

Interim 2014/02 Financial Results

10 October 2013



Statements contained herein regarding cost and revenue projections reflect our judgment based on information currently available, and involve a number of risks and uncertainties. It should be noted that actual results could differ materially from the cost and revenue projections stated herein due to a variety of factors. Significant factors that could affect actual performance include but are not limited to the economic environment surrounding the department store industry, market trends, and exchange rate fluctuations.

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I. Interim 2014/02 Financial Highlights

Consolidated performance

	(Yen in Billion)					
	1H	Year-on-Year		Change from Projection		
Operating Revenue	435	+15.5	+3.7%	+4.3	+1.0%	
SG&A expenses	122	+2.8	+2.4%	-1.0	-0.8%	
Operating Income	11	+1.0	+10.2%	+1.0	+9.4%	
Ordinary Income	13	+1.8	+14.9%	+1.7	+14.3%	
Net Income	8	+1.0	+15.3%	+2.3	+43.7%	

Operating Revenue

Sales and other operating revenue increased 15.5 billion yen, reflecting an increase in revenue in the Group's core domestic Department Store segment, backed by the economic recovery, and steady rises in revenue at major subsidiaries such as Takashimaya Singapore Ltd.

SG&A expenses

Selling, general and administrative expenses rose 2.8 billion yen due to an increase in rents associated with the opening of Shanghai Takashimaya Co., Ltd. and other factors, a rise in heating and lighting expenses, mainly as the result of a rise in electric power charges, and higher expenses associated with an increase in revenue, including fees and advertising expenses related to loyalty points, despite a reduction in personnel-related expenses.

Operating Income

Operating income rose 1.0 billion yen, with a decline in gross profit percentage and an increase in expenses for new businesses overseas that was more than offset by higher income due to higher revenues.

Ordinary Income

Ordinary income climbed 1.8 billion yen, mainly due to higher operating income, a 0.5 billion yen increase in foreign exchange gains, and a rise in equity in earnings of affiliates.

Net Income

Net income increased 1.0 billion yen, primarily reflecting higher ordinary income, which more than offset increases in the losses on retirement of noncurrent assets and the cost of restoration work.

Performance by Individual Companies

	(Yen in Billion)					
	Operating Revenue	Year-on-Year	Change from Projection	Operating Income	Year-on-Year	Change from Projection
Takashimaya Co., Ltd. & Domestic Department store subsidiaries	366	+1.5%	+0.3%	3.0	+56.8%	+47.2%
		+5.3	+1.0		+1.1	+0.9
Toshin Development Co., Ltd. & Toshin Development Singapore PTE.Ltd.	20	+6.0%	+2.7%	4.2	+5.9%	+1.2%
		+1.1	+0.5		+0.2	+0.1
Takashimaya Singapore Ltd.	23	+27.0%	+12.1%	1.9	+16.7%	+13.7%
		+5.0	+2.5		+0.3	+0.2
Takashimaya Credit Co., Ltd.	8	+2.9%	-0.1%	2.0	+2.5%	+0.1%
		+0.2	-0.0		+0.0	+0.0
Takashimaya Space Create Co., Ltd. & Domestic subsidiary	12	+12.2%	+3.9%	0.4	+49.3%	+39.2%
		+1.3	+0.4		+0.1	+0.1
Others and eliminations	6	-	-	(0.2)	-	-
		+2.5	-0.2		-0.7	-0.4
Consolidated	435	+3.7%	+1.0%	11.2	+10.2%	+9.4%
		+15.5	+4.3		+1.0	+1.0

Takashimaya Co., Ltd. and domestic department store subsidiaries

Both revenue and income increased, chiefly reflecting a rise in sales, especially for big-ticket items, associated with a recovery in the economy and higher stock prices and an increase in revenue at renovated stores.

(for the details of non-consolidated performance, please refer to page 3)

Toshin Development Co., Ltd. & Toshin Development Singapore PTE. Ltd.

Both revenue and income rose, primarily thanks to strong domestic performance associated with the expansion of Tamagawa Takashimaya Shopping Center and the opening of Hanamizuki Terrace of Nagareyama Otakanomori Shopping Center, and an increase in rental income due to contract renewals and the effect of a weaker yen at TDS.

