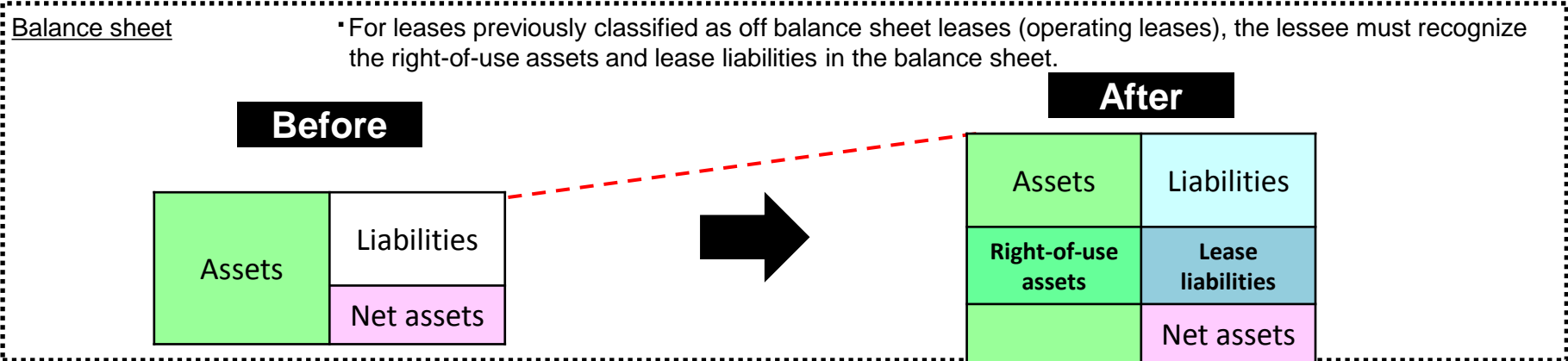
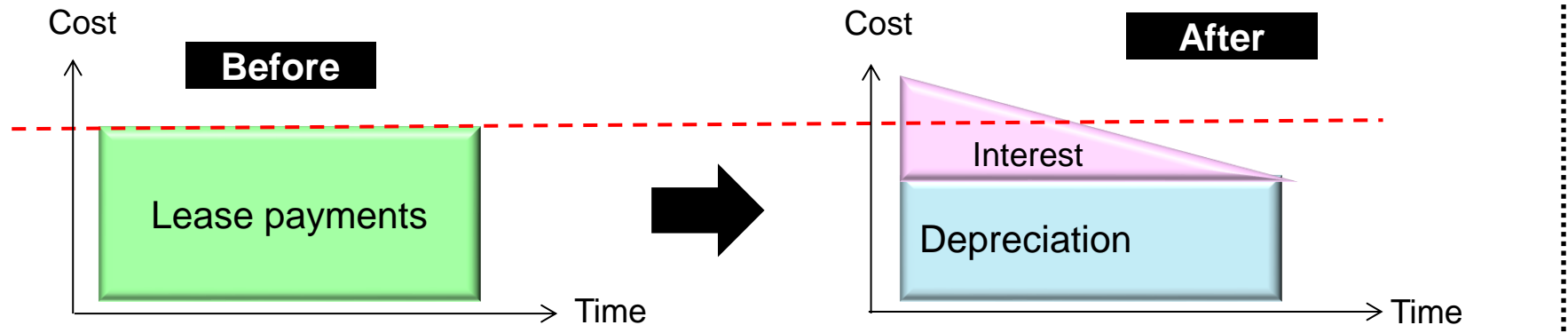


Application of New Leases Standard (IFRS 16 Leases)

