(Attached documents with regard to the Notice to the 32nd Ordinary General Meeting of Shareholders)

The 32nd Term Business Report

(March 1, 2012 through February 28, 2013)

Business Report

Consolidated Balance Sheet

Consolidated Statement of Income

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FamilyMart Co., Ltd.

Business Report

(March 1, 2012 through February 28, 2013)

1. Current Situation of the Corporate Group

(1) Progress and Results of Operations

During the fiscal year ended February 28, 2013, the future of the economy remained unclear against a backdrop of uncertainty in the overseas economic environment in Europe and China, as well as a decline in exports and weakened capital expenditures due to the slowdown of the global economy, despite a gradual upswing supported by the demand for reconstruction from the earthquake disaster and other factors. Although signs of a rally in stock prices were seen in the second half, stemming from the anticipation of economic and fiscal management by the government including monetary easing policies, the consumption environment did not improve and crossover competition beyond the barriers of industrial and business categories intensified.

In these circumstances, FamilyMart Co., Ltd. (hereinafter the "Company" or "FamilyMart"), endeavored to ensure "an attractive and diversified product portfolio" and "thorough S&QC (Service, Quality and Cleanliness)" as well as receive customers with hospitality-based behavior under the theme of "Let's Smile Together," in compliance with the Basic Philosophy of proposals to offerings that enrich consumers' minds. Moreover, in light of changes in the social structure, we are proactively expanding our businesses into peripheral domains, to become a "social and lifestyle-service infrastructure enterprise" with the convenience-store business as our core.

As of February 28, 2013, the stores operated in Japan totaled 9,481, including 8,772 of the Company's own stores and those operated by four domestic area franchisers. The stores operated overseas totaled 12,700 as of the same date by adding up all the stores operated by overseas area franchisers in Taiwan, Thailand, South Korea, China, the United States, Vietnam, and Indonesia. Consequently, the aggregate of FamilyMart chain stores worldwide, which consists of domestic and overseas FamilyMart chain stores, was 22,181.

As a result, total operating revenues of the Company and its consolidated subsidiaries for the year under review increased 1.5% year over year to ¥334,087 million, operating income rose 1.2% to ¥43,107 million, ordinary income advanced 1.3% to ¥45,410 million, and net income increased 50.9% to ¥25,020 million on a consolidated basis.

Operating results by business segment were as follows:

(i) "Japan" business

(Merchandise)

As for merchandise, we have promoted the development of the *Nakashoku* and original products, and aimed for quality improvement and a diverse assortment of products. In particular, "GELATO" and "Famima Premium Chicken," both of which boast authentic ingredients and excellent taste, have been highly acclaimed as new flagship products, and considerably surpassed the initial planned sales targets. In addition, the "FamilyMart collection," a private-brand series launched in October 2012, contributed to an increase in loyal fans among middle-aged and elderly people and housewives because the product line focuses on daily necessities including perishable foods and commodities. Meanwhile, enhanced sales promotion of *Ajiwai* Famima Café brand counter coffee products, of which joint sales with products in the Sweets + (Dessert) brand category is highly effective, has led to an improvement in the sales per customer.

(Promotion)

As for sales promotion, we enhanced the "Let's Smile Together" project in collaboration with an entertainment production company, YOSHIMOTO KOGYO, and carried out diverse community-based initiatives in addition to collaboration with popular variety TV programs and product development. In addition, we received a lot of feedback on campaign projects drawing on Web content with a high degree of attention, such as the virtual idol "*Hatsune Miku*" and the idol group "*Momoiro* Clover Z." These promotional activities contributed significantly to attracting customers to our stores and raising sales.

(Store Operation)

In store operation, we addressed creating optimum sales floors depending on the features of the store concerned through categorization of the respective stores according to such key factors as "store location" and "method of usage". In addition, we strove to meet the diversifying demand from extensive customer layers by upgrading the assortment of goods in categories such as salads, "*Sozai* (prepared dishes)," perishable foods, and vegetables. Furthermore, we experimentally implemented the "Recommended Items Replenishment Ordering System" to provide guidance on ordering through an analysis of previous sales performance, weather factors, and the like by store with a goal of increasing the efficiency of the ordering operation and ensuring an appropriate assortment of products at each store.

(Store Development)

We are promoting a Build and Scrap (B&S) scheme to help FamilyMart adapt to recent market changes, as well as the openings of promising high-potential stores, primarily centering on the Tokyo, Osaka, and Nagoya metropolitan areas and provincial core cities. In addition, we reinforced our store format lineup by proactively opening stores in commercial complexes such as "TOKYO SKYTREE TOWN" and inside railway stations of Tokyo Tama Intercity Monorail, Kobe Municipal Subway, and Osaka Municipal Subway, as well as the establishment of Automatic Super Delice (ASD) vending machines in small business zones. Furthermore, toward the realization of life solution stores, we are developing a convenience store/drugstore integrated store model through our store development under a franchise agreement with Higuchi Sangyo Co., LTD.

(Social Contribution Programs)

In social contribution programs, we conduct "store donations," "emergency disaster relief," "volunteer activities," and "contributions to local communities with stores that have a local 'safe areas'."

We engaged in a public donation campaign for the Kyushu heavy rain disaster in July 2012, aside from our ongoing campaign for the FamilyMart Connecting Dreams Foundation. Meanwhile, in order to carry out our mission as a lifeline supporter (a vital part of the neighborhood infrastructure) that provides daily necessities in case of a disaster, starting the end of February 2013, the Company entered into the "Agreement Concerning the Supply of First-Aid Commodities of Life in Case of Disaster" with 59 local municipalities and the "Agreement Concerning Support to Persons Who Find It Difficult to Return Home" with 45 local municipalities.

(Others)

In April 2012, the Company made SENIOR LIFE CREATE Co., Ltd., which operates the headquarters function of the "Takuhai-Cook 1・2・3" home delivery network of franchise stores that delivers *bento* products to the homes of senior citizens, into a subsidiary, and started home delivery services for FamilyMart items in December 2012 in several areas by taking advantage of this subsidiary's store and delivery networks.

As a result, total operating revenues of the "Japan" business segment increased 1.8% year over year to ¥285,067 million and net income rose 33.2% to ¥21,570 million.

(ii) "Taiwan" business

During the year under review, we endeavored to increase sales and raise profitability by promoting the opening of the *Nakashoku*-reinforced type stores, which have an in-store eat-in corner space, and developing original products centering on the *Nakashoku* products of which sales have been favorable in this type of store.

As a result, total operating revenues of the "Taiwan" business segment increased 10.1% year over year to ¥30,449 million and net income rose 7.3% to ¥1,118 million.

(iii) "Thailand" business

In Thailand, newly developed frozen *bento* products and original goods that draw on well-known characters enjoyed a good reputation, leading to increased store customers and sales. In September 2012, we restructured our Thailand business by accepting Central Retail Corporation Limited, the largest general retailer in Thailand, as a new business partner. Our business development in the Thailand business will be accelerated through synergies of the Company's convenience store management know-how and Central Retail Corporation Limited's management assets.

Pursuant to the above restructuring, Siam FamilyMart Co., Ltd. was transferred to an associated company accounted for by the equity method from a consolidated subsidiary of the Company because the Company in September 2012 sold the shares of SFM Holding Co., Ltd., the holding company of Siam FamilyMart Co., Ltd. that the Company then held.

As a result, total operating revenues of the "Thailand" business segment decreased 15.9% year over year to ¥17,101 million and net income, including the gain on sales of stocks resulting from the aforementioned restructuring, amounted to ¥3,863 million.

(iv) "South Korea" business

In South Korea, we newly developed "Pasta" and "Baked Noodle" *Nakashoku* product categories to satisfy diversifying customer needs. We also continued to proactively open new store mainly in large cities, such as Seoul, Inchon, and Pusan. Meanwhile, all the existing FamilyMart stores converted their name to CU with FamilyMart.

As a result, net income of the "South Korea" business segment dropped 48.0% year over year to ¥662 million.

(v) Other

In China, in addition to Shanghai, Guangzhou, Suzhou, and Hangzhou, Chengdu FamilyMart Co., Ltd., was established to develop franchised stores in Chengdu City. Thus, store openings in the inland area of China started in June 2012.

In Indonesia, the Company entered into an area franchise agreement with a local enterprise, PT. FAJAR MITRA INDAH, and the first FamilyMart store opened in October 2012. In the Philippines, the Company established Philippine FamilyMart CVS, Inc., an operating company to manage the FamilyMart business in the country, and the Company entered into an area franchise agreement with the company in December 2012.

(Millions of yen)

Business Segment	Total Operating Revenues	Net Income
Japan	285,067	21,570
Taiwan	30,449	1,118
Thailand	17,101	3,863
South Korea	—	662

Notes:
1. As Siam FamilyMart Co., Ltd., has been transferred to an associated company accounted for by the equity method from a consolidated subsidiary in the "Thailand" business, total operating revenues for the nine months prior to the transfer are stated in the table above.
2. "South Korea" business comprises associated companies accounted for by the equity method.

(2) Capital Expenditures

The capital expenditures of the FamilyMart Group during the year are presented in the table below. A total of ¥60,480 million in capital expenditures were primarily used for store investments, such as new store openings and the renovation of existing stores in the "Japan" business.

The breakdown of the capital expenditures in the Japan business was ¥24,478 million for new openings, repairs, and renovations of stores, etc., ¥20,762 million for leasehold deposits for store leases and ¥6,588 million for investments related to information systems.

(Millions of yen)

Business Segment	Amount Invested
Japan	51,830
Taiwan	7,429
Thailand	1,129
South Korea	—
Other	91
Total	60,480

Notes:
1. As Siam FamilyMart Co., Ltd., has been transferred to an associated company accounted for by the equity method from a consolidated subsidiary in the "Thailand" business, total operating revenues for the nine months prior to the transfer are stated in the table above.
2. "South Korea" business comprises associated companies accounted for by the equity method.

(3) Our Tasks Ahead

The economic prospects for the next fiscal term indicate that the consumption environment is expected to remain harsh in view of uncertainty regarding the stagnant employment situation and the income environment, despite the recovery of corporate profits is anticipated given likely economic and fiscal management by the government, including monetary easing measures that are being taken by the Bank of Japan.

