd.
(Reason for exclusion from consolidation)
Taiwan Distribution Center Co., Ltd. and 13 other unconsolidated subsidiaries have no significant impact on the consolidated financial statements with respect to their total assets, total operating revenues, profit (corresponding to shares held by the Company), and retained earnings (corresponding to the share of the Company).

2. Application of the Equity Method

(1) Number of unconsolidated subsidiaries accounted for by the equity method: 13 companies
Major unconsolidated subsidiaries accounted for by the equity method: Taiwan Distribution Center Co., Ltd.

Effective from the fiscal year ended February 28, 2017, the Company has included four subsidiaries, which were either newly established or whose significance has increased, within the scope of unconsolidated subsidiaries accounted for by the equity method.

(2) Number of associated companies accounted for by the equity method: 28 companies
Major associated companies accounted for by the equity method: Kanemi Co., Ltd.; Okinawa FamilyMart Co., Ltd.; Minami Kyushu FamilyMart Co., Ltd.; Central FamilyMart Co., Ltd.; Shanghai FamilyMart Co., Ltd.; Guangzhou FamilyMart Co., Ltd.; Suzhou FamilyMart Co., Ltd.; Pocketcard Co., Ltd.; and Tpoint Japan Co., Ltd.

Effective from the fiscal year ended February 28, 2017, the Company has included Kanemi Co., Ltd. and six other companies within the scope of associated companies accounted for by the equity method due to the Absorption-Type Merger and the Absorption-Type Demerger.

Meanwhile, one associated company has been liquidated and excluded from the scope of the application of the equity method.

(3) An unconsolidated subsidiary that is not accounted for by the equity method (FamilyMart HongKong Limited) has been excluded from the scope of application of the equity method because its profit (corresponding to the share of the Company) and retained earnings (corresponding to the share of the Company) have no significant impact on the consolidated financial statements of the Company and are immaterial as a whole.

(4) As for the companies accounted for by the equity method whose closing dates differ from the Company's closing date, the financial statements for the respective fiscal years of those companies are used for consolidation purposes.

3. Closing Date of Consolidated Subsidiaries

Certain consolidated subsidiaries have different closing dates from the closing date of the Company: November 30 for UNY (HK) CO., LIMITED and one other company, December 31 for Taiwan FamilyMart Co., Ltd. and three other companies; and February 20 for UNY Co., Ltd., Sun Sougou Maintenance Co., Ltd. and six other companies. In preparing the consolidated financial statements, the financial statements of these subsidiaries as of the original closing dates are used after necessary adjustments are made for consolidation purposes with regard to material transactions between the original closing dates and the closing date of the Company.

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for significant assets

(i) Marketable securities and investment securities

Securities held for trading:

Measured at fair value.

Held-to-maturity debt securities:

Measured at amortized cost by the straight-line method.

Available-for-sale securities:

Whose fair values are readily determinable:

Measured at fair value as of the closing date. Unrealized gain or loss is included directly in total equity. The cost of securities at disposal is determined by the moving-average method.

Whose fair values are not readily determinable:

Mainly measured at cost determined by the moving-average method.

(ii) Derivatives

Measured at fair value.

(iii) Inventories

Merchandise:

Mainly measured at cost determined by the retail method (The figures presented in the consolidated balance sheet have been determined by net selling value).

(2) Depreciation and amortization of significant assets

(i) Property and store facilities (other than leased property)

Depreciated by the straight-line method.

Range of useful lives:	Buildings	2-50 years
	Furniture and fixtures	2-20 years

(ii) Intangible assets (other than leased property)

Software:

Amortized by the straight-line method based on the estimated useful life for internal use of five years.

Goodwill attributable to individual stores:

Amortized by the straight-line method over the estimated useful life (weighted-average years for amortization of 12 years).

(iii) Leased property

Leased property related to finance lease transactions that do not transfer ownership of the leased property to the lessee is depreciated by the straight-line method over the lease term with zero residual value.

(iv) Long-term prepaid expenses

Mainly expensed on a straight-line basis.

(3) Material reserves and allowances

(i) Allowance for doubtful receivables:

An allowance for doubtful receivables is provided by the Company and its domestic consolidated subsidiaries at the amount of possible losses from uncollectible receivables based on the historical loan loss ratio for normal receivables and on the estimated recoverability of each claim for doubtful receivables.

An allowance for doubtful receivables is provided by overseas consolidated subsidiaries for a required amount, taking into account the recoverability of each claim.

(ii) Provision for bonuses

To prepare for the future payment of bonuses, accrued bonuses are provided at the estimated amount to be incurred for the fiscal year.

(iii) Provision for point card certificates

An allowance for point card certificates is recorded by domestic consolidated subsidiaries for future costs generating from the use of points granted to customers in proportion to purchase amounts based on the estimated future use of points, taking into account historical data with respect to the points granted at the time of sale.

(iv) Allowance for loss on interest repayments

An allowance for loss on interest repayments is recorded by domestic consolidated subsidiaries for the repayments of interests that arise from interest repayment claims in the future based on the estimated required amount, taking into account the historical interest repayments.

(4) Retirement benefits

Liability for retirement benefits is provided for possible future payment of employees' post-retirement benefits based on projected benefit obligations and the fair value of plan assets at the end of the current fiscal year.

(i) Method of attributing projected retirement benefits to periods

In calculating projected benefit obligations, the benefit formula basis is used to allocate projected retirement benefits to the periods up to the end of the current fiscal year.

(ii) Actuarial gain or loss and past service cost

Past service cost is amortized for a pro rata amount computed by the straight-line method over a certain period (mainly from 10 to 13 years) not exceeding the expected average remaining service period of the employees at the time of incurrence from the fiscal year of incurrence.

Actuarial gain or loss is amortized for a pro rata amount computed by the straight-line method over a certain period (mainly from 10 to 13 years) not exceeding the expected average remaining service period of the employees from the following fiscal year of incurrence.

