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Matters to Be Disclosed on the Internet upon Sending the Notice of Convocation of the 33rd Ordinary General Meeting of Shareholders

A Summary of Significant Accounting Policies and Other Explanatory Information to the Consolidated Financial Statements and Financial Statements

(March 1, 2013 through February 28, 2014)

FamilyMart Co., Ltd.

The above matters are provided to our shareholders by posting them on our website (http://www.family.co.jp/) in accordance with the relevant laws and regulations, as well as Article 15 of the Articles of Incorporations of the Company. This document is involved in the scope of the audit by Corporate Auditors and Independent Auditors in preparing the Reports of Audit.

Notes to the Basis of Presenting the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated subsidiaries: 12 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 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: 8 companies

Major unconsolidated subsidiaries accounted for by the equity method: Taiwan Distribution Center Co., Ltd.

(2) Associated companies accounted for by the equity method: 21 companies

Major associated companies accounted for by the equity method: Okinawa FamilyMart Co., Ltd.; Minami Kyushu FamilyMart Co., Ltd.; Hokkaido FamilyMart Co., Ltd.; Central 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.; Shenzhen FamilyMart Co., Ltd.; Philippine FamilyMart CVS, Inc.; ASAHI FOOD PROCESSING CO., LTD.; and Pocketcard Co., Ltd.

(3) Unconsolidated subsidiaries that are not accounted for by the equity method (FamilyMart HongKong Limited and VIET NAM CONVENIENCE STORES COMPANY LIMITED) are excluded from the application of the equity method because their net income/loss (corresponding to the equity shares held by the Company) and retained earnings (corresponding to the equity shares held by the Company) have no significant impact on accounts in the consolidated financial statements of the Company and they are 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, whose closing dates differ from the consolidated closing date.

3. Closing Date of Consolidated Subsidiaries

In preparing the consolidated financial statements, the financial statements as of December 31 are used with regard to certain companies (Taiwan FamilyMart Co., Ltd.; FAMIMA CORPORATION; and four other companies), in accordance with their original closing dates. As the closing date of SENIOR LIFE CREATE Co., Ltd., is March 31, its financial statements based on a provisional settlement of accounts as of December 31, 2013, 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 respective closing dates or the provisional closing date and the consolidated closing date.

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 fair value. 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 (write-down of book values are recorded due to the decline in profitability).

(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 (5 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 rental transactions.

(iv) Long-term prepaid expenses

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

(3) Accounting for significant estimates

(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 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 (mainly 13 years) at the time of recognition, from the following fiscal year of recognition. At certain overseas subsidiaries, unrecognized amounts of actuarial gain or loss not yet treated as expenses are recorded as “Postretirement liability adjustments for foreign consolidated companies” under “Accumulated other comprehensive income” in a separate component of net assets on the balance sheet.

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

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

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates at the consolidated closing 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 closing 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 5–20 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 Accounting Policy, etc.
(Change in accounting policy due to the revision of accounting standards)
Due to the application of IAS 19 "Employee Benefits" (amended in June 16, 2011) on or after January 1, 2013, principally the method of recognition with respect to actuarial gains and losses, past service cost and interest cost and certain presentation were changed from this fiscal year in certain overseas subsidiaries.
This accounting policy change is applied retrospectively and the cumulative effect is reflected in the beginning balance of equity. The effect of this retrospective application on the consolidated financial statements is immaterial.

(Change of accounting policy which is not easily distinguished from change of accounting estimate)
The Company and its domestic subsidiaries changed the depreciation method for the property, plant and equipment acquired on or after March 1, 2013 due to the revision of Japanese Corporation Tax Law and its regulation. The effect of this adoption on the consolidated financial statement is immaterial.

Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of property and store facilities ¥89,567 million

2. Guaranteed obligations

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

VIET NAM FAMILY CONVENIENCE STORES COMPANY LIMITED	¥13 million
Total	¥13 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 16, 2013	Common stock	5,126	54.00	February 28, 2013	May 2, 2013
Board of Directors meeting held on October 7, 2013	Common stock	4,841	51.00	August 31, 2013	November 11, 2013

(2) Dividends for which the record date is in the year under review, those for which the effective date will be in the next fiscal year

The Company plans to propose the following regarding the dividends of common stock shares at the Board of Directors meeting to be held on April 18, 2014.

