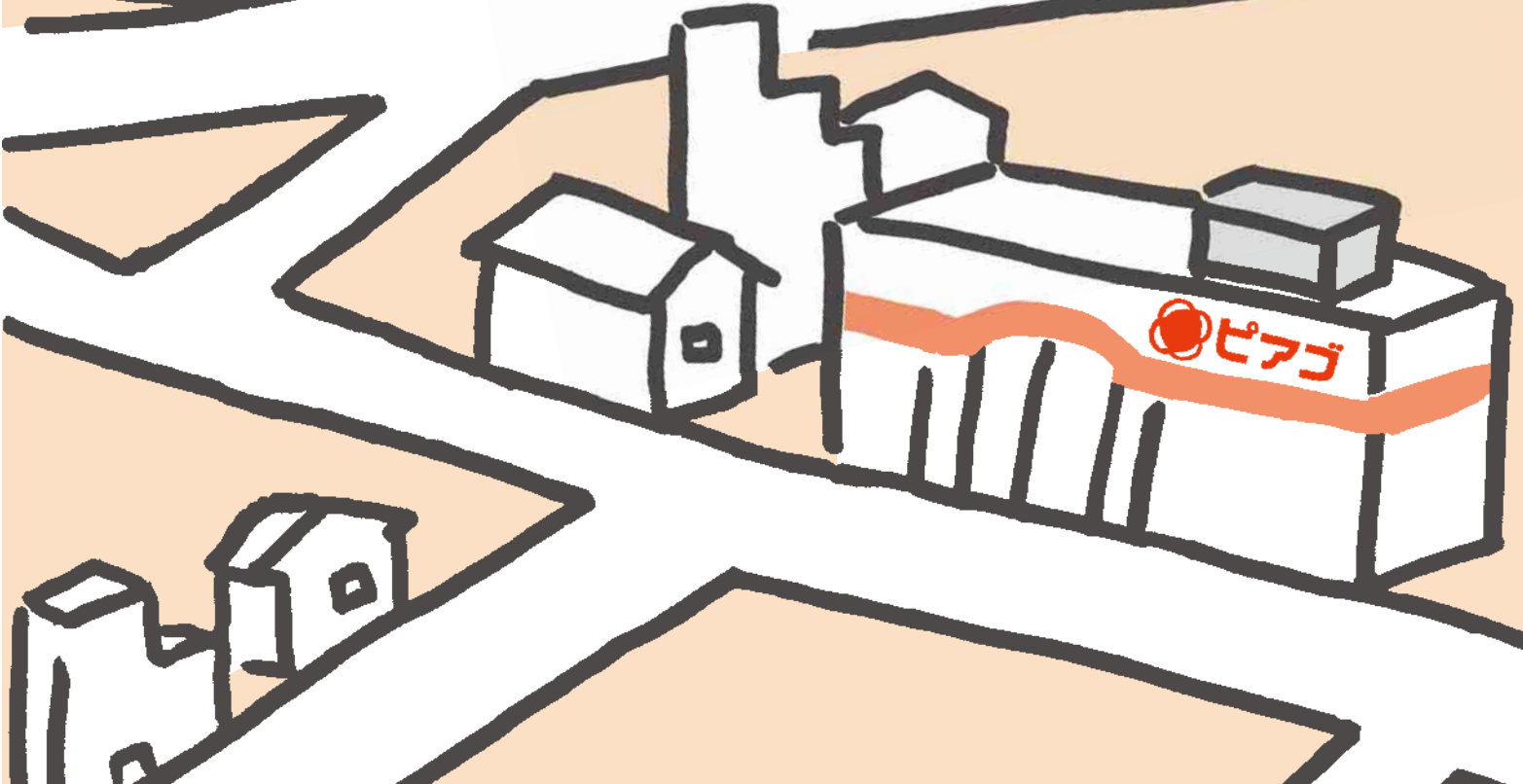




# ANNUAL REPORT 2011 UNY CO., LTD.



## PROFILE

The Uny Group is a conglomeration of retailers that derives its revenues primarily from superstores and convenience stores, which serve as the Group's foundation. The Group's activities span a wide spectrum of retail service domains that also include such other retail formats as specialty stores and other types of stores as well as such businesses as real estate development and credit card businesses.

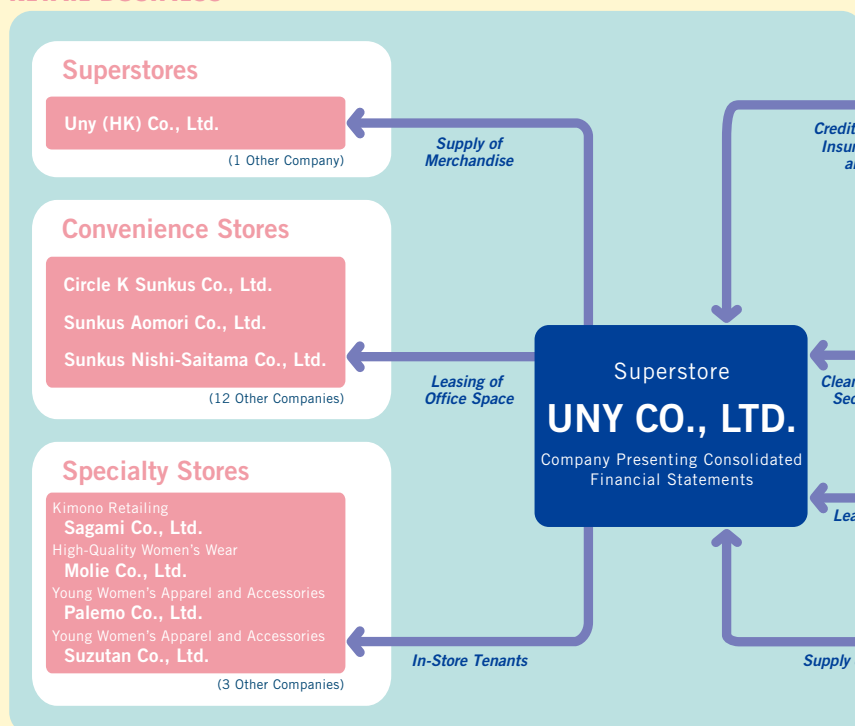
- \* Superstores handle general merchandise, including food products, and operate in the Chubu, Kanto and Kansai regions.
- \* Convenience stores handle fast foods and other high-turnover daily-use items. Offering convenient shopping through 24-hour operations, this business is being carried out through a nationwide chain of convenience stores.
- \* Specialty stores better meet customer needs by targeting specific market segments for such apparel as kimonos, women's wear and young casual wear.

The Group's publicly listed companies comprise Uny Co., Ltd., Sagami Co., Ltd., Circle K Sunkus Co., Ltd., Palemo Co., Ltd., Suzutan Co., Ltd., Kanemi Co., Ltd. and UCS Co., Ltd.

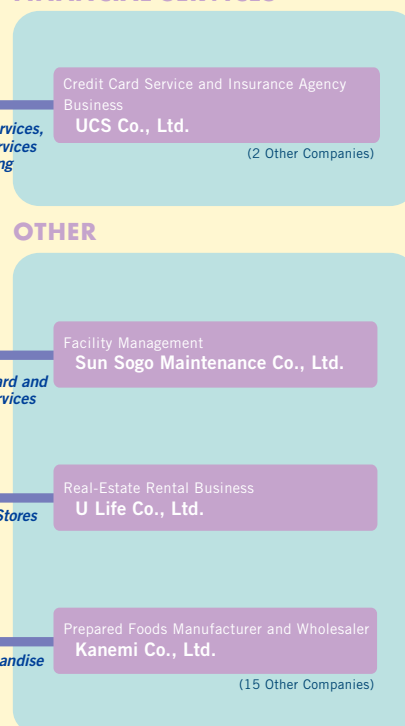
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### RETAIL BUSINESS



### FINANCIAL SERVICES



### OTHER

NOTE: In addition to the services outlined in the above chart, UCS Co., Ltd. provides insurance services, leasing and credit card services to Group companies, and Sun Sogo Maintenance Co., Ltd. provides facility maintenance services to Group companies. Kanemi Co., Ltd. supplies products to Circle K Sunkus Co., Ltd.

## THE UNY GROUP

		Revenues***		Net Sales		Operating Income (Loss)		Net Income (Loss)	
Company		2011	2010	2011	2010	2011	2010	2011	2010
<b>Superstores</b>	Uny Co., Ltd.	¥813,000	¥824,603	¥775,159	¥786,997	¥13,032	¥ 4,486	¥4,508	¥ 235
	Uny (HK)*	11,945	10,756	11,903	10,716	4	253	25	275
<b>Convenience Stores</b>	Circle K Sunkus**	¥192,305	¥194,143	¥ 77,379	¥ 83,106	¥18,572	¥15,200	¥7,165	¥5,555
<b>Specialty Stores</b>	Sagami**	¥ 29,672	¥ 34,532	¥ 29,478	¥ 34,304	¥ 156	¥ 256	¥ (26)	¥ (108)
	Molie	6,657	8,417	6,509	8,227	(124)	(359)	(336)	(875)
	Palemo	29,902	29,906	29,268	29,198	1,169	472	288	(543)
	Suzutan**	15,152	16,047	15,152	16,047	349	(628)	93	(1,367)
<b>Financial Services</b>	UCS	¥ 17,239	¥ 18,368	¥ 4	¥ 4	¥ 1,829	¥ 1,433	¥1,019	¥ 824

\*Data for Uny (HK) is calculated at the average exchange rate during the period under review.

\*\*Figures for Circle K Sunkus, Sagami and Suzutan are on a consolidated basis.

\*\*\*Revenues in the table include intersegment revenues.

# MESSAGE FROM THE MANAGEMENT



The Uny Group celebrates its 100th anniversary in 2011. Aiming for sustainable development in the next 100 years, we will leverage Group synergies to further strengthen our competitiveness while increasing profit at each Group company.



In fiscal 2011, ended February 20, 2011, we recorded a 1.9% decrease in operating revenue from the previous fiscal year to ¥1,112,781 million. Nevertheless, operating income jumped 66.4% to ¥35,102 million, and net income improved from a net loss in the previous fiscal year to ¥6,046 million.

Principal factors behind the substantial turnaround are as follows:

1. An improved gross margin due to healthy sales by Uny Co., Ltd.
2. A considerable rise in convenience store profit due to an extremely hot summer and a spike in demand for cigarettes prior to a tax increase
3. Successful cost reduction efforts at each Group company

Thanks to increasing foreign demand on the back of economic growth in emerging countries as well as fiscal stimulus measures taken by the Japanese government, Japan's economy showed signs of recovery, bringing hope for the future.

Further details regarding our performance during the fiscal year under review are provided in the Consolidated Financial Review portion of the Financial Section.

On March 11, 2011, the Great East Japan Earthquake caused major havoc in the Japanese economy. In particular, the Tohoku region and northern Kanto area suffered significant economic loss due to the devastation of production facilities and radioactive contamination of agricultural and fishery products. In the wake of the destruction, the whole country's economy plummeted, abandoning its upward trajectory as industry faced such issues as the suspension of production and electricity usage restrictions due to the damage of power generation facilities. Therefore, it is expected that it will take some time for the Japanese economy to get back on track.

Against this backdrop, the Uny Group projects decreased revenue and profit in fiscal 2012. Because our business is centered mainly in the Chukyo region, the damage to our business was relatively small. Nevertheless, consumer confidence is sure to decline and we therefore expect to face a harsh business environment for some time. The Uny Group will strive to maintain operations amidst these circumstances by enhancing profitability at each Group company and leveraging Group synergies to enhance competitiveness.

## Superstores

Promoting the following three policies, Uny Co., Ltd. will work to maintain its profit level.

### 1. Merchandising reform

We will make every effort to develop high-quality, reasonably priced products with value that customers recognize, while ensuring profitability. We will then strive to expand the ratio of such products in overall product lineups and aim to expand their gross margins.

### 2. Hands-on approach

Certain responsibilities, such as providing employee incentives and handling part of sales promotion expenses will be transferred to the discretion of store managers to boost in-store morale.

### 3. Low-cost management

Striving to further reduce operating expenses, we will shift to an increasingly lean corporate structure.

## Convenience Stores

In the convenience store segment, as a management policy for the current fiscal year we decided on "Instituting reform and reviewing overall business operations." Positioning fiscal 2012 as "the beginning of a new era in convenience store service," we will strive to carry out restructuring and review the existing franchise package and various systems to meet the demands of a new age.

## Specialty Stores

The specialty store segment gained profitability in the fiscal year under review, owing to the closing of unprofitable store branches in the previous fiscal year. Looking ahead, Sagami Co., Ltd. will continue to close unprofitable store branches and reduce costs; Suzutan Co., Ltd. will continue its efforts to secure profitable business operations; and Molie Co., Ltd. will continue to close unprofitable store branches while striving to establish a profitable corporate structure. In fiscal 2012, Palemo Co., Ltd. plans to open new stores in order to restore profitability.

## Financial Services

UCS Co., Ltd. anticipates a substantial decrease in profit based on its prediction of lower revenues from financing services due to overall loan transaction regulations put into effect in June 2010.

Currently, UCS is aggressively shifting its card business away from its current business model of expansion backed by revenue from financing to a model that focuses on revenue based on retail shopping use. Furthermore, UCS will aim to secure sustainable business growth backed by prudent, risk-controlled financing, while increasing returns from the insurance and leasing fields, which are more stable in terms of revenue.

Under these conditions, given the effect of the Great East Japan Earthquake, we anticipate a 2.5% year-on-year decrease in operating revenue to ¥1,085,000 million with an operating income increase of 0.3% to ¥35,200 million. Net income of ¥2,400 million is anticipated, a 60.3% fall.

I would like to thank our shareholders and sincerely request their continued understanding and support in these troubled times.

*J. Maemura*

Tetsuro Maemura, President

# REVIEW OF OPERATIONS



## SUPERSTORES

Superstores are operated by Uny Co., Ltd. and Uny (HK) Co., Ltd. The supermarket and general merchandise stores are run directly and, along with tenant businesses that provide such services as specialty shops, restaurants, travel agencies and banks, offer a pleasant and convenient shopping experience for a wide cross section of customers.

### ◆ UNY

Uny's superstores businesses are divided into two store formats: The first is Apita stores, which primarily consist of large-scale shopping facilities operating alongside a broad assortment of business tenants and attract customers from a large area. Apita stores aim to offer satisfying and enjoyable ideas for a better quality of life.

The other format consists of small- and medium-scale Piago stores that mainly market food products and serve a more local area. In our Piago store operations, we strive as a community-oriented store chain to offer more convenient lifestyles.

As of February 20, 2011, there were nine mall-type stores, eight of which were operated by Apita, and one by Piago.

Uny Group stores are gaining dominance principally in the Tokai area covering Aichi, Gifu, Mie and Shizuoka prefectures.