Takashimaya Singapore Ltd.

Both revenue and income increased due to successful promotions, including a Lunar New Year promotion, strong sales of women's general merchandise and foods, and the effect of the weaker yen.

Takashimaya Credit Co., Ltd.

Revenue rose, reflecting growth in overall shopping transactions and an increase in annual card membership fees. Income also rose despite an increase in expenses, including higher costs to tighten credit management.

Takashimaya Space Create Co., Ltd. & Domestic subsidiary

Revenue climbed due to an increase in orders received from department stores, hotels, and other commercial facilities. Income also rose despite higher costs for developing the renovation business.

Non-consolidated performance

(Yen in Billion)

	1H	Year-on-Year		Change from Projection	
Operating Revenue	339	+5.0	+1.5%	+1.3	+0.4%
Gross Margin	25.22%	-0.25		-0.28	
SG&A expenses	87	-0.7	-0.8%	-1.5	-1.7%
Operating Income	3	+1.1	+64.3%	+1.0	+59.5%
Ordinary Income	6	+2.3	+64.7%	+2.3	+64.4%
Net Income	3	+1.2	+63.6%	+2.2	+217.9%

Operating Revenue

Sales and other operating revenue increased 5.0 billion yen, mainly due to an increase in sales, especially for big-ticket items, and the effect of renovations.

Operating Income

Operating income rose 1.1 billion yen, primarily reflecting an increase in revenue and a reduction in selling, general and administrative expenses, despite the adverse effect of a decline in the gross margin ratio due to strong sales of big-ticket items.

Ordinary Income

Ordinary income climbed 2.3 billion yen, mainly due to an increase in operating income, a rise in foreign exchange gains, and a climb in dividend income.

Net Income

Net income increased 1.2 billion yen, with the rise in ordinary income partly offset by increases in losses on retirement of noncurrent assets and the cost of restoration work.

Non-Consolidated SG&A Expenses

(Yen in Billion)

	1H	Year-on-Year		Change from Projection	
Personnel-related expenses	29	-1.0	-3.4%	-0.3	-1.1%
Advertising expenses	12	+0.5	+4.4%	+0.1	+0.6%
General affairs expenses	30	+0.3	+1.1%	-0.8	-2.5%
Accounting-related expenses	15	-0.5	-3.2%	-0.5	-3.3%
Total	87	-0.7	-0.8%	-1.5	-1.7%

Personnel-related expenses

Personnel-related expenses declined 1.0 billion yen, primarily reflecting reductions in retirement benefit expenses and overtime, despite an increase in welfare expenses.

Advertising expenses

Promotion expenses increased 0.5 billion yen, chiefly attributable to a rise in costs for loyalty points and events associated with the increase in revenue.

General affairs expenses

Transport expenses and other/general affairs expenses climbed 0.3 billion yen, mainly due to an increase in the fees associated with the revenue increase and higher heating and lighting expenses due to higher electric power charges.

Accounting-related expenses

Accounting-related expenses declined 0.5 billion yen, primarily reflecting lower rents due to negotiations to reduce rents.

II. Projected 2014/02 Financial Highlights

Consolidated Projections

	(Yen in Billion)					
	Full-year	Year-on-Year		Change from Projection		
Operating Revenue	904	+33.7	+3.9%	+7.0	+0.8%	
SG&A expenses	246	+7.0	+2.9%	+0.4	+0.2%	
Operating Income	29	+3.5	+13.8%	+1.0	+3.6%	
Ordinary Income	33	+2.6	+8.8%	+2.5	+8.3%	
Net Income	18	+1.0	+5.8%	+0.8	+4.8%	

Operating Revenue

The Company plans to record an increase of 13.1 billion yen in sales and other operating revenue by taking advantage of the effects of the renovations at the Yokohama Store and other stores, attracting more wealthy customers, and responding to changes in the market to expand its business opportunities. It also expects a last-minute surge in demand in anticipation of the consumption tax hike. Major subsidiaries, including Toshin Development, Takashimaya Singapore, and Takashimaya Space Create, are expected to record steady increases, and consolidated operating revenue is expected to record an increase of 33.7 billion yen.

