



ANNUAL REPORT 2006

UNY CO., LTD.



APITA



APITA

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 Chukyo, Kanto, Shizuoka and Hokuriku 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.

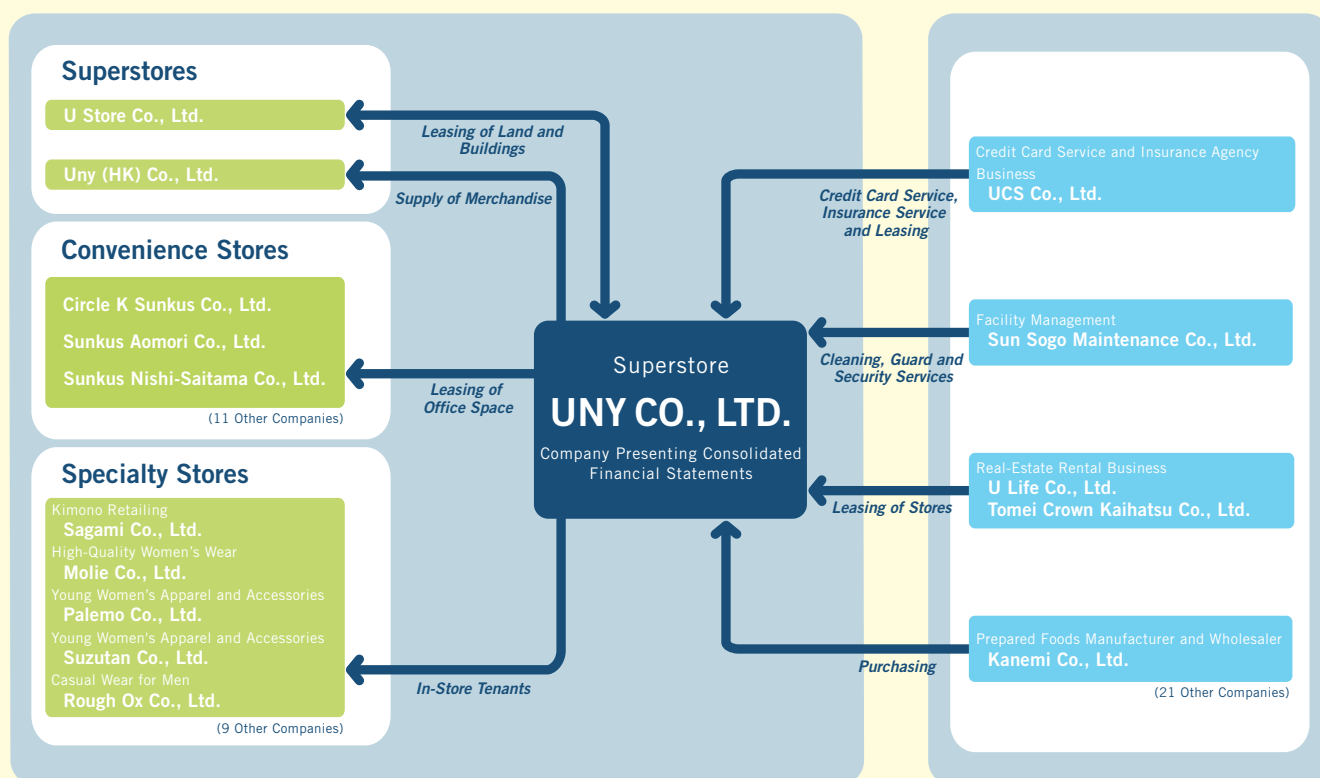
The Group's publicly listed companies comprise Uny Co., Ltd., Sagami Co., Ltd., U Store Co., Ltd., Circle K Sunkus Co., Ltd., Palemo Co., Ltd., Suzutan Co., Ltd., Kanemi Co., Ltd. and UCS Co., Ltd.

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Retail Business

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. leases stores from U Store Co., Ltd., and supplies products to Circle K Sunkus Co., Ltd.

THE UNY GROUP

		Revenues***		Net Sales		Operating Income (Loss)		Net Income (Loss)	
Company		2006	2005	2006	2005	2006	2005	2006	2005
Superstores	Uny Co., Ltd.	¥719,543	¥713,826	¥688,775	¥684,688	¥ 9,562	¥ 9,533	¥ 7,007	¥ 3,841
	U Store	148,461	153,797	142,113	147,515	2,041	2,773	(851)	1,492
	Uny (HK)*	12,419	11,248	12,383	11,215	593	414	573	433
Convenience Stores	Circle K Sunkus**	¥184,191	¥176,843	¥ 67,368	¥ 58,877	¥25,785	¥24,384	¥11,498	¥12,654
Specialty Stores	Sagami**	¥ 63,476	¥ 64,527	¥ 63,083	¥ 64,127	¥ 341	¥ 631	¥ 477	¥ 181
	Molie	8,505	8,826	8,293	8,599	83	(270)	332	(452)
	Palemo	31,326	30,322	30,993	29,977	1,609	1,592	837	744
	Suzutan**	22,505	¥ 21,878	22,505	¥ 21,878	645	¥ 413	247	¥ 353
	Rough Ox	2,256	2,047	2,229	2,020	2	(18)	111	5
Other	UCS	¥ 15,165	¥ 12,602	¥ 168	¥ 68	¥ 3,446	¥ 3,185	¥ 2,412	¥ 1,587

* 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 intra-segment revenues.



Uny is accelerating the refashioning of its clothing lineup in fiscal 2007, by making every effort to reorganize store counters to promote attire befitting each generation, introduce new categories by various fashion tastes, and develop products that focus on fashion trends and quality, differentiated from competitors through displays that appeal to customers.

It is my pleasure to report the Uny Group's operating performance in fiscal 2006, ended February 20, 2006.

Operating revenues rose 1.0% compared with the previous fiscal year to ¥1,202,641 million, while operating income climbed 4.3% to ¥43,581 million. Although results are below figures forecast at the beginning of fiscal 2006, we realized increases in both revenues and earnings, with net income surging by 48.0% to ¥16,102 million. The key factors underlying this significant gain are as follows.

1. Uny recorded a non-recurring gain of ¥53,720 million on the return of the substituted portion of the employee welfare pension fund, approved by the government as of January 1, 2006.
2. Uny posted a non-recurring loss of ¥48,963 million due to the application of accounting standards for the impairment of fixed assets from the period under review.
3. Uny transferred the business of its subsidiary golf course management company, Aokigahara Kogen Kaihatsu Co., Ltd. This was completed in conjunction with recording a gain of ¥5,111 million from the repayment forgiveness of deposits from golf club members, a non-recurring gain of ¥1,025 million from the business transfer, and a non-recurring loss of ¥7,377 million, which was included in the aforementioned ¥48,963 million non-recurring loss.

Net income per share significantly improved to ¥84.64, up from ¥56.84 in fiscal 2005.

For detailed information of operating performance by segment, I direct readers to the Consolidated Financial Review section of this report.

In the superstore business segment, sales of clothing at existing stores showed improvement in the second half of fiscal 2006 compared with the corresponding period of the previous fiscal year. This was the result of a persistently cold winter as well as our efforts in merchandizing innovation.

For fiscal 2007, ending February 20, 2007, Uny has scheduled the opening of two newly constructed Apita stores. Furthermore, we plan to open three mall-style Apita stores in fiscal 2008. Against this backdrop, Uny is accelerating the refashioning of its clothing lineup in fiscal 2007. We will make every effort to reorganize store counters to promote attire befitting each generation, introduce new categories by various fashion tastes, and develop products that focus on fashion trends and quality, differentiated from competitors through displays that appeal to customers.

In the food business, U Stores are facing an uphill battle. Uny is considering deepening its collaborative relationship with U Stores in distribution and product development in order to curb any further decline in business performance.

The convenience store business segment experienced sluggish sales and delayed store openings. This stemmed from intensifying market

competition and changes in the consumption structure that mirror broader social shifts caused by the aging of society combined with a declining birthrate. Amid these trends, we will actively develop products and services to assure superior competitiveness for sustainable growth, and will enhance customer satisfaction through careful order systems and improved services in operations. In addition, we have scheduled to launch "new concept stores" in fiscal 2007. In terms of new business, we commenced the development of "99 Ichiba," a small-scale supermarket that features an extensive lineup of perishable foods priced mainly at ¥99.

In the specialty store segment, Suzunoki Co., Ltd. was included in Sagami's scope of consolidation to foster business restructuring and enhance earnings. For the Palemo and Suzutan businesses, we will continue our scrap and build store network policy to promote shop brands while strengthening product planning and development. We strive to erase Molie's chronic deficits and boost its earnings.

In the other business segment, UCS Co., Ltd. was listed on the JASDAQ market in August 2005. UCS' card membership reached 2.46 million at the end of fiscal 2006. We continuously endeavor to reach the three-million member mark as quickly as possible.

Forecasts for the next fiscal year are detailed in the Outlook For Fiscal 2007 section of the Consolidated Financial Review. Briefly, operating revenues are expected to climb 1.7% year on year to ¥1,223,000 million. Operating income is forecast to improve 16.3% to ¥50,700 million, owing to the decline in employee retirement benefits due to the return of the substituted portion of the employee welfare pension fund. Net income is expected to fall 22.4% to ¥12,500 million, reflecting the absence of the gain on the return of the substituted portion of the employee welfare pension fund recorded in fiscal 2006.

I would like to thank all shareholders for their continued support.

K. Sasaki

Koji Sasaki
President



REVIEW OF OPERATIONS

SUPERSTORES

Superstores are operated by Uny Co., Ltd., U Store 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

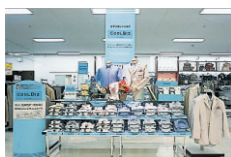
Uny superstores include conventional superstores operated under the Uny, and the more fashionable Apita stores, which have developed over the last 20 years to address the needs of more individualistic and diversified consumers. Along with the changing times, Uny's base has shifted toward Apita stores in suburban locations with large parking facilities alongside a broad assortment of tenant businesses. In addition, Uny plans to open larger-scale mall-style Apita stores in 2008.

At the end of fiscal 2006, ended February 20, 2006, there were Uny stores in 57 locations, with an average of 5,987 square meters of directly operated sales floor space per store. In comparison, there were Apita stores in 83 locations, with an average of 10,884 square meters, reflecting their larger scale and more extensive retail catchment areas.

In addition to its 140 superstores, Uny also operates 12 U Home home-center stores and nine supermarkets.

U STORE

U Stores are superstores on a smaller scale than Uny or Apita stores, and provide foodstuffs, quality casual and everyday clothing, and household goods. One-stop shopping is made possible by tenant businesses that offer services and goods supplementing the U Store product lines. These are dominant businesses in their immediate commercial areas.



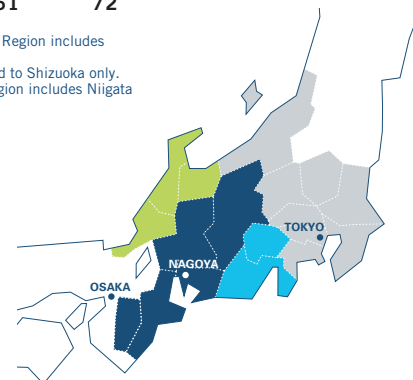
UNY (HK)

Uny (HK), our only overseas store, is located in Hong Kong's popular Taikoo Shing shopping district. An Apita-style store, it sells a large variety of merchandise and has gained popularity as an upscale store.