In the fiscal year ending February 20, 2012, Uny is focusing more on the development of private brand products. By increasing the ratio of high-profit-margin private brand products to national brand items in our sales mix, we will improve the Group's gross margin. As part of these efforts, in August 2009 Uny launched the new private brand StyleONE, keeping material costs down and reaping the benefits of scale by collaborating with Izumiya Co., Ltd. and Fuji Co., Ltd.



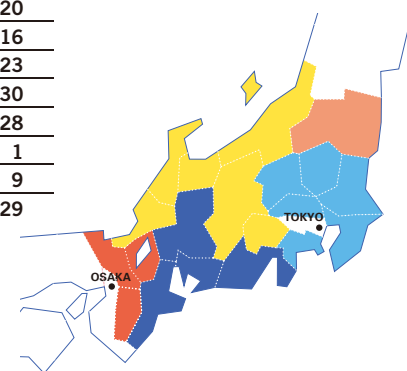
As of February 20, 2011, Apita stores were to be found in 96 locations and Piago stores in 124 locations. In addition to these stores, there were nine U Home home-center stores.

### ◆ UNY (HK)

Uny (HK) is headquartered and operates superstores in Hong Kong, where, as of February 20, 2011, it had three such outlets. The company opened its first superstore in 1987, and this facility is now carrying on business as APITA Taikoo. An Apita style superstore, the facility continues to gain popularity among local customers thanks to its wide product lineup. Uny (HK) opened its second store, UNY Lok Fu, in June 2010 and the third, PIAGO Kowloon Bay, in December 2010.

### REGIONAL BREAKDOWN OF SUPERSTORES

Uny	
	No. of Stores
<b>Tokai Region</b>	<b>161</b>
Aichi Pref.	102
Gifu Pref.	20
Mie Pref.	16
Shizuoka Pref.	23
<b>Kanto Region</b>	<b>30</b>
Hokuriku/Koushinetsu Regions	28
Tohoku Region	1
Kansai Region	9
<b>Total</b>	<b>229</b>



Years ended February 20	2011	2010	2009
Revenues*	¥821,992	¥832,382	¥848,514
Operating Costs and Expenses	811,373	830,334	837,594
Operating Income	13,080	4,675	13,952
Identifiable Assets	562,142	575,681	571,156
Depreciation	17,822	19,209	17,221
Impairment Loss on Fixed Assets	5,856	9,377	6,298
Capital Expenditures	24,507	33,996	27,609

(Million ¥)

\* Revenues refer to sales to external customers.

## KEY SUPERSTORES

Years ended February 20	Uny			U Store**		
	2011	2010	2009	2011	2010	2009
Revenues (Million ¥)	812,999	824,603	768,200	—	—	71,239
Net Sales (Million ¥)	775,158	786,997	730,082	—	—	68,797
Sales Floor Space (m <sup>2</sup> )*	1,749,885	1,662,234	1,625,741	—	—	301,486
Newly Opened Floor Space (m <sup>2</sup> )	13,033	21,432	20,783	—	—	—
Sales per Sq. Meter (Thousand ¥)	443	473	449	—	—	228
Full-Time Employees	5,903	6,089	6,242	—	—	1,082
Sales per Employee (Million ¥)	131	129	117	—	—	64

\* Sales Floor Space (m<sup>2</sup>) refers to directly operated space only.

\*\* Because of U Store Co., Ltd.'s merger with UNY CO., LTD. on August 21, 2008, fiscal 2009 figures for U Store were calculated based on data from the period dating February 21, 2008 through August 20, 2008.



## CONVENIENCE STORES

(Million ¥)

Years ended February 20	2011	2010	2009
Revenues*	¥186,752	¥188,900	¥208,489
Operating Costs and Expenses	170,419	175,700	187,407
Operating Income	16,343	13,212	21,097
Identifiable Assets	246,477	233,918	233,314
Depreciation	11,663	10,358	7,875
Impairment Loss on Fixed Assets	3,519	3,529	3,226
Capital Expenditures	14,204	16,097	17,706

\* Revenues refer to sales to external customers.

Years ended February 20	Circle K			Sunkus		
	2011	2010	2009	2011	2010	2009
Number of Stores	2,905	2,861	2,846	2,096	2,097	2,093
Franchises	2,663	2,585	2,514	1,987	1,955	1,917
Own Operation	242	276	332	109	142	176
Area Franchise Stores	168	164	152	1,105	1,097	1,075

In the convenience store business, the Uny Group develops stores through Circle K Sunkus Co., Ltd., under the two brands of Circle K and Sunkus.

Circle K stores are primarily concentrated in the Chubu region of Japan, with a strong network in Aichi, Gifu and Mie prefectures making up their dominant area.

Sunkus has a strong network of stores covering the Kanto, Tohoku and Kansai regions.

The total number of stores as of the fiscal 2011 year-end was 5,384 including five consolidated area franchise companies of Circle K Sunkus, reflecting the opening of 323 new stores and closing of 273 stores.

The convenience store market is seeing ever-intensifying competition with stores in other industrial categories, such as restaurants and drug-stores. Amid an increasingly severe earnings environment, we will continue to implement measures to support improved earnings at franchisees by pursuing further cost reductions and improving productivity, so that franchisees and the Head Office can work as one to expand one another's earnings.

On the store operations front, we place utmost importance on increasing customer foot traffic. Aiming to achieve this goal, we will strive to enhance customer satisfaction by offering product lineups and retail spaces that meet customer needs while ensuring that store staff is fully educated with regard to fundamental operations and constantly working to improve our "basic selling capacity" by cultivating a skilled buying staff.

With regard to new store development, we are looking to improve investment efficiency. Based on in-depth surveys of markets and prospective locations for new stores, we work to eliminate unprofitable out-

lets while increasing average daily sales at new stores. Simultaneously, we strive to improve overall store profitability, secure reduced rents and cut construction costs.

As for product development, we will further develop and enhance our original brand products while introducing new products and marketing methods tailored to meet local store requirements and diverse customer needs. In addition, we will expand the lineup of Uny Group private brand products.

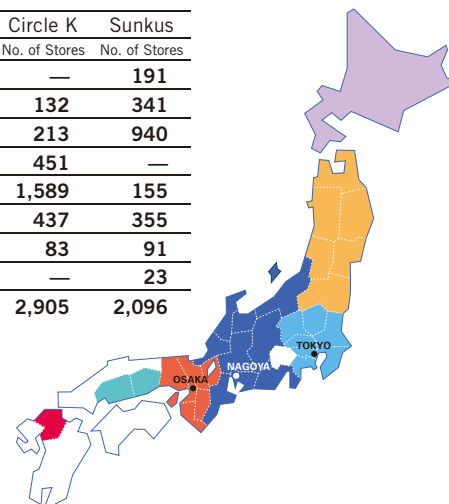
On the service development front, we plan to develop and introduce new services, to this end expanding the content offered by Karuwaza Station in-store multimedia terminals and growing the mail-order business operated in collaboration with KARUWAZA CLUB in-house card service.

The number of ATMs installed as of February 28, 2011 was 2,605 and 1,591 under the names of ZERO BANK and Bank Time, respectively.

In the fiscal year ending February 29, 2012, Circle K Sunkus is planning to open 351 stores, close 285 stores and include one company into its scope of consolidation. As a result, the total number of stores as of February 29, 2012, will be 5,521 stores, excluding area-franchise stores.

### REGIONAL BREAKDOWN OF CONVENIENCE STORES (excluding area franchises)

	Circle K	Sunkus
	No. of Stores	No. of Stores
Hokkaido Pref.	—	191
Tohoku Region	132	341
Kanto Region	213	940
Hokuriku/Kushinetsu Regions	451	—
Tokai Region	1,589	155
Kansai Region	437	355
Chugoku Region	83	91
Kyushu Region	—	23
<b>Total</b>	<b>2,905</b>	<b>2,096</b>







## SPECIALTY STORES

(Million ¥)

Years ended February 20	2011	2010	2009
Revenues*	¥81,378	¥88,896	¥108,208
Operating Costs and Expenses	79,829	89,157	108,212
Operating Income (Loss)	1,549	(261)	(4)
Identifiable Assets	35,677	39,806	48,400
Depreciation	792	1,078	1,433
Impairment Loss on Fixed Assets	584	992	846
Capital Expenditures	789	652	1,710

\* Revenues refer to sales to external customers.

## KEY SPECIALTY STORES

Years ended February 20	Sagami*			Molie			Palemo			Suzutan		
	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
Revenues (Million ¥)	29,672	34,532	45,388	6,656	8,417	9,184	29,902	29,906	33,014	15,152	16,047	18,744
Net Sales (Million ¥)	29,477	34,034	45,124	6,508	8,227	8,951	29,639	29,608	32,259	15,152	16,047	18,744
Number of Stores	320	360	400	146	185	198	576	573	617	241	284	298
Newly Opened Stores	6	12	23	1	2	22	38	14	93	5	21	15
Sales Floor Space (m <sup>2</sup> )	41,913	48,580	53,402	18,974	24,122	25,467	107,112	106,115	112,632	38,410	43,455	44,023
Newly Opened Floor Space (m <sup>2</sup> )	702	1,558	2,369	91	292	3,135	5,314	2,467	15,703	1,548	3,331	2,051
Sales per Sq. Meter (Thousand ¥)	703	701	845	343	341	351	277	279	286	394	369	426
Full-Time Employees	666	735	810	22	23	25	146	165	190	144	204	226
Sales per Employee (Million ¥)	44	46	56	296	358	358	203	179	170	105	79	83

\* Sagami's financial data, such as Net Sales, are shown on a consolidated basis.

Uny has diversified into specialty and low-cost chain store operations over the years to respond to changing consumer demands and to develop advances in store concepts. These operations are structured as subsidiaries within the Uny Group.

### ◆ SAGAMI

Sagami Co., Ltd. is the largest national chain specializing in Japanese kimonos. Sagami also operates the following boutique chains: SHAZBOT, a specialty store for caps and hats; Karako, which offers sundry goods for everyday living; WarakuyaOkame, devoted to Japanese cutlery and miscellaneous items; LIVEONCE, which offers miscellaneous interior goods; and ORANGE HOUSE, providing miscellaneous kitchen items.

There were 320 stores being operated by Sagami at the end of fiscal 2011.

### ◆ MOLIE

Molie Co., Ltd.'s selection of sensible and fashionable apparel is tailored to the needs of middle-aged and elderly women. The three main business categories are: Molie, representing the prestige of the married woman; Juan, offering contemporary coordinates; and Avant: midi, providing sophisticated urban casual wear.

At the end of fiscal 2011, 146 stores were in operation, 39 less than at the end of the previous fiscal year.

### ◆ PALEMO

Palemo Co., Ltd. offers women's fashions for markets ranging from teens to young working women in their twenties. It has a full range of boutique formats under the key store names Galfit, Dosch, Limestone, Bispage, incense and Siebelet.

At the end of fiscal 2011, 576 stores were in operation, three more than at the end of the previous fiscal year.

### ◆ SUZUTAN

Suzutan Co., Ltd. offers casual wear for the young woman. Suzutan

opened five new stores and closed 48 unprofitable stores in the fiscal year under review, for a total of 241 stores by the fiscal year-end.

## FINANCIAL SERVICES

(Million ¥)

Years ended February 20	2011	2010	2009
Revenues*	¥ 19,622	¥ 20,518	¥ 21,074
Operating Costs and Expenses	19,552	21,047	20,836
Operating Income	3,531	2,905	3,740
Identifiable Assets	109,884	110,656	114,333
Depreciation	1,094	891	836
Impairment Loss on Fixed Assets	19	6	2
Capital Expenditures	1,783	1,105	1,688

\* Revenues refer to sales to external customers.

Uny offers financial services mainly through its credit card and ATM businesses.

### ◆ UCS

UCS Co., Ltd. issues the UCS card, the Uny Group's house card.

The number of UCS cardholders increased 76,000 from the previous fiscal year-end, to 3.18 million. UCS offers shopping and financing services to its cardholders in addition to conducting business operations in the insurance and leasing fields. Reflecting the recent regulation capping the total amount of money that can be provided through loan transfer in accordance with the revision of the Money Lending Business Law, UCS is anticipating a substantial decline in profit.

### ◆ ZERO NETWORKS

ZERO NETWORKS Co., Ltd. conducts its ATM business under the brand names of ZERO BANK and Bank Time, mainly at convenience stores.



## 1. BASIC MANAGEMENT POLICIES

The Uny Group of general merchandisers, convenience and specialty stores offers the customers in its communities an enjoyable shopping experience as well as products and services of high quality and value. With the support of customers as its base, Uny will strive to deliver medium- and long-term earnings growth and continue to meet the expectations of shareholders.

In addition, Uny has made “Three Declarations” as a retail company looking to create a new lifestyle, with the aim of achieving a retail business that enjoys the trust and satisfaction of customers in local communities.

- (1) We are a company that offers solutions for customers' lifestyles  
We will eliminate “inconvenience, dissatisfaction and uncomfortable things” in local communities.
- (2) We are a company that makes new offers for customers' lifestyles  
We will offer affluence, enjoyment and new value.
- (3) We are a company that helps to reduce customers' cost of living  
We will offer daily necessities, such as food products and commodities, as reasonably as possible. We will also place the top priority on food safety.

## 2. BASIC EARNINGS DISTRIBUTION POLICY

Uny's basic policy is to continue the stable payment of cash dividends, giving due consideration to retained earnings to maintain and strengthen its financial soundness, thereby providing for the future expansion of its business.

For the fiscal year ended February 20, 2011, Uny Co., Ltd. declared a year-end dividend of ¥10.0 per share, comprising an ordinary dividend of ¥9.0 per common share and ¥1 per share as a commemorative dividend for its 100th anniversary. As a result, total cash dividends for the year are ¥19 per share, including ¥9 per share for the interim dividend.

## 3. CORPORATE GOVERNANCE

Uny's mission is to offer customers in each local community products and services of high quality and value. By enhancing customer satisfaction, Uny aims to achieve medium- and long-term earnings growth and to continue meeting the expectations of shareholders. In order to do so, Uny needs to establish friendly relationships with stakeholders while responding to changes in the business environment in a flexible and speedy manner. With this in mind, Uny has established a corporate governance structure appropriate to its business areas and is striving to enhance it.

### Overview of Corporate Organization

Uny strives to ensure sound corporate governance through a corporate system with a Board of Directors and a Board of Corporate Auditors.

In pursuit of prompt business execution, the Company maintains the separation of the supervisory and business execution functions of the Board of Directors and introduced an executive officer system. Executive officers are given appropriate authority to carry out their responsibilities and conduct business operations in a prompt, accountable manner. The Company holds monthly management meetings, which comprise executive officers, directors and corporate auditors, to make decisions about daily matters, report on business execution, approve internal control business strategies and discuss matters to be resolved prior to the Board of Directors' Meeting as well as other matters related to key operations.