(5) Accounting for hedge transactions which are material

(i) Hedge accounting method

In principle, gains or losses on derivatives are deferred until the maturity of the hedged transactions. The designated hedge accounting treatment is applied for foreign exchange forward contracts that qualify for such treatment. The special accounting treatment is applied for interest rate swaps that are qualified for such treatment. The integrated accounting treatment (designated and special accounting treatment) is applied for cross-currency interest rate swaps that are qualified for such treatment.

(ii) Hedging instruments and hedged items

a. Hedging instruments: Foreign exchange forward contracts

Hedged items: Trade accounts payable denominated in foreign currencies arising from imports of merchandise

b. Hedging instruments: Interest rate swaps and cross-currency interest rate swaps

Hedged items: Loans payable

(iii) Hedging policy

The Company uses foreign exchange forward contracts and cross-currency interest rate swaps for the purpose of avoiding losses from future fluctuations in exchange rates.

The Company uses interest rate swaps for the purpose of avoiding losses from future fluctuations in interest rates.

(iv) Method for assessing the hedge effectiveness

The effectiveness of hedging is assessed based on a comparison of cumulative fluctuations in the market value or cash flows between each hedged item and the related hedging instrument for the period from the commencement of the hedge to the date of assessment of the hedge effectiveness. As to foreign exchange forward contracts to which the designated accounting treatment is applied, the assessment of hedge effectiveness is omitted.

(6) Other important matters as the basis for preparation of the consolidated financial statements

(i) Translation of material assets and liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the closing date of the consolidated financial statements, and differences arising from such translation are recognized in profit or loss. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of the closing date of each subsidiary. Revenue and expenses of overseas subsidiaries are translated into Japanese yen at the average exchange rate for a fiscal year. Differences arising from such translation are included in "Foreign currency translation adjustments" and "Non-controlling interests" as separate components of equity in the consolidated financial statements.

(ii) Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over a period of five to 20 years.

(iii) Accounting for consumption taxes

Transactions are recorded at amounts exclusive of consumption taxes.

5. Change in Accounting Policy

(Application of the accounting standards for business combinations)

The Company applied the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued on September 13, 2013) (the "Accounting Standard for Business Combinations"), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on September 13, 2013) (the "Consolidated Accounting Standard"), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, issued on September 13, 2013) (the "Accounting Standard for Business Divestitures"), and other related standards, beginning from the fiscal year ended February 28, 2017. As a result, any changes in the Company's ownership interests in subsidiaries when the Company retains control over the subsidiaries is accounted for as capital surplus, and acquisition-related costs are expensed for the year in which the costs are incurred. For any business combinations on or after the beginning of the fiscal year ended February 28, 2017, the Company changed the accounting for the allocation of revised purchase prices associated with the finalization of provisional accounting treatment to reflect them in the consolidated financial statements for the year in which that business combination occurred. In addition, the presentation of net income and minority interests have been changed to profit and non-controlling interests, respectively.

The Company adopted the transitional treatments for the application of the standards above that are provided in Paragraph 58-2 (3) of the Accounting Standard for Business Combinations, Paragraph 44-5 (3) of the Consolidated Accounting Standard and Paragraph 57-4 (3) of the Accounting Standard for Business Divestitures. Accordingly, the cumulative amount of the impact from the retrospective application of the new accounting policy to past periods at the beginning of the fiscal year ended February 28, 2017, was accounted for as an adjustment to capital surplus and retained earnings.

As a result, at the beginning of the fiscal year ended February 28, 2017, goodwill, capital surplus, retained earnings, and accumulated other comprehensive income decreased by ¥4,141 million, ¥3,679 million, ¥57 million, and ¥404 million, respectively. In addition, the additional acquisition of shares of consolidated subsidiaries during the fiscal year ended February 28, 2017 led to a decrease of ¥4,274 million in capital surplus. Consolidated operating income, ordinary income, and profit before income taxes decreased by ¥232 million each due to the application of the standards above.

As the cumulative amount of impact was reflected in equity at the beginning of the fiscal year ended February 28, 2017, the beginning balances of capital surplus and retained earnings in the consolidated statement of changes in equity decreased by ¥3,679 million and ¥57 million, respectively.

6. Changes in Presentation

Associated with the Absorption-Type Merger, the following changes were made to the presentation of the consolidated financial statements:

(Consolidated Balance Sheet)

Accounts and notes receivable—trade, which was included in other current assets under current assets in the consolidated balance sheet as of the end of the previous fiscal year, is presented as a separate item effective from the end of the current fiscal year.

Short-term bank loans and current portion of long-term borrowings, which were included in other current liabilities under current liabilities in the consolidated balance sheet as of the end of the previous fiscal year, are presented as separate items effective from the end of the current fiscal year.

(Consolidated Statement of Income)

Reversal of allowance for doubtful receivables, which was included in other income - other for the previous fiscal year, is presented as a separate item effective from the fiscal year ended February 28, 2017.

7. Additional Information

(Impact of the change in income tax rates)

On March 29, 2016, the Diet passed the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016) and "Act on Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) to reduce the corporate tax rates effective from the fiscal year beginning on or after April 1, 2016. Accordingly, the effective statutory tax rate, which is used to calculate deferred tax assets and deferred tax liabilities, has been reduced to 30.86% from 32.26% for temporary differences that are expected to reverse during the fiscal years beginning on March 1, 2017 and 2018, and to 30.62 % from 32.26% for temporary differences that are expected to reverse during and after the fiscal year beginning on March 1, 2019.

As a result of these changes, deferred tax assets (net of deferred tax liabilities) decreased by ¥764 million, income taxes—deferred (expense) increased by ¥940 million, unrealized gain on available-for-sale securities increased by ¥193 million, and remeasurements of defined retirement benefit plans decreased by ¥17 million as of February 28, 2017, compared with the end of the previous fiscal year.

