

# FINANCIAL RESULTS

## FY 2014

April 7, 2015



# Financial results of FY 2014 (Fiscal Year ending February 2015)

- ✓ Increase in profits due to decrease in selling, general and administrative expenses, in addition to growth in revenue mainly in the overseas locations
- ✓ Growth of major subsidiaries
- ✓ Operating income, ordinary income and net income exceeded planned figures

# Consolidated performance

(Yen in billion)

	1H	Year -on-year	2H	Year -on-year	Full-year	Year -on-year	Change from Projection
Operating revenue	441.7	+ 1.5 % +6.4	470.9	+ 0.4 % +2.0	912.5	+ 0.9 % +8.3	- 0.4 % -3.5
SG&A Expenses	122.0	+ 0.0 % +0.0	121.6	- 0.3 % -0.4	243.6	- 0.1 % -0.4	- 0.2 % -0.5
Operating income	12.2	+ 9.5 % +1.1	19.8	+ 10.4 % +1.9	32.0	+ 10.0 % +2.9	+ 0.1 % +0.0
Ordinary income	14.2	+ 5.3 % +0.7	21.7	+ 9.3 % +1.8	35.9	+ 7.7 % +2.6	+ 2.6 % +0.9
Net income	9.6	+ 25.8 % +2.0	13.0	+ 17.1 % +1.9	22.6	+ 20.7 % +3.9	+ 5.0 % +1.1

Operating revenue increased mainly in the overseas locations due to increased sales of major subsidiaries. In the domestic locations, the Group received inbound demand and rush demand before consumption tax increase.

The planned figure could not be achieved due to huge impact of increase in consumption tax of domestic department stores.

Operating income increased due to growth in revenue of major subsidiaries in addition to significant reduction in selling, general and administrative expenses mainly in domestic department stores.

The planned figure was achieved largely due to growth in revenue of major subsidiaries.

Ordinary income not only increased but exceeded the planned figure mainly due to increase in ordinary revenue.

Net income not only increase but also exceeded the planned figure due to gain from sale of fixed assets, etc. in addition to the increase in ordinary income.

# Performance of domestic department stores

(Takashimaya and domestic department stores subsidiaries)

(Yen in billion)

	1H	Year -on-year	2H	Year -on-year	Full-year	Year -on-year	Change from Projection
Operating revenue	366.3	+ 0.0 % +0.0	388.9	- 0.8 % -3.1	755.2	- 0.4 % -3.1	- 0.8 % -6.4
Revenues	361.3	+ 0.0 % +0.0	383.8	- 0.7 % -2.8	745.0	- 0.4 % -2.8	- 0.8 % -6.3
Gross Margin	25.02%	- 0.14	24.81%	- 0.10	24.91%	- 0.12	- 0.08
SG&A Expenses	91.1	- 2.1 % -2.0	92.0	- 1.3 % -1.2	183.1	- 1.7 % -3.1	- 0.3 % -0.5
Operating income	4.4	+ 48.2 % +1.4	8.4	- 2.4 % -0.2	12.7	+ 10.6 % +1.2	- 12.5 % -1.8
Ordinary income	6.8	+ 13.1 % +0.8	8.3	- 5.1 % -0.4	15.1	+ 2.3 % +0.3	- 9.6 % -1.6
Net income	8.0	+ 145.2 % +4.8	4.1	- 8.1 % -0.4	12.2	+ 56.4 % +4.4	- 7.8 % -1.0

Operating revenue increased due to favourable inbound demand and sales of expensive goods, as well as last-minute demand, etc. prior to consumption tax increase in the first half. The second half saw a sluggish growth as in the previous year. The annual financial results did not reach the figures of the previous year and the planned figure could not be achieved.

The operating income and ordinary income increased due to decrease in SG&A expenses mainly in rent, although the ratio of sales and product margins declined year-over-year.

The planned figure could not be achieved due to unachieved planned sales and product margins.

Net income also could not be achieved as planned although huge increase in profits was seen from sale of fixed assets, etc.