In principle, the Board of Directors' Meeting comprises 15 directors and is held once a month to deliberate and decide on matters of importance as well as to provide oversight on each director's executive function. The term of office for directors is set at one year in order to secure a flexible management structure and clarify the responsibilities of directors.

### Internal Control System Development

#### (1) Risk Management System

Having established the Risk Management Committee chaired by its president, Uny addresses risks (those related to management, accident, disasters and compliance) comprehensively while taking measures to avoid and reduce risks, monitor risks and improve current conditions. In addition, in accordance with the in-house Risk Management Rules, Uny defines the risks to be aware of, compiles a list of such risks and takes countermeasures against them under the leadership of the department responsible. In cases of emergency, the Company will set up emergency countermeasure headquarters based on its crisis management rules to take prompt and appropriate measures to minimize damage.

#### (2) Compliance

Uny established the Compliance Committee to conduct compliance promotion activities and education. Directly controlled by the president, the Audit Department holds regular and special audits to check compliance conditions based on compliance-related regulations and reports to the president as well as the director responsible. In addition, Uny's compliance manual, the *Ethical Corporate Behavior Standard*, covers business execution and has been widely disseminated among employees. Moreover, the Company's Help Line for its employees and suppliers was set up to receive reports regarding instances of noncompliant behavior.

#### (3) Group Management System

On a regular basis, Uny holds the Group Management Meeting composed of chief executive officers from every Group company to clarify the orientation of Group management and the condition of each Group company as well as to discuss issues important to the Group. Uny also holds the Group Management Administration Committee Meeting, which comprises Group company directors responsible for business operations and administration, and the Internal Control Subcommittee Meeting, which meets on a regular basis to confirm the status of Group Internal Control Policy sharing and the state of each company's internal control system development. Serving at the Group's parent company, Uny's corporate auditors hold concurrent positions as the corporate auditors of major Group companies and conduct audits at each company. Also, corporate auditors regularly participate in the Group Corporate Auditors' Meeting, which monitors and verifies the status of the internal control system development and operations within the Group.

### Internal Audit and Audits by Corporate Auditors

Uny has appointed four corporate auditors, including two external corporate auditors. The corporate auditors attend the Board of Directors' Meeting, management meetings and other meetings of importance. Corporate auditors receive reports on Company operations from directors, review important decisions and provide management supervision in collaboration with the Audit Department. With expert knowledge, each member of the Audit Department implements regular audits at the Company's offices and stores along with special audits at the Company's headquarters and affiliated companies.

### Relationships with External Director and External Corporate Auditors

Uny's external director, Kazuo Sassa, is the Senior Advisor of the Bank of Tokyo-Mitsubishi UFJ, one of the Company's major business partners and shareholders. The Company's corporate auditors, Ikuo Tange and Naotaka Nanya, are, respectively, a certified public accountant and certified tax accountant and a lawyer. With their specialist perspectives and high degree of knowledge regarding business management, the Company expects them to provide helpful opinions regarding auditing activities. Uny registered Messrs. Tange and Nanya as independent directors on the Tokyo Stock Exchange and Nagoya Stock Exchange.

# FINANCIAL SECTION

## CONSOLIDATED FINANCIAL REVIEW

### OPERATING RESULTS

#### Operating Revenue by Segment

Years ended February 20	Millions of Yen		% Change	
	2011		2011/2010	2010/2009
Superstores	¥ 821,992	73.9%	(1.2)%	(1.9)%
Convenience Stores	186,752	16.8	(1.1)	(9.4)
Specialty Stores	81,378	7.3	(8.5)	(17.8)
Financial Services	19,622	1.8	(4.4)	(2.6)
Other	3,037	0.2	(18.6)	(5.9)
<b>Total</b>	<b>¥1,112,781</b>	<b>100.0%</b>	<b>(1.9)%</b>	<b>(4.7)%</b>

#### Operating Income (Loss) by Segment

Years ended February 20	Millions of Yen		% Change	
	2011		2011/2010	2010/2009
Superstores	¥13,080	37.3%	179.8%	(66.5)%
Convenience Stores	16,343	46.5	23.7	(37.4)
Specialty Stores	1,549	4.4	—	—
Financial Services	3,531	10.1	21.5	(22.3)
Other	612	1.7	5.5	(58.7)
Elimination	(13)	0.0	—	—
<b>Total</b>	<b>¥35,102</b>	<b>100.0%</b>	<b>66.4%</b>	<b>(47.5)%</b>

#### Revenues and Earnings

In fiscal 2011, ended February 20, 2011, consolidated operating revenue fell 1.9% from the previous fiscal year to ¥1,112,781 million. Within this figure, net sales were down 2.5% year on year, while other operating revenue grew 1.4%. By product, sales of clothing, household goods and foods declined 5.1%, 2.4% and 1.8%, respectively.

Gross profit decreased 1.1% to ¥249,746 million. However, the gross profit margin rose 0.4 of a percentage point to 26.4%.

Selling, general and administrative expenses (SG&A) fell 3.7% to ¥380,511 million due to cutbacks in expenditure.

As a result, operating income surged 66.4% year on year to ¥35,102 million.

In other income (expenses), net financial expenses (interest expenses less interest and dividend income) were up from ¥2,796 million in the previous fiscal year to ¥3,064 million. Also during the fiscal year under review, the Uny Group recorded a ¥9,978 million impairment loss on fixed assets.

As a result, income before income taxes and minority interests skyrocketed year on year from ¥627 million to ¥20,374 million. Net income after deducting ¥10,655 million in income taxes and ¥3,673 in minority interests was ¥6,046 million, a turnaround from a net loss of ¥4,995 million in the previous fiscal year. Net income per share was ¥30.61 compared with net loss per share of ¥25.28 in the previous fiscal year.

Uny Co., Ltd.'s cash dividends for the fiscal year stood at ¥19.00 per share, comprising ¥9.00 for the interim dividend and ¥10.00 for the year-end dividend, which included a ¥9.00 ordinary dividend and a ¥1.00 commemorative dividend for the Company's 100th anniversary.

#### Results by Segment

##### Superstores

By segment, operating revenue, excluding intersegment sales and transfers, in the superstore segment declined 1.2% to ¥821,992 million, while operating income soared 179.8% to ¥13,080 million.

On the back of tendency among consumers to economize and purchase reasonably priced products due to stagnant household income as well as gradual deflation, Uny Co., Ltd. continued to face severe business conditions. Amid such circumstances, the Company promoted merchandising reform, a hands-on approach and low-cost management. For merchandising reform, the Company strived to develop high-quality, reasonably priced products with value that customers recognize while ensuring profitability. Simultaneously, the Company created new demand for solutions and proposals for lifestyle-related issues. With regard to taking a hands-on approach, the Company established a new corporate culture to introduce original selections of goods and unique sales methods at stores by further entrusting authority and responsibility to each store. In terms of low-cost management, Uny Co., Ltd. promoted the integration of meat processing functions and the concentration of store back-office operations with the aim of increasing manpower efficiency both at stores and headquarters.

On the product planning front, celebrating its 40th anniversary, Uny Co., Ltd. introduced commemorative products, created special in-store spaces and held anniversary sales.

In addition to the abovementioned measures, Uny Co., Ltd. enjoyed strong sales of winter clothes due to a colder than usual season and held a special sale upon the victory of local professional baseball team. As a result, same-store sales in the second half of the fiscal year under review edged up 0.9% (sales of clothing, household goods and foods rose 1.9%, 0.5% and 0.7%, respectively) year on year. Full-year same-store sales, however, edged down 0.9% (sales of clothing, household goods and food decreased 1.6%, 1.2% and 0.8%, respectively) from the previous fiscal year.

The number of Uny stores as of February 20, 2011, stood at 229 after opening three new stores (two of which were mall-type stores) and closing eight stores. Uny (HK) Co., Ltd. opened two new stores during the fiscal year under review, bringing the total number of stores in Hong Kong to three.

Operating costs and expenses in this segment declined 2.3% year on year to ¥811,373 million. Principal factors contributing to this result included decreases in labor, advertising and leasing costs owing to thorough cost cutting. Therefore, operating income improved substantially.

##### Convenience Stores

Operating revenue in the convenience store segment decreased 1.1% year on year to ¥186,752 million, while operating income grew 23.7% to ¥16,343 million.

Circle K Sunkus Co., Ltd. saw sales decrease at company-owned stores due to its policy of streamlining company-owned stores to cut costs. However, sales remained healthy, backed by extreme heat in summer and a spike in demand for cigarettes before the October 2010 tax hike. In addition, fast food and daily food sales showed signs of recovery. As a result, unconsolidated same-store sales were better than forecast at the beginning of the fiscal year under review and saw an only 1.4% year-on-year decrease.

As of February 28, 2011, the total number of convenience stores on a consolidated basis stood at 5,445, net increase of 43 stores after opening 325 stores and closing 282 stores. The total number of stores, including unconsolidated area-franchise companies was 6,335, up 48 stores from the previous fiscal year.

Operating costs and expenses in this segment were down 3.0% to ¥170,419 million. This was attributable to thorough cost-cutting efforts, including a review of headquarter costs and the elimination of unnecessary SG&A expenses.

##### Specialty Stores

Operating revenue in the specialty store segment fell 8.5% year on year to ¥81,378 million; however, the segment recorded an improvement from an operating loss of ¥261 million in the previous fiscal year to operating income of ¥1,549 million.

Sagami Co., Ltd. positioned fiscal 2011 as the final year for its restructuring plan to "consolidate its foundation for future growth," and strived to strengthen its sales capabilities at stores, abide by its internal control and compliance systems, and implement low-cost management. In the kimono business, Sagami took measures to meet customer needs, leading to a year on year increase in the number of customers on a same-store basis. However, a growing tendency among consumers to prefer reasonably priced goods could not cover the decrease in average customer spending, and, accordingly, net sales declined compared with the previous fiscal year.

In addition, Sagami saw both operating revenue and operating income decline due to store closings based on the restructuring plan. The total number of Sagami stores as of February 20, 2011 stood at 320 after opening 6 stores and closing 46 stores.

Palemo Co., Ltd. strived to reinforce earnings capabilities by strengthening product lineups and marketing capabilities. In addition, Palemo engaged in the continuous promotion of low-cost management as well as scrap and build. As a result, both operating revenue and operating income increased during the fiscal year under review. The total number of Palemo stores as of February 20, 2011 stood at 576 after opening 38 stores and closing 35 stores.

In February 2010, Suzutan Co., Ltd. set up the Structural Reform Plan to rebuild its marketing structure with the aim of changing the management cost structure and improving earnings. Owing to such efforts and the effect of Suzutan's measures to attract more customers by strengthening its marketing foundation, the same-store figure for the number of customers was up 1.3%, while the rate of decrease in same-store sales





## Sales by Merchandise Category

Years ended February 20	2011		2010		2009		% Change 2011/2010
	Millions of Yen	% Change	Millions of Yen	% Change	Millions of Yen	% Change	
<b>Clothing</b>	¥ 186,397	16.8%	¥ 196,354	17.3%	¥ 241,383	20.3%	(5.1)%
Women's clothing	75,033	40.3	80,107	40.8	91,282	37.8	(6.3)
Children's clothing	16,838	9.0	18,143	9.2	21,845	9.0	(7.2)
Men's clothing	20,645	11.1	21,591	11.0	26,594	11.0	(4.4)
Accessories and shoes	24,036	12.9	25,682	13.1	41,220	17.1	(6.4)
Lingerie	30,811	16.5	30,804	15.7	34,003	14.1	0.0
Kimonos and related accessories	19,034	10.2	20,027	10.2	26,439	11.0	(5.0)
	100.0		100.0		100.0		
<b>Household Goods</b>	165,022	14.8	169,004	14.9	174,014	14.6	(2.4)
Sundry and leisure goods	133,643	81.0	138,116	81.7	133,516	76.7	(3.2)
Furniture, electrical appliances and others	31,379	19.0	30,888	18.3	40,498	23.3	1.6
	100.0		100.0		100.0		
<b>Foods</b>	562,465	50.5	572,576	50.5	570,700	47.9	(1.8)
Fresh foods	305,066	54.2	308,577	53.9	292,031	51.2	(1.1)
Processed foods	257,399	45.8	263,999	46.1	278,669	48.8	(2.5)
	100.0		100.0		100.0		
<b>Other Merchandise</b>	33,030	3.0	32,990	2.9	31,512	2.7	0.1
<b>Net Sales</b>	946,914	85.1	970,924	85.6	1,017,609	85.5	(2.5)
<b>Other Operating Revenue</b>	165,867	14.9	163,503	14.4	172,639	14.5	1.4
<b>Total</b>	¥1,112,781	100.0%	¥1,134,427	100.0%	¥1,190,248	100.0%	(1.9)%

slowed to a mere 3.3%. Despite a decrease in operating revenue compared with the previous fiscal year, Suzutan gained profitability as a result of retreats in rent, sales promotion costs and labor costs due to the streamlining of unprofitable stores. The total number of Suzutan stores as of February 20, 2011 was 241 following the opening of 5 stores and closing of 48 stores.

Operating costs and expenses in this segment fell 10.5% year on year to ¥79,829 million.

### Financial Services

Operating revenue in the financial services segment declined 4.4% to ¥19,622 million, while operating income grew 21.5% to ¥3,531 million.

UCS Co., Ltd. saw a significant drop in loan transactions due to the shrinking financing market, reflecting the enactment of overall loan transaction regulation.

On the other hand, ZERO NETWORKS Co., Ltd. enjoyed solid growth in the ATM management business.

Operating costs and expenses in this segment declined 7.1% year on year to ¥19,552 million, owing to the decrease in bad debt costs and efforts in low-cost management.

### Financial Position and Liquidity

As of February 20, 2011, the Uny Group's assets totaled ¥940,078 million, a decrease of ¥3,303 million from the end of the previous fiscal year. This was mainly due to decrease in short-term loans receivable and lease deposits. Total net assets grew ¥4,736 million year on year to ¥341,141 million, and consolidated equity (net assets less minority interests) climbed ¥2,847 million to ¥238,770 million. As a result, the equity ratio rose 0.4 of a percentage point to 25.4%. Consolidated interest-bearing debt (long-term debt, including current portion of long-term debt, short-term borrowings including commercial paper and bonds, and lease obligations) decreased ¥17,036 million to ¥309,348 million. The interest-coverage ratio improved from 1.1 times to 5.7 times.

### Cash Flows

Net cash provided by operating activities rose ¥2,544 million year on year to ¥60,465 million. Principal components were income before income taxes and minority interests of ¥20,374 million, depreciation of ¥31,714 million and impairment loss on fixed assets of ¥9,978 million.

Net cash used in investing activities declined ¥26,685 million from the previous fiscal year to ¥13,648 million. This reflected ¥31,573 million paid

for purchases of property and equipment and ¥8,348 million in lease deposits repaid.