SG&A expenses

Although domestic department stores will strive to reduce selling, general and administrative expenses, SG&A expenses are expected to rise 7.0 billion yen, chiefly reflecting subsidiaries' investments in new businesses and business expansion.

Operating Income

Despite the increase in SG&A expenses, operating income is expected to increase by 3.5 billion yen due to the higher gross operating profit derived from increased operating revenue at domestic department stores, Toshin Development, and Takashimaya Singapore.

Ordinary Income

Ordinary income is expected to rise 2.6 billion yen, with the increase in operating income partly offset by a decrease in foreign exchange gains, chiefly in association with the significant rise in foreign currency deposits due to the weaker yen in the previous year.

Net Income

Net income is expected to climb 1.0 billion yen, primarily due to higher ordinary income, despite increased losses on retirement of noncurrent assets and the cost of restoration work.

Projections of Individual Companies

	(Yen in Billion)					
	Operating Revenue	Year -on- Year	Change from Projection	Operating Income	Year -on- Year	Change from Projection
Takashimaya Co., Ltd. & Domestic Department store subsidiaries	759	+ 1.8% + 13	+ 0.2% + 2	11.3	+ 34.3% +2.9	+ 8.9% +0.9
Toshin Development Co., Ltd. & Toshin Development Singapore PTE.Ltd.	41	+ 7.7% + 3	+ 1.5% + 1	8.4	+ 5.1% +0.4	+ 0.0% +0.0
Takashimaya Singapore Ltd.	50	+ 26.6% + 11	+ 13.1% + 6	4.3	+ 19.9% +0.7	+ 17.3% +0.6
Takashimaya Credit Co., Ltd.	16	+ 2.7% + 0	Δ0.1% Δ 0	3.9	+ 6.3% +0.2	+ 0.1% +0.0
Takashimaya Space Create Co., Ltd. & Domestic subsidiary	26	+ 9.7% + 2	+ 6.3% + 2	1.0	+ 16.3% +0.1	+ 12.2% +0.1
Others and eliminations	12	- + 4	- Δ 3	0.2	- -0.8	- -0.7
Consolidated	90	+ 3.9% + 34	+ 0.8% + 7	2.9	+ 13.8% +0.4	+ 3.6% +0.1

Takashimaya Co., Ltd. and domestic department store subsidiaries

Takashimaya and its domestic department store subsidiaries plan to achieve higher revenue and income, chiefly by taking advantage of higher revenue at renovated stores, including the Yokohama Store, and attracting more wealthy customers, and by responding to changes in the market to expand their business opportunities. They also expect a last-minute surge in demand in anticipation of the consumption tax hike. (Please refer to page 6 for the details of non-consolidated projections.)

Toshin Development Co., Ltd. & Toshin Development Singapore PTE. Ltd.

Toshin Development expects higher revenue and income through its initiatives to attract customers at shopping centers in collaboration with department stores in Japan, including an anniversary event at Kashiwa Station Mall and a joint event with the department store at Tamagawa Shopping Center, the thorough control of selling, general and administrative expenses, and exchange rate effects at Toshin Development Singapore.

Takashimaya Singapore Ltd.

Takashimaya Singapore plans to record higher revenue and income with the completion of a renovation (expansion) in October in association with its 20th anniversary, an increase in sales through promotions associated with the renovation, and exchange rate effects.

Takashimaya Credit Co., Ltd.

Takashimaya Credit plans to record higher revenue and income, primarily as a result of increasing its transaction volume by promoting the active use of cards and by increasing income from annual membership fees through renewed efforts to attract new customers.

Takashimaya Space Create Co., Ltd. & Domestic subsidiary

Takashimaya Space Create plans to increase revenue and income by securing orders for large properties, including department stores and hotels, responding to reconstruction demand in Tohoku, and expanding its private housing renovation business in collaboration with department stores.