REGIONAL BREAKDOWN OF SUPERSTORES

	Uny		U Store	
	No. of Stores		No. of Stores	
■ Chukyo Region	90	57		
Aichi Pref.	62	43		
Gifu Pref.	13	6		
Mie Pref.	8	8		
Nagano Pref.	5	—		
Nara Pref.	2	—		
■ Hokuriku Region	19	—		
■ Shizuoka Region*	15	9		
■ Kanto Region**	37	—		
Other	—	6		
Total	161	72		

* In Uny Co., Ltd. operations, Shizuoka Region includes Shizuoka and Yamanashi Prefectures. Those of U Store Co., Ltd. are confined to Shizuoka only.
** In Uny Co., Ltd. operations, Kanto Region includes Niigata Prefecture.



(Million ¥)

Years ended February 20	2006	2005	2004
Revenues	¥876,225	¥874,757	¥881,147
Operating Costs and Expenses	867,464	865,400	867,850
Operating Income	12,200	12,725	16,958
Identifiable Assets	574,392	616,405	567,874
Depreciation	19,005	19,341	18,426
Impairment Loss on Fixed Assets	33,282	—	—
Capital Expenditures	35,730	45,157	25,529



KEY SUPERSTORES

Years ended February 20	Uny			U Store		
	2006	2005	2004	2006	2005	2004
Revenues (Million ¥)	719,543	713,826	720,215	148,461	153,797	153,630
Net Sales (Million ¥)	688,775	684,688	691,055	142,113	147,515	147,360
Sales Floor Space (m ²)*	1,327,307	1,276,308	1,228,490	302,413	294,844	287,498
Newly Opened Floor Space (m ²)	86,532	82,953	24,877	15,237	6,631	20,244
Sales per Sq. Meter (Thousand ¥)	519	536	563	471	500	513
Full-Time Employees	5,517	5,520	5,514	1,065	1,043	1,010
Sales per Employee (Million ¥)	125	124	125	133	141	146

* Sales Floor Space (m²) refers to directly operated space only.

CONVENIENCE STORES

(Million ¥)

Years ended February 20	2006	2005	2004
Revenues	¥184,188	¥176,842	¥169,501
Operating Costs and Expenses	159,961	153,640	147,863
Operating Income	24,230	23,203	21,638
Identifiable Assets	228,906	219,911	214,052
Depreciation	7,426	8,332	8,878
Impairment Loss on Fixed Assets	4,985	–	–
Capital Expenditures	9,756	19,541	10,887



Years ended February 20	Circle K			Sunkus		
	2006	2005	2004	2006	2005	2004
Revenues (Million ¥)	–	–	92,909	–	–	67,966
Net Sales (Million ¥)	–	–	34,842	–	–	12,979
Number of Stores	2,891	2,855	2,651	2,263	2,273	2,200
Franchises	2,536	2,551	2,427	2,089	2,132	2,122
Own Operation	355	304	224	174	141	78
Area Franchise Stores	144	126	266	1,074	1,085	1,035

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. In fiscal 2006, the convenience store market environment was characterized by even greater competition, amid the extremely difficult conditions prevailing across other competing industries. Against this backdrop, Circle K Sunkus placed increased emphasis on opening highly competitive stores, focusing on quality rather than quantity.

As part of its store development, Circle K Sunkus focused store openings in new locations that provide enhanced convenience: inside the site and outside the gates of EXPO 2005, Aichi, Japan, at rest areas on expressways, in Toei (Tokyo metropolitan government managed) subway stations, in front of the Tokyo Racecourse (for horse racing) and on university campuses.

In the management of stores, Circle K Sunkus took initiatives to strengthen store operations with its set of unique guidelines, the “Six Stages of Store Operations.”

On the product side, Circle K Sunkus expanded its private brand *KACHIAL*. Furthermore, Circle K Sunkus arranged tie-ups with a major apparel company and fashion brand to differentiate itself from competitors by developing other private brands in general merchandize and cosmetic items. In line with these activities, Sunkus stores expanded business in sales of *oden* (stewed meat, fish and vegetables) that had been developed nationwide at Circle K stores.

In the service category, Circle K Sunkus began installing proprietary “Zero Bank” ATM machines at almost all stores in Aichi and Gifu prefectures. Circle K Sunkus plans to expand this service to Mie Prefecture in May, and the Kanto area in July. On top of this, all stores accept Edy electronic money. *KARUWAZA CLUB*, a house card service with Edy functions, now boasts approximately 530,000 transactions and 110,000 memberships.

In terms of new business, Circle K Sunkus commenced the development of “99 Ichiba,” a small-scale supermarket specializing in an extensive lineup of perishable foods priced mainly at ¥99. The first store was opened in February 2006. Circle K Sunkus will develop 99 Ichiba as its second main business after convenience stores.

In its fiscal year ending February 28, 2007, Circle K Sunkus is planning to open 395 stores and close 325 stores for a net increase of 70.

CIRCLE K STORES

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. Circle K has placed greater emphasis on securing prime locations and on profitability in the development of stores.

In line with initial plans and excluding area-franchise stores, Circle K opened 196 stores, and closed 160 as part of its efforts to lower the number of underperforming stores. The number of Circle K stores as of the fiscal year-end totaled 2,891, for a net increase of 36. The Circle K Group totaled 3,035 stores, which included area-franchise stores.

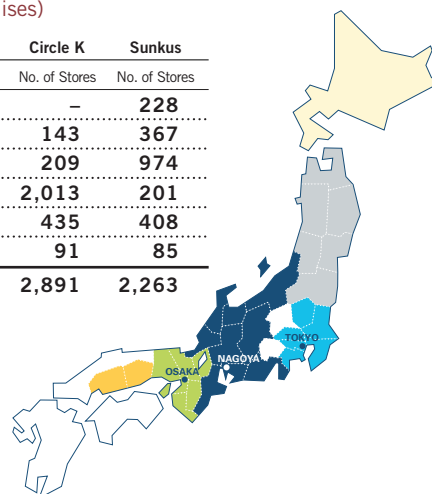
SUNKUS STORES

Sunkus has a strong network of stores covering the Hokkaido, Kanto, Tohoku and Kansai regions. During the fiscal year under review, Sunkus placed considerable emphasis on store profitability. Focusing on stores that would generate guaranteed returns, Sunkus opened 139 stores. In addition, 12 area-franchise companies opened a total of 99 stores. In unprofitable stores, Sunkus closed 149 stores and area franchisers closed 110. As of the fiscal year-end, Sunkus stores totaled 2,263, for a net decrease of 10. Including area-franchise stores, the Sunkus network stood at 3,337 stores.

REGIONAL BREAKDOWN OF CONVENIENCE STORES

(excluding area franchises)

	Circle K	Sunkus
	No. of Stores	No. of Stores
■ Hokkaido Pref.	–	228
■ Tohoku Region	143	367
■ Kanto Region	209	974
■ Chubu Region	2,013	201
■ Kansai Region	435	408
■ Chugoku Region	91	85
Total	2,891	2,263



SPECIALTY STORES

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: CATIART, which offers original and imported designer jewelry and furs; Kirat, which specializes in high-end jewelry and casual accessories; 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, for miscellaneous kitchen items. In addition, Sagami included Suzunoki Co., Ltd., a kimono chain store, in its scope of consolidation at the end of fiscal 2006.

There were 556 stores being operated by Sagami at the end of fiscal 2006.

MOLIE

Molie Co., Ltd.'s selection of sensible and fashionable apparel is tailored to the needs of middle-aged and elderly women. Three business categories are managed: Molie, representing the prestige of the married woman; Juan, offering contemporary coordinates; and Avant:midi, concentrating on travel clothing. At the end of fiscal 2006, 147 stores were in operation, 11 less than at the end of the previous fiscal year.

PALEMO

Palemo Co., Ltd. offers women's fashions that range from the teen and junior markets to young working women in their twenties. It has a full range of boutique formats under the key store names Galfit, Fanner, Limestone, Bispage and Siebelet. Palemo acquired 24 stores from the specialty handbag store Tokyo Incense Co., Ltd. in the period under review.

At the end of fiscal 2006, 492 stores were in operation, 49 more than at the end of the previous fiscal year.

SUZUTAN

Suzutan Co., Ltd. offers casual wear for the young woman. After being included under Uny's scope of consolidation, Suzutan has recorded steadily growing sales. Suzutan opened 32 new stores and closed 30 unprofitable stores in the fiscal year under review, for a total of 283 stores by the fiscal year-end. In the current fiscal year, we aim to increase sales and profits by further opening new stores and closing unprofitable ones. Additionally, in the fiscal year under review, Suzutan restored cash dividends for the first time in 11 years.

ROUGH OX

Rough Ox Co., Ltd. was established in 1985 to market menswear. Despite its accumulated deficit from a slump in the past, Rough Ox is showing signs of a business recovery. It reported increased revenue and has successfully generated profits. Historically, stores have been located mainly at roadsides. Looking ahead, Rough Ox is adopting an in-store format with stores gradually shifted to shopping centers.

At the end of fiscal 2006, there were 19 stores in operation, mainly at roadside locations.

OTHER

As a direct result of an aggressive sign-up campaign, UCS Co., Ltd. increased the number of Uny Card holders during the period under review by 300,000, to a total of 2.46 million. We would like to continue winning new cardholders in fiscal 2006, because this would lead to expanded business opportunities. Operating revenues surged to ¥15,165 million, up 20.3% against the previous fiscal year. Operating income climbed 8.2% to ¥3,446 million. UCS will take steps to further increase membership in fiscal 2007, in an effort to improve profitability in its finance activities.

(Million ¥)

Years ended February 20	2006	2005	2004
Revenues	¥128,068	¥127,600	¥101,745
Operating Costs and Expenses	125,526	125,578	99,151
Operating Income	2,542	2,022	2,594
Identifiable Assets	79,725	87,825	87,478
Depreciation	2,152	2,203	1,465
Impairment Loss on Fixed Assets	2,937	-	-
Capital Expenditures	2,996	2,665	4,960

KEY SPECIALTY STORES

Years ended February 20	Sagami*			Molie			Palemo			Suzutan			Rough Ox		
	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Revenues (Million ¥)	63,476	64,527	61,578	8,505	8,826	9,592	31,326	30,322	28,503	22,505	21,878	-	2,256	2,047	2,071
Net Sales (Million ¥)	63,083	64,127	61,164	8,293	8,599	9,347	30,993	29,977	28,175	22,505	21,878	-	2,229	2,020	2,044
Number of Stores	556	522	494	147	158	156	492	443	409	283	281	-	19	18	16
Newly Opened Stores	36	66	38	7	11	11	66	51	47	32	19	-	2	2	-
Sales Floor Space (m ²)	60,825	61,459	64,993	18,461	19,899	19,589	82,839	74,407	66,355	41,603	41,711	-	10,317	10,316	9,462
Newly Opened Floor Space (m ²)	4,433	7,738	2,461	889	1,218	1,101	13,365	8,695	8,408	4,055	2,757	-	1,109	855	-
Sales per Sq. Meter (Thousand ¥)	1,037	1,043	941	449	432	477	374	403	425	541	525	-	216	196	216
Full-Time Employees	1,750	1,213	1,316	26	29	33	149	152	153	264	303	-	27	29	29
Sales per Employee (Million ¥)	36	53	46	319	297	283	208	197	184	85	72	-	83	70	70

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

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 deliver medium- and long-term earnings growth and continue to meet the expectations of shareholders.