Net cash used in financing activities grew ¥10,420 million to ¥30,869 million. This reflected an increase in long-term debt of ¥14,500 million offset by a repayment of long-term debt totaling ¥36,542 million.

As a result, cash and cash equivalents at the end of fiscal 2011 climbed ¥15,891 million year on year to ¥107,669 million.

In fiscal 2012, ending February 20, 2012, plans call for capital investment of ¥45,400 million on a completion basis, compared with approximately ¥44,600 million in fiscal 2011.

## OUTLOOK FOR FISCAL 2012

In the fiscal year ending February 20, 2012, the Japanese economy is anticipated to remain unpredictable amid increasingly harsh employment and income conditions exacerbated by the devastating impact of the Great East Japan earthquake that struck in March 2011. The retail industry will also continue to face a severe business environment due to a tendency among consumers to economize and purchase reasonably priced products, intensifying competition among companies inside and outside the retail industry, and the impact of the earthquake and related disasters.

Amid such circumstances, Uny Co., Ltd. will commemorate its 100th anniversary since the establishment of one of its founders, Nishikawa-Ya. Positioning fiscal 2012 as "the year to leap for growth in the next 100 years," Uny Co., Ltd. will strive to further develop businesses by exercising Group synergies based on its overseas strategies and the restructuring of the General Merchandise Store (GMS) business; aggressively challenging the IT-based business; and accomplishing social missions as an eco-first company.

Given this, Uny Co., Ltd. forecasts its consolidated operating revenue of ¥1,085 billion, operating income of ¥35.2 billion and net income of ¥2.4 billion, taking into consideration the certainty of recording an impairment loss on fixed assets and a retirement benefit obligation.

Management's discussion of the outlook for fiscal 2012, its plans for store openings and its forecasts of operating revenues and net income are forward-looking statements. Principal factors that may cause actual results to differ materially from those expressed in the forward-looking statements made by the management of Uny Co., Ltd. include a further downturn in the domestic economy, the inability to open new stores as planned and a worse-than-expected deterioration in the competitive environment of the retail industry in Japan.

## SELECTED FINANCIAL DATA

UNY CO., LTD. and Consolidated Subsidiaries	Millions of Yen					Thousands of U.S. Dollars*
Years ended February 20	2011	2010	2009	2008	2007	2011
<b>For the Year</b>						
Operating revenue	¥1,112,781	¥1,134,427	¥1,190,248	¥1,216,246	¥1,228,946	\$13,407,000
Net sales	946,914	970,924	1,017,609	1,046,126	1,061,711	11,408,602
Cost of goods sold	697,168	718,376	740,251	758,282	769,552	8,399,614
Selling, general and administrative expenses	380,511	394,956	409,840	417,010	412,252	4,584,470
Interest expenses	4,329	4,278	4,218	3,936	3,396	52,157
Income before income taxes and minority interests	20,374	627	23,317	10,187	29,266	245,470
Net income (loss)	6,046	(4,995)	5,345	377	9,302	72,843
Purchases of property and equipment	31,573	53,089	46,132	42,299	57,572	380,398
Lease deposits made	2,573	3,159	8,931	10,087	9,703	31,000
Per share data (in Yen and U.S. Dollars):						
Net income (loss)	30.61	(25.28)	27.66	2.00	49.27	0.37
Cash dividends	19.00	18.00	18.00	18.00	18.00	0.23
Average shares issued (in Thousands)	198,566	198,566	198,566	189,295	189,295	—
<b>At Year-End</b>						
Merchandise inventories	45,942	48,217	57,672	61,711	62,404	553,518
Property and equipment (book value)	434,457	432,429	421,798	414,389	410,194	5,234,422
Total assets	940,078	943,381	960,602	973,142	966,226	11,326,241
Long-term debt, less current portion	223,504	255,451	231,727	203,108	173,824	2,692,819
Total net assets	341,141	336,405	344,870	350,835	364,291	4,110,133
<b>Profitability</b>						
(Net sales – cost of goods sold)/Net sales (%)	26.4	26.0	27.3	27.5	27.5	—
Income before income taxes/						
Operating revenue (%)	1.8	0.1	2.0	0.8	2.4	—
Net income (loss)/Operating revenue (%)	0.5	(0.4)	0.4	0.0	0.8	—
Net income (loss)/Total assets (%)	0.6	(0.5)	0.6	0.0	1.0	—
Net income (loss)/Equity						
[Total net assets – minority interests] (%)	2.5	(2.1)	2.2	0.2	3.8	—
<b>Financial Structure Analysis</b>						
Equity [Total net assets – minority interests]/						
Total assets (%)	25.4	25.0	25.5	24.2	25.3	—
Long-term debt/Equity						
[Total net assets – minority interests] (Times)	0.9	1.1	0.9	0.9	0.7	—
Income before income taxes and						
interest expenses/Interest expenses (Times)	5.7	1.1	6.5	3.6	9.6	—
<b>Turnover Analysis</b>						
Net sales/Merchandise inventories (Times)	20.6	20.1	17.6	17.0	17.0	—
Operating revenue/Total assets (Times)	1.2	1.2	1.2	1.2	1.3	—

\*See Note 1 of Notes to Consolidated Financial Statements.



## CONSOLIDATED STATEMENTS OF OPERATIONS

UNY CO., LTD. and Consolidated Subsidiaries	Millions of Yen			Thousands of U.S. Dollars
For the Years Ended February 20, 2011, 2010 and 2009	2011	2010	2009	2011
<b>Operating Revenue (Notes 12 and 13):</b>				
Net sales	¥ 946,914	¥ 970,924	¥1,017,609	\$11,408,602
Other	165,867	163,503	172,639	1,998,398
	<b>1,112,781</b>	<b>1,134,427</b>	<b>1,190,248</b>	<b>13,407,000</b>
<b>Operating Costs and Expenses (Notes 5, 7 and 13):</b>				
Cost of goods sold	697,168	718,376	740,251	8,399,614
Selling, general and administrative expenses	380,511	394,956	409,840	4,584,470
	<b>1,077,679</b>	<b>1,113,332</b>	<b>1,150,091</b>	<b>12,984,084</b>
Operating income	<b>35,102</b>	<b>21,095</b>	<b>40,157</b>	<b>422,916</b>
<b>Other Income (Expenses):</b>				
Interest and dividend income	1,265	1,482	1,620	15,241
Interest expenses	(4,329)	(4,278)	(4,218)	(52,157)
Equity in net earnings of affiliates	162	241	455	1,952
(Loss) gain on sales or disposal of property and equipment	(1,229)	563	(1,976)	(14,807)
Loss on cancellation of lease contracts	(1,594)	(1,482)	(1,702)	(19,205)
Loss on write-down of securities (Note 3)	(503)	(114)	(2,899)	(6,060)
Loss on valuation of inventories (Note 2(f))	—	(4,072)	—	—
Impairment loss on fixed assets (Note 2(i))	(9,978)	(14,002)	(10,562)	(120,217)
Miscellaneous, net	1,478	1,194	2,442	17,807
	<b>(14,728)</b>	<b>(20,468)</b>	<b>(16,840)</b>	<b>(177,446)</b>
Income before income taxes and minority interests	<b>20,374</b>	<b>627</b>	<b>23,317</b>	<b>245,470</b>
<b>Income Taxes:</b>				
Current	8,391	6,183	12,704	101,097
Deferred	2,264	(2,459)	709	27,277
	<b>10,655</b>	<b>3,724</b>	<b>13,413</b>	<b>128,374</b>
Income (loss) before minority interests	<b>9,719</b>	<b>(3,097)</b>	<b>9,904</b>	<b>117,096</b>
<b>Minority Interests in Net Income of Consolidated Subsidiaries</b>	<b>3,673</b>	<b>1,898</b>	<b>4,559</b>	<b>44,253</b>
Net income (loss)	¥ 6,046	¥ (4,995)	¥ 5,345	\$ 72,843
		Yen		U.S. Dollars
<b>Per Share (in yen and U.S. dollars):</b>				
Net income (loss)	¥30.61	¥(25.28)	¥27.66	\$0.37
Cash dividends	19.00	18.00	18.00	0.23

See accompanying Notes to Consolidated Financial Statements.

## CONSOLIDATED BALANCE SHEETS

UNY CO., LTD. and Consolidated Subsidiaries	Millions of Yen		Thousands of U.S. Dollars
February 20, 2011 and 2010	2011	2010	2011
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents (Note 11)	¥107,669	¥ 91,778	\$ 1,297,217
Short-term investments (Notes 3 and 11)	1,131	4,386	13,626
Receivables:			
Trade notes (Note 11)	2	—	24
Trade accounts (Note 11)	57,306	48,210	690,434
Short-term loans (Note 11)	28,422	41,938	342,434
Other (Notes 7 and 11)	32,952	28,342	397,012
Allowance for doubtful accounts	(4,995)	(5,728)	(60,181)
	113,687	112,762	1,369,723
Merchandise inventories	45,942	48,217	553,518
Deferred tax assets (Note 10)	6,165	6,620	74,277
Other current assets	24,871	21,544	299,651
<b>Total current assets</b>	<b>299,465</b>	<b>285,307</b>	<b>3,608,012</b>
<b>Property and Equipment (Note 4):</b>			
Land (Note 12)	191,591	189,089	2,308,325
Buildings and structures (Note 12)	476,785	465,122	5,744,398
Equipment and fixtures	71,297	72,010	859,000
Leased assets (Note 7)	22,312	12,678	268,819
Construction in progress	1,917	8,001	23,097
<b>Total property and equipment</b>	<b>763,902</b>	<b>746,900</b>	<b>9,203,639</b>
Accumulated depreciation	(329,445)	(314,471)	(3,969,217)
<b>Net property and equipment</b>	<b>434,457</b>	<b>432,429</b>	<b>5,234,422</b>
<b>Investments and Other Assets:</b>			
Lease deposits (Notes 4, 7 and 11)	118,650	132,585	1,429,518
Investments in and long-term loans to unconsolidated subsidiaries and affiliates (Note 3)	7,571	8,069	91,217
Investment securities (Notes 3 and 11)	10,287	10,584	123,940
Deferred tax assets (Note 10)	17,490	19,484	210,723
Goodwill	12,871	13,729	155,072
Other (Note 12)	41,881	44,073	504,590
Allowance for doubtful accounts	(2,594)	(2,879)	(31,253)
<b>Total investments and other assets</b>	<b>206,156</b>	<b>225,645</b>	<b>2,483,807</b>
	<b>¥940,078</b>	<b>¥943,381</b>	<b>\$11,326,241</b>

See accompanying Notes to Consolidated Financial Statements.



Millions of Yen

Thousands of  
U.S. Dollars

	2011	2010	2011
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Short-term borrowings (Notes 4 and 11)	¥ 33,994	¥ 33,585	\$ 409,566
Current portion of long-term debt (Notes 4 and 11)	51,850	37,348	624,699
Notes and accounts payable:			
Trade notes (Note 11)	8,086	9,232	97,422
Trade accounts (Note 11)	101,132	101,355	1,218,458
Other	39,380	30,243	474,458
	148,598	140,830	1,790,338
Accrued expenses	18,358	16,502	221,181
Income taxes payable	6,050	1,928	72,891
Other current liabilities (Note 10)	49,103	49,460	591,602
Total current liabilities	307,953	279,653	3,710,277
<b>Long-Term Liabilities:</b>			
Long-term debt, less current portion (Notes 4 and 11)	223,504	255,451	2,692,819
Guarantee deposits from tenants (Note 11)	55,460	57,316	668,193
Employee retirement benefit liability (Note 5)	1,558	2,551	18,771
Other long-term liabilities (Note 10)	10,462	12,005	126,048
Total long-term liabilities	290,984	327,323	3,505,831
<b>Commitments and Contingent Liabilities (Note 8)</b>			
<b>Net Assets (Note 6):</b>			
Shareholders' equity			
Common stock;			
Authorized: 600,000,000 shares			
Issued: 198,565,821 shares	10,129	10,129	122,036
Capital surplus	58,825	58,825	708,735
Retained earnings	170,655	168,169	2,056,084
Less, treasury stock at cost: 1,013,868 shares in 2011 and 1,011,264 shares in 2010	(1,204)	(1,202)	(14,506)
Total shareholders' equity	238,405	235,921	2,872,349
Accumulated gains from valuation and translation adjustments	365	2	4,398
Minority interests	102,371	100,482	1,233,386
Total net assets	341,141	336,405	4,110,133
	¥940,078	¥943,381	\$11,326,241



## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

UNY CO., LTD. and Consolidated Subsidiaries

Millions of Yen

For the Years Ended February 20, 2011, 2010 and 2009	Number of Common Shares Issued	Shareholders' Equity		
		Common Stock	Capital Surplus	Retained Earnings
<b>Balance at February 20, 2008</b>	189,295,483	¥10,129	¥49,486	¥174,961
Net income	—	—	—	5,345
Cash dividends	—	—	—	(3,397)
Reversal of land revaluation decrement	—	—	—	(98)
Increase due to merger of a subsidiary	9,270,338	—	9,344	—
Change in equity share portion of affiliates	—	—	—	—
Fractional shares acquired, net	—	—	(4)	—
Net changes other than shareholders' equity for the year	—	—	—	—
<b>Balance at February 20, 2009</b>	198,565,821	¥10,129	¥58,826	¥176,811
Net loss	—	—	—	(4,995)
Cash dividends	—	—	—	(3,561)
Reversal of land revaluation decrement	—	—	—	(93)
Change in equity share portion of affiliates	—	—	—	—
Decrease in retained earnings through inclusion of additional subsidiaries on consolidation	—	—	—	(1)
Effect of changes in accounting policies applied to foreign subsidiaries	—	—	—	8
Fractional shares acquired, net	—	—	(1)	—
Net changes other than shareholders' equity for the year	—	—	—	—
<b>Balance at February 20, 2010</b>	198,565,821	¥10,129	¥58,825	¥168,169
Net income	—	—	—	6,046
Cash dividends	—	—	—	(3,560)
Change in equity share portion of affiliates	—	—	—	—
Fractional shares acquired, net	—	—	—	—
Net changes other than shareholders' equity for the year	—	—	—	—
<b>Balance at February 20, 2011</b>	<b>198,565,821</b>	<b>¥10,129</b>	<b>¥58,825</b>	<b>¥170,655</b>

Thousands of U.S. Dollars

<b>Balance at February 20, 2010</b>	\$122,036	\$708,735	\$2,026,133
Net income	—	—	72,843
Cash dividends	—	—	(42,892)
Change in equity share portion of affiliates	—	—	—
Fractional shares acquired, net	—	—	—
Net changes other than shareholders' equity for the year	—	—	—
<b>Balance at February 20, 2011</b>	<b>\$122,036</b>	<b>\$708,735</b>	<b>\$2,056,084</b>

See accompanying Notes to Consolidated Financial Statements.