Non-Consolidated Projections

	Yen in Billion)				
	Full-year	Year-on-Year		Change from Projection	
Operating Revenue	702	+11.7	+1.7%	+2.0	+0.3%
Gross Margin	25.28%	-0.13		-0.22	
SG&A expenses	174	-0.7	-0.4%	-1.8	-1.0%
Operating Income	11	+2.8	+35.7%	+1.0	+10.5%
Ordinary Income	13	+2.7	+24.6%	+2.5	+22.7%
Net Income	6	+1.3	+25.5%	+1.2	+22.6%

Operating Revenue

The Company plans to record an increase of 11.7 billion yen in sales and other operating revenue by taking advantage of increases in revenue at the Yokohama Store and other renovated stores and attracting more wealthy customers. It also expects a last-minute surge in demand in anticipation of the consumption tax hike.

Operating Income

Operating income is expected to increase 2.8 billion yen, with the rise in income due to the increase in revenue partly offset by a decline in the gross margin ratio due to strong sales of big-ticket items.

Ordinary Income

Ordinary income is expected to rise by 2.7 billion yen, chiefly reflecting higher operating income.

Net Income

Net income is expected to climb 1.3 billion yen, with higher ordinary income partly offset by an increase in the cost of restoration work associated with renovations and a rise in income taxes.

Non-consolidated SG&A Expense Projections

(Yen in Billion)

	Full-year	Year-on-Year		Change from Projection	
Personnel-related expenses	60	-1.7	-2.7%	-0.3	-0.5%
Advertising expenses	25	+0.8	+3.2%	+0.0	+0.0%
General affairs expenses	60	+0.5	+0.9%	-1.2	-2.0%
Accounting-related expenses	30	-0.4	-1.2%	-0.3	-1.0%
Total	174	-0.7	-0.4%	-1.8	-1.0%

Personnel-related expenses

Personnel-related expenses are expected to decline 1.7 billion yen, mainly attributable to a decrease in retirement benefit expenses, despite an increase in welfare expenses that is mainly due to increases in health insurance premiums and employee pension insurance premiums.

Advertising expenses

Promotion expenses are expected to increase 0.8 billion yen, primarily reflecting a rise in general promotion expenses associated with aggressive advertising and cultural events to increase revenue, and higher expenses related to the loyalty points associated with higher revenue.

General affairs expenses

Transport expenses and other/general affairs expenses are expected to increase 0.5 billion yen, with the decrease in depreciation and amortization more than offset by higher heating and lighting expenses due to increased electric power charges and fuel costs, an increase in fees associated with higher revenue, and a rise in the cost of repairs associated with an increase in regular maintenance charges.

Accounting-related expenses

Accounting-related expenses are expected to decrease 0.4 billion yen, mainly reflecting continuing rent negotiations.

III. Countermeasures against the consumption tax

Policy and initiatives

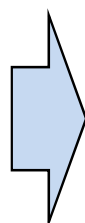
<Policy>

The Group considers the consumption tax hike to be a business opportunity, and will offset any adverse effects. The Group will get the strategy for sustainable growth prescribed in its long-term business plans on track.

<Long-term business plans (2013–2017) as of April 2013>

(Yen in Billion)

Adverse effects for Takashimaya	Operating Revenue	(%)	Operating Income
Total	-83	-9.5	-19
Keynote	-39	-4.5	-8
Adverse effects of consumption tax hike	-44	-5.1	-11
- Domestic department stores	-36	-	-7
- Domestic group subsidiaries	-8	-	-4



	Initiatives	Operating Income
Domestic department stores	Cost initiatives	+12
	Sales initiatives	+3
Domestic group subsidiaries	Cost and sales initiatives	+4
Total		+19

<Initiatives>

Cost initiatives

The Group will review all its management resources, aiming for stable profits even if revenue

- ① Reviewing systems
- ② Using the Group's assets effectively
- ③ Restructuring the Group's businesses

Sales initiatives

The Group will strengthen its customer base (attracting and managing customers), and operating base (merchandise assortment, sales force) in anticipation of the consumption tax hikes and gradual decreases in consumption in the medium to long term due to the population decline.