In these circumstances, the Company will focus on the fulfillment of the roles and functions that customers request of convenience stores as the Company is engaged in social and livelihood infrastructure businesses and strive to be the preferred convenience chain through hospitality-based behavior with proposals to offerings that enrich consumers' minds in addition to convenience. Moreover, the Company will further improve franchiser functions to ensure an attractive and diversified product portfolio and thorough S&QC to increase the growth potential and earnings-creation capabilities of all the franchised chain stores. In the fiscal year ending February 28, 2014, we will endeavor to respond to customers' support and trust and contribute to local communities by offering products and services that exceed expectations under the theme of "More Smiles, More Convenience."

As for merchandise, we will pursue an increasingly satisfying diversified product portfolio through the pursuit of original quality in the FamilyMart collection and enhanced responses to the daily needs of customers by developing original products that serve customers' livelihoods and creating innovative sales floors. In addition, we will check and review the procurement of raw materials and processing methods and further streamline our distribution infrastructure to increase the gross profit margin.

In store operation, we will utilize cluster analysis and implement the "Recommended Items Replenishment Ordering System" by offering "high-quality services" beyond customers' expectations to convenience stores with a goal of increased customers and sales by ensuring an appropriate assortment of products. In addition, we intend to establish new marketplaces by utilizing moving stalls and ASD vending machines and providing home delivery services through a delivery scheme of the "Takuhai-Cook 1・2・3" home delivery network to areas without access to convenient shopping such as disaster-affected areas.

As for store development, we will proactively continue store openings in new markets, including the conversion of in-station shops into FamilyMart stores in accordance with the business alliance with Kintetsu Corporation. We will also strive to extend the store network by planning the largest-ever number of new openings through the adoption of multiple store formats: convenience store/drugstore integrated stores, stores with an eat-in corner space, and satellite stores with flexibility, for example, in terms of floor area and/or business hours. Meanwhile, we intend to open low-cost stores, of which store construction cost is reduced by curtailing the construction period.

Overseas, we intend to continuously open stores mainly in Asia so that FamilyMart can contribute to the modernization of local retailing businesses by presenting a business model that draws on our original know-how and IT systems accumulated as a Japan-originated convenience store chain. Meanwhile, we will work to enhance sales promotion measures that make the most of our overseas network, as well as aggressively open stores in the regions where FamilyMart is situated.

In "Other" business, famima.com will strive to strengthen the operation of the "famima.com" Internet shopping website and expand ticket sales through the Famiport multimedia kiosks. Famima Retail Service intends to raise the quality and expand the business scale of its existing businesses.

(4) Changes in Operating Results and Financial Position

(Millions of yen)

Category / Fiscal Term	29th Term (Year ended February 2010)	30th Term (Year ended February 2011)	31st Term (Year ended February 2012)	32nd Term (Year ended February 2013)
Corporate Group:				
Total operating revenues	278,175	319,889	329,218	334,087
Ordinary income	35,760	39,907	44,810	45,410
Net income	15,102	18,023	16,584	25,020
Net income per share (Yen)	158.47	189.74	174.70	263.57
Total assets	424,209	436,034	472,822	526,589
Total equity	206,490	216,979	225,939	248,155
Equity per share (Yen)	2,096.43	2,207.53	2,299.14	2,517.44
The Company:				
Total store sales	1,273,752	1,440,457	1,534,652	1,584,558
Total operating revenues	233,024	270,817	274,449	270,919
Ordinary income	32,682	35,887	40,650	41,470
Net income	10,305	16,678	14,321	24,186
Net income per share (Yen)	108.12	175.57	150.86	254.78
Total assets	342,962	390,416	422,516	464,849
Total equity	195,475	204,405	211,501	228,696
Equity per share (Yen)	2,050.82	2,153.16	2,227.94	2,409.15

Note:

Effective from the 31st term (year ended February 29, 2012), the "Accounting Standard for Asset Retirement Obligations" (the Accounting Standards Board of Japan (ASBJ) Statement No. 18, *Accounting Standard for Asset Retirement Obligations,* issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, *Guidance on Accounting Standard for Asset Retirement Obligations,* issued on March 31, 2008) have been applied.

(5) Status of Important Subsidiaries

(i) Important subsidiaries

Company Name	Common Stock	Percentage of Voting Rights Held by the Company (%)	Main Business
Taiwan FamilyMart Co., Ltd.	2,232 million (Taiwanese dollars)	43.50	Convenience store business
FAMIMA CORPORATION	US$12 million	100.00	Convenience store business
famima Retail Service Co., Ltd.	¥300 million	100.00	Store-related service businesses, including accounting data processing
famima.com Co., Ltd.	¥400 million	54.25	EC-related business
SENIOR LIFE CREATE Co., Ltd.	¥280 million	82.83	Home delivery and food delivery service business

(ii) Important associated companies

Company Name	Common Stock	Percentage of Voting Rights Held by the Company (%)	Main Business
Okinawa FamilyMart Co., Ltd.	¥49 million	48.98	Convenience store business
Minami Kyushu FamilyMart Co., Ltd.	¥80 million	49.00	Convenience store business
Hokkaido FamilyMart Co., Ltd.	¥200 million	49.00	Convenience store business
Siam FamilyMart Co., Ltd.	575 million (Thai baht)	48.20	Convenience store business
BGFretail Co., Ltd.	24,640 million (Korean won)	25.00	Convenience store business
Shanghai FamilyMart Co., Ltd.	310 million (Chinese yuan)	[4]	Convenience store business
Guangzhou FamilyMart Co., Ltd.	175 million (Chinese yuan)	[4]	Convenience store business
Suzhou FamilyMart Co., Ltd.	US$8 million	[4]	Convenience store business
Hangzhou FamilyMart Co., Ltd.	US$3 million	[4]	Convenience store business

Chengdu FamilyMart Co., Ltd.	US$3 million	[4]	Convenience store business
VI NA FAMILYMART CO., LTD.	48,000 million (Vietnamese dong)	44.00	Convenience store business
Philippine FamilyMart CVS, Inc.	277 million (Filipino peso)	37.00	Convenience store business
ASAHI FOOD PROCESSING CO., LTD.	¥1,000 million	39.00	Food processing business
Pocketcard Co., Ltd.	¥14,374 million	15.02	Credit card business

Notes: 1. The percentage of voting rights held by the Company (%) includes indirect shareholdings.
2. Siam FamilyMart Co., Ltd., has been transferred to an associated company accounted for by the equity method from a consolidated subsidiary of the Company because the Company in September 2012 sold the shares of SFM Holding Co., Ltd., the holding company of Siam FamilyMart Co., Ltd., that the Company then held.
3. BOKWANG FAMILYMART CO., LTD., changed its trade name to BGFretail Co., Ltd., in June 2012.
4. China CVS (Cayman Islands) Holding Corp., an associated company accounted for by the equity method, holds 100% of the voting rights of these companies. FamilyMart China Holdings Co., Ltd., a consolidated subsidiary, holds 40.35% of the voting rights of China CVS (Cayman Islands) Holding Corp.

(iii) Other important associated companies

Company Name	Common Stock	Percentage of Voting Rights in the Company (%)	Relationship with the Company
ITOCHU Corporation	¥202,241 million	31.66	Gives advice and support to the Company regarding the merchandise supply system of the convenience store business

Note: The percentage of voting rights in the Company (%) includes indirect shareholdings.

(6) Major Operating Bases

(i) Head office and others

FamilyMart Co., Ltd. (the Company)	Head office	Toshima-ku, Tokyo
	Sales offices	29 in Tokyo, 15 in Osaka, 12 in Kanagawa, 10 in Aichi, 9 in Saitama, and 97 in other prefectures (a total of 172 offices)
	Training center	Shonan Training Center (Yokosuka, Kanagawa)
	Distribution facilities	Tohoku Integrated Distribution Center (Kurokawa-gun, Miyagi), Yamagata Integrated Distribution Center (Higashine, Yamagata), Fukushima Integrated Distribution Center (Motomiya, Fukushima), and Toda Integrated Distribution Center (Toda, Saitama)
Taiwan FamilyMart Co., Ltd.		Taipei, Taiwan
FAMIMA CORPORATION		State of California, United States
famima Retail Service Co., Ltd.		Toshima-ku, Tokyo
famima.com Co., Ltd.		Toshima-ku, Tokyo
SENIOR LIFE CREATE Co., Ltd.		Minato-ku, Tokyo

Note: In addition to the above, we operate 17 integrated distribution centers, which the Company does not own but that serve as logistics bases for the Company.

ii) Number of stores engaged in the convenience store business ("FamilyMart Chain Stores")

Number of FamilyMart Chain Stores			
Prefecture	Number of Chain Stores	Prefecture	Number of Chain Stores
Aomori	47	Mie	133
Iwate	101	Shiga	115
Miyagi	216	Kyoto	199
Akita	58	Osaka	890
Yamagata	92	Hyogo	352
Fukushima	132	Nara	66
Ibaraki	195	Wakayama	71
Tochigi	134	Tottori	47
Gunma	88	Shimane	47
Saitama	486	Okayama	102
Chiba	420	Hiroshima	179
Tokyo	1,712	Yamaguchi	52
Kanagawa	667	Tokushima	59
Niigata	58	Kagawa	85
Toyama	74	Ehime	98
Ishikawa	82	Kochi	37
Fukui	92	Fukuoka	307
Yamanashi	70	Saga	56
Nagano	74	Nagasaki	139

Gifu	92	Kumamoto	103
Shizuoka	204	Oita	65
Aichi	476		
Total of the Company's own stores			8,772
Hokkaido FamilyMart Co., Ltd.		Hokkaido	58
Minami Kyushu FamilyMart Co., Ltd.		Miyazaki	88
		Kagoshima	216
Okinawa FamilyMart Co., Ltd.		Okinawa	220
JR KYUSHU RETAIL, INC.		Fukuoka and four other prefectures	127
Total of stores operated by domestic area franchisers			709
Total of stores operated in Japan			9,481
Taiwan FamilyMart Co., Ltd.		Taiwan	2,851
Siam FamilyMart Co., Ltd.		Thailand	806
BGFretail Co., Ltd.		South Korea	8,001
Shanghai FamilyMart Co., Ltd.		China	741
Guangzhou FamilyMart Co., Ltd		China	146
Suzhou FamilyMart Co., Ltd.		China	70
Hangzhou FamilyMart Co., Ltd.		China	17
Chengdu FamilyMart Co., Ltd.		China	15
FAMIMA CORPORATION		United States	9
VI NA FAMILYMART CO., LTD. Family Company Limited		Vietnam	39
PT. FAJAR MITRA INDAH		Indonesia	5
Total of stores operated overseas			12,700
Aggregate of FamilyMart chain stores worldwide			22,181

Notes: 1. The FamilyMart stores operated by JR KYUSHU RETAIL consist of 79 stores in Fukuoka Prefecture, five in Saga Prefecture, five in Nagasaki Prefecture, 19 in Kumamoto Prefecture, and 19 in Oita Prefecture.