Millions of Yen

Treasury Stock	Total Shareholders' Equity	Accumulated Gains from Valuation and Translation Adjustments					Minority Interests	Total Net Assets
		Net Unrealized Gains on Available-for-Sale Securities	Net Deferred Gains on Hedging Instruments	Land Revaluation Decrement	Foreign Currency Translation Adjustments	Total Accumulated Gains from Valuation and Translation Adjustments		
¥ (800)	¥233,776	¥3,055	¥(84)	¥(615)	¥ (507)	¥1,849	¥115,210	¥350,835
—	5,345	—	—	—	—	—	—	5,345
—	(3,397)	—	—	—	—	—	—	(3,397)
—	(98)	—	—	—	—	—	—	(98)
—	9,344	—	—	—	—	—	—	9,344
(205)	(205)	—	—	—	—	—	—	(205)
(156)	(160)	—	—	—	—	—	—	(160)
—	—	(1,676)	59	97	(455)	(1,975)	(14,819)	(16,794)
¥(1,161)	¥244,605	¥1,379	¥(25)	¥(518)	¥ (962)	¥ (126)	¥100,391	¥344,870
—	(4,995)	—	—	—	—	—	—	(4,995)
—	(3,561)	—	—	—	—	—	—	(3,561)
—	(93)	—	—	—	—	—	—	(93)
(1)	(1)	—	—	—	—	—	—	(1)
—	(1)	—	—	—	—	—	—	(1)
—	8	—	—	—	—	—	—	8
(40)	(41)	—	—	—	—	—	—	(41)
—	—	265	58	93	(288)	128	91	219
¥(1,202)	¥235,921	¥1,644	¥ 33	¥(425)	¥(1,250)	¥ 2	¥100,482	¥336,405
—	6,046	—	—	—	—	—	—	6,046
—	(3,560)	—	—	—	—	—	—	(3,560)
—	—	—	—	—	—	—	—	—
(2)	(2)	—	—	—	—	—	—	(2)
—	—	465	(29)	—	(73)	363	1,889	2,252
<b>¥(1,204)</b>	<b>¥238,405</b>	<b>¥2,109</b>	<b>¥ 4</b>	<b>¥(425)</b>	<b>¥(1,323)</b>	<b>¥ 365</b>	<b>¥102,371</b>	<b>¥341,141</b>

Thousands of U.S. Dollars

\$(14,482)	\$2,842,422	\$19,807	\$397	\$(5,120)	\$(15,060)	\$ 24	\$1,210,627	\$4,053,073
—	72,843	—	—	—	—	—	—	72,843
—	(42,892)	—	—	—	—	—	—	(42,892)
—	—	—	—	—	—	—	—	—
(24)	(24)	—	—	—	—	—	—	(24)
—	—	5,603	(349)	—	(880)	4,374	22,759	27,133
<b>\$(14,506)</b>	<b>\$2,872,349</b>	<b>\$25,410</b>	<b>\$ 48</b>	<b>\$(5,120)</b>	<b>\$(15,940)</b>	<b>\$4,398</b>	<b>\$1,233,386</b>	<b>\$4,110,133</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

UNY CO., LTD. and Consolidated Subsidiaries	Millions of Yen			Thousands of U.S. Dollars
For the Years Ended February 20, 2011, 2010 and 2009	2011	2010	2009	2011
<b>Cash Flows from Operating Activities:</b>				
Income before income taxes and minority interests	¥ 20,374	¥ 627	¥23,317	\$ 245,470
Adjustments for:				
Depreciation	31,714	31,829	28,036	382,096
Impairment loss on fixed assets	9,978	14,002	10,562	120,217
Loss (gain) on sales or disposal of property and equipment	1,229	(563)	1,976	14,807
Net decrease in employee retirement benefit liability	(1,020)	(379)	(2,709)	(12,289)
Changes in operating assets and liabilities:				
Trade receivables	(9,098)	5,292	(3,635)	(109,614)
Inventories	2,331	8,875	3,094	28,084
Trade payables	(2,052)	15,727	(11,767)	(24,723)
Other, net	14,605	(3,483)	21,338	175,964
Subtotal	68,061	71,927	70,212	820,012
Interest and dividends received	998	1,170	1,278	12,024
Interest paid	(4,217)	(3,794)	(4,001)	(50,807)
Income taxes paid	(4,377)	(11,382)	(11,346)	(52,735)
Net cash provided by operating activities	60,465	57,921	56,143	728,494
<b>Cash Flows from Investing Activities:</b>				
Property and equipment:				
Purchases	(31,573)	(53,089)	(46,132)	(380,398)
Proceeds from sales	654	2,907	1,917	7,880
Lease deposits made	(2,573)	(3,159)	(8,931)	(31,000)
Lease deposits repaid	8,348	7,361	8,870	100,578
Net decrease (increase) in short-term investments and investment securities	1,453	795	(4,539)	17,506
Other, net	10,043	4,852	(10,088)	121,000
Net cash used in investing activities	(13,648)	(40,333)	(58,903)	(164,434)
<b>Cash Flows from Financing Activities:</b>				
Increase in long-term debt	14,500	53,600	53,550	174,699
Repayment of long-term debt	(36,542)	(23,274)	(32,670)	(440,265)
Increase (decrease) in short-term borrowings	409	(42,543)	(13,892)	4,928
Net decrease in guarantee deposits from tenants	(1,915)	(1,724)	(1,148)	(23,072)
Dividends paid to shareholders	(3,560)	(3,561)	(3,397)	(42,892)
Dividends paid to minority shareholders	(1,803)	(1,815)	(2,108)	(21,723)
Other, net	(1,958)	(1,132)	(172)	(23,590)
Net cash (used in) provided by financing activities	(30,869)	(20,449)	163	(371,915)
Effect of exchange rate changes on cash and cash equivalents	(57)	(283)	(474)	(687)
Net decrease in cash and cash equivalents	15,891	(3,144)	(3,071)	191,458
Cash and cash equivalents at beginning of year	91,778	94,733	97,710	1,105,759
Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	—	189	94	—
Cash and cash equivalents at end of year	¥107,669	¥91,778	¥94,733	\$1,297,217

See accompanying Notes to Consolidated Financial Statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNY CO., LTD. and Consolidated Subsidiaries

### 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of UNY CO., LTD. (the "Company") and its consolidated subsidiaries (together with the Company, the "UNY Group") have been prepared in accordance with the provisions set forth in the Financial Instrument and Exchange Law of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Prior to the year ended February 20, 2009, the accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 2, the accounts of consolidated overseas subsidiaries for the year ended February 20, 2010 are prepared in accordance with International Financial Reporting Standards, with adjustments for the specified six items as applicable. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instrument and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, using the prevailing approximate exchange rate at February 20, 2011, which was ¥83 to U.S. \$1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

In preparing these consolidated financial statements, certain reclassifications were made to the original Japanese consolidated financial statements in order to present them in a form that would be more familiar to readers outside Japan. In addition, certain reclassifications were made in the 2009 and 2010 consolidated financial statements to conform to the classifications used in 2011.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in significant unconsolidated subsidiaries and affiliates are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost. The difference between the acquisition cost of investments in subsidiaries and the underlying equity in the net assets, adjusted based on the fair value at the time of acquisition, are principally deferred as goodwill or negative goodwill and amortized over five years, except with regard to the acquisition of the former SUNKUS & ASSOCIATES INC. ("SUNKUS"). The goodwill resulting from the acquisition of SUNKUS, measured by the excess of the acquisition cost over the underlying equity in the net assets, is being amortized over 20 years from the year ended

February 20, 2000. All significant intercompany accounts and transactions have been eliminated on consolidation.

Under the accounting standard for consolidation, a subsidiary is defined as an enterprise which is controlled by another enterprise and is a majority (more than 50%) owned enterprise or 40% to 50% owned enterprise that meets certain criteria. An affiliated company is defined as an enterprise over which the investor has significant influence and is an enterprise other than a subsidiary that is a 20% or more owned enterprise or 15% to 19% owned enterprise that meets certain criteria. For the years ended February 20, 2011, 2010 and 2009, the number of companies that were not more than 50% owned enterprises, but were nevertheless classified as consolidated subsidiaries based on the judgment of the Company in accordance with the accounting standard was eight, seven and six respectively.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended February 20, 2011, 2010 and 2009 was as follows:

	2011	2010	2009
Consolidated subsidiaries:			
Domestic	20	20	21
Overseas	1	2	3
Unconsolidated subsidiaries and affiliates, accounted for by the equity method	1	2	2
Unconsolidated subsidiaries, stated at cost	11	11	12
Affiliates, stated at cost	12	13	13

On May 17, 2006, the Accounting Standards Board of Japan issued Practical Issues Task Force No.18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No.18"). PITF No.18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No.18, however, as a tentative measure, allows a parent company to prepare its consolidated financial statements using overseas subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. GAAP. In this case, adjustments for the following six items are required in the consolidation process so that their impact on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

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

As a result of adoption PITF No.18, effective February 21, 2009, retained earnings at February 21, 2009 was increased by ¥8 million.

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

**(b) Cash equivalents**

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

**(c) Investments and marketable securities**

The UNY Group classifies certain investments in debt and equity securities as “held-to-maturity,” “trading” or “available-for-sale.” The classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. Debt securities for which the UNY Group has both the positive intention and the ability to hold to maturity are classified as held-to-maturity securities and are stated at amortized cost. Marketable securities with market quotations for available-for-sale securities are stated at fair value, and net unrealized gains or losses on these securities are reported as a component of net assets, net of applicable income taxes. Gains and losses on the disposition of investment securities are computed by the moving average method. Nonmarketable securities without available market quotations for available-for-sale securities are carried at cost determined by the moving average method. Adjustments in carrying values of individual investment securities are charged to income through write-downs when a decline in value is deemed other than temporary.

**(d) Accounting for derivatives**

Certain transactions classified as hedging transactions are accounted for under a deferral method. According to the special treatment permitted by the accounting standard for financial instruments, hedging interest rate swap contracts are accounted for on an accrual basis and recorded net of interest expenses generated from borrowings, if certain conditions are met. Foreign currency exchange forward contracts and currency swaps are accounted for to translate foreign currency denominated assets and liabilities at such contract rates as an interim measure if certain hedging criteria are met.

The gains and losses for revalued compound instruments, including embedded derivatives, are included in “miscellaneous” of other income (expenses) in the accompanying consolidated statements of operations for the years ended February 20, 2011, 2010 and 2009, where such embedded derivatives cannot be separated from the host contract.

**(e) Allowance for doubtful accounts**

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

**(f) Inventories**

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories.” As permitted under the superseded accounting standard, the Company and consolidated domestic subsidiaries previously stated inventories at cost, determined principally by the retail method. Fresh foods are stated at cost, determined by the last purchase price.

The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value. As a result of the adoption of ASBJ Statement No.9, operating income was ¥367 million less and income before income taxes and minority interests

¥4,439 million less for the year ended February 20, 2010, than the amounts that would have been recorded under the previous accounting method.

**(g) Property and equipment and depreciation**

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

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

In accordance with the amendment of the Corporation Tax Law of Japan, effective from the fiscal year ended February 20, 2008, the Company and its domestic consolidated subsidiaries have changed the depreciation method for property and equipment acquired on and after April 1, 2007 pursuant to the amended Corporation Tax Law of Japan.

As for property and equipment acquired before April 1, 2007, the Company and its domestic subsidiaries previously depreciated the assets up to the depreciable limit of 5% of the acquisition cost, in accordance with the Corporation Tax Law of Japan. Effective from the year ended February 20, 2009, the remaining residual value is depreciated over five years using the straight-line method from the fiscal year in which the depreciable limit of 5% of the acquisition cost is reached, pursuant to the amended Corporation Tax Law of Japan. As a result, operating income and income before income taxes and minority interests for the year ended February 20, 2009 were ¥369 million less, respectively, than what would have been recorded with the previous accounting method.

The leased property of a certain consolidated subsidiary engaged in leasing operations as lessor was recorded at cost in property and equipment in the accompanying consolidated balance sheets and is being depreciated over the term of the lease contract by the straight-line method to the estimated disposal value at the lease termination date.

**(h) Leases**

Prior to February 21, 2009, the Company and its domestic subsidiaries had accounted for finance leases that did not transfer ownership of the leased property to the lessee as operating lease transactions, as permitted by the “Opinion Concerning Accounting Standards for Leases” issued by the Business Accounting Council of Japan (“BACJ”) in June 1993, on condition that certain “as if capitalized” information for lessees or “as if sold” information for lessors was disclosed in the notes to the financial statements. On March 30, 2007, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No.13, “Accounting Standard for Lease Transactions,” which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard requires that lessees should capitalize all finance leases to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits finance leases which commence prior to February 21, 2009 and do not





transfer ownership of the property to the lessee to be accounted for as operating lease transactions. On the other hand, the revised accounting standard requires that lessors should recognize all finance leases that transfer ownership of the lease property to the lessee as lease receivables and all finance leases that do not transfer ownership of the leased property to the lessee as lease investment assets.

The company and its domestic subsidiaries have adopted the revised accounting standard for lease transactions effective February 21, 2009. In accordance with the revised standards, the UNY Group accounts for finance leases that commenced prior to February 21, 2009 and that did not provide for the transfer of ownership of the leased property in the following manner.

For lease transactions under which a UNY Group company is a lessee, the leased property is accounted for as if under an operating lease transaction. For leases under which a subsidiary is a lessor, the leased property has been stated at beginning book value, cost less accumulated depreciation, as lease investment assets at February 21, 2009, pursuant to paragraph 81 of Implementation Guidance No.16, "Implementation Guidance on Accounting Standard for Lease Transactions," issued by the Japan Institute of Certified Public Accountant (JICPA) on March 30, 2007.

The effect of the adoption the revised accounting standard on the balance sheet as of February 20, 2010 was to increase other current assets and leased assets by ¥281 million and ¥11,573 million, respectively, and to increase other current liabilities and long-term debt, less current portions by ¥1,401 million and ¥6,056 million, respectively, compared to the amounts that would have been recorded without the adoption of the new standards. There was no material effect on the statements of income or segment information as a result of the adoption of the revised accounting standard.

Leased assets that do not transfer ownership to the lessee are depreciated by the straight-line method over the term of the lease, with a residual value of zero. Revenue from finance lease transactions is not recorded in sales, but instead recorded by allocating the corresponding amount of interest over the fiscal year concerned.

#### (i) Accounting standard for impairment of fixed assets

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

For the purpose of recognition and measurement of an impairment loss, fixed assets of the UNY Group are principally grouped into cash generating units, such as stores, other than idle or unused property. The UNY Group determines if assets are impaired by comparing their undiscounted expected cash flows to the carrying amounts in the accounting records. An impairment

loss is recognized if undiscounted expected cash flows are less than the carrying amount of the asset. The recoverable amounts of assets were measured based on their net selling prices primarily from appraisal valuations or amounts of operating cash flows discounted by interest rates. The discount rates for fiscal years ended February 20, 2011, 2010 and 2009 ranged from 2.3% to 4.1%, from 2.7% to 5.0% and from 3.1% to 7.4% respectively.