- ① Attracting customers who will be less affected by consumption tax hikes
- ② Expanding the scope of business
- ③ Responding to last-minute demand (aiming to record a 2.0 billion yen increase in sales in the second half of FY2013)

IV. The Takashimaya Group's Sales Strategy Domestic department store business

2H Projection

Changing the domestic department store business

In the latter half of FY2013, in response to changes in the consumption environment, the Group will enhance its store sales capabilities, merchandising power, and customer strategies to strengthen its revenue base, and will accelerate the promotion of omni-channel retailing. Meanwhile, the Group will take advantage of last-minute demand before the consumption tax hike and strive to make a profit after the tax hike.

Projection of Domestic department store business

Fiscal2013	Projection	Operating revenue	758.9bil yen	+13.1bil yen
		Operating income	11.3bil yen	+2.9bil yen
2H	Projection	Operating revenue	392.5bil yen	+7.8bil yen
		Operating income	8.4bil yen	+1.8bil yen

Promoting store strategies that clarify each store's strengths and characteristics

Promoting activities to bolster its merchandising power

Strengthening its customer base to improve earnings power

Accelerating the promotion of omni-channel retailing

Promoting store strategies that clarify each store's strengths and characteristics

An increase in sales at eight stores in the second half of FY2013: 6.4 billion yen

Enhancing the sales capabilities of large stores, making the most of their competitive advantages (the Osaka, Kyoto, Nihonbashi, Shinjuku, and Yokohama stores)

The Osaka Store will introduce new jewelry brands and enhance its special dry goods floor to attract more wealthy customers.

The Kyoto Store will renovate its member salon and upgraded its jewelry floor to enhance its out-of-store sales capabilities.

The Nihonbashi Store will restructure the women's accessories floor and enhance high-quality "proposal-type" products to revitalize its ground floor.

The Shinjuku Store will enhance its women's wear "size zone," one of its strengths, and increase the number of cultural events.

The Yokohama Store will expand the "CS Case Study Kids" children's wear floor and a self-collection-type area on the food sales floor.



CS case Study Kids in Yokohama store

Promoting the operation of department stores in collaboration with shopping centers, making the most of the Group's strength (Tamagawa Store, Kashiwa Store)

The Tamagawa Store and Kashiwa Store will promote initiatives to attract customers and transmit information in collaboration with shopping centers. The Tamagawa Store will expand the scope of initiatives to also target out-of-store customers and hold "hospitality events" in collaboration with the shopping center.

Revitalizing the store by adding new functions (Omiya Store)

The Omiya Store, with 1.3-fold increase in its number of customers by attracting tenants, following the example of the Tachikawa Store, will promote a collaboration between its department store section and major tenants and establish a model for small and medium-size stores to attract more customers and stabilize management.

Promoting activities to bolster merchandising power

An increase in sales in the second half of FY2013: 4.0 billion yen

Promoting self-collection-type merchandising strategies to enhance merchandise features

"CS Case Study Kids," a self-collection-type men's wear floor, will be introduced in three stores: the Osaka Store, the Yokohama Store, and the Shinjuku Store. "STYLE & EDIT," a self-collection-type women's wear floor, will be introduced in the Tamagawa Store, which will become the sixth store to introduce STYLE & EDIT.

To restructure "Salon le Chic," a self-collection-type floor for luxury brands that the Company buys overseas on its own, the Company will start to increase its overseas purchases in the second half of FY2013. In the spring of 2014, four large stores (Osaka, Kyoto, Nihonbashi, and Yokohama) will open a "Salon le Chic" floor.

Expanding sales of "Takashimaya quality" merchandise

"Cashmere Knit Collection," an original Company collection that has been sold at all Takashimaya stores since October, will be sold on the women's accessories floor in addition to the women's wear and men's wear floors.

Sales of 1.2 billion yen, around three times the previous year's level, are planned.



Newspaper ad for "Cashmere Knit"

Developing merchandise in response to changes in the market

This fall, low-calorie Japanese prepared foods (at the Kashiwa Store) and Western prepared foods (at the Shinjuku Store) will be developed in collaboration with business partners. The Yokohama Store plans to set up an organic vegetables section in the fresh food department in FY2014.

On the children's wear floor, the Group will enhance its "Baby Goods Fair" to appeal also to grandparents.