## Domestic departmental stores: Selling, general and administrative expenses

(Yen in billion)

	1H	Year -on-year	2H	Year -on-year	Full-year	Year -on-year	Change from Projection
Personnel related expenses	31.3	-0.1% -0.0	32.5	+1.9% +0.6	63.8	+0.9% +0.6	-0.1% -0.0
Advertising expenses	12.7	-0.5% -0.1	13.5	+4.1% +0.5	26.1	+1.8% +0.5	+1.8% +0.5
General affairs expenses	33.2	+0.8% +0.2	33.1	+3.0% +0.9	66.3	+1.8% +1.0	-0.4% -0.2
Accounting related expenses	13.9	-13.0% -2.1	12.9	-19.5% -3.1	26.8	-16.3% -5.2	-2.4% -0.6
<b>Total</b>	<b>91.1</b>	<b>-2.1% -2.0</b>	<b>92.0</b>	<b>-1.1% -1.0</b>	<b>183.1</b>	<b>-1.7% -3.1</b>	<b>-0.3% -0.5</b>

Personnel related expenses was almost as planned even through there was a YOY increase due to increase in retirement benefit costs, welfare costs, etc.

Advertising expenses saw a YOY increase and exceeded the planned figure due to increase in point card expenses and advertising, as well as additional spending for attracting customers.

General affairs expenses saw a YOY increase due to increase in depreciation and amortization expenses associated with acquisition of fixed assets, while on the other hand, the planned figure could not be achieved mainly due to control of repair expenses and consumables expenses.

Accounting related expense saw a YOY decline and below-plan result, due to decrease in rent attributable to acquisition of real estate (stores).

# Performance of major group subsidiaries

(Yen in billion)

	Operating income	Year -on-year	Change from Projection	Operating profit	Year -on-year	Change from Projection
Toshin Development Co., Ltd.	34.0	+ 1.2% +0.4	+ 0.2% +0.1	7.8	+ 12.6% +0.9	+ 0.8% +0.1
Takashimaya Singapore Ltd	55.0	+ 10.1% +5.0	+ 0.8% +0.5	4.3	+ 9.9% +0.4	+ 42.6% +1.3
Toshin Development Singapore PTE Ltd.	8.5	+ 11.9% +0.9	+ 3.7% +0.3	2.0	+ 16.7% +0.3	+ 34.6% +0.5
Takashimaya Credit Co. Ltd.	16.8	+ 3.6% +0.6	- 0.3% -0.0	4.1	+ 0.9% +0.0	+ 0.6% +0.0
Takashimaya Space Create Co. Ltd. (Including Takashimaya Space Create Tohoku)	29.1	+ 14.4% +3.7	+ 0.5% +0.1	1.4	+ 29.6% +0.3	+ 15.6% +0.2

## Toshin Development Co., Ltd.

Increase in revenues and profits as well as exceeded plan due to opening of new commercial facilities in Tamagawa Takashimaya Shopping center and Nagareyama Otaka no Mori Shopping center and occupation by new tenants at Hakata Riverain, in addition to good performance at the existing Shopping centers.

## Takashimaya Singapore & Toshin Development Singapore

1 Singapore Dollar: Actual 83.87 JPY; Previous year

78.18 JPY; Plan 81.20 JPY

Both the operating revenue and operating income increased and exceeded the planned figures due to yen depreciation, in addition to increase in rental income due to renovation of the entire building in the previous year and good performance of specialty stores.

## Takashimaya Space Create Co. Ltd. (Including Takashimaya Space Create Tohoku)

Both revenues and profits increased and exceeded the planned figures due to expansion of residential remodeling business in collaboration with department stores, in addition to good order volume in hotels and commercial facilities.

# Our Management Strategy



Long-term business plans of  
the Takashimaya Group  
(FY2015      FY2019)

# The model that the Group should target

<The model that the Group should target>

A corporate group that continues to seek true richness and constantly produces from manufacturing to urban development with a new perspective, and creates new fans through sales and service.

**FY 2015**

**The year to embark reforms and growth**

~ Act Now ! ~

# Long-term plan of the Takashimaya Group

## Foundation of long-term plan rolling

Although the domestic economy is steadily recovering, there is a fear that it will weaken in the future due to decrease in working-age population and increase in taxes and social security burden. On the other hand, the Asian economy is likely to expand in the long and medium terms due to increase of population and income.

## Our investment policy

Key investment in strategic areas such as urban development and omni channel, real estate development and creation of new sources of revenue in Japan.

Continued investment towards expansion of business in Asia, with focus on ASEAN, outside Japan.

# Long-term plan: Quantitative goals

To promote operation that aims to achieve "growth" and "improve capital efficiency" by targeting an operating profit of 52 billion JPY, and at least 7% ROE and 5% ROA.