Notes to the Consolidated Balance Sheet

1. Assets pledged as collateral and related assets

Assets pledged as collateral:	
Buildings and structures	¥ 747 million
Land	¥1,684
Leasehold deposits receivable	¥51
Total	¥2,482 million
Corresponding liabilities:	
Leasehold deposits refundable	¥1,560 million

2. Accumulated depreciation of property and store facilities: ¥152,591 million

3. Guaranteed obligations

The Company granted guarantees to the following companies:

(1) For loans from financial institutions

VIET NAM FAMILY CONVENIENCE STORES COMPANY LIMITED	¥769 million
Philippine FamilyMart CVS, Inc.	¥103
Central FamilyMart Co., Ltd.	¥2,614
Franchised convenience stores	¥2,857
Total	¥6,346 million

Note: Following the Absorption-Type Merger, the Company assumed the guarantees concerning the franchised convenience stores' loans payable to financial institutions.

(2) Performance of a contract regarding the implementation of machinery

Japan Food Supply Co., Ltd. ¥1,346 million

Note: NIPPON ACCESS, INC.'s business of selling raw materials to manufacturers of merchandise for convenience stores was spun off to JAPAN FOOD SUPPLY Co., Ltd., which then assumed the obligation stated above.

(3) Accounts payable－trade to JAPAN FOOD SUPPLY Co., Ltd. by manufacturers of merchandise for convenience stores

SHINOBU FOODS PRODUCTS CO., LTD., and 37 other companies ¥20,436 million

Notes to the Consolidated Statement of Changes in Equity

1. Class and total number of issued shares at the end of the current fiscal year

Common stock 126,712,313 shares

2. Dividends

(1) Dividends paid

Resolution	Class of Shares	Total Amount of Dividends (million yen)	Dividend per Share (yen)	Record Date	Effective Date
Board of Directors' meeting held on April 8, 2016	Common stock	5,220	55.00	February 29, 2016	May 6, 2016
Board of Directors' meeting held on October 11, 2016	Common stock	5,315	56.00	August 31, 2016	November 10, 2016

(2) Dividends with the record date in the year ended February 28, 2017, but whose effective date is after February 28, 2017

The Company plans to propose the following dividends on shares of common stock at the Board of Directors' meeting to be held on April 11, 2017.

Total Amount of Dividends (million yen)	Dividend Resources	Dividend per Share (Yen)	Record Date	Effective Date
7,093	Retained earnings	56.00	February 28, 2017	May 8, 2017

Financial Instruments

1. Matters related to the status of financial instruments

(1) Policies on financial instruments

The Company and its subsidiaries and associated companies (collectively, the "Group") have a policy of raising funds primarily through borrowings and commercial paper from banks and other financial institutions, bonds and securitized receivables, and invest temporary cash surplus in highly secure financial assets. Derivatives transactions are used for the purpose of hedging against the risk of future fluctuations in foreign-currency-denominated payables and in interest rates on borrowings. The Group does not enter into derivatives transactions for speculative purposes.

(2) Description of financial instruments and related risks

Accounts and notes receivable—trade, due from franchised stores, and other receivables are exposed to credit risk of counterparties.

The credit risk of debt securities included in marketable securities and investment securities has been minimized by regularly monitoring their fair value and the financial condition of the respective issuers. Stocks included in investment securities are primarily those issued by corporations that have business relationships with the Company, and part of such stocks are exposed to market risk.

Leasehold deposits receivable are mainly associated with the rental of store properties and exposed to the credit risk of depository facilities.

Accounts and notes payable—trade are generally settled within a short time frame. These payables include those denominated in foreign currencies for payment for imported merchandise, and such payables are exposed to foreign exchange risk. Such risk is mitigated by entering into foreign exchange forward contracts for some of their settlement amounts.

Lease obligations related to finance lease transactions are mainly intended to finance capital investments for the stores.

Borrowings and bonds are used mainly to finance operating transactions and capital investment. Borrowings with variable interest rates are exposed to interest rate risk. In connection with some of these borrowings, the Group mitigates the interest rate risk by entering into interest rate swap contracts or cross-currency interest rate swap contracts for the purpose of avoiding the interest rate risk and fixing the amount of interest expenses. As to risks related to financial service business, the Group manages its liquidity risk by employing diversified financing measures, securing commitment lines from multiple financial institutions, and maintaining a balance of short-term and long-term financing market environment into consideration.

Leasehold deposits refundable are primarily associated with the lease and sublease of store properties.

The credit risk of derivatives transactions is minimal because such transactions are entered into only with highly-rated financial institutions. Details on hedging instruments, hedged items, hedging policy, and the method for assessing the hedge effectiveness are provided in "Accounting for hedge transactions which are material" under "Basis of Presentation of the Consolidated Financial Statements and Summary of Significant Accounting Policies".

(3) Risk management system for financial instruments

(i) Management of credit risk (risk related to counterparties' default on agreements)

The Group regularly manages the due date and balance of trade receivables by customer, and identifies and reduces the concerns about uncollectibility due to the deterioration of the customer's financial condition at an early stage.

The Group carefully checks the collectability of leasehold deposits receivable through the examination of the depository facilities when entering into lease agreements, and identifies and reduces the concerns about uncollectibility due to the deterioration of the customer's financial condition at an early stage.

(ii) Management of market risk (foreign exchange risk and interest rate risk)

Depending on the foreign exchange market conditions, the Group uses cross-currency interest rate swaps for foreign-currency-denominated borrowings or forward foreign exchange contracts for some of the settlement amounts for imported merchandise denominated in foreign currencies to hedge against the foreign exchange risk.

The Group regularly monitors the fair value of marketable securities and investment securities, and the financial condition of the issuers (corporate customers). Meanwhile, the Group reviews, on an ongoing basis, the holdings of those other than held-to-maturity debt securities by taking into account the business relations with the issuers.

Derivatives transactions are executed and managed with the approval of the final decision-maker in accordance with the Group's internal rules that set forth trading authority, credit line, and so on.

(iii) Management of financing-related liquidity risk (risk of failing to pay on the due date)

The Group minimizes liquidity risk by diversifying financing measures and ensuring that each Group company appropriately prepares and reviews cash management plans at the proper timing and maintaining sufficient liquidity on hand. Liquidity risk is also reduced by entering into commitment line contracts with financial institutions.