To accomplish this, Uny constantly reviews the products, locations and features of its stores, following the creed of "putting yourself in the customer's shoes." While increasing the service level to its customers, Uny aggressively scraps and builds stores, strives for effective utilization of management resources, and makes every effort to secure profits.

2. Basic Earnings Distribution Policy

Uny's basic policy is to continue 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 under review, Uny declared a year-end cash dividend of ¥9.0 per common share. Including the ¥9.0 per share interim, total cash dividends for the year are ¥18.0 per share, on par with the previous fiscal year. The Company plans to utilize retained earnings for capital investment including the establishment of new stores and other facility enhancements. Uny will continue to work for efficient fund distribution, the strengthening of financial soundness and improved performance.

3. Group Management Policies

Publicly listed companies within the Uny Group meet once a month to discuss each Group company's challenges and strategies, and to better grasp operating conditions and performance. All other Group companies meet once every two months, with Uny Co., Ltd. providing the strategic framework and overall support as required.

With the intention of benefiting shareholders by maximizing returns, each Group company adheres to the following management guidelines:

- i) In order to make quick decisions grounded in practicality and based on experience, an open and flat management structure will be employed.
- ii) In order to maintain and enhance price competitiveness, low-cost management will be employed.
- iii) Management that is transparent to customers, shareholders, and employees will be pursued.

4. Corporate Governance

Uny's basic approach to corporate governance is founded upon serving its communities by offering customers products and services of high quality and value, achieving medium- and long-term earnings growth, and continuing to meet the expectations of shareholders. The Company is putting in place structures to ensure management transparency and thorough compliance in operations. Furthermore, the Company implements various measures to promote increased in-house awareness and understanding of ethical corporate behavior.

1) Management Decision-Making, Executive, Supervisory, and Other Functions

Uny strives to ensure corporate governance in accordance with the Director and Corporate Auditor systems.

The Board of Directors is the ultimate decision-making body. In principle, directors meet once a month to deliberate and determine matters of importance and to supervise the executive function. The Company has also adopted a management meeting system. Management meetings are convened once a month and attended by directors. The primary function of each meeting is to discuss and determine matters relating to the daily execution of the Company's overall business activities.

Uny has appointed four corporate auditors, including two external corporate auditors. These corporate auditors attend the Board of Directors' meetings, 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 the internal auditors' office.

The Company appointed six executive officers in fiscal 2007 in an effort to place greater emphasis on the strategy proposal and supervisory functions of the Board of Directors.

In the area of compliance and ethical corporate behavior, a Committee for the Promotion of Ethical Corporate Conduct has been established, chaired by the president and representative director. The Ethics Committee has also been established, and reports to the Committee for the Promotion of Ethical Corporate Conduct. These committees determine the appropriate ethical corporate behavior the Company is to follow, resolve contentious issues, and put forward proposals. Within the Ethics Committee, Uny has established an internal help line together with a help line for suppliers, manufacturers, and wholesalers. This initiative provides direct access to the Company for employees and other stakeholders. Moreover, the Company distributes a Code of Corporate Conduct to all employees and works to ensure its strict adherence.

2) Related-Party Transactions

Uny appoints experts in a variety of fields to the position of external corporate auditor. External corporate auditors provide third-party advice in connection with the Company's decision-making process. No current external corporate auditor has a personal relationship with the Company or is a party to related-party transactions. At present, Uny has no external director.

3) Status of Recent Measures to Enhance Corporate Governance

- i) The Personal Information Protection Policy and the Basic Regulations of Personal Information Protection were established in February 2005 in anticipation of Japan's Personal Information Protection Law, enacted in April 2005.
- ii) In-house seminars were conducted over 10 times annually in an effort to enhance awareness and understanding of the contents of the Antitrust Law and the Subcontracting Law.
- iii) In pursuit of valued input on future operational improvements and innovation, questionnaires were distributed to approximately 1,500 suppliers in January 2006.

OPERATING RESULTS

Revenues by Segment

	Millions of Yen		% Change	
	2006	2005/2004	2006/2005	2005/2004
Superstores	¥ 876,225	72.9%	0.2%	(0.7)%
Convenience Stores	184,188	15.3	4.2	4.3
Specialty Stores	128,068	10.6	0.4	25.4
Other	14,160	1.2	17.0	(20.3)
Total	¥1,202,641	100.0%	1.0%	2.0%

Revenues

In fiscal 2006, ended February 20, 2006, consolidated operating revenues rose 1.0% from the previous fiscal year to ¥1,202,641 million. Within this figure, net sales amounted to ¥1,037,765 million, up 0.9% year on year, and other operating revenues gained 1.5% to ¥164,876 million.

By segment, operating revenues in the superstore segment climbed 0.2% to ¥876,225 million. Same-store sales at Uny superstores and U Stores declined 3.7% and 5.9%, respectively. Harsh conditions surrounding the superstore segment due to the intensifying market competition were reflected in net sales. During the fiscal year, including rebuilding we opened eight Apita stores, two La: Foods Core stores and three U Stores. We also closed six Uny superstores and four U Stores.

In the convenience store segment, operating revenues increased 4.2% to ¥184,188 million. Sales were stagnant owing to a comparatively milder summer than the previous year, ceasing sales of prepaid cards for expressway tolls in September 2005, and a decrease in customers due to unexpectedly heavy snow over the New Year. As a result, same-store sales were down 3.3%, with a 2.5% decrease at Circle K stores and a 4.2% decrease at Sunkus stores. In the fiscal year under review, we implemented new store development at new locations that provide enhanced convenience, including rest areas on expressways, Toei subway stations and university campuses. During fiscal 2006, we opened 196 Circle K stores and 139 Sunkus stores, while closing 160 Circle K stores and 149 Sunkus stores. Total numbers of Circle K stores and Sunkus stores at the end of the fiscal year were 2,891 and 2,263, respectively. This resulted in a net increase of 36 Circle K stores and a net decrease of 10 Sunkus stores.

In the specialty stores segment, operating revenues rose 0.4% to ¥128,068 million. Though same-store sales at Palemo and Suzutan stores fell 5.3% and 1.9%, respectively, operating revenues increased 3.3% for Palemo stores and 2.9% for Suzutan stores, reflecting the increase in the number of stores. Despite a 2.8% decrease in Sagami's non-consolidated same-store sales, its consolidated operating revenues showed a smaller decrease of 1.6% due to strong sales at newly constructed stores. Molie's same-store sales were down 2.0% year on year. Furthermore, its operating revenues declined 3.6% year on year, reflecting a decrease in store numbers.

In the other segment, operating revenues grew 17.0% to ¥14,160 million. This was owing to UCS' increase in the number of Uny card holders by 300,000 to approximately 2.46 million, as well as to UCS' merger with Uny Service Co., Ltd. at the end of the first half of fiscal 2005. Operating revenues of Tomei Crown Kaihatsu Co., Ltd. and Sun Sogo Maintenance Co., Ltd. were on par with the previous fiscal year.

By merchandise category, sales rose 0.6% for clothing, 1.7% for household goods and 0.5% for foods.

Earnings

Gross operating profit for the fiscal year under review rose 2.2% to ¥449,489 million. This was a result of net sales increasing 0.9%, the gross profit margin improving 0.4 percentage point to 27.4%, and gross profit climbing 2.6% to ¥284,613 million. Furthermore, other operating revenues, namely, income from real estate leasing and other income contributed to a 1.5% gain of ¥164,876 million. Selling, general and administrative expenses (SG&A) were up 2.0% to ¥405,908 million due to increases in labor costs. As a result, operating income totaled ¥43,581 million, up 4.3% year on year.

By segment, operating income in the superstore segment decreased 4.1% to ¥12,200 million, reflecting a 0.24% increase in operating costs offset by a 0.18 increase in operating revenues.

In the convenience store segment, operating revenues grew 4.2% owing to the increase in the number of stores, while operating income totaled ¥24,230 million, up 4.4% year on year, attributed to a limited increase in operating costs of 4.1%.

In the specialty store segment, Suzutan showed a profit increase and Molie restored profitability while Sagami recorded a profit decrease. As a result, operating income surged 25.7% to ¥2,542 million.

Operating income in the other segment amounted to ¥4,589 million, a jump of 20.3% from the previous fiscal year, supported by increased profits at UCS.

In the other income (expenses) category, net financial expenses (interest expenses less interest and dividend income) totaled ¥2,226 million, down from ¥2,448 million in the previous fiscal year. Other income included a ¥53,720 million gain on return of the substituted portion of the employee welfare pension fund, and ¥5,111 million in repayment forgiveness of deposits from golf club members. Other expenses consisted of ¥48,963 million of impairment loss on fixed assets and ¥2,371 million from the cumulative effect on accounting change for Sagami's inventory valuation.

As a result of the above, income before income taxes and minority interests jumped 33.3% to ¥46,454 million. Net income surged 48.0% to ¥16,102 million after deducting ¥23,897 million in income tax expenses and ¥6,455 million in

minority interests in earnings of consolidated subsidiaries. Net income per share for the fiscal year under review significantly improved from ¥56.84 for the previous fiscal year to ¥84.64.

Financial Position and Liquidity

As of February 20, 2006, the Uny Group's assets totaled ¥951,151 million, a decrease of ¥31,158 million from the end of the previous fiscal year. Current assets rose ¥7,867 million to ¥291,046 million with notes and accounts receivable up ¥6,655 million to ¥57,068 million.

Property and equipment, at cost, less accumulated depreciation, decreased to ¥391,366 million, down ¥24,765 million from the end of the previous fiscal year. Investments and other assets declined ¥14,260 million to ¥268,739 million, with a ¥8,416 million increase in investment securities and a ¥14,030 million decrease in deferred tax assets.

In terms of liabilities, interest-bearing debt (long-term debt including current portion, short-term borrowings and commercial paper) climbed ¥27,068 million to ¥301,398 million. The interest-coverage ratio improved from 11.6 times to 15.7 times.

At the fiscal year-end, shareholders' equity totaled ¥239,145 million, up ¥16,533 million year on year. The equity ratio was 25.1%, rising 2.4 percentage point.

Cash Flows

Net cash provided by operating activities amounted to ¥32,441 million, down ¥45,052 million from the year earlier, with income before income taxes and minority interests up ¥11,601 million to ¥46,454 million. In following the standard practice of many companies to move payments to the next day when the end-of-period day of the previous fiscal year was a bank holiday, trade payables decreased ¥41,881 million from the previous fiscal year. In addition, an impairment loss on fixed assets of ¥48,963 million and a net decrease in employee retirement benefit liability of ¥52,755 million were also recorded.

Net cash used in investing activities totaled ¥59,667 million, down ¥5,862 million from the previous fiscal year. Principal components were purchases of property and equipment amounting to ¥48,002 million, lease deposits made of ¥12,555 million and payment for transfer of a golf club operation business of ¥3,148 million.

Net cash provided by financing activities increased ¥12,131 million to ¥24,454 million. This primarily resulted from ¥24,375 million in interest-bearing debt (short-term borrowings, long-term debt, commercial paper and bonds) raised, compared to ¥17,055 million raised in the previous fiscal year.

In fiscal 2007, ending February 20, 2007, plans call for capital investment of ¥59,700 million on a contract basis, compared with approximately ¥64,100 million in fiscal 2006.