At the same time, the target capital-to-asset ratio has been set at 49% to ensure a sound financial health.

## Numerical goals

	FY2019	Difference with FY2014
Operating revenue	990 billion JPY	+ 80 billion JPY
Operating income	52 billion JPY	+ 20 billion JPY
ROE	At least 7%	At least +1%
ROA	At least 5%	At least +1%
Investment growth	190 billion JPY	-
(Total investment	230 billion JPY	- )
Capital-to-asset ratio	49%	+ 8%

# Long-term plan: Basic strategy

## Domestic department store business

To improve competitiveness by building a local-based business model that is oriented towards urban development for structural problems such as a decreasing birthrate with aging population and decrease in population.

To improve management efficiency through company-wide business strategy, such as creating new markets by increasing inbound demand and developing new businesses, as well as promoting omni channel.

To promote structural reforms in order to trigger consumption tax increase.

(Yen in billion)

Goal for FY 2019	Operating revenue		Operating income		Investment growth
		Year-on-year		Year-on-year	
Domestic department store business	750	- 0.7%	22	+ 83%	80
		- 5		+ 10	

# Long-term plan: Basic strategy

## Domestic Group business

To urban development strategy as a group centering on Toshin Development Co. Ltd.

To take full advantage of the synergy with department store

To implement new growth strategy through new business development, M&A, etc.

(Yen in billion)

Goal for FY 2019	Operating revenue	Year-on-year	Operating income	Year-on-year	Investment growth
Domestic group business	174	+20% +29	21.5	+34% +5.5	60

## Overseas business

Business area expansion in Asia

(Yen in billion)

Goal for FY 2019	Operating revenue	Year-on-year	Operating income	Year-on-year	Investment growth
Overseas business	126	+80% +56	9	+125% +5	50

# Capital policies and shareholder return

## Capital policies

To respond to changes in the business environment and flexibly implement. By capital efficiency up to hike corporate value improve the management index numbers.

To raise management index by improving capital efficiency and enhance corporate value.

Recently, it was decided to purchase treasury stocks.

## Shareholder return

To give top priority to a stable dividend, and on the other hand, focus on the steady implementation of growth strategies for early achievement of a consolidated operating profit of 40 billion yen.

Taking into account the level of profit to be achieved in future, the most appropriate distribution of profits to stakeholders, starting from policies for dividend amounts and shareholder returns, is to be studied.

# Domestic Business



# “Machi-dukuri- Community Development” Strategy

# Machi-dukuri strategy

Diversification of service and merchandise

The classy feeling of Takashimaya

Enhancing the appeal of buildings

Strength of having "department store" and "developers"