2. Family Company Limited is a wholly owned subsidiary of Phu Thai Group Joint Stock Company, the local business partner of the Company.

(7) Status of Employees

(i) Employees of the corporate group

Business Segment	Number of Employees	Increase/Decrease from the Previous Year-End
Japan	3,801 (2,797)	+234
Taiwan	2,249 (1,897)	+142
Thailand	—	—
South Korea	—	—
Other	31 (100)	+3
Total	6,081 (4,794)	–2,246

Notes: 1. The number of employees does not include part-timers or temporary workers. The average yearly number of part-timers and temporary workers is indicated in parentheses.

2. The "Thailand" business and the "South Korea" business comprise of the associated companies accounted for by the equity method.

3. The decrease in the total number of employees from the previous year-end (–2,246) mainly reflects the change in the corporate category of Siam FamilyMart Co., Ltd. in the "Thailand" business from a consolidated subsidiary to an associated company accounted for by the equity method.

(ii) Employees of the Company

Number of Employees	Increase/Decrease from the Previous Year-End	Average Age	Average Years of Service
3,364 (2,274)	+8	37.9	9.6

Note: The number of employees does not include part-timers or temporary workers. The average yearly number of part-timers and temporary workers is indicated in parentheses.

2. Shares of the Company

(1) Total number of shares authorized to be issued 250,000,000

(2) Total number of issued shares 97,683,133

(including treasury stock of 2,754,588 shares)

(3) Number of shareholders 12,270

(4) Major shareholders

Shareholder Name	Number of Shares Held (Thousands)	Percentage Ownership (%)
ITOCHU Corporation	29,941	31.54
NTT DOCOMO, INC.	2,930	3.08
Japan Trustee Services Bank, Ltd. (Trust account)	2,538	2.67
Mizuho Bank, Ltd.	2,085	2.19
Japan Trustee Services Bank, Ltd. (Trust account 9)	2,026	2.13
Nippon Life Insurance Company	1,964	2.06
The Master Bank Trust of Japan, Ltd. (Trust account)	1,946	2.05
THE CHASE MANHATTAN BANK, N.A., LONDON SECS LENDING OMNIBUS ACCOUNT	1,532	1.61
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,362	1.43
JP MORGAN CHASE BANK 380055	1,239	1.30

Note: The percentage ownership above is calculated on the basis of the number of shares issued and outstanding (94,928,545 shares) after subtracting the number of shares of treasury stock from the total number of issued shares.

3. Corporate Officers

(1) Directors and Corporate Auditors

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Chairman and Chief Executive Officer	Junji Ueda	
Senior Managing Director	Takayuki Yokota	General Manager of Merchandising Division, General Manager of Logistics and Quality Control Division, and Chairman of Profit Structural Reform Committee
Senior Managing Director	Yoshiki Miyamoto	General Manager of Management Division, Supervisor of Internal Control Department, Chairman of Risk Management & Compliance Committee, and Chairman of Cost Structure Reform Committee
Senior Managing Director	Yasuhiro Kobe	General Manager of Information Systems Division
Managing Director	Toshio Kato	General Manager of Corporate Planning Division
Managing Director	Motoo Takada	General Manager of Store Management Division, Supervisor of Customer Service Office, and Supervisor of Franchisee Relations Office
Managing Director	Masaaki Kosaka	General Manager of International Business Division and President and Chief Executive Officer of FamilyMart China Holdings Co., Ltd.
Managing Director	Akinori Wada	General Manager of Store Development Division
Managing Director	Yukihiko Komatsuzaki	Deputy General Manager of Management Division and Outside Director of Pocketcard Co., Ltd.
Managing Director	Hiroaki Tamamaki	Deputy General Manager of Merchandising Division
Director	Noboru Takebayashi	Deputy General Manager of Information Systems Division and General Manager of Information Systems Supervision Department
Standing Corporate Auditor	Noriki Tanabe	Outside Corporate Auditor of Pocketcard Co., Ltd.
Standing Corporate Auditor	Shintaro Tateoka	

Corporate Auditor	Takashi Endo	Lawyer and Outside Corporate Auditor of ITC NETWORKS CORPORATION
Corporate Auditor	Mika Takaoka	Professor of the College of Business, Rikkyo University

Notes: 1. Standing Corporate Auditor Noriki Tanabe and Corporate Auditors Takashi Endo and Mika Takaoka are outside corporate auditors as set forth in Article 2, Item 16, of the Companies Act.
2. Corporate Auditor Mika Takaoka is an independent Auditor as per the regulations of the relevant Financial Instruments Exchange.
3. Pocketcard Co., Ltd., is an associated company of the Company. The Company entrusts its point card issuance services, etc., to Pocketcard and grants guarantees for loans from financial institutions contracted by Pocketcard.
4. The Company entrusts its legal business to Corporate Auditor Takashi Endo.
5. The Company has no significant transactions with ITC NETWORKS.
6. The Company has no special relationship with Rikkyo University.
7. Standing Corporate Auditor Masaharu Ishiguro resigned from his position as of the close of the 31st Ordinary General Meeting of Shareholders held on May 24, 2012.
8. The position of Junji Ueda was changed from President and Chief Executive Officer to Chairman and Chief Executive Officer as of January 1, 2013.

(2) Amounts of Remuneration, etc., to Directors and Corporate Auditors

Category	Number of Persons	Total Amount of Remuneration, etc. (Millions of yen)
Directors	11	461
Corporate Auditors (including outside corporate auditors)	5 (3)	59 (37)
Total	16 (3)	520 (37)

Notes: 1. The number of persons above includes one corporate auditor who retired as of the close of the 31st Ordinary General Meeting of Shareholders held on May 24, 2012.
2. In addition to the total amounts of remuneration, etc., above for directors, ¥10 million was paid as the amounts that correspond to the salary and the bonus for directors who concurrently serve as employees.
3. In addition to the amounts above, ¥3 million was paid to one retiring corporate auditor to settle a liability for retirement benefits for directors and corporate auditors pursuant to the resolution on “Final Payments Associated with Abolishment of the Officers’ Retirement Benefits Payment System,” which was adopted by the 30th Ordinary General Meeting of Shareholders held on May 26, 2011.

(3) Outside Officers

(i) Relationship between the corporations where important posts are concurrently held by our outside officers and the Company

The relationship between the corporations where important posts are concurrently held by our outside officers and the Company is as described in (1) above.

(ii) Major activities during the year

Name	Position	Major Activities
Noriki Tanabe	Outside corporate auditor	The attendance rate of Noriki Tanabe as a standing corporate auditor was 100% for the meetings of both the Board of Directors and the Board of Corporate Auditors held during the year under review. He appropriately questioned or remarked at the meetings mainly based on his experience and knowledge as a responsible official in the internal auditing department of another corporation. He also attended important meetings, such as the Management Council, consulted on important documents, such as the *Ringi* papers, and conducted visiting audits to subsidiaries and associated companies. Furthermore, he endeavors to smoothly conduct meetings of the Board of Corporate Auditors as the Chairman thereof.
Takashi Endo	Outside corporate auditor	The attendance rate of Takashi Endo was 95% for the meetings of the Board of Directors and 100% for those of the Board of Corporate Auditors held during the year under review. He appropriately questioned or remarked at the meetings from the viewpoint of a specialist in corporate legal affairs mainly based on his experience and knowledge as a lawyer.
Mika Takaoka	Outside corporate auditor	The attendance rate of Mika Takaoka was 90% for the meetings of the Board of Directors and 100% for those of the Board of Corporate Auditors held during the year under review. She appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist in the field of economics and business administration based on research activities in a university.

4. Independent Auditors

(1) Designation of the Independent Auditors

Deloitte Touche Tohmatsu LLC

(2) Amounts of Remuneration, etc.

	Amount paid (Millions of yen)
Amount of remuneration, etc., to the Independent Auditors pertaining to the year under review	82
Sum of other financial profits to be paid by the Company and its subsidiaries to the Independent Auditors	87

Notes: 1. The audit agreement entered into by the Independent Auditors and the Company does not distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the "Amount of remuneration, etc., to the Independent Auditors pertaining to the year under review" above includes the sum of these two categories of remuneration.

2. Of the important subsidiaries, Taiwan FamilyMart Co., Ltd., receives independent audits by Certified Public Accountants or auditing firms different from the Independent Auditors of the Company.

(3) Content of the Non-audit Services

Advice and instructions or the like with regard to the adoption of International Financial Reporting Standards (IFRSs)

(4) Policy on Decisions of Dismissal or Non-reappointment of the Independent Auditors

As for dismissal of the Independent Auditors, the Board of Directors and the Board of Corporate Auditors will examine whether the Independent Auditors should be dismissed if any circumstance falling under any of the items set forth in Article 340, Paragraph 1, of the Companies Act takes place.

As for non-reappointment of the Independent Auditors, the Board of Directors and the Board of Corporate Auditors will examine whether the Independent Auditors should be reappointed by taking into account the quality of the audits having been executed thereby, in addition to the case of non-reappointment due to the Company's own convenience.

5. Corporate Systems and Guidelines

(1) Outline of the Systems to Ensure Compliance of the Directors' Execution of Duties with Laws, Regulations, and the Articles of Incorporation, as well as the Propriety of Other Business Operations

(i) Systems to ensure compliance of the execution of duties by directors and employees with laws, regulations, and the Articles of Incorporation

1) The Board of Directors meetings shall be held once every month, in principle, and shall request at the meetings that the Representative Director and other directors report on the progress of their duties being executed. To enhance the auditing function, the Company shall take the necessary measures to ensure the effectiveness of the audits conducted by the corporate auditors, whereas the corporate auditors shall examine whether the independence of the Independent Auditors is strictly maintained.

2) The Company shall establish a committee that directly reports to the President and Chief Executive Officer as an organization to control and oversee ethics- and compliance-related activities and a dedicated department or section to promote company-wide disseminating activities for ethics and compliance.

Meanwhile, the Audit Office regularly conducts audits to examine the compliance conditions of ethics, laws, and regulations.