OUTLOOK FOR FISCAL 2007

In the fiscal year ending February 20, 2007, overall corporate performance is expected to improve along with the continuous upswing in the Japanese economy, accompanied by a gradual recovery in personal consumption. However, we anticipate that retailers will experience an ongoing harsh business environment, owing to further intensified market competition with other companies in and outside of the industry.

In the superstore segment, Uny plans to open two Apita stores and one U Store to be newly constructed. Operating revenues are forecast to be on par with the previous fiscal year, due to the decline in same-store sales and fewer openings of new stores. Under these conditions, we will make every effort to improve the gross profit margin and take further steps toward merchandizing structural reforms through the following: overhaul the distribution system by expanding the adoption of an integrated delivery system; make more conscious efforts aimed at Group cooperation; upgrade our purchasing and inventory planning; and eliminate price declines. Furthermore, we will strive to reduce costs such as labor costs and rental costs.

In the convenience store segment, our key objectives for store development are to ensure excellent franchise stores and to promote franchising by lowering eligibility requirements. In store operations, we aim for higher customer satisfaction, integrating vendors and distribution systems for cost reductions and quality improvement. In fiscal 2007, Circle K Sunkus Co., Ltd. plans to open 432 stores and close 345 stores, including stores of consolidated subsidiary companies, for a net increase of 87 stores at the fiscal year-end.

In the specialty store segment, we will further increase the profitability of each store by continuing our aggressive scrap and build policy and reinvigorating sales capabilities at our existing stores. We will also work to develop a new store format.

In the other segment, UCS will continue to expand its shopping and financial revenues, drawing from new card members registered during the fiscal year under review. Furthermore, we are targeting a total of 2.75 million members by winning 290,000 new members in fiscal 2007.

Consolidated operating revenues for fiscal 2007 are projected to grow 1.7% to ¥1,223,000 million, and net income is forecast to fall 22.4% to ¥12,500 million, reflecting the absence of the gain on return of the substituted portion of the employee pension fund recorded in fiscal 2006.

Management's discussion of the outlook for fiscal 2007, 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 forward-looking statements made by the management of Uny 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.

Sales by Merchandise Category

Years ended February 20	Millions of Yen						Change 2006/2005
	2006		2005		2004		
Clothing	¥ 286,282	23.8%	¥ 284,472	23.9%	¥ 267,652	22.9%	0.6%
Women's clothing	101,277	35.4	101,094	35.5	83,221	31.1	0.2
Children's clothing	26,835	9.4	26,936	9.5	28,545	10.7	(0.4)
Men's clothing	32,810	11.5	31,833	11.2	32,079	12.0	3.1
Accessories and shoes	48,936	17.1	47,247	16.6	48,052	17.9	3.6
Lingerie	38,914	13.6	38,073	13.4	37,890	14.2	2.2
Kimonos and related accessories	37,510	13.1	39,289	13.8	37,865	14.1	(4.5)
		100.0		100.0		100.0	
Household Goods	179,638	14.9	176,627	14.8	179,590	15.4	1.7
Sundry and leisure goods	131,494	73.2	126,991	71.9	130,215	72.5	3.5
Furniture, electrical appliances and others	48,144	26.8	49,636	28.1	49,375	27.5	(3.0)
		100.0		100.0		100.0	
Foods	548,167	45.6	545,670	45.8	542,140	46.5	0.5
Fresh foods	292,999	53.5	293,646	53.8	293,084	54.1	(0.2)
Processed foods	255,168	46.5	252,024	46.2	249,056	45.9	1.2
		100.0		100.0		100.0	
Other Merchandise	23,678	2.0	22,025	1.8	21,428	1.8	7.5
Net Sales	1,037,765	86.3	1,028,794	86.4	1,010,810	86.6	0.9
Other Operating Revenues	164,876	13.7	162,505	13.6	156,758	13.4	1.5
Total	¥1,202,641	100.0%	¥1,191,299	100.0%	¥1,167,568	100.0%	1.0%

SELECTED FINANCIAL DATA

Years ended February 20	Millions of Yen					Thousands of U.S. Dollars*
	2006	2005	2004	2003	2002	
For the Year						
Operating revenues	¥1,202,641	¥1,191,299	¥1,167,568	¥1,179,913	¥1,181,219	\$10,191,873
Net sales	1,037,765	1,028,794	1,010,810	1,027,140	1,034,952	8,794,619
Cost of goods sold	753,152	751,388	745,719	761,084	769,613	6,382,644
Selling, general and administrative expenses	405,908	398,116	378,183	369,169	366,412	3,439,898
Interest expenses	3,166	3,284	3,253	3,546	3,761	26,831
Income (loss) before income taxes and minority interests	46,454	34,853	29,972	38,427	(17,818)	393,678
Net income (loss)	16,102	10,878	9,828	12,544	(17,036)	136,458
Purchases of property and equipment	48,002	48,547	34,251	32,938	54,099	406,797
Lease deposits made	12,555	14,068	10,052	9,858	8,741	106,399
Per share data (in Yen and U.S. Dollars):						
Net income (loss)	84.64	56.84	51.13	65.29	(90.27)	0.72
Cash dividends	18.00	18.00	18.00	18.00	16.00	0.15
Average shares issued (in Thousands)	189,295	189,295	189,295	189,295	189,295	—
At Year-End						
Merchandise inventories	64,715	64,871	61,948	59,161	60,565	548,432
Property and equipment (book value)	391,366	416,131	389,350	384,132	381,869	3,316,661
Total assets	951,151	982,309	922,262	892,853	881,716	8,060,602
Long-term debt, less current portion	184,131	162,022	168,041	166,918	169,465	1,560,432
Shareholders' equity	239,145	222,612	214,178	206,577	197,982	2,026,653
Profitability						
(Net sales – cost of goods sold)/Net sales (%)	27.4	27.0	26.2	25.9	25.6	—
Income before income taxes/Operating revenues (%)	3.9	2.9	2.6	3.3	(1.5)	—
Net income/Operating revenues (%)	1.3	0.9	0.8	1.1	(1.4)	—
Net income/Total assets (%)	1.7	1.1	1.1	1.4	(1.9)	—
Net income/Shareholders' equity (%)	6.7	4.9	4.6	6.1	(8.6)	—
Financial Structure Analysis						
Shareholders' equity/Total assets (%)	25.1	22.7	23.2	23.1	22.5	—
Long-term debt/Shareholders' equity (Times)	0.8	0.7	0.8	0.8	0.9	—
Income before income taxes and interest expenses/Interest expenses (Times)	15.7	11.6	10.2	11.8	5.7	—
Turnover Analysis						
Net sales/Merchandise inventories (Times)	16.0	15.9	16.3	17.4	17.1	—
Operating revenues/Total assets (Times)	1.3	1.2	1.3	1.3	1.3	—

*See Note 1(b) of Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

UNY CO., LTD. and Consolidated Subsidiaries February 20, 2006 and 2005	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
ASSETS			
Current Assets:			
Cash and cash equivalents	¥ 108,104	¥ 110,603	\$ 916,136
Short-term investments (Note 5)	1,202	1,545	10,186
Notes and accounts receivable:			
Trade notes	135	70	1,144
Trade accounts	40,051	36,674	339,415
Other	19,401	15,909	164,415
Allowance for doubtful accounts	(2,519)	(2,240)	(21,347)
	57,068	50,413	483,627
Merchandise inventories	64,715	64,871	548,432
Deferred tax assets (Note 12)	5,206	4,740	44,119
Other current assets	54,751	51,007	463,992
Total current assets	291,046	283,179	2,466,492
Property and Equipment, at Cost (Note 6):			
Land	162,772	173,377	1,379,424
Buildings and structures	413,184	411,691	3,501,559
Equipment and fixtures	67,847	71,687	574,974
Construction in progress	6,791	7,619	57,551
	650,594	664,374	5,513,508
Accumulated depreciation	(259,228)	(248,243)	(2,196,847)
	391,366	416,131	3,316,661
Investments and Other Assets:			
Lease deposits (Notes 6 and 9)	162,957	169,351	1,380,991
Investments in and long-term loans to unconsolidated subsidiaries and affiliates (Note 5)	9,362	8,912	79,339
Investment securities (Note 5)	27,474	19,058	232,831
Deferred tax assets (Note 12)	12,609	26,639	106,856
Deferred tax assets for revaluation	—	1,255	—
Excess of cost of investments over equity in net assets acquired	20,212	21,712	171,288
Other	39,509	40,424	334,822
Allowance for doubtful accounts	(3,384)	(4,352)	(28,678)
	268,739	282,999	2,277,449
	¥ 951,151	¥ 982,309	\$ 8,060,602

See accompanying Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term borrowings (Note 6)	¥ 87,112	¥ 68,746	\$ 738,237
Current portion of long-term debt (Note 6)	30,155	43,562	255,551
Notes and accounts payable:			
Trade notes	13,313	12,829	112,822
Trade accounts	97,946	122,536	830,051
Other	32,735	33,420	277,415
	143,994	168,785	1,220,288
Accrued expenses	16,721	16,531	141,703
Income taxes payable	8,853	7,554	75,026
Other current liabilities	42,357	40,634	358,958
Total current liabilities	329,192	345,812	2,789,763
Long-Term Liabilities:			
Long-term debt, less current portion (Note 6)	184,131	162,022	1,560,432
Guarantee deposits from tenants	57,792	64,405	489,763
Employee retirement benefit liability (Note 7)	14,012	66,780	118,746
Deferred tax liabilities for revaluation	85	—	720
Other long-term liabilities (Note 12)	3,630	2,487	30,762
	259,650	295,694	2,200,423
Minority Interests	123,164	118,191	1,043,763
Shareholders' Equity (Note 8):			
Common stock, no par value, Authorized: 600,000,000 shares Issued: 189,295,483 shares	10,129	10,129	85,839
Capital surplus	49,486	49,486	419,373
Retained earnings	171,908	159,705	1,456,847
Land revaluation decrement	(1,343)	(1,011)	(11,381)
Net unrealized gains on available-for-sale securities	9,869	5,211	83,636
Foreign currency translation adjustment	(303)	(568)	(2,568)
Treasury stock, at cost—456,353 shares in 2006 and 298,005 shares in 2005	(601)	(340)	(5,093)
	239,145	222,612	2,026,653
Commitments and Contingent Liabilities (Notes 9 and 10)			
	¥951,151	¥982,309	\$8,060,602