(4) Supplemental explanation on fair value of financial instruments

The fair value of financial instruments includes the value determined based on their quoted market prices and the reasonably-estimated value when the quoted market price is not available. As variable factors are incorporated in determining the fair value thereof, the fair value may vary when different assumptions are applied.

2. Fair value of financial investments

The following table indicates the carrying amount in the consolidated balance sheet, the fair value, and the unrealized gain (loss) as of February 28, 2017. Assets and liabilities whose fair values cannot be reasonably estimated are not included in the table below (refer to Note 2.).

(Unit: Millions of yen)

	Carrying Amount in the Consolidated Balance Sheet	Fair Value	Unrealized Gain (Loss)
(1) Cash and cash deposits	178,279	178,279	—
(2) Accounts and notes receivable—trade	108,661	108,661	
(3) Due from franchised stores	39,816	39,816	—
(4) Other receivables	86,351	86,351	—
(5) Marketable securities and investment securities			
Trading securities	69	69	—
Held-to-maturity debt securities	3,900	3,916	16
Available-for-sale securities	17,142	17,142	—
Investment in shares of subsidiaries and associated companies	17,589	15,851	(1,737)
(6) Leasehold deposits receivable	240,144		
Allowance for doubtful receivables (*1)	(200)		
	239,943	240,593	650
Total assets	691,752	690,681	(1,071)
(1) Accounts and notes payable—trade	215,295	215,295	—
(2) Short-term bank loans	2,873	2,873	
(3) Commercial papers	96,000	96,000	—
(4) Due to franchised stores	10,548	10,548	—
(5) Other payables	56,238	56,238	—
(6) Income taxes payable	4,495	4,495	—
(7) Deposits received	150,435	150,435	—
(8) Bonds payable	40,000	40,061	61
(9) Long-term loans payable, including current portion	249,717	249,662	(55)
(10) Lease obligations, including current portion	104,051	104,299	247
(11) Leasehold deposits refundable	53,281	53,723	441
Total liabilities	982,939	983,634	695
Derivatives transactions			
(1) Derivatives, hedge accounting not applied	3,247	3,247	—
(2) Derivatives, hedge accounting applied (*2)	(891)	(891)	—

*1. The allowance for doubtful receivables provided for leasehold deposits receivable is excluded from the amount presented.
*2. Receivables and payables arising from derivatives transactions are presented in net amounts, and net payables are shown in parentheses.

Notes:

1. Method of determining fair values of financial instruments, and other matters related to securities derivatives transactions

Assets

(1) Cash and cash deposits, (2) Accounts and notes receivable—trade, (3) Due from franchised stores, and (4) Other receivables
As these assets are settled within a short period of time, the fair value thereof approximates their carrying amounts. Accordingly, the fair value of these assets is determined based on the carrying amount.

(5) Marketable securities and investment securities
The fair value of equity securities is determined based on quoted prices on stock exchanges, and that of debt securities is determined based on the prices provided by financial institutions.

(6) Leasehold deposits receivable
The fair value of these assets is determined by discounting the reasonably-estimated future cash flows using the yield of government bonds for the corresponding remaining period.

Liabilities

(1) Accounts and notes payable—trade, (2) Short-term bank loans, (3) Commercial papers, (4) Due to franchised stores, (5) Other payables, (6) Income taxes payable, and (7) Deposits received
As these liabilities are settled within a short period of time, the fair value thereof approximates their carrying amounts. Accordingly, the fair value of these liabilities is based on the carrying amount.

(8) Bonds payable
The fair value of bonds issued by the Company is determined based on their market prices.

(9) Long-term loans payable, including current portion
The fair value of these liabilities is determined by discounting the total of principal and interest using an interest rate on similar new borrowings.

(10) Lease obligations, including current portion
The fair value of these liabilities is determined by discounting the total of principal and interest using an interest rate on similar new lease transactions.

(11) Leasehold deposits refundable
The fair value of these liabilities is determined by discounting the reasonably-estimated future cash flows using the yield of government bonds for the corresponding remaining period.

Derivatives transactions

The fair value of derivatives transactions is determined based on the prices quoted by financial institutions.

2. Financial instruments that are deemed extremely difficult to measure the fair value

Category	Carrying Amounts in the Consolidated Balance Sheet (unit: Millions of yen)
Unlisted stocks	24,299

Unlisted shares are not included in (5) Marketable securities and investment securities since it is deemed extremely difficult to measure their fair values because there is no quoted market price for the instruments.

Rental Property

1. Conditions of rental property

Some of the Company's consolidated subsidiaries own commercial facilities and stores including land for leases in Aichi Prefecture and other areas.

2. Fair value of rental property

Carrying amount	Fair value
¥192,380 million	¥188,497 million

Notes: 1. The carrying amount represents the acquisition cost less accumulated depreciation and impairment losses.
2. The fair value as of February 28, 2017 is measured at the amount determined by the Company, principally based on the Real Estate Appraisal Standards (including adjustments using indices and other reconciliations).

Per-Share Information

1. Equity per share: ¥4,104.88
2. Earnings per share: ¥171.74

Significant Subsequent Events

None applicable.

Other Notes

Impairment losses on property and store facilities:

The assets are basically grouped by store as a minimum cash generating unit (CGU) of the Group. Idle assets and others are individually grouped as a CGU.

The carrying amounts of the property and store facilities with considerably declining profitability were reduced to their respective recoverable amounts, and the reduced amounts were recorded as an Impairment Loss under extraordinary losses (¥209 million in land, ¥4,464 million in buildings, ¥2,707 million in furniture and fixtures, ¥2,805 million in leasehold right, and ¥4,099 million in other, respectively).

Use	Location	Category	Impairment Loss (million yen)
Stores	Sendai, Miyagi and others	Land, buildings, furniture and fixtures, and others	14,286

The recoverable amount is measured by either value in use or net realizable value.