3) The Company shall formulate the "FamilyMart Ethics and Compliance Basic Guidelines" and other guidelines related to ethics and compliance, and establish rules in compliance with major laws and regulations, such as the Food Sanitation Law. Moreover, we will disseminate the ethics, laws, and regulations with which our franchisees should be acquainted through the cooperation of related departments and sections using various kinds of manuals.

4) An internal whistle-blowing system shall be adopted, according to which a Hotline channel shall be established to streamline the consultation and inquiries of employees' concerns internally and externally so as to rectify violations or prevent infringements regarding ethics and compliance.

(ii) Rules and other systems regarding loss risk management

1) The Company shall establish a committee that directly reports to the President and Chief Executive Officer as an overall risk management organization to control the management of various risks that the Company might face in the future and a dedicated department or section to promote company-wide risk management and relevant activities for thorough risk management. The Audit Office shall regularly conduct audits to examine the risk management conditions in the respective departments and sections.

2)The Company shall prepare a Risk Map, on which various types of risks that the respective departments and sections might encounter are assessed and classified by factor, to determine priority factors to be addressed selectively. Thus, the Company shall streamline rules regarding the system and methods for minimizing the effects of the risk concerned.

3) The Company shall establish a department or section to listen to customers' feedback, including complaints and reproaches so that such input may be fully utilized in future management.

4) The Company shall streamline a business continuity plan to take emergency responsive measures for the purpose of fulfilling its missions for customers as a convenience chain store in a state of emergency, such as a large-scale disaster.

(iii) Systems to ensure propriety of our financial reports

1) The Company shall establish a committee that directly reports to the President and Chief Executive Officer as an organization to supervise and control overall activities regarding the propriety of our financial reports and a dedicated department or section to ensure the propriety of internal financial reports. The Audit Office shall regularly conduct audits on systems to ensure the propriety of financial reports.

2) The Company shall determine the major factors that might affect the propriety of financial reports and streamline rules regarding the system and methods for minimizing the effects due to such factors in accordance with the Financial Instruments and Exchange Act.

(iv) Systems to ensure efficient execution of directors' duties

The Company shall establish the Management Council and the Development and Marketing Policies Meeting (Council) as advisory bodies for decision making on the execution of important business affairs, both of which are presided over by the President, to allow the directors to make decisions in executing their duties through rapid and careful deliberations. Moreover, the Company shall adopt an executive officer system, with which the execution of business affairs can be made more efficient by sharing such execution among the executive officers via the increased delegation of authority. In addition, the Board of Directors shall determine the scope of job responsibility for each director and establish the "Rules on Operational Approvals, Functional Authority, and Responsibility" to clarify the functional authority and responsibility of the respective directors for more appropriate execution of business affairs.

(v) Systems to keep and manage information pertaining to the execution of duties by directors

The Company shall establish and maintain its document handling rules compliant with relevant laws and regulations with regard to the preparation of information stated or recorded in important documents for approval (including electromagnetic media), such as minutes of important meetings, including those of the Board of Directors and the Management Council, *Ringi* papers, and authorized documents. Moreover, the Company shall put in place a system to allow directors, corporate auditors, and other concerned parties to inspect the above documents in compliance with relevant laws and regulations.

(vi) Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries

1) The Company shall firmly control the management of all the group companies, which consist of subsidiaries and associates, and dispatch directors and/or corporate auditors, as the case may be, to make their business operations more reasonable and appropriate. In addition, the Company shall give advice and guidance to help them standardize business operations, especially for streamlining major internal control items.

2) The Company shall support regular exchanges of information and the combined or interlocked execution of measures between its Board of Corporate Auditors and the corporate auditors at the respective group companies to maintain the group-wide internal control systems.

(vii) Employees in cases where a corporate auditor requests the Company to dispatch several employees as assistants to support his/her duties

The Company shall establish the Corporate Auditors' Secretariat and appoint several dedicated employees thereto who should assist in the execution of the corporate auditor duties. A corporate auditor may give directions or orders to such employees, as far as the matters required for audit duties are concerned.

(viii) Independence from directors for employees who are to assist the corporate auditors in the execution of their duties

Employees who assist the corporate auditors in the execution of their duties shall obey only the directions given by the corporate auditor concerned in carrying out his/her own duties and shall not receive directions or orders from any other directors and/or employees.

(ix) Systems to help directors and employees report to the corporate auditors and other systems relating to reporting to the corporate auditors

1) The corporate auditors of the Company shall attend the Board of Directors meetings, attend other important meetings, such as those of the Management Council, listen to explanations from the directors and other relevant personnel, and examine associated materials.

2) The directors and employees of the Company shall periodically report the results of the internal audit, the status of the execution of the internal whistle-blowing system, competitive trade information, and trade implying conflicts of interest involving the Company and a director and so on.

(x) Other systems to ensure effective audits by the corporate auditors

1) The corporate auditors of the Company shall periodically meet the President to hear him/her explain managerial issues, various risks surrounding the Company, and other subjects. Meanwhile, the corporate auditors shall exchange ideas and receive reports about the internal audit from the Audit Office.

2) Any corporate auditor may entrust research with or seek advice from independent outside experts if it is deemed necessary to conduct proper audits.

(2) Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations)

(i) Basic policy regarding persons who control the Company's decisions on financial matters and business policies (hereinafter the "Basic Policy")

FamilyMart believes it desirable that the persons who control the Company's decisions on financial matters and business policies should be focused on ensuring and enhancing the corporate value of the Company and the common interests of the shareholders.

The Company mainly engages in the franchised convenience store business and conducts business activities, including other services, which are related to the mainstay convenience store business. The Company aims to improve earnings for both franchisees and the Company on an ongoing basis, based on the CO-GROWING concept, according to which the Company should co-prosper with stakeholders, such as shareholders, associated owners (franchisees), business partners, employees, and communities in positive relationships.

It is indispensable for the management of the Company to have a broad range of know-how and experience regarding its franchised operations and sufficiently understand relations with these stakeholders in Japan and overseas. Indeed, they are the tangible and intangible assets that the Company has nurtured since its foundation and our business operations derive from these assets.

Accordingly, the Company believes that persons who might be considered to cause an impairment to the corporate value and/or the common interests of the shareholders derived from the aforementioned assets, including shareholders, could be judged inappropriate to control the Company's decisions on financial matters and business policies.

The Company also believes that the corporate value and common interests of the shareholders should be protected if such persons as mentioned below were to conduct or propose to make a large-scale purchase of FamilyMart shares in cases where 1) the corporate value of the Company and the common interests of the shareholders might be clearly damaged by the purchaser's objective of a large-scale purchase or the subsequent management policies; 2) the shareholders might be forced to sell their shares, in effect; 3) the Board of Directors is not given a reasonable period to offer alternative plans; 4) the shareholders do not have sufficient information to examine the conditions to judge the purchase proposal; 5) the purchase conditions (e.g., value and type of compensation, purchase timing, legality of the purchase method and probability of the execution of the purchase) are insufficient or improper in view of the primary values of the Company; and/or 6) the purchaser has the intent of destroying relations with or among stakeholders, which are vital to maintain and increase the corporate value of the Company.

(ii) Initiatives to help realize the Basic Policy

1) Basic management policies

The Company's "FamilyMart Basic Philosophy" prescribes that we should continue our efforts to create stores that give each customer the immediate feeling of being warmly accepted toward a goal of contributing to comfortable consumer lives through hospitality-based behavior with proposals to enrich consumers' minds. At the same time, the Company has established "Famimaship"— a code of conduct with common values for employees and franchisees.

Under the slogan of "FamilyMart, Where You Are One of the Family," FamilyMart aims to realize the FamilyMart Basic Philosophy and endeavors to further improve its corporate value.

2) Medium- and long-term management strategies

To be the leading quality company in the industry, FamilyMart consistently strives to strengthen its management foundations as a franchising headquarters by proactively tackling such challenges as enhancing the competitiveness of each store, ensuring an attractive and diversified product portfolio, and establishing a network of high-quality stores. In addition, we will push ahead with the development of overseas store chains in pursuit of our Pan Pacific Plan (a plan to create a store network in Pacific

Rim countries) as a Japan-originated convenience store chain.

The Company considers returning its profits to the shareholders an important management policy as described in “(3) Policy Regarding a Decision on Cash Dividends, etc.” below.

We continue to conduct the “FamilyMart Feel” campaign to achieve hospitality-based stores that achieve stronger support among customers. Moreover, we will take the initiative in promoting activities in all aspects of product development, services, store operation, store development, and environment and CSR toward contributing to local communities with solidified foundations as a social infrastructure and increasing sales and profits and raising corporate value.

3) Strengthening corporate governance

Based on our belief that strong corporate governance leads to ensuring and enhancing corporate value and the common interests of the shareholders, the Company has established and is actually operating the internal control systems as described in Item (1) above.

(iii) Above initiatives are deemed to comply with the Basic Policy and they do not impair the common interests of the Company’s shareholders or aim to protect the positions of any of the Company’s officers, and the reason for such judgment

The above initiatives aim to maintain and improve earnings and return profits to the shareholders by maximally utilizing the Company’s assets having been established among the stakeholders, including shareholders, so that they may contribute to ensuring and enhancing the corporate value and the common interests of the shareholders.

Consequently, the above initiatives comply with the Basic Policy, and they do not impair the common interests of the Company’s shareholders or aim to protect the positions of any of the Company’s officers.

(3) Policy Regarding a Decision on Cash Dividends, etc.

The Company considers returning its profits to the shareholders an important management policy. The Company abides by a fundamental policy of stably distributing performance growth-based results on a continuing basis with regard to cash dividends and will therefore determine the amount of dividends with due consideration to consolidated performance. The Company’s payout ratio target will be 40% on a consolidated basis for the next several years.

The Company intends, as required, to acquire treasury stock to carry out a flexible capital policy. The Company strives to reinforce its management and improve business performance by applying its internal reserve to further enhance financial capabilities, open new stores, renovate existing stores, and invest strategically in new fields.

Note: Amounts above a unit are rounded down in the Business Report.