Strengthening the customer base to improve earnings power

Out-of-store sales and sales of duty-free goods in the second half of FY2013: Up 2.4 billion yen year on year

Attracting more wealthy customers by improving out-of-store sales capabilities

○The Group issued the Takashimaya Card (VIP) in November to enhance out-of-store customer loyalty and retain top customers who regularly buy a large amount of goods.

○To take advantage of the last-minute demand before the consumption tax hike, the Group will offer more big-ticket items, including watches, jewelry, and imported goods, for out-of-store customers.



Takashimaya card <<VIP>>

Promoting initiatives to sell to foreign (inbound) tourists

○To respond to rapidly expanding consumption by inbound (foreign) tourists against the backdrop of the weaker yen, the Group will continue to carry out initiatives to attract customers in collaboration with travel agencies and credit card companies, and plans to achieve a 50% increase in sales of duty-free goods from the previous year.

○The Group will enhance its language services, providing an interpretation service using tablet computers and dedicated interpreters and taking care of tourists.

○The Group will start initiatives to attract inbound tourists in collaboration with the Cool Japan Fund Inc.

Accelerating the promotion of omni-channel retailing

Online sales in FY2013: 10.0 billion yen

Deepening relationships with customers by combining online sales and sales at brick-and-mortar stores, while developing a base for omni-channel retailing

Developing a base for omni-channel retailing

*Text in parentheses indicates initiatives in the second half.

Customer management

Promoting members' use of online stores (target: 80,000 users)
Unified data management (the unified management of e-mail addresses)

Merchandise management

Expanding the percentage of brands sold at both online and brick-and-mortar stores (target: 50%)
Integrated data management (reviewing sales and inventory management)

Website environment

Improving the usability of the website
(reviewing customer trafficflow)
Developing application software (applications for online-to-offline)

Omni-channel retailing initiatives

Promoting the connection between brick-and-mortar stores and e-commerce

Promoting merchandise at both brick-and-mortar stores and online at the same time
Developing CRM initiatives based on buying information at brick-and-mortar stores and on the website
Promoting sales of local merchandise using e-commerce

Providing a new shopping experience

Introducing the "digital color fitting" associated with the Cashmere Collection, and a trial online fitting room
Introducing entertainment promotions using ICT, with the Shinjuku Store as a model

Domestic group business

The Group's major business initiatives

To take advantage of the Takashimaya Group's comprehensive strengths to reform the department store business and improve the Takashimaya brand through close cooperation among the Group's companies
To allow Group companies to share their expertise, and enhance the entire Group's competitiveness to boost profits

Numerical targets (FY2013)

Sales and other operating revenue: 144.3 billion yen (up 7.7 billion yen)

Operating income: 13.5 billion yen (up 1.0 billion yen)

Toshin Development Co., Ltd. (domestic operations)

Sales and other operating revenue: 33.7 billion yen (up 1.6 billion yen)

Operating income: 6.7 billion yen (up 0.1 billion yen)

Maximizing the synergy between department stores and shopping centers by integrating operations

- Boosting sales through promotions associated with Kashiwa Takashimaya's 40th anniversary (the new building's 5th anniversary)
- Increasing the appeal of Tamagawa Takashimaya Shopping Center as a whole; for example, by holding joint events for top customers at the shopping center

Bolstering the shopping center business by developing the area surrounding department stores

- Promoting the development of the area around the Tamagawa Takashimaya Shopping Center, among other areas
- Expanding the Nagareyama Otakanomori Shopping Center

Strengthening the operating base for Hakata Riverain

- Increasing its attractiveness by reorganizing the restaurant zone
- Enhancing the facility's ability to attract customers by creating facilities for toddlers (April 2014)



Nagareyama Otakanomori Shopping Center
"Hanabizuki Terrace"

Takashimaya Credit Co., Ltd.

Sales and other operating revenue: 16.2 billion yen (up 0.4 billion yen)

Operating income: 3.9 billion yen (up 0.2 billion yen)

- Gaining new customers by offering more favorable credit card benefits than those offered by competitors
 - Encouraging high-consumption cash point card users to replace their cards with credit cards
- Promoting card use by issuing new cards
 - Increasing customer loyalty by issuing a card for top customers: The Takashimaya Card (VIP)
- Promoting initiatives targeting card members to promote omni-channel retailing
 - Conducting campaigns to promote the use of fashion website SELECT SQUARE
 - Expanding the number of online members by making the members-only website more convenient

Takashimaya Space Create Co., Ltd.