CONSOLIDATED STATEMENTS OF INCOME

UNY CO., LTD. and Consolidated Subsidiaries For the Years Ended February 20, 2006, 2005 and 2004	Millions of Yen			Thousands of U.S. Dollars
	2006	2005	2004	2006
Operating Revenues (Note 13):				
Net sales	¥1,037,765	¥1,028,794	¥1,010,810	\$ 8,794,619
Other	164,876	162,505	156,758	1,397,254
	1,202,641	1,191,299	1,167,568	10,191,873
Operating Costs and Expenses (Notes 7, 9 and 13):				
Cost of goods sold	753,152	751,388	745,719	6,382,644
Selling, general and administrative expenses	405,908	398,116	378,183	3,439,898
	1,159,060	1,149,504	1,123,902	9,822,542
Operating income	43,581	41,795	43,666	369,331
Other Income (Expenses):				
Interest and dividend income	940	836	872	7,966
Interest expenses	(3,166)	(3,284)	(3,253)	(26,831)
Loss on sales or disposal of property and equipment	(2,315)	(4,715)	(5,913)	(19,619)
Loss on write-down of securities	(199)	(310)	(416)	(1,686)
Equity in net earnings of unconsolidated subsidiaries and affiliates	317	725	286	2,686
Loss on cancellation of lease contracts	(1,675)	(1,396)	(3,423)	(14,195)
Loss on close-down of stores	(752)	(236)	(2,621)	(6,373)
Gain on return of substituted portion of employee welfare pension fund	53,720	—	—	455,254
Repayment forgiveness of deposits from golf club members	5,111	—	—	43,314
Impairment loss on fixed assets (Note 3)	(48,963)	—	—	(414,941)
Cumulative effect on accounting change for inventory valuation	(2,371)	—	—	(20,093)
Miscellaneous, net	2,226	1,438	774	18,865
	2,873	(6,942)	(13,694)	24,347
Income before income taxes and minority interests	46,454	34,853	29,972	393,678
Income Tax Expenses (Note 12)	23,897	16,125	14,512	202,517
Income before minority interests	22,557	18,728	15,460	191,161
Less, Minority Interests in Earnings of Consolidated Subsidiaries	(6,455)	(7,850)	(5,632)	(54,703)
Net income	¥ 16,102	¥ 10,878	¥ 9,828	\$ 136,458
<hr/>				
Per Share (in Yen and U.S. Dollars):				
Net income	¥84.64	¥56.84	¥51.13	\$0.72
Cash dividends	18.00	18.00	18.00	0.15

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

UNY CO., LTD. and Consolidated Subsidiaries

Millions of Yen

For the Years Ended February 20, 2006, 2005 and 2004	Number of Shares Issued	Common Stock	Capital Surplus	Retained Earnings	Land Revaluation Decrement	Net Unrealized Gains on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Treasury Stock
Balance at February 20, 2003	189,295,483	¥10,129	¥49,486	¥146,229	¥(1,010)	¥2,371	¥(407)	¥(221)
Net income	—	—	—	9,828	—	—	—	—
Cash dividends	—	—	—	(3,593)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(192)	—	—	—	—
Reversal of land revaluation decrement	—	—	—	(7)	7	—	—	—
Decrease in retained earnings through inclusion of additional subsidiaries in consolidation	—	—	—	(4)	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	1,642	—	—
Change in equity share portion of subsidiary	—	—	—	—	(13)	—	—	—
Adjustment for applicable income taxes	—	—	—	—	(23)	89	—	—
Translation adjustment	—	—	—	—	—	—	(92)	—
Fractional shares acquired, net	—	—	—	—	—	—	—	(41)
Balance at February 20, 2004	189,295,483	10,129	49,486	152,261	(1,039)	4,102	(499)	(262)
Net income	—	—	—	10,878	—	—	—	—
Cash dividends	—	—	—	(3,403)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(161)	—	—	—	—
Reversal of land revaluation decrement	—	—	—	(28)	28	—	—	—
Increase in retained earnings through merger of consolidated subsidiary	—	—	—	158	—	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	1,109	—	—
Translation adjustment	—	—	—	—	—	—	(69)	—
Fractional shares acquired, net	—	—	—	—	—	—	—	(78)
Balance at February 20, 2005	189,295,483	10,129	49,486	159,705	(1,011)	5,211	(568)	(340)
Net income	—	—	—	16,102	—	—	—	—
Cash dividends	—	—	—	(3,375)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(134)	—	—	—	—
Reversal of land revaluation decrement	—	—	—	(390)	390	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	—	4,658	—	—
Adjustment for valuation allowance relating to deferred tax assets	—	—	—	—	(722)	—	—	—
Translation adjustment	—	—	—	—	—	—	265	—
Purchases of treasury stock and fractional shares, net	—	—	—	—	—	—	—	(261)
Balance at February 20, 2006	189,295,483	¥10,129	¥49,486	¥171,908	¥(1,343)	¥9,869	¥(303)	¥(601)

Thousands of U.S. Dollars

	Common Stock	Capital Surplus	Retained Earnings	Land Revaluation Decrement	Net Unrealized Gains on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Treasury Stock
Balance at February 20, 2005	\$85,839	\$419,373	\$1,353,432	\$ (8,567)	\$44,161	\$(4,814)	\$(2,881)
Net income	—	—	136,458	—	—	—	—
Cash dividends	—	—	(28,602)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	(1,136)	—	—	—	—
Reversal of land revaluation decrement	—	—	(3,305)	3,305	—	—	—
Net change in unrealized gains on available-for-sale securities, net of applicable income taxes	—	—	—	—	39,475	—	—
Adjustment for valuation allowance relating to deferred tax assets	—	—	—	(6,119)	—	—	—
Translation adjustment	—	—	—	—	—	2,246	—
Purchases of treasury stock and fractional shares, net	—	—	—	—	—	—	(2,212)
Balance at February 20, 2006	\$85,839	\$419,373	\$1,456,847	\$(11,381)	\$83,636	\$(2,568)	\$(5,093)

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNY CO., LTD. and Consolidated Subsidiaries For the Years Ended February 20, 2006, 2005 and 2004	Millions of Yen	2006	2005	2004	Thousands of U.S. Dollars 2006
Cash Flows from Operating Activities:					
Income before income taxes and minority interests	¥	46,454	¥ 34,853	¥ 29,972	\$ 393,678
Adjustments for:					
Depreciation		29,257	30,713	29,676	247,941
Impairment loss on fixed assets		48,963	—	—	414,941
Loss on sales or disposal of property and equipment		2,315	4,715	5,913	19,619
Net (decrease) increase in employee retirement benefit liability		(52,755)	2,062	4,229	(447,077)
Changes in operating assets and liabilities:					
Trade receivables		(3,075)	(6,995)	(2,331)	(26,059)
Inventories		1,078	(2,640)	1,183	9,136
Trade payables		(25,140)	16,741	(1,224)	(213,051)
Other, net		890	13,467	14,018	7,542
Subtotal		47,987	92,916	81,436	406,670
Interest and dividends received		828	2,276	920	7,017
Interest paid		(2,990)	(3,320)	(3,165)	(25,339)
Income taxes paid		(13,384)	(14,379)	(19,927)	(113,424)
Net cash provided by operating activities		32,441	77,493	59,264	274,924
Cash Flows from Investing Activities:					
Property and equipment:					
Purchases		(48,002)	(48,547)	(34,251)	(406,797)
Proceeds from sales		4,222	1,503	2,188	35,780
Lease deposits made		(12,555)	(14,068)	(10,052)	(106,399)
Lease deposits repaid		9,127	7,341	7,713	77,347
Net decrease (increase) in short-term investments		273	(401)	227	2,314
Increase in cash through acquisition of subsidiary (Note 4)		391	—	158	3,314
Transfer of business acquired (Note 4)		—	(641)	(5,424)	—
Payment for transfer of golf club operation business		(3,148)	—	—	(26,678)
Other, net		(9,975)	(10,716)	(5,692)	(84,534)
Net cash used in investing activities		(59,667)	(65,529)	(45,133)	(505,653)
Cash Flows from Financing Activities:					
Increase in long-term debt		50,100	38,193	20,100	424,576
Repayment of long-term debt		(43,692)	(20,479)	(20,827)	(370,271)
Increase (decrease) in short-term borrowings		17,967	(659)	3,201	152,263
Dividends paid		(5,649)	(5,308)	(5,480)	(47,873)
Net increase (decrease) in guarantee deposits from tenants		3,348	(476)	(1,735)	28,373
Other, net		2,380	1,052	855	20,169
Net cash provided by (used in) financing activities		24,454	12,323	(3,886)	207,237
Effect of exchange rate changes on cash and cash equivalents		273	(70)	(92)	2,314
Net (decrease) increase in cash and cash equivalents		(2,499)	24,217	10,153	(21,178)
Increase in cash and cash equivalents upon inclusion of additional subsidiary on consolidation		—	389	13	—
Increase in cash and cash equivalents upon merger of consolidated subsidiary		—	765	—	—
Cash and cash equivalents at beginning of year		110,603	85,232	75,066	937,314
Cash and cash equivalents at end of year		¥108,104	¥110,603	¥ 85,232	\$916,136

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNY CO., LTD. and Consolidated Subsidiaries

1. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Basis of presenting the 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 on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. These consolidated financial statements are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Securities and Exchange Law of Japan and submitted to the Director of the Kanto Finance Bureau of Japan.

(b) U.S. dollar amounts

The Company maintains its accounting records in Japanese Yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating Japanese Yen into U.S. dollars at a rate of ¥118 to \$1, the approximate rate of exchange at February 20, 2006. The inclusion of such dollar amounts is solely for the convenience of the readers and is not intended to imply that Yen and the assets and liabilities originating in Yen have been or could be readily converted, realized or settled in dollars at ¥118 to \$1 or at any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the UNY Group. 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 differences 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 and amortized over five years, except for those for the acquisition of former SUNKUS & ASSOCIATES INC. ("SUNKUS"). The excess of the acquisition cost over the underlying equity in the net assets acquired in relation to the acquisition of SUNKUS is amortized over 20 years from the year ended February 20, 2000. All significant inter-company accounts and transactions have been eliminated on consolidation.

CIRCLE K JAPAN Co., Ltd. ("CIRCLE K") merged with SUNKUS and C&S Co., Ltd., all of which had been consolidated subsidiaries of the Company, and CIRCLE K renamed itself to Circle K Sunkus Co., Ltd. on September 1, 2004. This merger gave no effect on the consolidated financial statements of the UNY Group and the term of amortization of the excess of the cost of investments over the equity in the net assets of SUNKUS acquired has not been changed.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended February 20, 2006, 2005 and 2004 was as follows:

	2006	2005	2004
Consolidated subsidiaries:			
Domestic	20	21	23
Overseas	2	2	2
Unconsolidated subsidiaries and affiliates, accounted for by the equity method	1	1	3
Unconsolidated subsidiaries, stated at cost	17	14	16
Affiliates, stated at cost	16	18	18

The overseas consolidated subsidiaries located in Hong Kong adopt accounting principles generally accepted in their country. No adjustments to conform to accounting principles generally accepted in Japan have been made to their financial statements on consolidation as allowed under accounting principles and practices generally accepted in Japan and there are no material differences of accounting principles between such a country and Japan.

As the fiscal year-end of certain consolidated subsidiaries differs from the consolidated fiscal year-end of the Company, the Company consolidated their accounts as of their year-end. Significant transactions for the period between subsidiaries' year-end and the Company's year-end are 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", whose classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. Debt securities for which the UNY Group has both a positive intent 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 separate component of shareholders' equity, net of applicable income taxes. Gains and losses on 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, whereby unrealized gains or losses on hedging instruments are carried as assets or liabilities on the balance sheets until the gains and losses on the hedged items are realized. According to the special treatment as permitted by the accounting standard for financial instruments, the hedging interest rate swap or cap contracts are accounted for on an accrual basis, and recorded net of interest expenses generated from borrowings, hedged items, if certain conditions are met. Foreign currency exchange forward or option contracts are accounted for to translate foreign currency denominated assets and liabilities at such contracts rates as an interim measure, if certain hedging criteria are met.

The gains and losses for revalued compound instruments including embedded derivatives were included in "Miscellaneous" of other income (expenses) in the accompanying consolidated statements of income for the years ended February 20, 2006 and 2005, where such derivative contracts could not be separated from the host contract.

(e) Allowance for doubtful accounts

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 calculated based on the historical loss experience for a certain past period.

(f) Inventories

Inventories are stated at cost being determined principally by the retail method.