Consolidated Balance Sheet

(As of February 28, 2013)

(Millions of yen)

Account Name	Amount	Account Name	Amount
(Assets)		**(Liabilities)**	
Current Assets	**226,642**	**Current Liabilities**	**208,062**
Cash and cash equivalents	88,227	Trade accounts for franchised and Company-owned stores	75,489
Due from franchised stores	14,644		
Marketable securities	51,080	Due to franchised stores	4,731
Merchandise	8,161	Current portion of long-term lease obligations	7,696
Prepaid expenses	9,789	Other payables	21,785
Deferred tax assets	2,389	Accrued expenses	5,986
Other receivables	30,238	Income taxes payable	14,392
Other current assets	22,354	Deposits received	74,318
Allowance for doubtful receivables	(243)	Other current liabilities	3,660
Fixed Assets	**299,947**	**Long-Term Liabilities**	**70,371**
Property and Store Facilities	**109,154**	Long-term lease obligations	35,271
Buildings and structures	40,028	Liability for retirement benefits	8,070
Furniture and fixtures	47,838		
Land	16,267	Asset retirement obligations	12,694
Other	5,019		
Intangible Assets	**20,409**	Leasehold deposits from franchised stores	10,457
Software	9,955	Other long-term liabilities	3,878
Goodwill	5,322	**Total Liabilities**	**278,434**
Goodwill attributable to individual stores	4,246	**(Equity)**	
Other	884	**Shareholders' Equity**	**238,875**
Investments and Other Assets	**170,383**	Common stock	16,658
Investment securities	36,947	Capital surplus	17,389
Deferred tax assets	6,241	Retained earnings	213,580
Leasehold deposits	117,895	Treasury stock	(8,752)
Other assets	12,193	**Accumulated other comprehensive income**	**101**
Allowance for doubtful receivables	(2,894)	Unrealized gain on available-for-sale securities	1,628
		Foreign currency translation adjustments	(1,526)
		Minority Interests	**9,178**
		Total Equity	**248,155**
Total Assets	**526,589**	**Total Liabilities and Equity**	**526,589**

Note: Amounts above a unit are rounded down.

Consolidated Statement of Income

(March 1, 2012 through February 28, 2013)

(Millions of yen)

Account Name	Amount	
Operating Revenues		
Commissions from franchised stores	198,222	
Other operating revenues	30,799	229,022
Net Sales		**105,065**
Total Operating Revenues		**334,087**
Cost of Sales		**72,987**
Gross Profit		**(32,077)**
Operating Gross Profit		**261,099**
Selling, General, and Administrative Expenses		**217,992**
Operating Income		**43,107**
Other Income		
Interest income	1,496	
Dividend income	133	
Equity in earnings of unconsolidated subsidiaries and associated companies	878	
Other	825	3,333
Other Expenses		
Interest expense	876	
Other	154	1,030
Ordinary Income		**45,410**
Extraordinary Income		
Gain on sales of fixed assets	37	
Gain on sales of investments in associated companies	4,474	4,511
Extraordinary Losses		
Loss on sales of fixed assets	135	
Loss on disposition of fixed assets	1,545	
Loss on impairment of long-lived assets	2,361	
Loss on cancellation of land and building lease contracts	1,078	
Other	294	5,414
Income before Income Taxes and Minority Interests		**44,507**
Income taxes—current	17,582	
Income taxes—deferred	153	17,735
Net Income before Minority Interests		**26,772**
Minority interests in net income		1,751
Net Income		**25,020**

Note: Amounts above a unit are rounded down.

Consolidated Statement of Changes in Equity

(March 1, 2012, through February 28, 2013)

(Millions of yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance, March 1, 2012	16,658	17,389	196,913	(8,743)	222,218
Changes of items during the period					
Cash dividends			(8,353)		(8,353)
Net income			25,020		25,020
Purchase of treasury stock				(9)	(9)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	16,666	(8)	16,657
Balance, February 28, 2013	16,658	17,389	213,580	(8,752)	238,875

	Accumulated Other Comprehensive Income			Minority Interests	Total Equity
	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Income		
Balance, March 1, 2012	239	(4,197)	(3,958)	7,679	225,939
Changes of items during the period					
Cash dividends					(8,353)
Net income					25,020
Purchase of treasury stock					(9)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	1,388	2,670	4,059	1,498	5,558
Total changes of items during the period	1,388	2,670	4,059	1,498	22,216
Balance, February 28, 2013	1,628	(1,526)	101	9,178	248,155

Note: Amounts above a unit are rounded down.

Notes to the Basis of Presenting the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries: 11 companies
Major consolidated subsidiaries: Taiwan FamilyMart Co., Ltd.; FAMIMA CORPORATION; famima Retail Service Co., Ltd.; famima.com Co., Ltd.; and SENIOR LIFE CREATE Co., Ltd.

(2) Major unconsolidated subsidiaries: Taiwan Distribution Center Co., Ltd.
(Reason for exclusion from consolidation)
The respective sums of total assets, total operating revenues, net income (corresponding to the equity held by FamilyMart Co., Ltd. (the "Company)), and retained earnings (corresponding to the equity held by the Company) of the 10 unconsolidated subsidiaries have no significant impact on accounts in the consolidated financial statements.

2. Application of the Equity Method

(1) Unconsolidated subsidiaries accounted for by the equity method: 9 companies
Major unconsolidated subsidiaries accounted for by the equity method: Taiwan Distribution Center Co., Ltd.

(2) Associated companies accounted for by the equity method: 20 companies
Major associated companies accounted for by the equity method: Okinawa FamilyMart Co., Ltd.; Minami Kyushu FamilyMart Co., Ltd.; Hokkaido FamilyMart Co., Ltd.; Siam FamilyMart Co., Ltd.; BGFretail Co., Ltd.; Shanghai FamilyMart Co., Ltd.; Guangzhou FamilyMart Co., Ltd.; Suzhou FamilyMart Co., Ltd.; Hangzhou FamilyMart Co., Ltd.; Chengdu FamilyMart Co., Ltd.; VI NA FAMILYMART CO., LTD.; Philippine FamilyMart CVS, Inc.; ASAHI FOOD PROCESSING CO., LTD.; and Pocketcard Co., Ltd.

(3) An unconsolidated subsidiary that is not accounted for by the equity method (FamilyMart HongKong Limited) is excluded from the application of the equity method because its net income/loss (corresponding to the equity held by the Company) and retained earnings (corresponding to the equity held by the Company) have no significant impact on accounts in the consolidated financial statements of the Company. It is immaterial on the whole.

(4) As for the companies accounted for by the equity method, the financial statements for the respective fiscal years are used for those that have a closing date that differs from the consolidated closing date, which was February 28 for the year under review.

3. Closing Date for the Settlement of Accounts of Consolidated Subsidiaries

For some of the consolidated subsidiaries, the closing date is December 31 (Taiwan FamilyMart Co., Ltd.; FAMIMA CORPORATION; and three other companies). In preparing the consolidated financial statements, the financial statements as of December 31 are used with regard to these companies. As the closing date of SENIOR LIFE CREATE Co., Ltd., a newly consolidated subsidiary effective from the year under review, is March 31, its financial statements based on a provisional settlement of accounts as of December 31, 2012, were used. The financial statements of the respective consolidated subsidiaries are provided with necessary adjustments for consolidation purposes with regard to material transactions between their provisional closing dates and the consolidated closing date (February 28).

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for important assets

(i) Marketable securities and investment securities

Securities—trading:

Valued at fair value.

Held-to-maturity debt securities:

Valued at amortized cost by the straight-line method.

Other securities:

Available-for-sale securities for which the fair values are readily determinable:

Valued at market as of the balance sheet date. Unrealized gain or loss is included directly in total equity. The cost of securities sold is determined by the moving-average method.

Available-for-sale securities for which the fair values are not readily determinable:

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

(ii) Derivatives

Derivative instruments are valued at fair value.

(iii) Inventories

Merchandise:

Mainly valued at cost determined by the retail method (computed by the write-down of book values due to the decline in profitability for the amounts stated on the consolidated balance sheet).

(2) Depreciation method of major depreciable assets

(i) Property and store facilities (excluding leased property)

The depreciation of property and store facilities at the Company and its domestic consolidated subsidiaries is computed by the declining-balance method using the applicable rates based on the estimated useful lives of the assets, while the straight-line method is adopted at overseas-consolidated subsidiaries.

However, buildings (excluding building improvements) acquired on or after April 1, 1998, by the Company and its domestic consolidated subsidiaries are depreciated using the straight-line method.

The range of useful lives is principally 2–50 years for buildings and structures and 2–20 years for furniture and fixtures.

(ii) Intangible assets (excluding leased property)

Software:

Capitalized software of the Company and its domestic consolidated subsidiaries is stated at cost less accumulated amortization, which is calculated by the straight-line method over the estimated useful lives (five years).

Goodwill attributable to individual stores:

Stated at cost less accumulated amortization, which is calculated by the straight-line method over the duration of amortization (weighted-average years of amortization: 12 years).

(iii) Leased property

Leased property related to finance lease transactions other than those where the ownership of the leased property is deemed to be transferred to the lessee is amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

Of finance lease transactions other than those where the ownership of the leased property is deemed to be transferred to the lessee, those of which the commencement day of the lease transaction is prior to February 28, 2009, are accounted for as ordinary rental transactions.

(iv) Long-term prepaid expenses

Primarily, long-term prepaid expenses are equally amortized using the straight-line method.

(3) Accounting for important reserves

(i) Allowance for doubtful receivables

The 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 actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability of each doubtful receivable for specific doubtful receivables.

The allowance for doubtful receivables is provided by overseas-consolidated subsidiaries for a required amount, taking into account the collectability of each doubtful receivable.

(ii) Liability for retirement benefits

The liability for retirement benefits is provided based on projected benefit obligations and the fair value of plan assets at the balance sheet date.

Past service liability is amortized by the straight-line method over the average remaining service years for employees (13 years) at the time of recognition, from the fiscal year of recognition.

Actuarial gain or loss is amortized by the straight-line method over the average remaining service years for employees (mainly 13 years) at the time of recognition, from the following fiscal year of recognition.

(4) Other important matters as the basis of presenting the consolidated financial statements

(i) Translation of important assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates at the balance sheet date, and differences arising from such translation are charged to income. The asset and liability accounts of the overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of each balance sheet date. The revenue and expense accounts of the overseas subsidiaries are translated into Japanese yen at the annual average exchange rate. Differences arising from such translation are included in "Foreign currency translation adjustments" and "Minority interests" as separate components of "Equity."

(ii) Amortization method and period for goodwill

Goodwill is equally amortized using the straight-line method over a period of 5–10 years.