For the years ended February 20, 2011, 2010 and 2009, the UNY Group recognized impairment losses on fixed assets of ¥9,978 million (\$120,217 thousand), ¥14,002 million and ¥10,562 million, respectively, as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	2011
Superstores, convenience stores, specialty stores and other property	¥9,970	¥13,335	¥10,464	\$120,120
Idle property	8	667	98	97
<b>Total</b>	<b>¥9,978</b>	<b>¥14,002</b>	<b>¥10,562</b>	<b>\$120,217</b>

#### (j) Revaluation of land

In accordance with the Law Concerning Revaluation of Land of Japan, one of the consolidated subsidiaries elected the one-time revaluation to restate the cost of land used for business at a value rationally reassessed effective February 20, 2002, reflecting appropriate adjustments for land shape and other factors and based on appraisal values issued by the Japanese National Tax Agency or municipal property tax bases. According to the law, the amount equivalent to the tax effect on the difference between the original book value and sound reassessed value is recorded as deferred tax liability for revaluation account. The rest of the difference, net of the tax effect and minority interests portion, is recorded as a component of net assets in the land revaluation decrement account in the accompanying consolidated balance sheets. At February 20, 2011 and 2010, the difference of the carrying value of land used for business after reassessment over the market value of such land at the respective fiscal year-ends amounted to ¥512 million (\$6,169 thousand) and ¥467 million, respectively.

#### (k) Employee retirement benefits

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

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

Past service costs are amortized on a straight-line basis over five to ten years, a period within the remaining service years of employees.

Effective from the fiscal year ended February 20, 2010, the Company and its consolidated domestic subsidiaries adopted a new accounting standard, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan ("ASBJ") Statement No.19 issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined by taking into consideration fluctuations in the yield of long-term government or gilt-edged bonds over a certain period. This change had no material impact on the consolidated financial statements for the year ended February 20, 2010.

#### **(l) Severance indemnities for officers**

Until May 2005, the UNY Group paid severance indemnities to directors and corporate auditors upon the approval of the shareholders, and the Company and its principal consolidated subsidiaries provided for this liability at the amount that would have been payable assuming such directors and corporate auditors terminated their service at the balance sheet date. In May 2005, the Company and its principal consolidated subsidiaries terminated the severance benefit plan for directors and corporate auditors, and the shareholders of the companies approved paying the severance indemnities benefits granted prior to the termination date of the severance benefit plan. At February 20, 2011 and 2010, the unpaid portion of these severance indemnity benefits was included in other long-term liabilities in the accompanying consolidated balance sheets.

#### **(m) Accounting for allowance for losses for interest repayments**

An allowance for losses for interest repayments is provided by one of the consolidated subsidiaries engaged in financial services to customers based on anticipated losses, taking into consideration the historical repayment of claims from the customers for the refund of interest that exceed the upper limit for interest rates prescribed under the Interest Rate Restriction Law of Japan. Effective from the year ended February 20, 2007, the consolidated subsidiary adopted the "Application of Auditing for Provision of Allowance for Loss for Reclaimed Refund of Interest in the Accounting of Consumer Finance Companies" of the Industry Audit Practice Committee Report No. 37," which was issued by JICPA on October 13, 2006 to clarify the guidelines for calculating the allowance for losses on interest repayments and a reasonable period for estimation. As a result of the adoption, the accrued amounts of ¥3,175 million (\$38,253 thousand) and ¥2,923 million at February 20, 2011 and 2010, respectively, were included in other long-term liabilities.

#### **(n) Allowance for sales promotion**

Certain consolidated subsidiaries grant points to customers as member cardholders in a "Point card system" on purchases of merchandise. These points are awarded in proportion to purchase amounts and may be redeemed for future merchandise. For the years ended February 20, 2011, 2010 and 2009, two, two and two consolidated subsidiaries, respectively, provided an allowance for sales promotion based on the estimates at the fiscal year-end under the point card system.

#### **(o) Provisions**

For the years ended February 20, 2010, two consolidated subsidiaries provided an allowance for future losses on its business restructuring, including for its items such as the close-down of stores, loss on disposal of inventory and discontinued operations, based on its best estimates as of the current fiscal year-end. At February 20, 2010, this provision aggregated ¥798 million.

#### **(p) Accounting change**

(Accounting change for commissions)

Until the fiscal year ended February 20, 2009, the UNY Group had recorded commissions received from suppliers for outsourced delivery services as "Other" in operating income. With the integration of logistic centers to improve transportation efficiency, the UNY Group has decided to record such commissions as a deduction from expenses relating to delivery center operations included in S.G.A. to further clarify their relationship with expenses, effective from the year ended February 20, 2010, the amounts in the consolidated statements of income prior to and for the year ended February 20, 2009 have not been restated. As a result of this change, operating revenue and operating costs and expenses decreased by ¥1,617 million in comparison with what would have been recorded under the previous accounting policy. However, this change has had no impact on operating income.

#### **(q) Translation of foreign currency accounts**

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

For the financial statement items of overseas consolidated subsidiaries, all asset and liability accounts are translated into Japanese yen by applying the exchange rates in effect at the fiscal year-end. All income and expense accounts are translated at the average rates of exchange prevailing during the fiscal year. Translation differences, after allocating portions attributable to minority interests, are reported as foreign currency translation adjustments in a separate component of net assets in the accompanying consolidated balance sheets.

#### **(r) Income taxes**

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

#### **(s) Enterprise taxes**

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



### (t) Appropriation of retained earnings

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

### (u) Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year. Diluted net income per share is not disclosed because the UNY Group had no diluted common shares for the three years ended February 20, 2011, 2010 and 2009. Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective year.

## 3. INVESTMENTS

At February 20, 2011 and 2010, short-term investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Marketable securities—bonds	¥ —	¥ 50	\$ —
Joint money trust	—	3,000	—
Time deposits with an original maturity of more than three months	1,131	1,336	13,626
	<b>¥1,131</b>	<b>¥4,386</b>	<b>\$13,626</b>

At February 20, 2011 and 2010, investment securities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Marketable securities:			
Equity securities	¥ 9,216	¥ 8,490	\$111,036
Bonds	236	1,233	2,843
Others	53	46	639
	<b>9,505</b>	<b>9,769</b>	<b>114,518</b>
Other nonmarketable securities	782	815	9,422
	<b>¥10,287</b>	<b>¥10,584</b>	<b>\$123,940</b>

Marketable securities are classified as available-for-sale and are stated at fair value with unrealized gains and losses which are excluded from current earnings and reported as a net amount within the net assets account until realized. Gross unrealized gains and losses for marketable securities at February 20, 2011 and 2010 are summarized as follows:

	Cost	Millions of Yen		Fair and Carrying Value
		Gross Unrealized Gains	Gross Unrealized Losses	
At February 20, 2011:				
Marketable securities:				
Equity securities	¥5,761	¥3,699	¥(244)	¥9,216
Bonds	250	—	(14)	236
Others	49	4	—	53
	<b>¥6,060</b>	<b>¥3,703</b>	<b>¥(258)</b>	<b>¥9,505</b>
At February 20, 2010:				
Marketable securities:				
Equity securities	¥5,778	¥3,072	¥(360)	¥8,490
Bonds	1,351	1	(69)	1,283
Others	49	—	(2)	47
	<b>¥7,178</b>	<b>¥3,073</b>	<b>¥(431)</b>	<b>¥9,820</b>

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair and Carrying Value
				Thousands of U.S. Dollars
At February 20, 2011:				
Marketable securities:				
Equity securities	\$69,409	\$44,567	\$(2,940)	\$111,036
Bonds	3,012	—	(169)	2,843
Others	591	48	—	639
	<b>\$73,012</b>	<b>\$44,615</b>	<b>\$(3,109)</b>	<b>\$114,518</b>

The UNY Group sold available-for-sale securities and recorded realized gains of ¥36 million (\$433 thousand), ¥0 million and ¥116 million for the years ended February 20, 2011, 2010 and 2009, respectively, and recorded realized losses of ¥0 million (\$0 thousand) and ¥1 million for the years ended February 20, 2011 and 2010, respectively, on the accompanying consolidated statements of operations. During the years ended February 20, 2011, 2010 and 2009, the UNY Group recorded a loss on the write-down of available-for-sale securities and investments in unconsolidated subsidiaries and affiliates due to other-than-temporary impairments in value amounting to ¥554 million (\$6,675 thousand), ¥114 million and ¥2,899 million, respectively.

At February 20, 2011 and 2010, investments in and long-term loans to unconsolidated subsidiaries and affiliates consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments, accounted for by the equity method for one significant affiliate and at cost for others	¥7,138	¥7,667	\$86,000
Interest bearing long-term loans	433	402	5,217
	<b>¥7,571</b>	<b>¥8,069</b>	<b>\$91,217</b>

## 4. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Short-term unsecured bank loans with interest rates ranging from 0.43% to 0.84% per annum at February 20, 2011	¥ 7,494	¥13,085	\$ 90,289
Commercial paper at interest rates ranging from 0.115% to 0.1185% per annum at February 20, 2011	26,500	20,500	319,277
	<b>¥33,994</b>	<b>¥33,585</b>	<b>\$409,566</b>

At February 20, 2011 and 2010, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Loans principally from banks and insurance companies due through 2017 at interest rates ranging from 0.46% to 2.9% per annum at February 20, 2011:			
Collateralized	¥ 1,380	¥ 1,777	\$ 16,627
Unsecured	262,580	268,565	3,163,614
2.13% notes due in April 2010	—	5,000	—
0.56% notes due in May 2010	—	5,000	—
1.26% notes due in September 2010	—	5,000	—
Capitalized lease obligations	11,394	7,457	137,277
	275,354	292,799	3,317,518
Less, current maturities	(51,850)	(37,348)	(624,699)
	¥223,504	¥255,451	\$2,692,819

The aggregate annual maturities of long-term debt at February 20, 2011 are summarized as follows:

Years ending February 20,	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 51,850	\$ 624,699
2013	68,062	820,024
2014	62,144	748,723
2015	74,467	897,193
2016	16,811	202,542
Thereafter	2,020	24,337
	¥275,354	\$3,317,518

Certain assets of the UNY Group that were pledged as collateral for long-term debt at February 20, 2011 and 2010 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Land	¥ —	¥1,073	\$ —
Buildings and structures	4,408	5,054	53,108

Debts for the pledged assets above as of February 20, 2011 and 2010 were long-term loans (including the current portion) in the amount of ¥1,380 million (\$16,627 thousand) and ¥1,777 million, respectively.

As is customary in Japan, substantially all bank borrowings are subject to general agreements which provide, among other things, that the banks may, under certain circumstances, request additional security for these loans and may treat any security so furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness. The banks have never requested the UNY Group to submit such additional security. Also, as is customary in Japan, the Company and certain of its subsidiaries have time deposits with the banks from which they have short-term and long-term borrowings. However, there are no agreements with any banks which would require maintaining such deposits.

## 5. EMPLOYEE RETIREMENT BENEFITS

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

The following table reconciles the benefit liability and net periodic retirement benefit expense as of and for the years ended February 20, 2011, 2010 and 2009:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥77,937	¥79,349	\$939,000
Fair value of pension plan assets at end of year	(67,823)	(63,446)	(817,145)
Projected benefit obligation in excess of pension plan assets	10,114	15,903	121,855
Less, unrecognized transitional provision	(83)	(99)	(1,000)
Less, unrecognized actuarial differences (loss)	(13,757)	(19,372)	(165,747)
Unrecognized past service costs	4,584	5,901	55,229
	858	2,333	10,337
Prepaid pension cost	700	218	8,434
Net amounts of employee retirement benefit liability recognized on the consolidated balance sheets	¥ 1,558	¥ 2,551	\$ 18,771

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	2011
Component of net periodic retirement benefit expense:				
Service cost	¥3,060	¥3,050	¥3,139	\$36,867
Interest cost	1,557	1,616	1,732	18,759
Expected return on pension plan assets	(2,379)	(2,266)	(3,083)	(28,663)
Transitional provision	17	17	17	205
Amortization of actuarial differences	4,160	4,757	2,915	50,121
Amortization of past service costs	(1,317)	(1,340)	(1,346)	(15,867)
Net periodic retirement benefit expense	¥5,098	¥5,834	¥3,374	\$61,422

Major assumptions used in the calculation of the above information for the years ended February 20, 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Method attributing the projected benefits to periods of services	<b>Straight-line method</b>	Straight-line method	Straight-line method
Discount rate	<b>0.5%~2.0%</b>	0.5%~2.0%	0.5%~2.0%
Expected rate of return on pension plan assets	<b>2.0%~3.8%</b>	2.0%~4.0%	2.0%~4.0%
Amortization period of past service costs	<b>5 to 10 years</b>	5 to 10 years	5 to 10 years
Amortization period of actuarial differences	<b>5 to 10 years</b>	5 to 10 years	5 to 10 years
Amortization period of transitional provision	<b>15 years for one subsidiary</b>	15 years for one subsidiary	15 years for one subsidiary



## 6. NET ASSETS

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

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

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

At February 20, 2011 and 2010, respectively, capital surplus principally consisted of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥2,532 million (\$30,506 thousand) at February 20, 2011 and 2010, respectively.

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

At the annual shareholders' meeting held on May 17, 2011, the shareholders approved cash dividends amounting to ¥1,978 million (\$23,831 thousand). Such appropriations have not been accrued in the consolidated financial statements as of February 20, 2011 and are recognized in the period in which they are approved by the shareholders.

## 7. LEASE COMMITMENTS

### (a) Lessee

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

The Company and certain domestic consolidated subsidiaries also lease computer equipment, store fixtures, private power generation equipment and vehicles under one- to twenty-year noncancelable lease agreements. As disclosed in Note 2(h), prior to February 21, 2009, the leased property of the Company and its domestic consolidated subsidiaries under such noncancelable lease agreements categorized as financing leases have not capitalized, and the related rental and lease expenses were charged to income as incurred as accepted by the "Opinion Concerning Accounting Standard for Leases" issued by BACJ and the related practical guideline issued by JICPA. If the leased property of the UNY Group had been capitalized, the related

accounts would have been increased/(decreased) at February 20, 2011 and 2010 as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Property and equipment, net of accumulated depreciation <sup>1</sup>	¥14,830	¥21,297	\$178,675
Lease obligations as liabilities <sup>2</sup>	17,180	23,837	206,988
Allowance for impairment loss on leased property	(1,306)	(1,346)	(15,735)
Net effect on retained earnings at year-end	¥ (1,044)	¥ (1,194)	\$ (12,578)

Additionally, income before income taxes and minority interests would have been ¥4 million (\$48 thousand) less and ¥46 million less for the years ended February 20, 2011 and 2010, respectively.