Future cash flows discounted at a rate between 4.81% and 7.50% are used to calculate the value in use, whereas the net realizable value is mainly calculated based on the assessments for inheritance tax purposes. The assets that have been judged as having substantially no value are assessed at zero by considering the disposability of the assets concerned.

Business Combination:

Business Combination through Acquisitions

Effective February 3, 2016, the Company (former FamilyMart Co., Ltd.) and UNY Group Holdings Co., Ltd. (the two companies are collectively, the "Companies" hereinafter) entered into an agreement on an absorption-type merger ("Absorption-Type Merger") whereby the Company is the surviving company of the Absorption-Type Merger and UNY Group Holdings Co., Ltd. is the absorbed company (the Company after the Absorption-Type Merger is called the "Integrated Company"), subject to the approval of the general shareholders' meetings of the Companies and Circle K Sunkus Co., Ltd. Upon the consummation of the Absorption-Type Merger, the Company and Circle K Sunkus Co., Ltd., a wholly-owned subsidiary of UNY Group Holdings Co., Ltd., also entered into an agreement on the absorption-type demerger (“Absorption-Type Demerger”) whereby the Integrated Company was the demerged company and Circle K Sunkus Co., Ltd. is the succeeding company. The Integrated Company’s convenience store business was succeeded by Circle K Sunkus Co., Ltd. Both agreements were approved at the ordinary general meetings of shareholders of the respective companies, and the Absorption-Type Merger and the Absorption-Type Demerger became effective on September 1, 2016. (For details of the Absorption-Type Demerger, refer to “Spinoff of Business to Consolidated Subsidiary” below.) Effective September 1, 2016, the former FamilyMart Co., Ltd. changed its company name to FamilyMart UNY Holdings Co., Ltd. and Circle K Sunkus Co., Ltd. to FamilyMart Co., Ltd.

1. Overview of the business combination

(1) Name of the acquired company and its business

Name of the acquired company: UNY Group Holdings Co., Ltd.

Outline of the business: Management and planning of operations of the corporate group composed of general merchandise stores, convenience stores, specialty stores, financial services business and other businesses (holding company)

(2) Major reason for the business combination

The aim of the management integration is to integrate the management resources and establish a new retail group to thrive in a competitive environment and to be a company that provides value to customers, franchisees, business partners, shareholders, and employees.

(3) Date of the business combination

September 1, 2016

(4) Legal form of the business combination

Absorption-type merger where the Company is the surviving company

(5) Name of the company after the business combination

FamilyMart UNY Holdings Co., Ltd.

(6) Ratio of voting rights acquired

Ratio of voting rights held immediately before the business combination: —%

Ratio of voting rights held after the acquisition: 100.00%

(7) Major reason for determining the acquiring company

Since the Company acquired the shares in UNY Group Holdings Co., Ltd. by issuing its ordinary shares and its treasury stock as consideration.

2. Period for which the operating results of the acquired company are included in the consolidated financial statements

From September 1, 2016, through February 28, 2017

3. Acquisition cost

Fair value of the common stock of the Company issued at the date of the business combination	¥235,533 million
Acquisition cost	¥235,533 million

4. Merger ratio by class of stock and its calculation method, and the number of shares delivered for the Absorption-Type Merger

(1) Merger ratio by class of stock

0.138 shares of common stock of the Company for one share of common stock of UNY Group Holdings Co., Ltd.

(2) Calculation method of the merger ratio

The Company designated Citigroup Global Markets Japan Inc. and KPMG FAS, Co., Ltd., while UNY Group Holdings Co., Ltd. designated Nomura Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as third-party financial advisors for the calculation of the merger ratio. The merger ratio was agreed upon and decided after comprehensive consideration on factors, including the analysis conducted by the respective third-party financial advisors, each company’s financial condition, share prices, and future prospects. Upon prudent and thorough discussions between the Companies, the merger ratio was determined fairly and appropriately.

(3) Number of shares issued

31,785,870 shares of common stock (including 2,756,690 shares of treasury stock owned by the Company)

5. Description and amount of major acquisition-related expenses

Advisory fee ¥439 million

6. Amount and cause of goodwill, and method and period of amortization

(1) Amount of goodwill: ¥81,114 million

As the identification and determination of fair values of identifiable assets and liabilities at the date of business combination were not yet completed at the date of the business combination, the allocation of the acquisition cost has not been completed. Accordingly, the amount of goodwill above is calculated on a provisional basis.

(2) Cause

As the cost of acquisition was larger than the net amount of the assets acquired and liabilities assumed, such excess was provisionally recognized as goodwill.

(3) Method and period of amortization

Straight-line method over 20 years

7. Assets acquired and liabilities assumed at the date of the business combination

Current assets	¥269,252 million
Non-current assets	¥564,729
Total assets	¥833,981
Current liabilities	¥394,818
Non-current liabilities	¥280,496
Total liabilities	¥675,315
Non-controlling interests	¥4,247

8. Allocation of acquisition cost

The allocation of the acquisition cost has not yet been completed because the identification and determination of fair values of identifiable assets and liabilities at the date of business combination were not completed as of February 28, 2017. Therefore, the allocation of the acquisition cost was accounted for on a provisional basis using reasonable information available at that time.

Spinoff of Business to Consolidated Subsidiary

Effective September 1, 2016, the Company conducted an Absorption-Type Demerger whereby the Integrated Company referenced in the “Business Combination through Acquisitions” is the demerged company and Circle K Sunkus Co., Ltd., a subsidiary of the Integrated Company, is the succeeding company.

Transaction under common control

1. Outline of the transaction

(1) Name of the companies involved in the business combination

Demerging company

Name of the demerging company: Circle K Sunkus Co., Ltd.

Outline of the business: Franchise business for the “Circle K” and “Sunkus” convenience stores and store management

Demerged company

Name of the demerged company: FamilyMart UNY Holdings Co., Ltd.