Sales and other operating revenue: 25.9 billion yen (up 2.3 billion yen)

Operating income: 1.0 billion yen (up 0.1 billion yen)

Expanding our home renovation business in collaboration with department stores

- Responding to demand for high-end home renovations by seeking orders for high-end renovations from out-of-store customers and starting to use luxury brand materials

Increasing our competitiveness by improving our planning and design capabilities

- Expanding proposal-type orders based on the needs of corporate clients
- Expanding development capabilities through alliances with other companies and human resource development

Meeting demand for earthquake reconstruction in Tohoku

- Striving to obtain housing orders in areas affected by the disaster



Home renovation Catalogue

Overseas business

Overseas business initiatives

The 20th anniversary of Singapore Takashimaya: Strengthening its sales capabilities to make it the No. 1 department store in the ASEAN region
Implementing initiatives to strengthen Shanghai Takashimaya's sales capabilities after its grand opening

Numerical targets (FY2013)

Sales and other operating revenue: 63.7 billion yen (up 17.7 billion yen)
Operating income: 4.7 billion yen (\pm 0 billion yen)

Singapore Takashimaya & Shopping Center

Sales and other operating revenue: 57.8 billion yen (up 12.0 billion yen)
Operating income: 5.9 billion yen (up 1.0 billion yen)

Generating results following the October 4th reopening after the renovation (expansion) (an 1.0 billion yen increase in annual sales and a 0.2 billion yen rise in profit)

- Adding sales floor area, using the site of a former fitness gym on the fourth floor (around 800 m²)
- Maximizing the effect of the renovation by doing promotions in commemoration of the 20th anniversary

Enhancing the appeal of Singapore Takashimaya as a Takashimaya shopping center through operations in collaboration with Toshin Development Singapore

- Increasing the number of visitors to the shopping center by jointly holding events in commemoration of the 20th anniversary
- Enhancing the appeal of merchandise at specialty stores in the basement area by increasing synergies



Shanghai Takashimaya

Sales and other operating revenue: 6.0 billion yen (up 5.7 billion yen)
Operating income: -1.2 billion yen (down 1.0 billion yen)

*Plan for FY2013 announced in April (sales and other operating revenue: 8.0 billion yen; operating income: -0.9 billion yen) - Both sales and other operating revenue and operating income have been revised downward due to a delay in the start of full-scale operations and the effect of the weaker yen (exchange rate effects: -0.2 billion yen)

Taking advantage of the grand opening and the first anniversary to promote initiatives that will strengthen sales capabilities

- September 28 grand opening: Holding events to effectively attract customers in the festival season in China (the Mid-Autumn Festival, National Day)

Using advertising and promotions to attract publicity

- Launching effective promotions in association with national and local festivals

Building a solid customer base

- Holding events and providing preferential parking for VIP members

Offering the No. 1 service in the Shanghai area

- Enhancing customer services, primarily at integrated service counters



V. Growth strategy

Saigon Centre project in Vietnam

Outline of project participation

In partnership with Keppel Land Limited, participating in a project to develop a large-scale complex in Ho Chi Minh City in Vietnam Aiming to open commercial facilities for business in the first half of 2016

- Opening a department store (15,000 m2) in which Takashimaya Singapore will have a 100% stake (2nd phase)
- Giving Toshin Development a stake in the real estate business (1st and 2nd phases)
- Having a subsidiary of Toshin Development participate in the operation of the commercial facilities (1st & 2nd phases)

Developments in 2013

- Established Vietnam Takashimaya, a local corporation
 - The establishment of the local corporation was approved at the end of September 2013
- Toshin Development received dividend income from the 1st phase of the Saigon Centre project
 - Dividends from the 1st phase of the project were posted in the first half of 2013

Future developments

- Considering participating in an expansion project (3rd phase) in accordance with the city's growth, aiming to make the center the No. 1 commercial facility in the area