(iii) Accounting for consumption taxes

Transactions subject to the consumption tax and the local consumption tax are recorded at amounts exclusive of the consumption tax.

5. Change in Presentation Method

(Consolidated balance sheet)

Effective from the fiscal year ended February 28, 2012, "Goodwill," which was included in "Other" under "Intangible assets" for the previous fiscal year, is separately presented due to the increased monetary importance. The goodwill for the previous fiscal year was ¥380 million.

Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of property and store facilities ¥74,497 million

2. Guaranteed obligations

The Company granted guarantees for loans from financial institutions contracted by the following subsidiaries and associates.

Hokkaido FamilyMart Co., Ltd.	¥66 million
Pocketcard Co., Ltd.	¥4,089 million
Total	¥4,156 million

Notes to the Consolidated Statement of Changes in Equity

1. Type and total number of issued shares at the end of the year

Common stock 97,683,133 shares

2. Dividends

(1) Dividends paid

Resolution	Type of Shares	Total Amount of Dividends (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
Board of Directors meeting held on April 17, 2012	Common stock	3,987	42.00	February 29, 2012	May 7, 2012
Board of Directors meeting held on October 11, 2012	Common stock	4,366	46.00	August 31, 2012	November 9, 2012

(2) Of the dividends for which the record date is in the year under review, and the effective date of the dividends will be in the next fiscal year

As a proposal at the Board of Directors meeting to be held on April 16, 2013, the Company plans to propose the following regarding the dividends of common stock shares.

Total Amount of Dividends (Millions of yen)	Source of Funding the Dividends	Dividend per Share (Yen)	Record Date	Effective Date
5,126	Retained earnings	54.00	February 28, 2013	May 2, 2013

Notes to Financial Instruments

1. Matters related to the status of financial instruments

(1) Policies on financial instruments
The Company and its consolidated subsidiaries conduct their fund management only with certain limited financial instruments with high safety. They utilize derivative instruments to hedge their exposure to the risks described below, but do not enter into such transactions for speculative purposes.

(2) Description of financial instruments and related risks
Dues from franchised stores and other receivables, which are trade receivables, are exposed to the credit risk of the respective counterparties.

Held-to-maturity debt securities included in the category of “marketable securities and investment securities” are exposed to insignificant credit risk because the Company and its consolidated subsidiaries trade only those having obtained a rating at or higher than certain levels and regularly monitor the fair value and the financial condition of the respective issuers. Stocks included in the category of investment securities are primarily those issued by corporations that have business relations with the Company and part of such stocks are exposed to the market price fluctuation risk.

Leasehold deposits, which are primarily involved in the leases of store properties, are exposed to the credit risk of the depository facilities.

Trade accounts for franchised and Company-owned stores and due to franchised stores, both of which are trade payables, generally entail the due date for payments, which typically matures within one (1) month.

Lease obligations related to finance lease transactions are mainly intended to finance capital investments for our stores. The redemption date for the lease obligations is therefore a maximum of eight (8) years from the closing date of accounts, with fixed-interest rates for all the obligations.

Leasehold deposits from franchised stores are primarily associated with the subleases of store properties to FamilyMart franchisees.

As derivative transactions are made with forward foreign exchange contracts, which are used to hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables, the credit risk is insignificant as such derivative transactions are entered into only with financial institutions of a high rating caliber.

(3) Risk management system for financial instruments
(i) Management of the credit risk (risk relative to the default for agreements at the counterparties)
The Company routinely manages the due date and credit balance of customers for trade receivables to identify early and reduce the concerns on debt collection due to the deterioration of their financial condition.

The Company carefully checks the collectability of leasehold deposits including the examination of the depository facilities concerned when entering into lease agreements. In addition, the Property Administration Department works to collect information on the depository facilities, as required, early understanding and reducing concerns on debt collection due to the deterioration of their financial condition.

(ii) Management of the market risk (risk regarding foreign exchange rate and interest rate fluctuations)
The Company uses forward foreign exchange contracts to primarily hedge against the adverse impact of fluctuations in foreign currency exchange rates on foreign currency denominated receivables toward its subsidiaries and associated companies in view of the foreign exchange rate conditions.

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

The Accounting and Finance Department establishes and manages derivative transactions upon approval of the *kessaisha* (final decision maker) in accordance with its internal regulations 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 Company and its consolidated subsidiaries appropriately prepare and review their cash management plans at the proper timing and control the liquidity risk with sufficient liquidity in hand and other means.

(4) Supplemental explanation on fair value of financial instruments, etc.

The fair value of financial instruments includes not only the value to be determined based on their market prices but also the rationally calculated value if the market price is lacking. As variable factors are incorporated in the calculation of the fair value thereof, the fair value may vary when different preconditions or the like are adopted.

2. Matters related to the fair value of financial investments, etc.

The following table indicates the carrying value in the consolidated balance sheet, the fair value and the unrealized gain (loss) as of February 28, 2013. Assets and liabilities, for which it is deemed extremely difficult to measure the fair value, are not included in the table below. (Refer to Note 2.)

(Millions of yen)

	Carrying Value in the Consolidated Balance Sheet	Fair Value	Unrealized Gain (Loss)
(1) Cash and cash equivalents	88,227	88,227	—
(2) Due from franchised stores	14,644	14,644	—
(3) Other receivables	30,238	30,238	—
(4) Marketable securities and investment securities			
Securities—trading	183	183	—
Held-to-maturity debt securities	49,196	49,243	47
Other securities	16,250	16,250	—
Investment in stocks of subsidiaries and associates	4,777	5,916	1,139
(5) Leasehold deposits	117,895		
Allowance for doubtful receivables (*)	(347)		
	117,547	112,982	(4,564)
Total assets	321,066	317,687	(3,378)
(1) Trade accounts for franchised and Company-owned stores	75,489	75,489	—
(2) Due to franchised stores	4,731	4,731	—
(3) Current portion of long-term lease obligations	7,696	7,696	—
(4) Other payables	21,785	21,785	—
(5) Income taxes payable	14,392	14,392	—
(6) Deposits received	74,318	74,318	—
(7) Long-term lease obligations	35,271	35,475	204
(8) Leasehold deposits from franchised stores	10,457	10,209	(248)
Total liabilities	244,144	244,099	(44)
Derivative transactions	—	—	—

*The allowance for doubtful receivables, which is accounted for the leasehold deposits, is deducted.

Notes:

1. Calculation method of the fair value of financial instruments

Assets

(1) Cash and cash equivalents, (2) Due from franchised stores, and (3) Other receivables
As these assets are settled within a short time, the fair value thereof is almost equal to the book value. Accordingly, the calculation of the fair value of these assets is based on the book value concerned.

(4) Marketable securities and investment securities
As for the calculation of the fair value of these assets, stocks are based on the prices traded at the stock exchange, whereas debentures are based on the prices proposed by the correspondent financial institution.

(5) Leasehold deposits
The calculation of the fair value of these assets is based on the present value to be achieved by discounting the rationally projected future cash flows at the rate of yield for governmental bonds, which corresponds to the remaining period.

Liabilities

(1) Trade accounts for franchised and Company-owned stores, (2) Due to franchised stores, (3) Current portion of long-term lease obligations, (4) Other payables, (5) Income taxes payable, and (6) Deposits received
As these liabilities are settled within a short time, the fair value thereof is almost equal to the book value. Accordingly, the calculation of the fair value of these liabilities is based on the book value concerned.

(7) Long-term lease obligations
The calculation of the fair value of these liabilities is based on the present value to be achieved by discounting the total of principal and interest at a discount rate, which is projected in case of similar new lease transactions.

(8) Leasehold deposits from franchised stores
The calculation of the fair value of these liabilities is based on the present value to be achieved by discounting the rationally projected future cash flows at the rate of yield for governmental bonds, which corresponds to the remaining period.

Derivative transactions

None applicable

2. Financial instruments for which it is deemed difficult to measure the fair value

Category	Carrying Value in the Consolidated Balance Sheet (Millions of yen)
Unlisted stocks	17,620

Unlisted stocks, which are nonmarketable and for which it is deemed difficult to measure the fair value, are not included in (4) Marketable securities and investment securities.

Notes to Per-Share Information

1. Equity per share: ¥2,517.44
2. Net income per share: ¥263.57

Other Notes

1. Loss on impairment of long-lived assets:

As a minimum unit of generating cash flows of the FamilyMart Group, the assets of each store have been grouped as a basic unit. The assets have been separately grouped for the respective idle immovable estates and others.

The book value of the following stores with considerably declining profitability was reduced to the respective recoverable amounts, and the reductions were recorded as a loss on impairment of long-lived assets under extraordinary losses (¥191 million in land, ¥920 million in buildings, ¥896 million in furniture and fixtures, and ¥352 million in other).

Application	Location	Category	Loss on Impairment (Millions of yen)
Stores, etc.	Machida City, Tokyo and others	Land, buildings, furniture and fixtures, and others	2,361

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

Future cash flows discounted at a rate of 3.14% are used to calculate the value in use, whereas the net realizable value is mainly calculated based on the assessments of inheritance tax according to the prices of land fronting major roads. The assets that have been judged as substantially valueless are assessed to have a zero net realizable value in view of the disposability of the assets concerned.

2. Additional Information

(Application of the accounting standard for accounting changes and error corrections)

The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, *Accounting Standard for Accounting Changes and Error Corrections,* issued on December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, *Guidance on Accounting Standard for Accounting Changes and Error. Corrections,* issued on December 4, 2009) have been applied for accounting changes and corrections of prior period errors that were made on and after the beginning of the fiscal year ended February 28, 2013.