Outline of the business : Holding company

(2) Date of the business combination

September 1, 2016

(3) Legal form of the business combination

Absorption-type demerger where the Integrated Company is the demerged company and Circle K Sunkus Co., Ltd. is the succeeding company. As consideration for receiving the business, Circle K Sunkus Co., Ltd. issued 100 shares of common stock and delivered all of them to the Integrated Company.

(4) Name of the company after the business combination

FamilyMart Co., Ltd., (changed from Circle K Sunkus Co., Ltd.)

(5) Other matters relating to the outline of the transaction

Refer to "1. Overview of the business combination (2) Major reason for the business combination" under "Business Combination through Acquisitions."

2. Outline of accounting treatment applied

The Absorption-Type Demerger was accounted for as a transaction under common control pursuant to the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on September 13, 2013) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestures" (ASBJ Guidance No. 10, issued on September 13, 2013).

Disposal of Consolidated Subsidiaries

1. Disposal of Sagami Corporation

As of August 17, 2016, UNY Group Holdings Co., Ltd. concluded a contract to accept a tender offer made by AG2 Investment Limited Partnership for transferring all the shares it held in Sagami Corporation, and the tender offer was successfully completed effective October 11, 2016. The impact of this event on the Company's operating results is immaterial.

2. Disposal of Palemo Co., Ltd.

As of August 31, 2016, UNY Group Holdings Co., Ltd. concluded a contract to accept a tender offer made by Endeavour United Partners 3 Investment Partnership for transferring all the shares it held in Palemo Co., Ltd., and the tender offer was successfully completed effective October 17, 2016. The impact of this event on the Company's operating results is immaterial.

3. Disposal of UNY (Cayman Islands) Holding Co., Ltd.

The Company resolved at a meeting of its Board of Directors held on December 5, 2016, to transfer all the shares it holds in UNY (Cayman Islands) Holding Co., Ltd. to ALLIED CHEER INVESTMENT LIMITED. As a result, UNY (Cayman Islands) Holding Co., Ltd. and its subsidiary UNY (SHANGHAI) TRADING Co., Ltd. are no longer subsidiaries of the Company. The impact of this event on the Company's operating results is immaterial.

[Notes to the Financial Statements]

Basis of Presentation and Summary of Significant Accounting Policies

Effective September 1, 2016, an absorption-type merger was conducted whereby the Company (former FamilyMart Co., Ltd.) is the surviving company and UNY Group Holdings Co., Ltd. is the absorbed company ("Absorption-Type Merger"; the former FamilyMart Co., Ltd. after the Absorption-Type Merger is called the "Integrated Company"). In addition, an absorption-type demerger ("Absorption-Type Demerger") was conducted whereby the Integrated Company was the demerged company, and Circle K Sunkus Co., Ltd., a wholly-owned subsidiary of UNY Group Holdings Co., Ltd., is the succeeding company and the Integrated Company's convenience store business was succeeded by Circle K Sunkus Co., Ltd.

As a result, the Company's financial statements for the fiscal year ended February 28, 2017, represent the sum of the operating results of former FamilyMart Co., Ltd., including the convenience store business, from March 1, 2016, to August 31, 2016, and the operating results of the Company as a holding company from September 1, 2016, to February 28, 2017. The significant accounting policies described below include policies that have an effect only on the statement of income, but not directly on the balance sheet.

1. Valuation basis and method for assets

(1) Marketable securities and investment securities

(i) Held-to-maturity debt securities:
Measured at amortized cost by the straight-line method.

(ii) Investment in stocks of subsidiaries and associates:
Measured at cost determined by the moving-average method.

(iii) Available-for sale securities:
Whose fair values are readily determinable:
Measured at fair value as of the closing date. Unrealized gain or loss is included directly in equity. The cost of securities at disposal is determined by the moving-average method.
Whose fair values are not readily determinable:
Measured at cost determined by the moving-average method.

(2) Derivatives
Measured at fair value.

(3) Inventories
Measured at cost (The figures shown in the balance sheet have been determined by net selling value.)

2. Depreciation method of fixed assets

(1) Property and store facilities (other than leased property)
Depreciated by the straight-line method.

Range of useful lives:	Buildings	4–50 years
	Furniture and fixtures.	2–20 years

(2) Intangible assets (other than leased property)
Software:
Amortized by the straight-line method based on the estimated useful life for internal use of five years.
Goodwill:
Amortized by the straight-line method over a period of 5 to 20 years.
Goodwill attributable to individual stores:
Amortized by the straight-line method over the estimated useful life (weighted-average years of amortization: 12 years).

(3) Leased property
Leased property related to finance lease transactions that do not transfer ownership of the leased property to the lessee is depreciated by the straight-line method over the lease term with zero residual value.

(4) Long-term prepaid expenses
Expensed on a straight-line basis.

3. Material reserves and allowances

(1) Allowance for doubtful receivables

An allowance for doubtful receivables is provided at the amount of possible losses from uncollectible receivables based on the historical loan loss ratio for normal receivables and on the estimated recoverability of each claim for doubtful receivables.

(2) Provision for bonuses

To prepare for the future payment of bonuses, accrued bonuses are provided at the estimated amount to be incurred for the fiscal year.

(3) Liability for retirement benefits

The liability for retirement benefits is provided for future payment of employees' postretirement benefits based on projected benefit obligations and the fair value of plan assets at the end of the current fiscal year.

(i) Method of attributing projected retirement benefits to periods

In calculating the projected benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the periods up to the end of the current fiscal year.

(ii) Amortization method for actuarial gain or loss and past service cost.

Past service cost is amortized for a pro rata amount computed by the straight-line method over a certain period (13 and 16 years) not exceeding the expected average remaining service period of the employees at the time incurrence, from the fiscal year of incurrence.

Actuarial gain or loss is amortized for a pro rata amount computed by the straight-line method over a certain period (13 and 16 years) not exceeding the expected average remaining service period of the employees at the time of incurrence from the following fiscal year of incurrence.

(4) Allowance for losses on investment

The allowance for losses on investment is provided for any possible loss that might arise in relation to investments in subsidiaries, etc., at the amount to be considered necessary in view of the financial circumstances of the companies concerned.