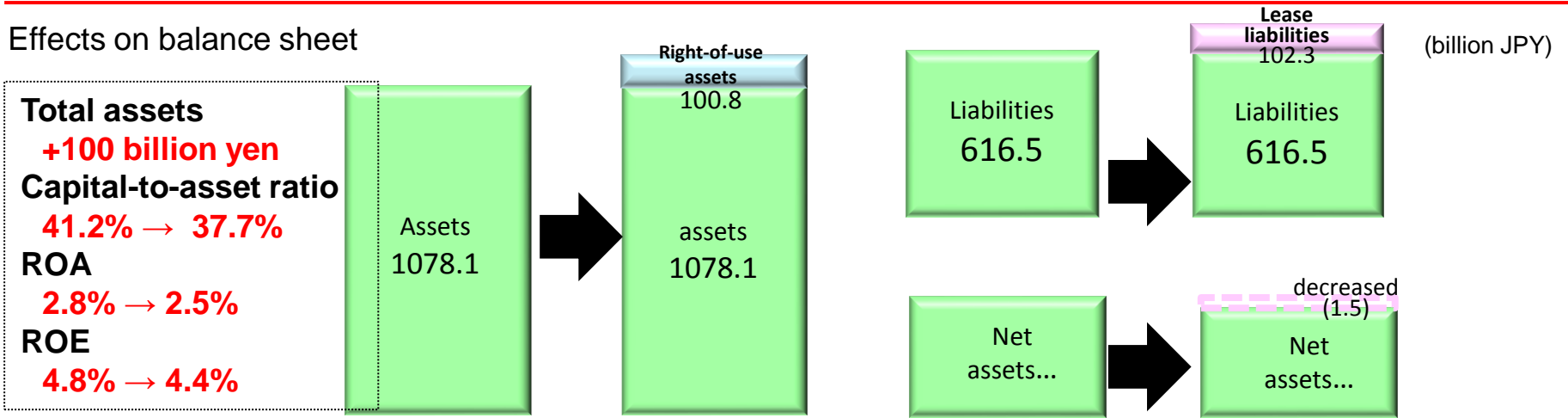
- From FY2019, IFRS 16 must be strictly applied in overseas subsidiaries, which follow International Financial Reporting Standards (IFRS).
- The main leases covered are real-estate leases (Siam Takashimaya is exempted because it has a percentage rent arrangement).
- Lease (right-of-use) assets as of the first year of application must be calculated based on the substantive and reasonable lease period specified in the contract.



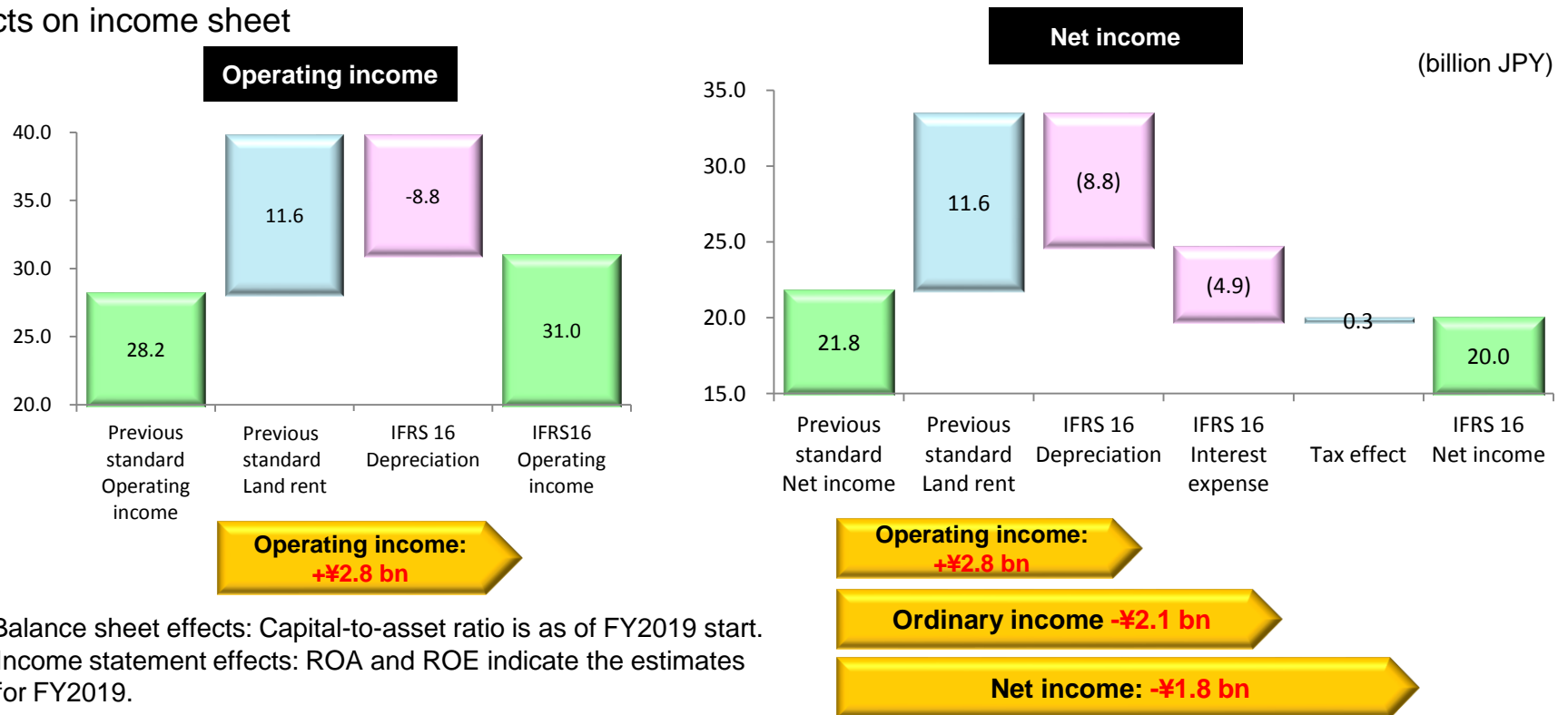
- Income statement
- Right-of-use assets are depreciated on a straight-line basis; lease liabilities are recorded as interest expense.
 - Depreciation of right-of-use assets is less than rental expense under the previous standard because the present value of future lease payments is estimated using a discount rate.
 - **Higher operating income**
 - Interest expense is recognized as non-operating cost. Remaining lease payments (**lease liabilities decrease with each lease payment**) are multiplied by interest. Cost is high initially, but decreases as the lease period progresses.
 - **Effect on ordinary income varies**