Total Amount of Dividends (Millions of yen)	Source of Funding the Dividends	Dividend per Share (Yen)	Record Date	Effective Date
4,841	Retained earnings	51.00	February 28, 2014	May 8, 2014

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

Accounts and Notes payable-trade and due to franchised stores, both of which are trade payables, generally entail the due date for payments, which typically mature 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 receivable to 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 on agreements with 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 receivable 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 uncertainty 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 not quotable. 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, 2014. 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.):

(unit : Millions of yen)

	Carrying Value in the Consolidated Balance Sheet	Fair Value	Unrealized Gain (Loss)
(1) Cash and cash deposits	95,612	95,612	—
(2) Due from franchised stores	19,325	19,325	—
(3) Other receivables	36,840	36,840	—
(4) Marketable securities and investment securities			
Held-to-maturity debt securities	17,298	17,352	53
Other securities	15,970	15,970	—
Investment in stocks of subsidiaries and associates	5,138	7,196	2,057
(5) Leasehold deposits receivable	135,884		
Allowance for doubtful receivables (*)	(263)		
	135,620	132,666	(2,954)
Total assets	325,806	324,963	(842)
(1) Accounts and Notes payable-trade	85,919	85,919	—
(2) Due to franchised stores	5,602	5,602	—
(3) Current portion of long-term lease obligations	11,504	11,504	—
(4) Other payables	23,974	23,974	—
(5) Income taxes payable	8,409	8,409	—
(6) Deposits received	85,386	85,386	—
(7) Long-term lease obligations	50,771	51,067	296
(8) Leasehold deposits refundable	11,426	11,212	(213)
Total liabilities	282,993	283,076	82
Derivative transactions	—	—	—

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

Notes:

1. Calculation method of the fair value of financial instruments

Assets

(1) Cash and cash deposits, (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 quoted by the correspondent financial institution.

(5) Leasehold deposits receivable
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) Accounts and Notes payable-trade, (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 based on similar new lease transactions.

(8) Leasehold deposits refundable
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	23,609

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: ¥2,686.37
2. Net income per share: ¥238.19

Note to Subsequent Event

Selling of the shares of an associated company:

The Company resolved, at the Board of Directors meeting held on March 28, 2014, that all the shares of BGFretail Co., Ltd., an associated company accounted for by the equity method, held thereby be sold through the offering of its shares by listing its stock on the Korea Composite Stock Price Index (KOSPI) market of the Korea Stock Exchange. Consequently, BGFretail Co., Ltd., will be excluded from the application of the equity method.

1. Reason for the sale
   The Company judged that it would be best for the FamilyMart Group to accelerate the growth strategy of the FamilyMart business in Japan and overseas and collect the invested capital by selling all shares of BGFretail Co., Ltd., from the viewpoint of maximizing our corporate value.

2. Method of the sale
   Offering of shares by way of a subscription agreement for the total amount by a lead managing securities company for listing.

3. Timing of the sale
   May 2014 (scheduled)

4. Name of the associated company concerned, as well as the description of its business and transaction therewith
   Company name: BGFretail Co., Ltd.
   Description of business: Convenience store business in South Korea
   Transaction with the Company: Granting/reception of royalty according to a license agreement

5. Number of shares to be sold and the percentage of equity to be held after the selling
   Number of shares to be sold: 6,160,030
   Percentage of equity to be held by the Company after the sale: — %

Selling price and gain/loss on sale will be ascertained in the course of the future listing procedure.

Other Note

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 idle assets and others have been separately grouped.

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 (¥163 million in land, ¥1,045 million in buildings, ¥1,402 million in furniture and fixtures, and ¥789 million in other).

Application	Location	Category	Loss on Impairment (Millions of yen)
Stores, etc.	Aki-gun, Hiroshima and others	Land, buildings, furniture and fixtures, and others	3,400

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 2.83% are used to calculate the value in use, whereas the net realizable value is mainly calculated based on the assessments for inheritance tax purposes. The assets that have been judged as substantially valueless are assessed at zero yen in view of the disposability of the assets concerned.

Notes to the Summary of Significant Accounting Policies

1. Valuation basis and method for assets

(1) Marketable securities and investment 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 fair value. 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) Derivatives

Derivative instruments are valued at fair value.

(3) Inventories

Merchandise:

Mainly valued at cost determined by the retail method (write-down of book values are recorded due to the decline in profitability).

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 rental transactions.