Until the year ended February 20, 2004, the Company stated fresh foods at cost being determined by the retail method. Effective from the year ended February 20, 2005, fresh foods were stated at cost, being determined by the last purchase price in order to record the result of the operation more fairly regarding fresh foods which have short turnover period and of which mark-up ratio fluctuates because of price changes in stores. The effect of this change was immaterial.

One of the consolidated subsidiaries previously adopted the cost method determined by the specific identification method for some jewelry merchandise and the cost method determined by the retail method for other merchandise. From the year ended February 20, 2006, the consolidated subsidiary changed the valuation method for merchandise inventories except for those for women and miscellaneous items to state at the lower of cost or market, cost being determined by the specific identification method. This change was made in order to recognize the operational results more fairly and timely based on the establishment of the computerized inventory management system. As a result, the UNY Group recorded the cumulative effect of this accounting change by ¥2,371 million (\$20,093 thousand) for the year ended February 20, 2006.

(g) Property and equipment, and depreciation

Property and equipment, including significant renewals and additions, are stated at cost, and have been 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 lives of the assets, except as mentioned below.

The buildings of the Company and its domestic consolidated subsidiaries acquired on and after April 1, 1998 have been depreciated by the straight-line method. The Company and its domestic consolidated subsidiaries have capitalized the property with the cost of not less than ¥100,000 and have depreciated the property of less than ¥200,000 and more than ¥100,000 over three years on a straight-line basis.

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

(h) Leases

Where financing leases do not transfer ownership of the leased property to the lessee during the term of the lease, the leased property of the Company and its domestic consolidated subsidiaries as lessee is not capitalized and the relating rental and lease expenses are charged to income as incurred.

(i) Employee retirement benefits

Employees who terminate their service with the UNY Group are entitled to retirement benefits generally determined by the reference of current basic rates 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") and funded in outside insurance companies and trust banks.

The UNY Group has principally recognized the retirement benefits for employees including pension cost and related liability based on actuarial present value of projected benefit obligation using the actuarial appraisal approach and the 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 experience different from that assumed and from changes in assumptions are amortized on a straight-line basis over five to ten years as a certain period within remaining service lives of employees from the next year in which they arise. Past service costs are amortized on a straight-line basis over six to ten years as a certain period within remaining service lives of employees.

In conjunction with enforcement of the Defined Benefit Enterprise Pension Plan Law, the Company and its major domestic consolidated subsidiaries received an approval from the Minister of Health, Labor and Welfare of Japan, for exemption from payment of future benefit of the substituted portion of the employee welfare pension fund on February 17, 2003 and received an approval for returning the assets relating to the substituted portion of the employee welfare pension fund on January 1, 2006, and then recognized an extinguishment of the retirement benefit obligation with respect to such substituted portion during the year ended February 20, 2006. As a result, the UNY Group recorded this effect of ¥53,720 million (\$455,254 thousand) as other income on the consolidated statements of income for the year ended February 2006. The UNY Group also received an approval from the Minister of Health, Labor and Welfare of Japan on January 1, 2006 to transfer from the employee welfare pension fund plan to the corporate pension fund plan.

In addition, SUNKUS, a portion of a current consolidated subsidiary, received an approval from the Minister of Health, Labor and Welfare of Japan, for exemption from payment of future benefit regarding the substituted portion of the employee welfare pension fund on July 29, 2005. As of February 20, 2006, pension plan assets equivalent to the amount to be returned to the Japanese government amounted to ¥1,538 million (\$13,034 thousand). As SUNKUS has not elected to apply for the transitional accounting treatment specified in paragraph 47-2 of the "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (Accounting Committee Report No.13 issued by the Japanese Institute of Certified Public Accountants ("JICPA")), SUNKUS has not recognized an extinguishment of retirement benefit obligation with respect to such substituted portion as of the date of the approval. If SUNKUS had applied for the transitional treatment as of the fiscal years ended February 20, 2006, an income of ¥605 million (\$5,127 thousand) for an extinguishment of the retirement benefit obligation would have been recognized on the accompanying consolidated statements of income.

(j) Accrued severance indemnities for officers

Until May 2005, the UNY Group paid severance indemnities to directors and corporate auditors, which were subject to the approval of the shareholders. The Company and its principal consolidated subsidiaries provided for this liability at the amount that would be payable assuming such directors and corporate auditors terminate their service at the balance sheet date. At February 20, 2005, other long-term liabilities in the accompanying consolidated balance sheets included these accruals for directors and corporate auditors in the amount of ¥897 million.

In May 2005, the Company and its principal consolidated subsidiaries terminated the severance benefits plan for directors and corporate auditors and the shareholders of the companies approved to pay the severance indemnities benefits granted prior to the termination date of the severance benefit plan. Then, at February 20, 2006 and 2005, the UNY Group recorded such benefits of ¥114 million (\$966 thousand) as accounts payable in current liabilities, and ¥578 million (\$4,898 thousand) in other long-term liabilities.

(k) Income taxes

Income taxes are accounted for under 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 carry-forwards. 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.

(l) 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 the current earnings.

In respect of 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 to minority interests portions attributable to minority interests, are reported as foreign currency translation adjustment in a separate component of shareholders' equity in the accompanying consolidated balance sheets.

(m) 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" was newly introduced from the fiscal year beginning on and after April 1, 2004. Enterprise taxes based on "added value amount" and "capital amount" amounted to ¥1,068 million (\$9,051 thousand) and were included in selling, general and administrative expenses for the year ended February 20, 2006, pursuant to "Practical Treatment for Presentation of Sized-based Corporate Enterprise Taxes in the Statement of Income" (Accounting Standards Board, Report of Practical Issues No.12).

(n) Bond issue expenses

Bond issue expenses are charged to income as incurred.

(o) Appropriation of retained earnings

Cash dividends and bonuses to directors and corporate auditors are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders. Bonuses to be paid to directors and corporate auditors are recorded as a part of the appropriation of retained earnings, instead of being charged to income, as permitted by Japanese accounting standards.

(p) Revaluation of land

In accordance with the Law Concerning Revaluation of Land, one of the consolidated subsidiaries elected the one-time revaluation to restate the cost of land used for the business at values rationally reassessed effective on February 20, 2002, reflecting appropriate adjustments for land shape and other factors, based on the 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 excess of the original book values over sound reassessed values is recorded as deferred tax liabilities or deferred tax assets for revaluation account, and the rest of such excess, net of the tax effect and minority interests portion, is recorded in the shareholders' equity as land revaluation decrement account in the accompanying consolidated balance sheets. At February 20, 2006 and 2005, the differences of the carrying values of land used for the business after reassessment over the market value of such land at the respective fiscal year-ends amounted to ¥631 million (\$5,347 thousand) and ¥520 million, respectively.

(q) 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 years. Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of Income represent dividends declared as applicable to the respective years.

3. ACCOUNTING CHANGE—ADOPTION OF NEW ACCOUNTING STANDARD FOR IMPAIRMENT OF FIXED ASSETS

On August 9, 2002, the Business Accounting Council of Japan issued the "Accounting Standard for Impairment of Fixed Assets", which is effective for the fiscal years beginning April 1, 2005, with earlier adoption permitted. The Accounting Standards Board of Japan issued related practical guidance on October 31, 2003. The UNY Group has adopted this new accounting standard

and related practical guidance from the year ended February 20, 2006. 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 impaired assets or a group of assets to the recoverable amount to be measured as the higher of the asset's net selling price and 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 level 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. Recoverable amounts of the assets were measured based on their net selling prices primarily for appraisal valuations or amounts of operating cash flows discounted by interest rates ranging from 3.1% to 8.0%.

For the year ended February 20, 2006, the UNY Group recognized an impairment loss on fixed assets of ¥48,963 million (\$414,941 thousand) as follows:

	Millions of Yen	Thousands of U.S. Dollars
73 superstores, convenience stores, 404 specialty stores, and other property	¥46,943	\$397,822
Idle property	2,020	17,119
Total	¥48,963	\$414,941

As a result of adoption of this new accounting standard, operating income increased by ¥2,766 million (\$23,441 thousand) and, income before income taxes and minority interests decreased by ¥46,197 million (\$391,500 thousand), as compared with the previous accounting method.

4. ACQUISITION

In March 2003, former CIRCLE K (See Note 2(a).), a consolidated subsidiary, acquired a 100.0% interest in the issued and outstanding shares of common stock of a certain area franchiser for CIRCLE K stores in the Tohoku region of Japan for an aggregate amount of ¥20 million. The assets and liabilities of the newly acquired company are summarized as follows:

	Millions of Yen
Current assets	¥ 1,043
Noncurrent assets	2,118
Excess of cost of investment over equity in net assets acquired	622
Current liabilities	(2,993)
Noncurrent liabilities	(770)
Acquisition cost	20
Cash and cash equivalents as of March 1, 2003	(275)
Net cash increased	¥ (255)

In February 2004, the Company acquired a 60.66% interest in the issued and outstanding shares of common stock of SUZUTAN CO., LTD. ("SUZUTAN") for an aggregate amount of ¥1,501 million. SUZUTAN is a casual wear retailer for young women. The Company consolidated only the balance sheet as of February 20, 2004. A summary of the assets and liabilities of SUZUTAN and its two consolidated subsidiaries is as follows:

	Millions of Yen
Current assets	¥ 3,968
Noncurrent assets	8,671
Excess of cost of investment over equity in net assets acquired	618
Current liabilities	(9,043)
Noncurrent liabilities	(2,124)
Minority interests	(589)
Acquisition cost	1,501
Cash and cash equivalents as of February 29, 2004	(1,404)
Net cash paid	¥ 97

In addition, during the year ended February 20, 2004, one of the consolidated subsidiaries acquired the assets and assumed the liabilities of a third-party company as follows:

	Millions of Yen
Current assets	¥3,469
Noncurrent assets	5,619
Total assets	¥9,088
Current liabilities	¥2,894
Noncurrent liabilities	770
Total liabilities	¥3,664

During the year ended February 20, 2005, another consolidated subsidiary acquired the assets and assumed the liabilities of a third-party company as a business transfer as follows:

	Millions of Yen
Current assets	¥236
Noncurrent assets	218
Goodwill	200
Total assets	¥654
Current liabilities	¥ 13
Total liabilities	¥ 13

In addition, a certain consolidated subsidiary formed a merger with an affiliate of the Company during the year ended February 20, 2005. The acquired assets and assumed liabilities through the merger were as follows:

	Millions of Yen
Current assets	¥2,053
Noncurrent assets	784
Total assets	¥2,837
Current liabilities	¥2,470
Noncurrent liabilities	277
Total liabilities	¥2,747

In December 2005, one of the consolidated subsidiaries acquired a 100.0% interest in the issued and outstanding shares of common stock of SUZUNOKI CO., LTD. ("SUZUNOKI") for an aggregate amount of ¥40 million (\$339 thousand). SUZUNOKI is a retailer for kimono or jewelry and furs. Company consolidated only the balance sheet as of February 20, 2006. A summary of the assets and liabilities of SUZUNOKI is as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 2,202	\$ 18,661
Noncurrent assets	2,069	17,534
Excess of cost of investment over equity in net assets acquired	277	2,347
Current liabilities	(2,226)	(18,864)
Noncurrent liabilities	(2,282)	(19,339)
Acquisition cost	40	339
Loan relating to acquisition	300	2,542
Cash and cash equivalents held by SUZUNOKI	(731)	(6,195)
Increase in cash presented on the accompanying consolidated statements of cash flows	¥ (391)	\$ (3,314)