(5) Allowance for losses on business of subsidiaries and associates

The allowance for losses on business of subsidiaries and associates is provided for any possible loss that might arise in relation to subsidiaries and associates at the amount to be considered necessary in view of the financial circumstances of the companies concerned.

4. Other important matters in preparing the financial statements

(1) Accounting for deferred assets which are material

Bond issuance cost is expensed as incurred.

(2) Translation of assets and liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates at the closing date of the transaction and differences arising from such translation are recognized in profit or loss.

(3) Hedge accounting method

(i) Hedge accounting method

In principle, gains or losses on derivatives are deferred until the maturity of the hedged transactions. The designated hedge accounting treatment is applied for foreign exchange forward contracts that are qualified for such treatment. The special accounting treatment is applied for interest rate swaps that qualify for such treatment. The integrated accounting treatment (designated and special accounting treatment) is applied for cross-currency interest rate swaps that are qualified for such treatment.

(ii) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps and cross-currency interest swaps

Hedged items: Loans payable

(iii) Hedging policy

The Company uses currency swaps for the purpose of avoiding losses by future fluctuations in exchange rates.

The Company uses interest rate swaps for the purpose of avoiding losses by future fluctuations in interest rates.

(iv) Method for assessing the hedge effectiveness

The effectiveness of hedging is assessed based on a comparison of cumulative fluctuations in the market value or cash flows between each hedged item and the related hedging instrument for the period from the commencement of the hedge to the date of assessment of the hedge effectiveness. As to foreign exchange forward contracts to which the designated accounting treatment is applied, the assessment of hedge effectiveness is omitted.

(4) Accounting for consumption taxes

Transactions are recorded at amounts exclusive of consumption taxes.

(5) Accounting procedure for retirement benefits

The accounting procedures for unrecognized actuarial gain or loss and unrecognized past service cost pertaining to retirement benefits are different from those used in the consolidated financial statements.

5. Change in accounting policy

(Application of the accounting standards for business combinations)

The Company applied the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued on September 13, 2013) (the “Accounting Standard for Business Combinations”), and the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on September 13, 2013) (the “Accounting Standard for Business Divestitures”), and other related standards, effective from the fiscal year ended February 28, 2017. As a result, acquisition-related costs are expensed in the year in which the costs are incurred. For any business combinations on or after the beginning of the fiscal year ended February 28, 2017, the Company changed the accounting for the allocation of revised purchase prices associated with the finalization of provisional accounting treatment to reflect them in the financial statements for the year in which that business combination occurred.

The Company adopted the transitional treatments for the application of the standards above that are provided for in Paragraph 58-2 (3) of the Accounting Standard for Business Combinations and Paragraph 57-4 (3) of the Accounting Standard for Business Divestitures. Accordingly, the cumulative amount of the impact from the retrospective application of the new accounting policy to the periods at the beginning of the fiscal year ended February 28, 2017, was accounted for as an adjustment to retained earnings.

As a result, at the beginning of the fiscal year ended February 28, 2017, goodwill decreased by ¥478 million and retained earnings carried forward decreased by ¥478 million. In addition, operating income, ordinary income and net income before income taxes decreased by ¥100 million each due to the application of the standards above.

As the cumulative amount of impact was reflected in equity at the beginning of the fiscal year ended February 28, 2017, the beginning balance of retained earnings in the statement of changes in equity decreased by ¥478 million.

6. Changes in presentation

(Balance Sheet)

Short-term loans receivable from subsidiaries and associates, which was included in other current assets under current assets in the balance sheet as of the end of the previous fiscal year, is presented as a separate item at the end of the current fiscal year, because of an increase in the materiality of the account.

Software, which was presented as a separate item of intangible assets under fixed assets in the balance sheet as of the end of the previous fiscal year, is included in other intangible assets at the end of the current fiscal year, because of a decrease in the materiality of the amount.

Gain on sales of treasury stock, which was presented as a separate item of other capital surplus under capital surplus in the equity section in the balance sheet as of the end of the previous fiscal year, is not separately presented at the end of the current fiscal year, because of a decrease in the materiality of the amount.

Notes to the Balance Sheet

1. Guaranteed obligations

The Company granted guarantees of obligations to the following company against franchised stores concerning credit cards of the Master Card brand.

UCS Co., Ltd.	¥3,967 million

2. Monetary receivables and payables with subsidiaries and associates, excluding those separately presented

Short-term monetary receivables	¥1,657 million
Short-term monetary payables	¥45,381 million
Long-term monetary payables	¥100 million

3. Monetary payables to directors and corporate auditors ¥348 million

Note to the Statement of Income

Transactions with subsidiaries and associates

Operating transactions:	
Operating revenues	¥3,979 million
Operating expenses	¥7,870 million
Nonoperating transactions with subsidiaries and associates:	¥2,955 million

Note to the Statement of Changes in Equity

Class and total number of treasury shares at the end of the fiscal year

Common stock	36,590 shares

Note: The total number of treasury shares decreased by 2,724,642 from the end of the previous fiscal year. This decrease was mainly due to the delivery of treasury stock associated with the Absorption-Type Merger.