(4) Long-term prepaid expenses

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

3. Accounting for significant estimates

(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 (13–16 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
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates at the closing 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 Accounting Policy, etc.
(Change of accounting policy which is not easily distinguished from change of accounting estimate)
The Company changed the depreciation method for the property, plant and equipment acquired on or after March 1, 2013 due to the revision of Japanese Corporation Tax Law and its regulation. The effect of this adoption on the consolidated financial statement is immaterial.

Notes to the Balance Sheet

1. Accumulated depreciation of property and store facilities	¥70,212 million

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

CLEAR WATER TSUNAN, K.K.	¥1,229 million
VIET NAM FAMILY CONVENIENCE STORES COMPANY LIMITED	¥13 million
Total	¥1,242 million

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

Short-term monetary receivables	¥7,901 million
Short-term monetary payables	¥15,157 million

4. Monetary payables to directors and corporate auditors

Long-term monetary payables	¥479 million

Note to the Statement of Income
Transactions with subsidiaries and associates
Operating transactions:

Operating revenues	¥3,660 million
Operating expenses	¥10,866 million
Nonoperating transactions with subsidiaries and associates	¥1,608 million

Note to the Statement of Changes in Equity
Type and total number of treasury stock at the end of the year

Common stock	2,756,716 shares

Note to Tax-Effect Accounting

1. Breakdown by cause of deferred tax assets and liabilities

Deferred tax assets (current):	
Accrued bonuses	¥652 million
Enterprise tax payable	¥666 million
Asset adjustment account	¥246 million
Loss on disposals of property and store facilities	¥136 million
Others	¥265 million
Total	¥1,967 million
Deferred tax assets (fixed):	
Allowance for doubtful receivables	¥1,019 million
Allowance for losses on investment	¥2,304 million
Provision for liability for retirement benefits	¥2,821 million
Loss on impairment of long-lived assets	¥2,491 million
Write-down of investment in stocks of subsidiaries and associates	¥768 million
Asset retirement obligations	¥5,156 million
Asset adjustment account	¥246 million
Depreciation	¥115 million
Others	¥896 million
Subtotal	¥15,820 million
Valuation allowance	¥(3,951) million
Total	¥11,868 million
Deferred tax liabilities (fixed):	
Unrealized gain on available-for-sale securities	¥1,220 million
Asset retirement obligations related expenses	¥2,087 million
Total	¥3,308 million
Net deferred tax assets (fixed)	¥8,560 million

2. Subsequent change in the corporate tax rate, etc.

Following the promulgation on March 31, 2014, of the "Act for Partial Amendment of the Income Tax Act, etc. (Act No. 10, 2014), the Special Reconstruction Corporation Tax has been abolished for the fiscal year that begins on or after April 1, 2014. In accordance with this measure, the effective statutory tax rate, which is used to measure deferred tax assets and deferred tax liabilities, will be reduced to 35.64% from 38.01% for temporary differences that are expected to be eliminated during the fiscal year beginning on March 1, 2015.

The impact of this change in the effective statutory tax rate on the deferred tax assets and deferred tax liabilities as of February 28, 2014, was immaterial.

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 Interlocking of directors	Purchases of merchandise[2]	4,323	Accounts payable—trade[3]	9,580

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 under similar terms and conditions.

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

2. 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[2]	13,636	Accounts payable—trade[3]	16,983
Subsidiary of any other associated company	DOLCE CO., LTD.	Shinagawa-ku, Tokyo	100	Sales of sweets and foods	—	Supplier of merchandise	Purchases merchandise[2]	4,307	Accounts payable—trade[3]	6,629

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 under similar terms and conditions.

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

Notes to Per-Share Information

1. Equity per share ¥2,535.83
2. Net income per share ¥225.46

Note to Subsequent Event

See "Note to Subsequent Event" in the consolidated financial statements.

Note to the Company to which the Restriction on Consolidated Dividends is Applied

The Company has decided to apply the restriction on consolidated dividends.

Other Note

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 idle assets and others have been separately grouped.

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 (¥160 million in land, ¥1,026 million in buildings, ¥1,314 million in furniture and fixtures, and ¥645 million in other).

Application	Location	Category	Loss on Impairment (Millions of yen)
Stores	Aki-gun, Hiroshima and others	Land, buildings, furniture and fixtures, and others	3,147

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 2.83% are used to calculate the value in use, whereas the net realizable value is mainly calculated based on the assessments for inheritance tax purposes. The assets that have been judged as substantially valueless are assessed at zero yen in view of the disposability of the assets concerned.