5. INVESTMENTS

At February 20, 2006 and 2005, short-term investments consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Marketable securities—bonds	¥ 799	¥ 799	\$ 6,771
Time deposits with an original maturity of more than three months	403	746	3,415
	¥1,202	¥1,545	\$10,186

At February 20, 2006 and 2005, investment securities consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Marketable securities:			
Equity securities	¥23,088	¥14,858	\$195,661
Bonds	3,135	2,699	26,568
Others	82	59	695
	26,305	17,616	222,924
Other nonmarketable securities	1,169	1,442	9,907
	¥27,474	¥19,058	\$232,831

Held-to-maturity debt securities, which are not marketable, are included in investment securities. Marketable securities are classified as available-for-sale and are stated at fair value with unrealized gains and losses which are excluded from the current earnings and reported as a net amount within the shareholders' equity account until realized. At February 20, 2006 and 2005, gross unrealized gains and losses for marketable securities were summarized as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
				Millions of Yen
At February 20, 2006:				
Marketable securities:				
Equity securities	¥ 5,948	¥17,167	¥ (27)	¥23,088
Bonds	4,109	2	(177)	3,934
Others	49	33	—	82
	¥10,106	¥17,202	¥(204)	¥27,104
At February 20, 2005:				
Marketable securities:				
Equity securities	¥5,931	¥8,941	¥ (14)	¥14,858
Bonds	3,556	62	(119)	3,499
Others	48	11	—	59
	¥9,535	¥9,014	¥(133)	¥18,416

	Thousands of U.S. Dollars			
	2006	2005	2006	
At February 20, 2006:				
Marketable securities:				
Equity securities	\$50,407	\$145,483	\$ (229)	\$195,661
Bonds	34,822	17	(1,500)	33,339
Others	415	280	—	695
	\$85,644	\$145,780	\$(1,729)	\$229,695

During the years ended February 20, 2006, 2005 and 2004, the UNY Group sold available-for-sale securities and recorded realized gains of ¥96 million (\$814 thousand), ¥414 million and ¥1,752 million, respectively, and realized losses of ¥26 million (\$221 thousand), ¥2 million and ¥11 million, respectively, on the accompanying consolidated statements of income. During the years ended February 20, 2006 and 2005, the UNY Group recorded a loss on the write-down of available-for-sale securities and investments in affiliates due to other-than-temporary impairments in value amounting to ¥199 million (\$1,686 thousand) and ¥408 million, respectively.

At February 20, 2006, expected maturities of held-to-maturity and available-for-sale debt securities were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2006	2006
Due in one year or less	¥ 807	\$ 6,839
Due after one year through five years	1,108	9,390
Due after five years through ten years	2,075	17,584
Due after ten years	200	1,695
	¥4,190	\$35,508

At February 20, 2006 and 2005, investments in and long-term loans to unconsolidated subsidiaries and affiliates consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Investments, accounted for by the equity method for significant unconsolidated subsidiaries and affiliates and at cost for others	¥8,980	¥7,937	\$76,102
Interest bearing long-term loans	382	975	3,237
	¥9,362	¥8,912	\$79,339

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at February 20, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Short-term bank loans with interest rates ranging from 0.15% to 1.380% per annum at February 20, 2006:			
Collateralized	¥ —	¥ 40	\$ —
Unsecured	20,112	13,706	170,441
Commercial paper at interest rates ranging from 0.02% to 0.15% per annum at February 20, 2006	67,000	55,000	567,796
	¥87,112	¥68,746	\$738,237

At February 20, 2006 and 2005, long-term debt consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Loans principally from banks and insurance companies due through 2017 at interest rates ranging from 0.638% to 3.2% per annum at February 20, 2006:			
Collateralized	¥ 4,201	¥ 14,815	\$ 35,601
Unsecured	180,085	155,769	1,526,144
1.82 % notes due in November 2005	—	5,000	—
2.26 % notes due in March 2006	10,000	10,000	84,746
1.75 % notes due in April 2007	5,000	5,000	42,373
2.13 % notes due in April 2010	5,000	5,000	42,373
0.56 % notes due in May 2010	5,000	5,000	42,373
1.26 % notes due in September 2010	5,000	5,000	42,373
	214,286	205,584	1,815,983
Less, current maturities	(30,155)	(43,562)	(255,551)
	¥184,131	¥162,022	\$1,560,432

The aggregate annual maturities of long-term debt at February 20, 2006 are summarized as follows:

Years ending February 20,	Millions of Yen	Thousands of U.S. Dollars
2007	¥30,155	\$255,551
2008	51,310	434,830
2009	29,549	250,415
2010	16,057	136,076
2011	33,035	279,958
Thereafter	54,180	459,153

Certain assets of the UNY Group that were pledged as collateral for long-term debt and short-term borrowings at February 20, 2006, are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Land	¥4,483	\$37,992
Buildings and structures	7,965	67,500
Lease deposits	288	2,441

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.

7. EMPLOYEE RETIREMENT BENEFITS

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

The following table reconciles the benefit liability and net periodic retirement benefit expense as at or for the years ended February 20, 2006, 2005 and 2004:

February 20	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Projected benefit obligation*	¥113,338	¥ 207,540	\$ 960,492
Fair value of pension plan assets at end of year	(86,224)	(105,518)	(730,712)
Projected benefit obligation in excess of pension plan assets	27,114	102,022	229,780
Less, unrecognized transitional provision	(166)	(182)	(1,407)
Less, unrecognized actuarial differences (loss)	(22,500)	(47,327)	(190,678)
Unrecognized past service costs	9,564	12,267	81,051
Net amounts of employee retirement benefit liability recognized on the consolidated balance sheets	¥ 14,012	¥ 66,780	\$ 118,746

* The above table included the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law as of February 20, 2005.

Years ended February 20	Millions of Yen			Thousands of U.S. Dollars
	2006	2005	2004	2006
Component of net periodic retirement benefit expense:				
Service cost	¥ 3,563	¥ 3,880	¥ 3,792	\$ 30,195
Interest cost	3,752	4,050	3,914	31,797
Expected return on pension plan assets	(4,035)	(3,921)	(3,328)	(34,195)
Transitional provision	16	16	—	135
Amortization of actuarial differences	5,945	6,329	7,111	50,381
Amortization of past service costs	(1,655)	(1,655)	(1,629)	(14,025)
Net periodic retirement benefit expense	¥ 7,586	¥ 8,699	¥ 9,860	\$ 64,288

Major assumptions used in the calculation of the above information for the years ended February 20, 2006, 2005 and 2004 were as follows:

	2006	2005	2004
Method attributing the projected benefits to periods of services	Straight-line method	Straight-line method	Straight-line method
Discount rate	1.5%~2.0%	1.5%~2.0%	1.5%~2.5%
Expected rate of return on pension plan assets	3.0%~4.0%	3.0%~4.0%	3.0%~4.0%
Amortization period of past service costs	6 to 10 years	6 to 10 years	10 years
Amortization period of actuarial differences	5 to 10 years	5 to 10 years	5 to 10 years
Amortization period of transitional provision	15 years for one subsidiary acquired two years ago	15 years for one subsidiary acquired in the previous year	15 years for one subsidiary acquired in the year

8. SHAREHOLDERS' EQUITY

The authorized number of shares of common stock without par value is 600 million.

At February 20, 2006 and 2005, respectively, capital surplus principally consisted of additional paid-in capital. In addition, retained earnings included legal reserve of the Company in the amounts of ¥2,532 million (\$21,458, thousand) at February 20, 2006 and 2005, respectively. The Business Law of Japan (formerly the Commercial Code of Japan) provides that an amount equivalent to at least 10% of cash payments as an appropriation of retained

earnings shall be appropriated as legal reserve until additional paid-in capital and such legal reserve equal 25% of common stock. The legal reserve is not available for distribution as dividends, but may be used to reduce a deficit or may be transferred to common stock by proper actions of the Board of Directors and/or shareholders of the Company.

On May 16, 2006, the following appropriation of retained earnings was approved at an annual general meeting of shareholders of the Company

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends	¥1,700	\$14,407
Bonuses to directors and corporate auditors	46	390

9. 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 years' noncancelable lease agreements. As disclosed in Note 2(h), the leased property of the Company and its domestic consolidated subsidiaries under such noncancelable lease agreements which were categorized as financing leases is not capitalized and the related rental and lease expenses are charged to income as incurred as accepted by the "Opinion Concerning Accounting Standard for Leases" issued by the Business Accounting Deliberation Council of Japan 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, 2006 and 2005, as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Property and equipment, net of accumulated depreciation*1	¥22,505	¥28,032	\$190,720
Lease obligations as liabilities*2	24,721	28,792	209,500
Allowance for impairment loss on leased property	(862)	—	(7,305)
Net effect on retained earnings at year-end	¥ (1,354)	¥ (760)	\$ (11,475)

Additionally, income before income taxes and minority interests would have been increased by ¥23 million (\$195 thousand) for the year ended February 20, 2006 and decreased by ¥14 million for the year ended February 20, 2005.

*1. Pro forma depreciation of the leased property is computed by the straight-line method over the lease contract terms, assuming the leased property had been capitalized.

*2. Pro forma interest on lease obligations for financing leases is computed by the interest method over the lease contract terms.

The aggregate future minimum payments for noncancelable operating leases and financing leases, excluding imputed interest portion, at February 20, 2006 and 2005, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Financing leases as lessee:			
Due within one year	¥ 8,593	¥ 8,829	\$ 72,822
Due after one year	16,128	19,963	136,678
	¥ 24,721	¥ 28,792	\$ 209,500
Operating leases as lessee:			
Due within one year	¥ 16,344	¥ 14,726	\$ 138,508
Due after one year	142,145	129,187	1,204,619
	¥158,489	¥143,913	\$1,343,127

The gross rental and lease expenses, consisting of minimum rental payments for all operating leases and financing leases, for the years ended February 20, 2006, 2005 and 2004, were ¥99,609 million (\$844,144 thousand), ¥98,132 million and ¥92,841 million, respectively. For the years ended February 20, 2006, 2005 and 2004, the lease expenses for non-cancelable lease agreements, which were categorized as financing leases, amounted to ¥9,786 million (\$82,932 thousand), ¥11,410 million and ¥11,687 million, respectively.

The UNY Group leases portions of its floor spaces to tenants under sublease agreements, which are generally cancelable upon six months' advance notice. Rental payments are based upon minimum payments plus a percentage of the tenants' sales. Other operating revenues in the accompanying consolidated statements of income included such sublease rentals received from tenants.

(b) Lessor

A certain consolidated subsidiary engaged in leasing operations enters into various lease agreements principally for vehicles with third parties as lessor, whose leased property is recorded as property and equipment. The effect of the finance lease adjustment is not material. The aggregate future minimum lease commitments to be received for non-cancelable lease agreements, excluding the imputed interest at February 20, 2006 and 2005, were as follows:

	Millions of Yen		Thousands of
	2006	2005	U.S. Dollars
Financing leases as lessor:			2006
Due within one year	¥117	¥115	\$ 992
Due after one year	262	231	2,220
	¥379	¥346	\$3,212
Operating leases as lessor:			
Due within one year	¥101	¥ 78	\$ 856
Due after one year	167	74	1,415
	¥268	¥152	\$2,271

10. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Loan commitment

A certain consolidated subsidiary engaged in financial services to customers has card cashing agreements that permit the customers to extend their loans up to the designated amounts. The outstanding balance of unexercised commitments relating to the above agreements as of February 20, 2006 and 2005 amounted to ¥681,825 million (\$5,778,178 thousand) and ¥620,008 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, 2006 and 2005, the UNY Group was contingently liable for guarantees of the indebtedness of unconsolidated subsidiaries, affiliates and others in the amounts of ¥4,465 million (\$37,839 thousand) and ¥5,031 million, respectively.