Deferred Tax Accounting

1. Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets (current):	
Valuation difference associated with the Absorption-Type Merger	¥389 million
Others	¥80 million
Subtotal	¥470 million
Valuation allowance	¥(2) million
Total	¥467 million
Deferred tax liabilities (current):	
Valuation difference associated with the Absorption-Type Merger	¥270 million
Others	¥4 million
Total	¥275 million
Net deferred tax assets (current)	¥191 million
Deferred tax assets (non-current):	
Allowance for doubtful receivables	¥101 million
Valuation difference associated with the Absorption-Type Merger	¥1,655 million
Adjustment of investments in shares of subsidiaries and associates associated with the Absorption-Type Demerger	¥14,255 million
Deferred gains or losses on hedges	¥277 million
Others	¥212 million
Subtotal	¥16,503 million
Valuation allowance	¥(423) million
Total	¥16,080 million
Deferred tax liabilities (non-current):	
Valuation difference associated with the absorption-type merger	¥1,050 million
Others	¥75 million
Total	¥1,125 million
Net deferred tax assets (non-current)	¥14,954 million

2. Impact of the change in the income tax rate, etc.

Following the enactment on March 29, 2016, of the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016), and "Act on Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) to reduce the corporate tax rates effective from the fiscal year beginning on or after April 1, 2016. Accordingly, the effective statutory tax rate, which is used to calculate deferred tax assets and deferred tax liabilities, has been reduced to 30.86% from 32.26% for temporary differences that are expected to reverse during the fiscal years beginning on March 1, 2017 and 2018, and to 30.62% from 32.26% for temporary differences that are expected to reverse during and after the fiscal year beginning

on March 1, 2019.
As a result of these changes deferred tax assets (net of deferred tax liabilities) decreased by ¥768 million, income taxes—deferred (expense) increased by ¥768 million for the fiscal year ended February 28, 2017.

Transactions with Related Parties

1. Subsidiaries and associated companies

Attribute	Company Name	Location	Capital	Business	Ratio of Voting Rights	Relationship with the Related Party	Description of Transactions	Transaction Amount	Account Name	Year-End Balance
Subsidiary	UNY Co., Ltd.	Inazawa, Aichi	¥10,000 million	General merchandise store business	Directly holding (100.00%)	Borrowing and lending of funds[2] Holding post of directors	Lending of funds; Collection of funds; Receipt of interest	37,000 25,008 29	Short-term loans receivable from subsidiaries and associates	36,400
							Lending of funds; Collection of funds; Receipt of interest	– 90 674	Long-term loans receivable from subsidiaries and associates	207,165
Subsidiary	FamilyMart Co., Ltd.	Toshima-ku, Tokyo	¥8,380 million	Convenience store business	Directly holding (100.00%)	Deposit of funds[2]; Holding post of directors	Receipt of funds on deposit; Refund of funds Payment of interest	– 24,859 6	Deposits received	45,000
Subsidiary	UCS Co., Ltd.	Inazawa, Aichi	¥1,610 million	Credit card business	Indirectly holding (81.35%)	Borrowing and lending of funds[2] Holding post of directors	Lending of funds; Collection of funds; Receipt of interest	21,500 22,866 35	Short-term loans receivable from subsidiaries and associates	48,400

Terms and conditions of the transaction and decision policy thereof:
Notes: 1. The transaction amount above excludes consumption taxes.
2. Interest on funds lent and deposited is reasonably determined by taking into account market interest rates.

2. Fellow subsidiaries

Attribute	Company Name	Location	Capital	Business	Ratio of Voting Rights	Relationship with the Related Party	Description of Transactions	Transaction Amount	Account Name	Year-End Balance
Subsidiary of any other associated company	NIPPON ACCESS, INC.	Shinagawa-ku, Tokyo	¥2,620 million	Sales of foods, liqueurs, sundries, etc.	Directly held (0.06%)	Supplier of merchandise	Purchases of merchandise[2]	5,577	–	–

Terms and conditions of the transaction and decision policy thereof:
Notes: 1. The transaction amount above excludes consumption taxes.
2. Purchases of merchandise are determined by taking into account market prices under similar terms and conditions.

Per-Share Information
1. Equity per share ¥3,929.84
2. Earnings per share ¥95.03

Significant Subsequent Events
None applicable.

Note to the Company to which the Restriction on Consolidated Dividends is Applied
A restriction on consolidated dividends has been applied to the Company.

Other Notes

Impairment loss of property and store facilities:

The assets are generally grouped by store as a minimum cash generating unit (CGU) of the Company. Idle assets and others are individually grouped as a CGU.

The carrying amounts of property and store facilities with considerably declining profitability were reduced to their respective recoverable amounts, and the reduced amounts were recorded as Impairment loss under extraordinary losses (¥209 million in land, ¥2,633 million in buildings, ¥2,583 million in furniture and fixtures, and ¥854 million in other).

Application	Location	Category	Impairment Loss (unit: Millions of yen)
Stores	Sendai, Miyagi and others	Land, buildings, furniture and fixtures, and others	6,280

The recoverable amount for stores is measured either by the value in use or by the net realizable value.

Future cash flows discounted at a rate of 4.81% are used to calculate the value in use, whereas the net realizable value is mainly calculated based on the assessments for inheritance tax purposes. The assets that have been judged as having substantially no value are assessed at zero by considering the disposability of the assets concerned.

The recorded impairment loss on property and store facilities is attributable to the convenience store business before it was spun off.

Business Combination

Business Combination through Acquisitions

An overview of the business combination relating to the Absorption-Type Merger conducted effective September 1, 2016, whereby the Company (former FamilyMart Co., Ltd.) is the surviving company and UNY Group Holdings Co., Ltd. is the absorbed company, except the following items, is provided in “Other Notes” to the consolidated financial statements.

1. Amount of goodwill: ¥—million

   As the identification and determination of fair values of identifiable assets and liabilities at the date of the business combination were not completed. However, the Company has become a pure holding company as a result of the Absorption-Type Merger and subsequent Absorption-Type Demerger, and an amount equivalent to goodwill was entirely allocated to investment in shares of subsidiaries and associates.

2. Assets received and liabilities undertaken at the date of business combination and major components thereof

Current assets	¥100,378 million
Non-current assets	529,640
Total assets	630,018
Current liabilities	222,143
Non-current liabilities	172,341
Total liabilities	394,485

3. Allocation of acquisition cost

   The allocation of acquisition cost has not been completed because the identification of identifiable assets and liabilities and the determination of their fair value was not completed as of February 28, 2017. Therefore, the allocation of the acquisition cost was accounted for on a provisional basis using reasonable information available at that time.

Spinoff of Business to Consolidated Subsidiary

Please refer to “Other Notes” to the consolidated financial statements.

Disposal of Consolidated Subsidiaries

Please refer to “Other Notes” to the consolidated financial statements.