	Site area	Floor area	Commercial area	Department store
1st phase	2,730	39,300	5,500	(m ²)
2nd phase	8,354	142,500	50,000	15,000
Total	11,084	181,800	55,500	15,000

*Excluding offices and apartments (planned to be completed in 2017)

Nihombashi Store redevelopment plan

Outline of the redevelopment plan

- (i) A commercial facilities section at the core
- (ii) Enhancing community functions
 - Creating rooftop greenery (green terrace) (6,000 m2)
- (iii) Enhancing cultural transmission

Developments in 2013

- Established a redevelopment consortium in April 2013; construction expected to begin in spring 2014
- Established the Nihombashi Redevelopment Planning Office, an organization dedicated to promoting projects, in June 2013
- Made an upfront investment and enhanced services to maintain the store's sales capabilities during the construction period (2014-2018)

Future developments

- Investment: 15 billion yen (for the expansion and the interior of the main building)
Grand opening: FY2018 (projected)



	FY2012	FY2013	FY2014	~	FY2018	FY2020
Main building	Investments 3.1bil.yen	Transferring functions in the old wing	Doing renovation work in the main building in sequence		Grand opening	
Development area			Demolishing and Construction start	Completion	Interior work	Tokyo Olympics to be held

VI. CSR Management

CSR Management in FY2013

Basic concept

The basic policy of our CSR management is to meet the needs of an increasingly diversified and sophisticated society.

Action policy

To help Takashimaya move forward, all Group staff will promote the Takashimaya Archive Project, in which the Company will draw on its archives—the record of its history and traditions over the past 180 years—as management resources. Through this project the Group will improve its communications with all stakeholders and seek to provide new value to meet social needs.

Promote the Archive Project

Purpose

To look back over Takashimaya's 180-year history, confirming the Company's DNA, and ensure that the entire Company shares its basic values, such as its enterprising spirit, so that Takashimaya can increase its corporate vitality to produce innovations that create new value

To strive to become more competitive and increase customer trust by promoting the Takashimaya brand that the Company has created with its customers

Activities in the first half

In the first year of the Archive Project, the Company published its history both within and outside the Company

- Published the 180-year history of the Company: 180 Thanks to Your Support (in March)
- Posted digital archives on Takashimaya's website (in April)
- Held a Company exhibition, "Art + Living: Takashimaya" at the Setagaya Art Museum (April-June; number of visitors: 33,834)
- Launched an internal Archives course (a total of 8,000 employees have taken the course; also offered in the second half)

Action plan for the second half

Promote the Archive Project both within and outside the Group

- Exhibitions at the Osaka Store and the Takashimaya Historical Museum
- The "Art + Living: Takashimaya" exhibition (Osaka Store) (in September; number of visitors: 38,735)
- Takashimaya and Its Artists exhibition (Takashimaya Historical Museum) (in September; number of visitors: 11,009)
- Develop goods based on the archives (in November)
- Create a DVD for passing down basic values, including expert knowledge and expertise (second half)
- Conduct an innovation program to cultivate next-generation human resources (September-November)

Enhance promotional efforts for the Takashimaya Historical Museum, the base for the Archive Project

- Implement a digital storage system for the museum's materials
- Enable employees to view the museum's materials over the intranet
- Increase the number of curators

Promote communications with stakeholders

- Incorporate stakeholders' advice, evaluations, and feedback in our management
 - Provide a CSR branding course, inviting a guest lecturer from outside the Company
 - Conduct a CSR survey of customers (1,500 customers at stores and on the Web)

Respond to the most important social needs

- Continue to support the reconstruction of disaster-stricken areas through our core business
 - Support industries, including fish processing and rice farming, that are expected to generate spillover effects, such as economic reconstruction and employment
 - Hold a concert and photo exhibition in Singapore to show our gratitude for the overseas support of disaster-stricken areas
- Exhibit the "miracle piano" and give a small concert; exhibiting photos of vivacious children in the areas affected by the disaster
- Develop operations in response to the local needs associated with an aging society, depopulation, and other matters
 - Start mobile catering in areas where shopping is difficult (Yonago Takashimaya; in April)