Balance Sheet

(As of February 28, 2013)

(Millions of yen)

Account Name	Amount	Account Name	Amount
(Assets)		**(Liabilities)**	
Current Assets	**195,031**	**Current Liabilities**	**171,686**
Cash and cash equivalents	69,005	Accounts payable—trade	66,454
Due from franchised stores	14,644	Due to franchised stores	3,908
Marketable securities	50,896	Current portion of long-term lease obligations	7,671
Merchandise	2,245	Other payables	19,748
Prepaid expenses	9,514	Accrued expenses	2,346
Deferred tax assets	2,198	Income taxes payable	13,603
Other receivables	26,056	Deposits received	56,501
Advances	10,882	Other current liabilities	1,450
Short-term leasehold deposits	7,370	**Long-Term Liabilities**	**64,466**
Other current assets	2,395	Long-term lease obligations	35,234
Allowance for doubtful receivables	(178)	Liability for retirement benefits	7,423
Fixed Assets	**269,817**	Asset retirement obligations	12,661
Property and Store Facilities	**86,783**	Leasehold deposits from franchised stores	5,814
Buildings	27,632	Other long-term liabilities	3,331
Structures	4,198	**Total Liabilities**	**236,152**
Machinery and equipment	4,762	**(Equity)**	
Furniture and fixtures	39,331	**Shareholders' Equity**	**227,087**
Land	10, 694	**Common Stock**	**16,658**
Other	164	**Capital Surplus**	**17,388**
Intangible Assets	**13,774**	Additional paid-in capital	17,056
Software	8,814	Other capital surplus	331
Goodwill attributable to individual stores	4,246	Gain on sales of treasury stock	331
Other	713		
Investments and Other Assets	**169,259**	**Retained Earnings**	**201,793**
Investment securities	15,281	Legal reserve	2,668
Investment in stocks of subsidiaries and associates	26,866	Other retained earnings	199,125
		General reserve	170,253
		Retained earnings carried forward	28,871
Long-term loans receivable from subsidiaries and associates	950		
Long-term prepaid expenses	8,386	**Treasury Stock**	**(8,752)**
Deferred tax assets	8,413	**Valuation, Translation Adjustments and Others**	**1,608**
Leasehold deposits	115,067		
Other assets	3,498	**Unrealized gain on Available-for-Sale Securities**	**1,608**
Allowance for doubtful receivables	(3,351)		
Allowance for losses on investment	(5,852)	**Total Equity**	**228,696**
Total Assets	**464,849**	**Total Liabilities and Equity**	**464,849**

Note: Amounts above a unit are rounded down.

Statement of Income

(March 1, 2012 through February 28, 2013)

(Millions of yen)

Account Name	Amount	
Operating Revenues		
Commissions from franchised stores	182,777	
(Net sales of franchised stores as the basis of franchise fees: ¥1,516,474 million)		
(Total including net sales of the Company-owned stores: ¥1,584,558 million)		
Other operating revenues	20,058	**202,835**
Net Sales		**68,084**
Total Operating Revenues		**270,919**
Cost of Sales		**48,370**
Gross Profit		**(19,713)**
Operating Gross Profit		**222,549**
Selling, General, and Administrative Expenses		**183,614**
Operating Income		**38,935**
Other Income		
Interest income	1,272	
Interest on marketable securities	168	
Dividend income	1,200	
Reversal of loss on investments of subsidiaries and associates companies	376	
Other	459	**3,477**
Other Expenses		
Interest expense	856	
Other	85	**942**
Ordinary Income		**41,470**
Extraordinary Income		
Gain on sales of fixed assets	21	
Gain on sales of investments in associated companies	2,035	
Reversal of loss on investments of subsidiaries and associates companies	2,992	**5,049**
Extraordinary Losses		
Loss on disposition of fixed assets	1,491	
Loss on impairment of long-lived assets	2,300	
Loss on cancellation of land and building leasehold deposits	1,035	
Loss on investments of subsidiaries and associates companies	1,375	
Other	270	**6,472**
Net Income before Income Taxes		**40,047**
Income taxes—current	16,103	
Income taxes—deferred	(241)	**15,861**
Net Income		**24,186**

Note: Amounts above a unit are rounded down.

Statement of Changes in Equity

(March 1, 2012 through February 28, 2013)

(Millions of yen)

	Shareholders' Equity							
		Capital Surplus			Retained Earnings			
						Other Retained Earnings		
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Total Capital Surplus	Legal Reserve	General Reserve	Retained Earnings Carried Forward	Total Retained Earnings
Balance, March 1, 2012	16,658	17,056	331	17,388	2,668	165,753	17,539	185,961
Changes of items during the period								
Provision for general reserve						4,500	(4,500)	—
Cash dividends							(8,353)	(8,353)
Net income							24,186	24,186
Purchase of treasury stock								
Disposal of treasury stock			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	0	0	—	4,500	11,332	15,832
Balance, February 28, 2013	16,658	17,056	331	17,388	2,668	170,253	28,871	201,793

(Millions of yen)

	Shareholders' Equity		Valuation, Translation Adjustments, and Others	Total Equity
	Treasury Stock	Total Shareholders' Equity	Unrealized Gain on Available-for-Sale Securities	
Balance, March 1, 2012	(8,743)	211,264	236	211,501
Changes of items during the period				
Provision for general reserve		—		—
Cash dividends		(8,353)		(8,353)
Net income		24,186		24,186
Purchase of treasury stock	(9)	(9)		(9)
Disposal of treasury stock	0	0		0
Net changes of items other than shareholders' equity			1,372	1,372
Total changes of items during the period	(8)	15,823	1,372	17,195
Balance, February 28, 2013	(8,752)	227,087	1,608	228,696

Note: Amounts above a unit are rounded down.

Notes to the Summary of Significant Accounting Policies

1. Valuation basis and method for assets

(1) Valuation basis and method for securities

(i) Held-to-maturity debt securities:

Valued at amortized cost by the straight-line method.

(ii) Investment in stocks of subsidiaries and associates:

Valued at cost determined by the moving-average method.

(iii) Other securities:

Available-for-sale securities for which the fair values are readily determinable:

Valued at market as of the balance sheet date. Unrealized gain or loss is included directly in equity. The cost of securities sold is determined by the moving-average method.

Available-for-sale securities for which the fair values are not readily determinable:

Valued at cost determined by the moving-average method.

(2) Valuation basis and method for derivatives

Derivative instruments are valued at fair value.

(3) Valuation basis and method for inventories

Merchandise:

Mainly valued at cost determined by the retail method (computed by the write-down of book values due to the decline in profitability for the amounts stated on the balance sheet).

2. Depreciation method of fixed assets

(1) Property and store facilities (excluding leased property)

The depreciation of property and store facilities is computed by the declining-balance method using the applicable rates based on the estimated useful lives of the assets. However, buildings (excluding building improvements) acquired on or after April 1, 1998, are depreciated using the straight-line method.

The range of useful lives is principally 4–50 years for buildings and 2–20 years for furniture and fixtures.

(2) Intangible assets (excluding leased property)

Software:

Capitalized software is stated at cost less accumulated amortization, which is calculated by the straight-line method over the estimated useful lives (five years).

Goodwill attributable to individual stores:

Stated at cost less accumulated amortization, which is calculated by the straight-line method over the duration of amortization (weighted-average years of amortization: 12 years).

(3) Leased property

Leased property related to finance lease transactions other than those where the ownership of the leased property is deemed to be transferred to the lessee is amortized by the straight-line method, assuming the lease period as the useful life and no residual value.

Of finance lease transactions other than those where the ownership of the leased property is deemed to be transferred to the lessee, those of which the commencement day of the lease transaction is prior to February 28, 2009, are accounted for as ordinary rental transactions.

(4) Long-term prepaid expenses

Long-term prepaid expenses are equally amortized using the straight-line method.

3. Accounting for reserves

(1) Allowance for doubtful receivables

The allowance for doubtful receivables is provided at the amount of possible losses from uncollectible receivables based on the actual loan loss ratio from bad debt for ordinary receivables and on the estimated recoverability of each doubtful receivable for specific doubtful receivables.

(2) Liability for retirement benefits

The liability for retirement benefits is provided for possible payment of employees' postretirement benefits at the amount to be accrued at the balance sheet date and is calculated based on projected benefit obligations and the fair value of plan assets at the balance sheet date.

Past service liability is amortized by the straight-line method over the average remaining service years for employees (13 years) at the time of recognition, from the fiscal year of recognition.

Actuarial gain or loss is amortized by the straight-line method over the average remaining service years for employees (13 years) at the time of recognition, from the following accounting period of recognition.

(3) Allowance for losses on investment

The allowance for losses on investment is provided for any possible loss that might be caused in relation to investments in subsidiaries, etc., 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) Translation of assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates at the balance sheet date and differences arising from such translation are charged to income.

(2) Accounting for consumption taxes

Transactions subject to the consumption tax and local consumption taxes are recorded at amounts exclusive of the consumption tax.

5. Change in presentation method

(Statement of income)

Previously, profits and losses in business that are associated with loans and investments in subsidiaries and associates were presented as "Write-down of investment in stocks of subsidiaries and associates," "Provision for allowance for losses on investment" and "Reversal of allowance for loss on investment" for stock-related profits and losses, whereas they were presented as "Provision for allowance for doubtful receivables" and "Reversal of allowance for doubtful receivables" for financing-related profits and losses, depending on the loan/investment form. In recent years, however, the form for such loans and investments has been diversified. Therefore, effective from the fiscal year ended February 28, 2013, the write-down of investment in stocks of subsidiaries and associates, the provision for allowance for losses on investment, the provision for allowance for doubtful receivables and the like have been presented collectively as "Loss on investments of subsidiaries and associates companies," whereas the reversal of allowance for loss on investment, the reversal of allowance for doubtful receivables and the like have been presented collectively as "Reversal of loss on investments of subsidiaries and associates companies," to more clearly present the substance of the respective profits and losses in the business concerned.

Notes to the Balance Sheet

1. Accumulated depreciation of property and store facilities ¥58,207 million

2. Guaranteed obligations

The Company granted guarantees for loans from financial institutions contracted by the following subsidiaries and associates.

Hokkaido FamilyMart Co., Ltd.	¥66 million
Pocketcard Co., Ltd.	¥4,089 million
Total	¥4,156 million

3. Monetary receivables and payables with subsidiaries and associates (excluding those separately presented)

Short-term monetary receivables	¥6,691 million
Short-term monetary payables	¥12,144 million

4. Monetary payables to corporate auditors

Monetary payables	¥13 million

Note to the Statement of Income

Transactions with subsidiaries and associates

Operating transactions:

Operating revenues	¥3,180 million
Operating expenses	¥8,864 million
Nonoperating transactions with subsidiaries and associates	¥1,098 million

Note to the Statement of Changes in Equity

Type and total number of treasury stock at the end of the year

Common stock	2,754,588 shares

Note to Tax-Effect Accounting

Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets (current):	
Accrued bonuses	¥580 million
Enterprise tax payable	¥1,058 million
Asset adjustment account	¥246 million
Others	¥313 million
Total	¥2,198 million
Deferred tax assets (fixed):	
Allowance for doubtful receivables	¥1,097 million
Allowance for losses on investment	¥2,085 million
Provision for liability for retirement benefits	¥2,739 million
Loss on impairment of long-lived assets	¥2,035 million
Write-down of investment in stocks of subsidiaries and associates	¥763 million
Asset retirement obligations	¥4,517 million
Asset adjustment account	¥493 million
Others	¥968 million
Subtotal	¥14,702 million
Valuation reserve	¥(3,754) million
Total	¥10,947 million
Deferred tax liabilities (fixed):	
Unrealized gain on available-for-sale securities	¥890 million
Asset retirement obligations related expenses	¥1,643 million
Total	¥2,533 million
Net deferred tax assets (fixed)	¥8,413 million

Note to Fixed Assets Used under Lease Contracts

Of several sets of merchandise display equipment and fixtures used at storefronts, POS registers, and computers and peripheral equipment thereof, which are held and used under lease contracts, those under finance lease transactions other than those where the ownership of the leased property is deemed to be transferred to the lessee, of which the commencement day of the lease transaction is prior to February 28, 2009, are accounted for as ordinary rental transactions.