<sup>1</sup> Pro forma depreciation of the leased property is computed by the straight-line method over the term of the lease, assuming the leased property had been capitalized.

<sup>2</sup> Pro forma interest on lease obligations for financing leases is computed by the interest method over the term of the lease.

The aggregate future minimum payments for noncancelable operating leases and financing leases, excluding the imputed interest portion, at February 20, 2011 and 2010, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Financing leases as lessee:			
Due within one year	¥ 5,830	¥ 6,874	\$ 70,241
Due after one year	11,350	16,963	136,747
	¥ 17,180	¥ 23,837	\$ 206,988
Operating leases as lessee:			
Due within one year	¥ 15,216	¥ 16,178	\$ 183,325
Due after one year	99,699	114,860	1,201,193
	¥114,915	¥131,038	\$1,384,518

Gross rental and lease expense, consisting of minimum rental payments for all operating leases and financing leases for the years ended February 20, 2011, 2010 and 2009 was ¥99,448 million (\$1,198,169 thousand), ¥103,157 million and ¥105,549 million, respectively. For the years ended February 20, 2011, 2010 and 2009, lease expense for noncancelable lease agreements categorized as financing leases amounted to ¥7,507 million (\$90,446 thousand), ¥9,092 million and ¥9,511 million, respectively.

### (b) Lessor

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

A certain consolidated subsidiary engaged in leasing operations as lessor enters into various lease agreements with third parties principally for the lease of vehicles, with the leased property recorded as property and equipment. The effect of the finance lease adjustment is not material.



Lease investment assets at February 20, 2011 and 2010 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Gross lease receivables	¥280	¥253	\$3,373
Estimated residual values	41	54	494
Unearned interest income	(67)	(89)	(807)
Lease investment assets	¥254	¥218	\$3,060

Lease receivables that mature subsequent to February 20, 2011 are as follows:

Years ending February 20,	Millions of Yen	Thousands of U.S. Dollars
2012	¥146	\$1,759
2013	61	735
2014	42	506
2015	22	265
2016	9	108
Thereafter	—	—
	¥280	\$3,373

The aggregate future minimum lease commitments to be received for non-cancelable lease agreements, excluding the imputed interest, at February 20, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Operating leases as lessor:			
Due within one year	¥151	¥128	\$1,820
Due after one year	223	163	2,686
	¥374	¥291	\$4,506

## 8. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Loan commitments

A certain consolidated subsidiary engaged in providing financial services to customers has entered into card cashing agreements that permit customers to extend their loans up to designated amounts. The outstanding balance of unexercised commitments relating to the above agreements as of February 20, 2011 and 2010 amounted to ¥836,750 million (\$10,081,325 thousand) and ¥853,139 million, respectively. As most of these agreements are entered into with credit card members without exceptions, the unused amount does not necessarily represent actual future cash flow requirements.

### (b) Contingent liabilities

At February 20, 2011 and 2010, the UNY Group was contingently liable for guarantees of the indebtedness of unconsolidated subsidiaries, affiliates, franchisees and others in the amounts of ¥3,938 million (\$47,446 thousand) and ¥4,051 million, respectively.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

The UNY Group is a party to derivative financial instruments such as foreign currency exchange contracts and interest rate contracts in the normal course of business. The UNY Group enters into these instruments to reduce its own exposure to fluctuations in exchange rates and interest rates for hedging purposes. The UNY Group is exposed to the risk of credit loss in the event of nonperformance by the other parties. However, the UNY Group does not expect nonperformance by the counterparties as the counterparties of the derivative transactions are limited to major banks with relatively high credit ratings. At February 20, 2011 and 2010, all outstanding derivative financial instruments were accounted for by hedge accounting.

Derivative transactions to which hedge accounting is applied at February 20, 2011 are as follows:

### (1) Currencies

	Transaction Type	Hedged Item	Millions of Yen		
			Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts	Buying US\$	Trade accounts	¥ 3,508	¥ —	¥7 <sup>*1</sup>
	Currency swap	Long-term debt	9,000	9,000	— <sup>*2</sup>
	Receipt US\$, payment ¥				
	Total amount		¥12,508	¥9,000	¥7

	Transaction Type	Hedged Item	Thousands of U.S. Dollars		
			Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts	Buying US\$	Trade accounts	\$ 42,265	\$ —	\$84 <sup>*1</sup>
	Currency swap	Long-term debt	108,434	108,434	— <sup>*2</sup>
	Receipt US\$, payment ¥				
	Total amount		\$150,699	\$108,434	\$84

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

\*2 The fair value of currency swaps is included in the fair value of the corresponding long-term debt in Note 11.

### (2) Interests

	Transaction Type	Hedged Item	Millions of Yen		
			Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swap contracts	Fixed rate payment variable rate receipt	Long-term debt	¥90,000	¥70,200	¥— <sup>*1</sup>

	Transaction Type	Hedged Item	Thousands of U.S. Dollars		
			Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swap contracts	Fixed rate payment variable rate receipt	Long-term debt	\$1,084,337	\$845,783	\$— <sup>*1</sup>

\*1 The fair value of interests rate swap contracts is included in the fair value of the corresponding long-term debt in Note 11.



## 10. INCOME TAXES

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities at February 20, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of
	2011	2010	U.S. Dollars
Deferred tax assets—current:			
Accrued bonuses	¥ 2,316	¥ 1,510	\$ 27,904
Operating loss carryforwards	2,231	6,267	26,879
Allowance for doubtful accounts	1,100	1,479	13,253
Other	3,159	2,940	38,060
Less, valuation allowance	(2,638)	(5,554)	(31,783)
	6,168	6,642	74,313
Net of deferred tax liabilities—current	(3)	(22)	(36)
Deferred tax assets—current portion	¥ 6,165	¥ 6,620	\$ 74,277
Deferred tax liabilities—current:			
Other	3	22	36
Net of deferred tax assets—current	(3)	(22)	(36)
Deferred tax liabilities—current portion	¥ —	¥ —	\$ —
Deferred tax assets—noncurrent:			
Impairment loss on fixed assets	¥25,422	¥24,767	\$306,289
Operating loss carryforwards	8,499	9,205	102,398
Allowance for doubtful accounts	1,499	1,500	18,060
Loss on write-down of securities	1,045	1,062	12,590
Allowance for losses for interest payment	1,278	1,177	15,398
Other	4,149	4,976	49,988
Less, valuation allowance	(20,257)	(19,401)	(244,060)
	21,635	23,286	260,663
Net of deferred tax liabilities—noncurrent	(4,145)	(3,802)	(49,940)
Deferred tax assets—noncurrent portion	¥17,490	¥19,484	\$210,723
Deferred tax liabilities—noncurrent:			
Gain on sale of property	¥ 2,599	¥ 2,656	\$ 31,313
Unrealized gains on available-for-sale securities	1,213	936	14,615
Other	926	709	11,157
	4,738	4,301	57,085
Net of deferred tax assets—noncurrent	(4,145)	(3,802)	(49,940)
Deferred tax liabilities—noncurrent portion included in other long-term liabilities	¥ 593	¥ 499	\$ 7,145
Deferred tax liabilities for revaluation (see Note 2(j)) included in other long-term liabilities	¥ 85	¥ 85	\$ 1,024

In assessing the realizability of deferred tax assets, the management of the UNY Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At February 20, 2011 and 2010, a valuation allowance was established to reduce the deferred tax assets to the extent that the management of the UNY Group believed that the amount of the deferred tax assets was expected to be realizable.

The reconciliation of the difference between the Japanese statutory effective tax rate and the effective income tax rate on pre-tax income reflected in the accompanying consolidated statements of income for the years ended February 20, 2011, 2010 and 2009, was as follows:

	Percentage of Pre-Tax Income		
	2011	2010	2009
Japanese statutory effective tax rate	40.3%	40.3%	40.3%
Increase (decrease) due to:			
Local minimum taxes—per capita levy	5.3	180.4	5.0
Change in valuation allowance	3.4	288.2	10.6
Amortization of goodwill	3.4	104.7	3.1
Other	(0.1)	(19.5)	(1.5)
Effective income tax rate	52.3%	594.1%	57.5%

## 11. FINANCIAL INSTRUMENTS

Effective from the fiscal year ended February 20, 2011, the Company and its consolidated subsidiaries adopted the revised Accounting Standard, “Accounting Standard for Financial Instruments” (Accounting Standards Board of Japan (“ASBJ”) Statement No.10 revised on March 10, 2008) and the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19 revised on March 10, 2008). Information on financial instruments for the year ended February 20, 2011 required pursuant to the revised accounting standards is set forth below.

### (1) Qualitative information on financial instruments

#### (a) Policy on financial instruments

The UNY Group has a policy to raise funds primarily through borrowings, commercial paper, bonds and securitized receivables from banks and other financial institutions, and to invest its cash surplus, if any, in low risk and highly liquid financial instruments. Derivatives transactions are used for the purpose of hedging against the risk of future fluctuations in accounts payable denominated in foreign currencies and fluctuations in interest rates on borrowings. The UNY Group does not enter into derivative transactions for speculative purposes.

#### (b) Financial instruments and risk management

Surplus cash is generally invested in low risk financial instruments. The Company and its consolidated subsidiaries hold the securities of certain entities with which they do business, and this exposes them to the risk of market price fluctuation. The Company and its consolidated subsidiaries regularly monitor the financial status of the issuer and the fair value of the instrument in order to mitigate the risk.

The leases to which the Company and its consolidated subsidiaries are lessors generally require deposits that expose them to loss if the lessor defaults. Payment dates and deposit balances are strictly managed and the financial condition of the lessor is monitored in order to reduce the risk of default.

Payables such as notes and accounts payable are generally due within one year. A portion of the trade accounts are denominated in foreign currencies and expose the Company and its consolidated subsidiaries to the market risk of fluctuation in the value of currencies. To reduce the risk, foreign exchange forward contracts are entered into.

Short-term borrowings are used mainly to finance operating activities, and long-term debt for capital investment. Borrowings with variable interest rates expose the Company and its consolidated subsidiaries to the risks associated with the fluctuation of the rates. In connection with some of these borrowings, interest rate swap contracts are entered into with the object of controlling the risk of fluctuation. A subsidiary that provides financial services manages its liquidity risk by employing a number of procurement methods, securing commitment lines from multiple financial institutions and maintain a balance of short-term and long-term financing that adjusted to reflect the market environment.

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

### (c) Supplemental information on fair value

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

### (2) Fair values of financial instruments

The book value of the financial instruments included in the consolidated balance sheets and their fair value at February 20, 2011 are set forth in the table below.

Financial instruments without reasonably determinable fair value were not included: (see Note (b) Financial instruments as the fair values are not available)

	Millions of Yen		
	Book Value	Fair Value	Difference
(1) Cash and cash equivalents	¥107,669	¥107,669	¥ —
(2) Trade notes and trade accounts	57,308		
Allowance for doubtful accounts <sup>1</sup>	(4,511)		
Deferred installment income	(97)		
	52,700	52,775	75
(3) Short-term loans	28,422		
Allowance for doubtful accounts <sup>1</sup>	(176)		
	28,246	28,246	—
(4) Investment securities			
Unconsolidated subsidiaries and affiliates securities	6,611	6,952	341
Other securities	9,505	9,505	—
(5) Lease deposits (included current portion)	87,761		
Allowance for doubtful accounts	(504)		
	87,257	84,352	(2,905)
<b>Total assets</b>	<b>¥291,988</b>	<b>¥289,499</b>	<b>¥(2,489)</b>
(1) Trade notes and trade accounts	¥109,218	¥109,218	¥ —
(2) Short-term borrowings	7,494	7,494	—
(3) Commercial paper	26,500	26,500	—
(4) Long-term debt	263,960	268,549	4,589
(5) Guarantee deposits from tenants	17,920	17,697	(223)
<b>Total liabilities</b>	<b>¥425,092</b>	<b>¥429,458</b>	<b>¥ 4,366</b>
Derivative transactions	¥ —	¥ —	¥ —

	Thousands of U.S. Dollars		
	Book Value	Fair Value	Difference
(1) Cash and cash equivalents	\$1,297,217	\$1,297,217	\$ —
(2) Trade notes and trade accounts	690,458		
Allowance for doubtful accounts <sup>1</sup>	(54,349)		
Deferred installment income	(1,169)		
	634,940	635,844	904
(3) Short-term loans	342,434		
Allowance for doubtful accounts <sup>1</sup>	(2,121)		
	340,313	340,313	—
(4) Investment securities			
Unconsolidated subsidiaries and affiliates securities	79,651	83,759	4,108
Other securities	114,518	114,518	—
(5) Lease deposits (included current portion)	1,057,361		
Allowance for doubtful accounts	(6,072)		
	1,051,289	1,016,289	(35,000)
<b>Total assets</b>	<b>\$3,517,928</b>	<b>\$3,487,940</b>	<b>\$(29,988)</b>
(1) Trade notes and trade accounts	\$1,315,880	\$1,315,880	\$ —
(2) Short-term borrowings	90,289	90,289	—
(3) Commercial paper	319,277	319,277	—
(4) Long-term debt	3,180,241	3,235,530	55,289
(5) Guarantee deposits from tenants	215,903	213,217	(2,686)
<b>Total liabilities</b>	<b>\$5,121,590</b>	<b>\$5,174,193</b>	<b>\$ 52,603</b>
Derivative transactions	\$ —	\$ —	\$ —

\*1 Allowance for doubtful accounts earmarked for trade notes, trade accounts and short-term loans are deducted from the carrying amount.

### Notes

#### (a) Calculation method for fair value of financial instruments, securities and derivative transactions

##### Assets:

- (1) Cash and deposits  
The book value is deemed to approximate the fair value since such instruments are scheduled to be settled in a short period of time.
- (2) Trade notes and trade accounts  
The prices of trade notes and trade accounts with short-term settlements and those associated with entities going bankrupt or potentially bankrupt are determined by deducting the relevant estimated loan losses from the book value. Those prices are adopted as the fair value of trade notes and trade accounts.  
The fair value of consumer trade accounts is calculated by discounting the sum of future interest and principal, using the rate that would apply to the same type of a new trade account at the balance sheet date.
- (3) Securities  
The fair value is measured at the quoted price obtained from the financial institution.
- (4) Short-term loans  
The fair value of short-term loans with short-term settlement, and going bankrupt or potentially bankrupt approximate the prices that are deducted the relevant estimated loan losses from the book value. Therefore that prices are adopted as the fair value of short-term loans.  
The fair value of consumer loans is calculated by discounting the sum of future interest and principal, using the assumed rate applied to the same type of a new loan at the balance sheet date.

##### (5) Investment securities

The fair value of stocks and bonds is based on the price on stock exchanges or the price presented by the counterparty financial institutions.