Effects on balance sheet



Effects on income sheet



*Balance sheet effects: Capital-to-asset ratio is as of FY2019 start. Income statement effects: ROA and ROE indicate the estimates for FY2019.

Reference

Effects of applying IFRS 16

Consolidated revenue forecasts

(billion JPY)	Before applying IFRS 16						Effects	
	1st half forecast	Year-on-year		Full-year forecast	Year-on-year		H1	Full-year
Operating revenue	458.0	16.5	3.7%	942.0	29.2	3.2%	0.0	0.0
SG&A expenses	131.0	6.4	5.2%	265.8	9.2	3.6%	(1.4)	(2.8)
Operating income	13.1	(0.3)	(2.5%)	28.2	1.5	5.6%	1.4	2.8
Ordinary income	14.6	(1.6)	(9.7%)	31.1	(0.2)	(0.6%)	(1.1)	(2.1)
Profit attributable to owners of parent	13.4	4.6	52.8%	21.8	5.4	32.6%	(0.9)	(1.8)

*The above values indicate difference compared to the case that IFRS 16 is not applied

Company-specific forecasts

(billion JPY)	Before applying IFRS 16						Effects	
	Operating revenue	Year-on-year		Operating income	Year-on-year		Operating revenue	Operating income
Takashimaya Singapore Ltd.	18.9	0.8	4.2%	3.1	(0.1)	(1.9%)	(1.1)	1.7
Toshin Development Singapore Pet, Ltd.	9.0	0.1	1.0%	2.2	0.0	2.0%		0.9
Shanghai Takashimaya Co., Ltd.	3.4	0.2	7.8%	(0.7)	0.2	–		0.7
Takashimaya Vietnam Co., Ltd.	2.0	0.2	11.0%	(0.1)	0.0	–		0.1
Siam Takashimaya (Thailand) Co., Ltd.	3.0	2.6	826.4%	(0.3)	0.2	–		

*Siam Takashimaya is exempted from IFRS 16, because it has a percentage rent arrangement

*The above values indicate difference compared to the case that IFRS 16 is not applied