Notes to Transactions with Related Parties

1. Subsidiaries and associated companies

(Millions of yen)

Attribute	Company Name	Location	Capital	Business	Ratio of Voting Rights	Relationship with the Related Party	Description of Transactions	Transaction Amount[2]	Account Name	Year-End Balance
Subsidiary	famima.com Co., Ltd.	Toshima-ku, Tokyo	400	EC-related business	Directly holding (54.25%)	Support of the operating function of the EC-related business and combination of offices for officers' posts	Purchases of merchandise[2]	3,608	Accounts payable—trade[3]	7,150

Transaction conditions and decision policy thereof:

Notes: 1. The transaction amount above does not include consumption taxes.

2. Purchases of merchandise are decided by taking into account market prices with transaction conditions similar to general terms and conditions.

3. Accounts payable—trade includes "Due to franchised stores."

2. Corporate officers and individual shareholders

(Millions of yen)

Attribute	Name	Location	Capital	Business	Ratio of Voting Rights	Relationship with the Related Party	Description of Transactions	Transaction Amount[1]	Account Name	Year-End Balance
Corporate officer and close relatives thereof	Takashi Endo	—	—	Outside corporate auditor of the Company	—	—	Remuneration for legal services, etc.	34	Other payables	13

Transaction conditions and decision policy thereof:

Notes: 1. The transaction amount above does not include consumption taxes.

2. The remuneration for legal services is paid in accordance with the previous basic rules on remuneration, which were determined by the Japan Federation of Bar Associations.

3. Fellow subsidiaries

(Millions of yen)

Attribute	Company Name	Location	Capital	Business	Ratio of Voting Rights	Relationship with the Related Party	Description of Transactions	Transaction Amount[1]	Account Name	Year-End Balance
Subsidiary of any other associated company	NIPPON ACCESS, INC.	Shinagawa-ku, Tokyo	2,620	Sales of foods, liqueurs, sundries, etc.	Indirectly held (0.05%)	Supplier of merchandise	Purchases merchandise	12,077	Accounts payable—trade	14,271
Subsidiary of any other associated company	DOLCE CO., LTD.	Shinagawa-ku, Tokyo	100	Sales of sweets and foods	—	Supplier of merchandise	Purchases merchandise	3,157	Accounts payable—trade	5,874

Transaction conditions and decision policy thereof:

Notes: 1. The transaction amount above does not include consumption taxes.

2. Purchases of merchandise are decided by taking into account market prices with transaction conditions similar to general terms and conditions.

3. Accounts payable—trade includes "Due to franchised stores."

Notes to Per-Share Information

1. Equity per share ¥2,409.15
2. Net income per share ¥254.78

Note to the Company to which the Restriction on Consolidated Dividends is Applied
The Company is a company to which the restriction on consolidated dividends is applied.

Other Notes

1. Loss on impairment of long-lived assets:

As a minimum unit of generating cash flows of the Company, the assets of each store have been grouped as a basic unit. The assets have been separately grouped for the respective idle immovable estates and others.
The book value of the following stores with considerably declining profitability was reduced to the respective recoverable amounts, and the reductions were recorded as a loss on impairment of long-lived assets under extraordinary losses (¥191 million in land, ¥892 million in buildings, ¥873 million in furniture and fixtures, and ¥342 million in other).

Application	Location	Category	Loss on Impairment (Millions of yen)
Stores	Machida City, Tokyo and others	Land, buildings, furniture and fixtures, and others	2,300

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 3.14% are used to calculate the value in use, whereas the net realizable value is mainly calculated based on the assessments of inheritance tax according to the prices of land fronting major roads. The assets that have been judged as substantially valueless are assessed to have a zero net realizable value in view of the disposability of the assets concerned.

2. Additional Information

(Application of the accounting standard for accounting changes and error corrections)
The "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, *Accounting Standard for Accounting Changes and Error Corrections,* issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, *Guidance on Accounting Standard for Accounting Changes and Error Corrections,* issued on December 4, 2009) have been applied for accounting changes and corrections of prior-period errors that were made on and after the beginning of the fiscal year ended February 28, 2013. Pursuant to the application of the aforementioned accounting standard, effective from the year under review, "Reversal of loss on investments of subsidiaries and associates companies" is presented under "Other Income," in principle. However, any amounts that have been temporarily accrued from sales of stocks in subsidiaries and associates are posted under "Extraordinary Income" as is the case with "Gain on sales of investments in associated companies."

Attested Copy of the Independent Auditors' Report on the Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

April 5, 2013

To the Board of Directors of FamilyMart Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Masahiro Ishizuka (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Koichi Okubo (Seal)

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of February 28, 2013 of FamilyMart Co., Ltd. (the "Company") , and its consolidated subsidiaries, and the related statements of income and changes in net assets for the fiscal year from March 1, 2012 to February 28, 2013, 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 conformity 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we 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 the auditor's judgment, 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, the auditor considers 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, but 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.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of February 28, 2013, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Attested Copy of the Independent Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

April 5, 2013

To the Board of Directors of FamilyMart Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Masahiro Ishizuka (Seal)

Designated Limited Liability Partner,
Engagement Partner,
Certified Public Accountant:
Koichi Okubo (Seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of February 28, 2013 of FamilyMart Co., Ltd. (the "Company"), and the related statements of income and changes in net assets for the 32nd fiscal year from March 1, 2012 to February 28, 2013, and a summary of significant accounting policies and other explanatory information, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but 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 financial statements and the accompanying supplemental schedules.

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

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of February 28, 2013, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents..

Attested Copy of the Board of Corporate Auditors' Audit Report

(TRANSLATION)

AUDIT REPORT

Regarding the execution of duties by directors for the 32nd fiscal year beginning March 1, 2012, and ending February 28 2013, the Board of Corporate Auditors of FamilyMart Co., Ltd. (the "Company"), hereby submits its audit report, which has been prepared based on discussions of reports issued by each of the corporate auditors concerning the methods and results of audits performed.

1. Auditing Methods Employed by the Corporate Auditors and the Board of Corporate Auditors and Results Thereof

The Board of Corporate Auditors determined auditing policies, assigned tasks and other guidelines, received reports about the progress and results of audits, and requested explanations, as required, from each corporate auditor.

In compliance with the audit standards and based on the auditing policies, assigned tasks and other guidelines specified by the Board of Corporate Auditors, each corporate auditor has communicated with the directors, the internal auditing department (Audit Office), employees and other relevant personnel to collect information and improve the auditing environment; attended the meetings of the Board of Directors and other important meetings; received reports about the execution of their duties and requested explanations, as required, from the directors, employees and other relevant personnel; examined important authorized documents and associated information; and studied business operations and financial positions at the head office and principal offices. In addition, each corporate auditor has received reports about the operational status of in-house systems ("internal control systems") as stipulated by Article 100, Paragraphs 1 and 3, of the Enforcement Regulations of the Companies Act, and requested explanations, as required, from the directors, employees and other relevant personnel with regard to the substance of the resolution adopted by the Board of Directors regarding the improvement of the internal control systems and the internal control systems that have been improved pursuant to the resolution concerned. Such internal control systems are deemed necessary to ensure compliance of the execution of duties by directors with laws, regulations and the Articles of Incorporation, as well as to ensure the propriety of other business operations of a *Kabushiki-Kaisha* (joint stock corporation). The corporate auditors have studied the substance of the Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations). Moreover, the corporate auditors have received reports on operations from subsidiaries and examined the business operations and financial positions thereof, when necessary. In the manner explained above, the corporate auditors have examined the Business Report and supplementary schedules therefor of the Company pertaining to the fiscal term under review.

Furthermore, the corporate auditors have examined whether the Independent Auditors maintain independence and have done appropriate audits, and have received reports on the execution of their duties and requested explanations, as required, from the Independent Auditors. The corporate auditors have been notified that the Independent Auditors are streamlining the "system to ensure appropriate execution of their duties" in accordance with the Standards on Quality Control for Audits (Business Accounting Council, October 28, 2005), etc., and requested explanations, as required. In the manner explained above, the corporate auditors have examined the financial statements and supplementary schedules therefor of the Company, as well as the consolidated financial statements, pertaining to the fiscal term under review.

2. Audit Results

(1) Audit results regarding the Business Report and other documents

i) In our opinion, the Business Report and the supplementary schedules therefor fairly represent the Company's conditions in accordance with the related laws and regulations, and the Articles of Incorporation.

ii) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any directors with regard to the execution of their duties.

iii) In our opinion, the resolution by the Board of Directors regarding the internal control systems is fair and reasonable. We have found no matters to remark with regard to the substance described in the Business Report and the execution of duties by the directors for the improvement of said internal control systems.

iv) We have found no matters to remark with regard to the Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations).

(2) Audit results regarding the financial statements and the supplementary schedules therefor

In our opinion, the methods and results employed and rendered by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Audit results regarding the consolidated financial statements

In our opinion, the methods and results employed and rendered by the Independent Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

April 9, 2013

Board of Corporate Auditors, FamilyMart Co., Ltd.

Noriki Tanabe, Standing Corporate Auditor (Outside Corporate Auditor) (Seal)
Shintaro Tateoka, Standing Corporate Auditor (Seal)
Takashi Endo, Corporate Auditor (Outside Corporate Auditor) (Seal)
Mika Takaoka, Corporate Auditor (Outside Corporate Auditor) (Seal)

The above represents a translation, for convenience only, of the original report issued in the Japanese language.