At February 20, 2006, contingent liabilities in respect of trade notes discounted with banks with recourse in the ordinary course of business amounted to ¥482 million (\$4,085 thousand).

11. DERIVATIVE FINANCIAL INSTRUMENTS

The UNY Group is a party to derivative financial instruments such as foreign currency exchange contracts or interest rate contracts in the normal course of business to reduce its own exposure to fluctuations in exchange swap rates or interest rates for hedge purposes. The UNY Group is exposed to credit loss in the event of nonperformance by the other parties. However, the UNY Group does not expect nonperformance by the counterparties. At February 20, 2006 and 2005, all outstanding derivative financial instruments are accounted for by the hedge accounting.

12. INCOME TAXES

Income tax expenses for the years ended February 20, 2006, 2005 and 2004 consisted of the following:

	Millions of Yen			Thousands of
	2006	2005	2004	U.S. Dollars
Income tax expenses:				2006
Current	¥13,604	¥13,989	¥16,210	\$115,288
Deferred	10,293	2,136	(1,698)	87,229
	¥23,897	¥16,125	¥14,512	\$202,517

The tax effects on temporary differences that give rise to a significant portion of deferred tax assets and liabilities at February 20, 2006 and 2005, were as follows:

	Millions of Yen		Thousands of
	2006	2005	U.S. Dollars
Deferred tax assets—Current:			2006
Operating loss carryforwards	¥ 1,451	¥ 963	\$ 12,297
Enterprise tax accruals	761	627	6,449
Employee welfare contribution	676	662	5,729
Accrued bonus	1,669	1,679	14,144
Other	2,559	1,907	21,686
Less, valuation allowance	(1,909)	(1,074)	(16,178)
	5,207	4,764	44,127
Net of deferred tax liabilities—Current	(1)	(24)	(8)
Deferred tax assets—Current portion	¥ 5,206	¥ 4,740	\$ 44,119
Deferred tax liabilities—Current:			
Unrealized gains on available-for-sale securities	¥ 1	¥ 24	\$ 8
Other	0	0	0
Net of deferred tax assets—Current	(1)	(24)	(8)
Deferred tax liabilities—Current portion	¥ —	¥ —	\$ —
Deferred tax assets—Noncurrent:			
Operating loss carryforwards	¥ 4,144	¥ 5,134	\$ 35,119
Employee retirement benefit liability	5,455	26,542	46,229
Loss on write-down of securities	3,116	3,244	26,407
Accrued income	349	273	2,958
Impairment loss on fixed assets	15,146	—	128,356
Inter-company profits	1,206	1,206	10,220
Other	2,995	3,453	25,381
Less, valuation allowance	(10,166)	(6,834)	(86,153)
	22,245	33,018	188,517
Net of deferred tax liabilities—Noncurrent	(9,636)	(6,379)	(81,661)
Deferred tax assets—Noncurrent portion	¥ 12,609	¥26,639	\$106,856
Deferred tax liabilities—Noncurrent:			
Gain on sale of property	¥ 2,654	¥ 2,688	\$ 22,492
Unrealized gains on available-for-sale securities	6,826	3,549	57,847
Other	157	195	1,331
	9,637	6,432	81,670
Net of deferred tax assets—Noncurrent	(9,636)	(6,379)	(81,661)
Deferred tax liabilities—Noncurrent portion included in other long-term liabilities	¥ 1	¥ 53	\$ 9

In assessing the realizability of deferred tax assets, management of the UNY Group considers whether it is more likely than not that 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 the future taxable income during the periods in which those temporary differences become deductible. At February 20, 2006 and 2005, a valuation allowance was established to reduce the deferred tax assets to the extent that the management of the UNY Group believes that the amount of the deferred tax assets is 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, 2006, 2005 and 2004, was as follows:

	Percentage of pre-tax income		
	2006	2005	2004
Japanese statutory effective tax rate	40.2%	41.6%	41.6%
Increase (decrease) due to:			
Local minimum taxes-per capita levy	2.4	3.0	3.2
Adjustments due to a change in tax rate	—	2.6	0.6
Amortization of excess of cost of investments over equity in net assets acquired	0.8	1.1	2.3
Change in valuation allowance	10.5	(0.7)	1.3
Other	(2.5)	(1.3)	(0.6)
Effective income tax rate	51.4%	46.3%	48.4%

13. SEGMENT INFORMATION

The UNY group operates in four segments, "Superstores", "Convenience stores", "Specialty stores", and "Other business". A summary of information classified by lines of business of the UNY Group for the years ended February 20, 2006, 2005 and 2004 is as follows:

	Millions of Yen						
	Superstores	Convenience stores	Specialty stores	Other	Total	Elimination of inter-segment transactions	Consolidated total
For the year 2006:							
Operating revenues:							
Revenues from outside customers	¥876,225	¥184,188	¥128,068	¥14,160	¥1,202,641	¥ —	¥1,202,641
Inter-segment sales/transfers	3,439	3	0	17,498	20,940	(20,940)	—
	879,664	184,191	128,068	31,658	1,223,581	(20,940)	1,202,641
Operating costs and expenses	867,464	159,961	125,526	27,069	1,180,020	(20,960)	1,159,060
Operating income	¥ 12,200	¥ 24,230	¥ 2,542	¥ 4,589	¥ 43,561	¥ 20	¥ 43,581
Identifiable assets	¥574,392	¥228,906	¥ 79,725	¥97,295	¥ 980,318	¥(29,167)	¥ 951,151
Depreciation	19,005	7,426	2,152	674	29,257	—	29,257
Impairment loss on fixed assets	33,282	4,985	2,937	7,759	48,963	—	48,963
Capital expenditures	35,730	9,756	2,996	2,423	50,905	—	50,905

For the year 2005:							
Operating revenues:							
Revenues from outside customers	¥874,757	¥176,842	¥127,600	¥12,100	¥1,191,299	¥ —	¥1,191,299
Inter-segment sales/transfers	3,368	1	—	16,369	19,738	(19,738)	—
	878,125	176,843	127,600	28,469	1,211,037	(19,738)	1,191,299
Operating costs and expenses	865,400	153,640	125,578	24,653	1,169,271	(19,767)	1,149,504
Operating income	¥ 12,725	¥ 23,203	¥ 2,022	¥ 3,816	¥ 41,766	¥ 29	¥ 41,795
Identifiable assets	¥616,405	¥219,911	¥ 87,825	¥92,937	¥1,017,078	¥(34,769)	¥ 982,309
Depreciation	19,341	8,332	2,203	837	30,713	—	30,713
Capital expenditures	45,157	19,541	2,665	2,523	69,886	—	69,886

For the year 2004:							
Operating revenues:							
Revenues from outside customers	¥881,147	¥169,501	¥101,745	¥15,175	¥1,167,568	¥ —	¥1,167,568
Inter-segment sales/transfers	3,661	—	—	15,465	19,126	(19,126)	—
	884,808	169,501	101,745	30,640	1,186,694	(19,126)	1,167,568
Operating costs and expenses	867,850	147,863	99,151	28,194	1,143,058	(19,156)	1,123,902
Operating income	¥ 16,958	¥ 21,638	¥ 2,594	¥ 2,446	¥ 43,636	¥ 30	¥ 43,666
Identifiable assets	¥567,874	¥214,052	¥ 87,478	¥81,695	¥ 951,099	¥(28,837)	¥ 922,262
Depreciation	18,426	8,878	1,465	907	29,676	—	29,676
Capital expenditures	25,529	10,887	4,960	999	42,375	—	42,375

	Thousands of U.S. Dollars						
	Superstores	Convenience stores	Specialty stores	Other	Total	Elimination of inter-segment transactions	Consolidated total
For the year 2006:							
Operating revenues:							
Revenues from outside customers	\$7,425,636	\$1,560,915	\$1,085,322	\$120,000	\$10,191,873	\$ —	\$10,191,873
Inter-segment sales/transfers	29,144	26	0	148,288	177,458	(177,458)	—
	7,454,780	1,560,941	1,085,322	268,288	10,369,331	(177,458)	10,191,873
Operating costs and expenses	7,351,390	1,355,602	1,063,779	229,398	10,000,169	(177,627)	9,822,542
Operating income	\$ 103,390	\$ 205,339	\$ 21,543	\$ 38,890	\$ 369,162	\$ 169	\$ 369,331
Identifiable assets	\$4,867,729	\$1,939,881	\$ 675,636	\$824,534	\$ 8,307,780	\$(247,178)	\$ 8,060,602
Depreciation	161,060	62,932	18,237	5,712	247,941	—	247,941
Impairment loss on fixed assets	282,051	42,246	24,890	65,754	414,941	—	414,941
Capital expenditures	302,797	82,678	25,390	20,534	431,399	—	431,399

Information of geographic segment and overseas sales is not shown as the amounts for total sales of consolidated subsidiaries outside Japan and overseas sales are not material to be disclosed.

ChuoAoyama PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS 

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Report of Independent Auditors

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

We have audited the accompanying consolidated balance sheets of UNY CO., LTD. and its consolidated subsidiaries (the "UNY Group") as of February 20, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended February 20, 2006, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the UNY Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 the UNY Group as of February 20, 2006 and 2005, and the consolidated results of its operations and its cash flows for each of the three years in the period ended February 20, 2006 in conformity with accounting principles generally accepted in Japan.

As described in Notes 2 and 3, effective for the year ended February 20, 2006, the UNY Group has adopted a new accounting standard for impairment of fixed assets, and one of the consolidated subsidiaries changed the valuation method for merchandise inventories.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
May 16, 2006

CORPORATE DATA

BOARD OF DIRECTORS

(As of May 16, 2006)

Chairman

Ikuo Suzuki

President

Koji Sasaki

Senior Managing Director

Yoshiaki Tsuzuki

Managing Directors

Hiroshi Isomi

Yuji Ozaki

Tetsuro Maemura

Directors

Ryozou Imai

Kimiaki Yamaguchi

Kazuhiko Arisue

Tatsuo Ishii

Hitoshi Shibuya

Toshikazu Nishikawa

Corporate Auditors

Teruo Hayakawa

Takashi Morioka

Kazuyoshi Kouketsu

Sachio Ito

INVESTOR INFORMATION

(As of February 20, 2006)

Stock Listings

Tokyo Stock Exchange

Nagoya Stock Exchange

Securities Code Number

8270

Common Stock

Authorized: 600,000,000 shares

Issued: 189,295,483 shares

Number of Shareholders

6,744

Stock Transfer Agent

The Sumitomo Trust and Banking Company, Limited

CONSOLIDATED SUBSIDIARIES*

(As of February 20, 2006)

Sagami Co., Ltd. (kimono retailing)

U Store Co., Ltd. (superstores)

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)

Rough Ox Co., Ltd. (casual wear for men)

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

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

Tomei Crown Kaihatsu Co., Ltd. (real-estate rental business)

UCS Co., Ltd. (credit card service and insurance service)

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

* In addition to the above list, the Uny Group includes six Sagami subsidiaries, two Circle K Sunkus subsidiaries and two Suzutan subsidiaries.

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