##### (6) Lease deposits (including current portion)

The fair value of lease deposits is the present value calculated by discounting the future collectable cash flows, using the risk-free rate based on treasury bonds.



Liabilities:

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

(4) Long-term debt

The fair value of long-term debt is calculated by discounting the sum of principal and interest by the rate which would be expected to be used if a new loan were borrowed under similar circumstances. The fair value of long-term debt with a variable interest rate subject to special treatment for interest-rate swaps is calculated by discounting the sum of the principal amounts together with the corresponding interest rate swap contracts by a reasonably-estimated rate.

(5) Guarantee deposits from tenants

The fair value is calculated by discounting the sum of principal and interest by the risk-free rate based on treasury bonds.

Derivatives:

See Note 9, "Derivative Financial Instruments"

(b) Financial instruments as the fair values are not available

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Unlisted securities	¥704	\$8,482
Unconsolidated subsidiaries and affiliates securities	¥528	\$6,361

These items are not included in "Assets (5) Investment securities" because it is impractical to determine the fair value as they have no quoted market price and the future cash flow cannot be estimated.

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Lease deposits	¥41,163	\$495,940

These items are not included in "Assets (6) Lease deposits" because it is impractical to determine the fair value as they have no quoted market price and the future cash flow cannot be estimated.

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Guarantee deposits from tenants	¥38,508	\$463,952

These items are not included in "Liabilities (5) Guarantee deposits" from tenants because it is impractical to determine the fair value as they have no quoted market price and the future cash flow cannot be estimated.

(c) The redemption schedule for financial assets and held-to-maturity debt securities at February 20, 2011

	Millions of Yen		
	2011		
	Within One Year	One to Five Years	Over Five Years
Cash and deposits	¥101,772	¥ —	¥ —
Trade notes and trade accounts	41,468	8,215	816
Short-term loans	12,024	15,172	1,219
Investment securities			
Held-to-maturity debt securities	—	200	50
Guarantee deposits from tenants	11,373	38,038	38,350
Total amount	¥166,637	¥61,625	¥40,435

	Thousands of U.S. Dollars		
	2011		
	Within One Year	One to Five Years	Over Five Years
Cash and deposits	\$1,226,169	\$ —	\$ —
Trade notes and trade accounts	499,614	98,976	9,831
Short-term loans	144,868	182,795	14,687
Investment securities			
Held-to-maturity debt securities	—	2,410	603
Guarantee deposits from tenants	137,024	458,289	462,048
Total amount	\$2,007,675	\$742,470	\$487,169

(d) The redemption schedule for bonds, long-term debt, lease obligations and other liabilities with interest at February 20, 2011

	Millions of Yen					
	2011					
	Within One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years	Over Five Years
Long-term debt	¥49,555	¥65,758	¥59,788	¥72,078	¥15,504	¥1,277

	Thousands of U.S. Dollars					
	2011					
	Within One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years	Over Five Years
Long-term debt	\$597,048	\$792,265	\$720,337	\$868,410	\$186,795	\$15,386

## 12. INVESTMENT AND RENTAL PROPERTY

Effective the fiscal year ended February 20, 2011, the Companies have adopted the revision of "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" issued by the Accounting Standards Board of Japan on November 28, 2008.

The Company and certain consolidated subsidiaries own commercial facilities and housing (including land) for lease in Aichi Prefecture and other areas. Profit from rental of property for the fiscal year ended February 20, 2011 was ¥5,483 million (\$66,060 thousand) with lease income recorded as "Operating Revenue" and primary leasing expenses recorded as "Selling, general and administrative expenses" and an impairment loss of ¥990 million (\$11,928 thousand) was recorded as "Other expenses". The book value in the consolidated balance sheets and corresponding market value of those properties are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Book value at the beginning	¥44,200	\$532,530
Net changes	34	410
Book value at the end	44,234	532,940
Fair value at the end	¥43,897	\$528,880

### Notes:

1. The amount recorded on the consolidated balance sheets is the acquisition cost less accumulated depreciation and impairment loss.
2. In net changes in book value, the increases are mainly the acquisition of the rental property that amounted to ¥ 4,274 million (\$51,494 thousand), and the decreases represent depreciation that amounted to ¥ 2,352 million (\$28,337 thousand).
3. Fair value is mainly estimated in accordance with appraisal standards for valuing real estate (some of the value is reconciled by indexes).

## 13. BUSINESS COMBINATIONS

On August 21, 2008, the Company absorbed U STORE CO., LTD. ("U STORE"), a consolidated subsidiary of the Company, in a merger. This merger was expected to improve management efficiency of the UNY Group, build more stable earning bases and strengthen management resources through the integration of operational know-how for small-scale stores, the improvement of

## 14. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties in the year ended February 20, 2009 were as follows:

Attribution	Name	Business	Percentage of Shares with Voting Rights	Description of the Group's Transaction
Companies owned by the Company's directors and their close relatives	Koba Inc.	Sales of women's apparel and accessories	—	Purchase of women's apparel and accessories

Transaction Amount (Millions of yen)	Account	Balances (Millions of yen)
¥35	Trade accounts	¥2

## 15. SUBSEQUENT EVENTS

By the massive earthquake (the Great Eastern Japan Earthquake) that happened on March 11, 2011, the buildings, equipment and inventories were damaged in some of our stores. Losses on disposal of property and equipment, disposal of inventories and support restoration were incurred. The amount of other expenses was approximately ¥2,150 million (\$25,904 thousand).

the gross-margin ratio and the consolidation of their headquarters. An outline of this business combination is as follows:

### (a) Name and line of business of the combined entity

U STORE CO., LTD.: Superstores

### (b) Legal form of business combination

A merger by absorption with UNY CO., LTD. as the surviving company

### (c) Exchange rate and number of shares issued

The Company allocated to the minority shareholders of U STORE 0.83 shares of the Company common stock for 1 share of U STORE common stock, and 9,270,338 shares of common stock was issued by the Company.

### (d) Summary of accounting treatment

In accordance with the Accounting Standard for Business Combinations issued by BACJ, this merger was accounted for as a transactions with minority shareholders. The acquisition cost of additional shares of common stock of U STORE amounted to ¥9,345 million, and the difference between the additional acquisition cost and the decrease in minority interests was recognized as negative goodwill.

On February 21, 2009, the Company absorbed Tomei Crown Kaihatsu CO., LTD., a consolidated subsidiary of the Company, in a merger. This merger was expected to improve management efficiency of UNY Group, and strengthen management resources. An outline of this business combination is as follows:

### (a) Name and line of business of the combined entity

Tomei Crown Kaihatsu CO., LTD.: Developer

### (b) Legal form of business combination

A merger by absorption with UNY CO., LTD. as the surviving company

### (c) Summary of accounting treatment

In accordance with the Accounting Standard for Business Combinations issued by BACJ, this merger was accounted for as a transactions under common control.

Because of the difficulty in estimating the future expenditure, the cost arising from the plans that UNY Group hadn't finalized in detail was not included in the above expenses. In addition, though the earthquake and unstable electric power supply could affect the UNY Group business operations, it is difficult to estimate the economic impact.





## 16. SEGMENT INFORMATION

The UNY group operates in five segments: "Superstores," "Convenience stores," "Specialty stores," "Financial services," and "Other business." A summary of information classified by lines of business of the UNY Group for the three years ended February 20, 2011 is as follows:

Millions of Yen

	Superstores	Convenience Stores	Specialty Stores	Financial Services	Other	Total	Elimination of Intersegment Transactions	Consolidated Total
<b>For the year 2011:</b>								
Operating revenue:								
External customers	¥821,992	¥186,752	¥ 81,378	¥ 19,622	¥ 3,037	¥1,112,781	¥ —	¥1,112,781
Intersegment sales/transfers	2,461	10	—	3,461	16,129	22,061	(22,061)	—
	824,453	186,762	81,378	23,083	19,166	1,134,842	(22,061)	1,112,781
Operating costs and expenses	811,373	170,419	79,829	19,552	18,554	1,099,727	(22,048)	1,077,679
Operating income	¥ 13,080	¥ 16,343	¥ 1,549	¥ 3,531	¥ 612	¥ 35,115	¥ (13)	¥ 35,102
Identifiable assets	¥562,142	¥246,477	¥ 35,677	¥109,884	¥10,890	¥ 965,070	¥(24,992)	¥ 940,078
Depreciation	17,822	11,663	792	1,094	343	31,714	—	31,714
Impairment loss on fixed assets	5,856	3,519	584	19	—	9,978	—	9,978
Capital expenditures	24,507	14,204	789	1,783	91	41,374	—	41,374

For the year 2010:

Operating revenue:								
External customers	¥832,382	¥188,900	¥ 88,896	¥ 20,518	¥ 3,731	¥1,134,427	¥ —	¥1,134,427
Intersegment sales/transfers	2,627	12	—	3,434	15,868	21,941	(21,941)	—
	835,009	188,912	88,896	23,952	19,599	1,156,368	(21,941)	1,134,427
Operating costs and expenses	830,334	175,700	89,157	21,047	19,019	1,135,257	(21,925)	1,113,332
Operating income	¥ 4,675	¥ 13,212	¥ (261)	¥ 2,905	¥ 580	¥ 21,111	¥ (16)	¥ 21,095
Identifiable assets	¥575,681	¥233,918	¥ 39,806	¥110,656	¥11,174	¥ 971,235	¥(27,854)	¥ 943,381
Depreciation	19,209	10,358	1,078	891	294	31,830	—	31,830
Impairment loss on fixed assets	9,377	3,529	992	6	98	14,002	—	14,002
Capital expenditures	33,996	16,097	652	1,105	1,609	53,459	—	53,459

For the year 2009:

Operating revenue:								
External customers	¥848,514	¥208,489	¥108,208	¥ 21,074	¥ 3,963	¥1,190,248	¥ —	¥1,190,248
Intersegment sales/transfers	3,032	15	—	3,502	16,844	23,393	(23,393)	—
	851,546	208,504	108,208	24,576	20,807	1,213,641	(23,393)	1,190,248
Operating costs and expenses	837,594	187,407	108,212	20,836	19,403	1,173,452	(23,361)	1,150,091
Operating income	¥ 13,952	¥ 21,097	¥ (4)	¥ 3,740	¥ 1,404	¥ 40,189	¥ (32)	¥ 40,157
Identifiable assets	¥571,156	¥233,314	¥ 48,400	¥114,333	¥25,468	¥ 992,671	¥(32,069)	¥ 960,602
Depreciation	17,221	7,875	1,433	836	671	28,036	—	28,036
Impairment loss on fixed assets	6,298	3,226	846	2	190	10,562	—	10,562
Capital expenditures	27,609	17,706	1,710	1,688	238	48,951	—	48,951

Thousands of U.S. Dollars

	Superstores	Convenience Stores	Specialty Stores	Financial Services	Other	Total	Elimination of Intersegment Transactions	Consolidated Total
<b>For the year 2011:</b>								
Operating revenue:								
External customers	\$9,903,518	\$2,250,024	\$980,458	\$ 236,410	\$ 36,590	\$13,407,000	\$ —	\$13,407,000
Intersegment sales/transfers	29,651	120	—	41,699	194,325	265,795	(265,795)	—
	9,933,169	2,250,144	980,458	278,109	230,915	13,672,795	(265,795)	13,407,000
Operating costs and expenses	9,775,579	2,053,241	961,795	235,566	223,542	13,249,723	(265,639)	12,984,084
Operating income	\$ 157,590	\$ 196,903	\$ 18,663	\$ 42,543	\$ 7,373	\$423,072	\$ (156)	\$ 422,916
Identifiable assets	\$6,772,795	\$2,969,602	\$429,843	\$1,323,904	\$131,205	\$11,627,349	\$(301,108)	\$11,326,241
Depreciation	214,723	140,518	9,542	13,181	4,132	382,096	—	382,096
Impairment loss on fixed assets	70,554	42,398	7,036	229	—	120,217	—	120,217
Capital expenditures	295,265	171,133	9,506	21,482	1,096	498,482	—	498,482

Information for geographic segment and overseas sales is not shown because the total sales of consolidated subsidiaries outside Japan and overseas sales were not material and did not require disclosure.

## REPORT OF INDEPENDENT AUDITORS



### Independent Auditors' Report

To the Board of Directors of UNY CO., LTD.

We have audited the accompanying consolidated balance sheets of UNY CO., LTD. (the "Company") and its consolidated subsidiaries (together with the Company, "UNY Group") as of February 20, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended February 20, 2011, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the UNY Group's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of UNY Group as of February 20, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended February 20, 2011, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

- (1) As discussed in Note 2(f), the Company and its domestic subsidiaries changed the accounting standard for measurement of inventories from the year ended February 20, 2010.
- (2) The effects of the Great Eastern Japan Earthquake is described in Note 15 of the Notes to the Consolidated Financial Statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended February 20, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to the consolidated financial statements.

*KPMG AZSA LLC*

KPMG AZSA LLC,  
Nagoya, Japan  
May 17, 2011



## BOARD OF DIRECTORS AND CORPORATE AUDITORS

(As of May 17, 2011)

### Chairman

Koji Sasaki

### President

Tetsuro Maemura

### Senior Managing Director

Kunio Matsuda

### Managing Directors

Norio Sako

Jiro Koshida

Akiyoshi Kanou

### Directors

Mitsuo Maeda

Fumito Tezuka

Takeshi Murase

Akira Ito

Takamasa Ogawa

Miyoji Ando

Keizo Kishimoto

Toshikazu Nishikawa

Kazuo Sassa

### Corporate Auditors

Tatsumi Yoshida

Shinichi Miyai

Ikuo Tange

Naotaka Nanya

## INVESTOR INFORMATION

(As of February 20, 2011)

### Stock Listings

Tokyo Stock Exchange

Nagoya Stock Exchange

### Securities Code Number

8270

### Common Stock

Authorized: 600,000,000 shares

Issued: 198,565,821 shares

### Number of Shareholders

8,708

### Stock Transfer Agent

The Sumitomo Trust and Banking Company, Limited

## CONSOLIDATED SUBSIDIARIES

(As of February 20, 2011)

Sagami Co., Ltd. (kimono retailing)

Circle K Sunkus Co., Ltd. (convenience stores)

Molie Co., Ltd. (high-quality women's wear)

Palemo Co., Ltd. (young women's apparel and accessories)

Suzutan Co., Ltd. (young women's apparel and accessories)

Uny (HK) Co., Ltd. (superstores)

U Life Co., Ltd. (real-estate rental business)

UCS Co., Ltd. (credit card services)

Sun Sogo Maintenance Co., Ltd. (facility management)

Sun Reform Co., Ltd. (reform and repair)

NOTE: In addition to the above list, the Uny Group includes two Sagami subsidiaries, eight Circle K Sunkus subsidiaries and one Suzutan subsidiary.

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