+

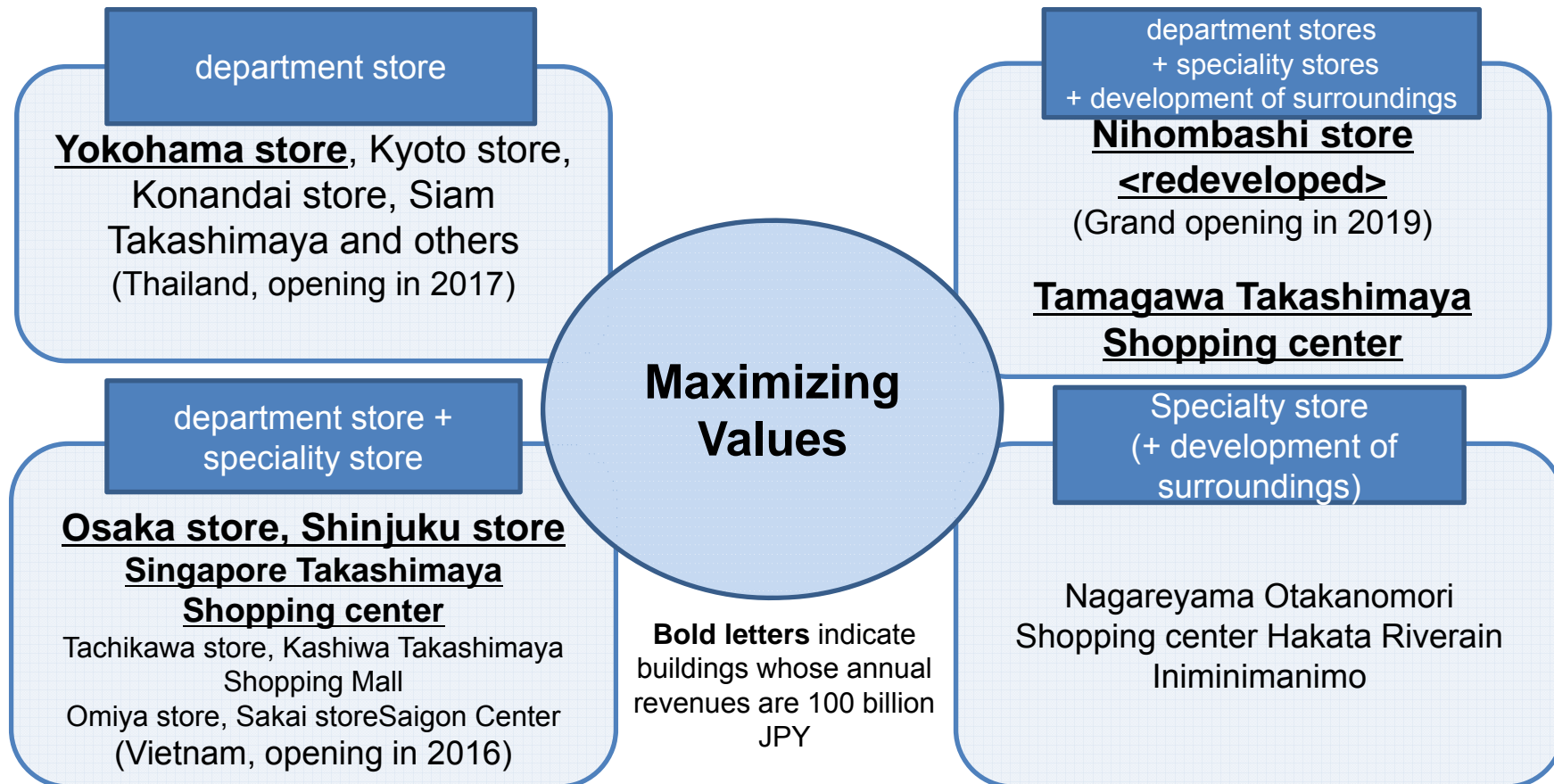
Assembly that conforms to scale and regional characteristics

Takashimaya and Toshin Development are jointly promoting a variety of Machi-dukuri strategies

# Machi-dukuri strategy

## "Maximizing value" by a wide variety of Machi-dukuri

- To increase the number of visitors coming to the stores by having the best balance of department stores and specialty stores, such as department stores alone or combination of department stores and specialty stores, according to the scale and regional characteristics.
- To contribute to the vitalization of the region and thereby increase the number of visitors coming to the town through development of surroundings of buildings and cooperation with the administration.



# Machi-dukuri strategy

## Machi-dukuri in large stores (+ Tamagawa / Kashiwa)

### **Further promote the attractiveness of the stores to consolidate the revenue base**

To improve the value of buildings while utilizing the know-how of Toshin Development, as well as developing the surrounding area of the stores.

< Stores where efforts have been ramped up = Shinjuku / Nihombashi / Kyoto >

## Machi-dukuri in small and medium-sized stores

### **To improve cooperation with neighbouring facilities and the administration, and to enhance efforts in the area**

To enhance cooperation in the region in order to adopt goods which are high in demand in commercial areas and functions required in the town.

- Tachikawa = To coexist with competitors through MD that is not present in the region and accumulate strong products, and improve attractiveness of the business area
- Konandai = To accumulate things and actions based on the needs of the region, strengthen cooperation with BIRDS, and improve the ability to attract customers

\*BIRDS: Shopping Center operating in the same building

# Machi-dukuri strategy

## Shinjuku store

### “Machi-dukuri” by integrating department store and specialty store

Restructure the roles of department stores and specialty stores to acquire new customers.

To increase visitors to the area by multiple redevelopment of large office buildings near the south exit, starting from the Shinjuku Station south exit area infrastructure business (scheduled for completion in Spring 2016)  
(About 50,000 people / day new influx including bus users, commercial facility users and office workers)

- Renovation of food floor respond to demand for lunch due to office population growth.
- Building of Tokyo's first restaurant zone.
- Strengthening fashion for second-generation baby boomer which is our forte
- Strengthening MD corresponding to inbound demand
- Strengthening the information dissemination capability of the specialty stores zones.
- Build a new entrance to pull in crowd and increase visitors.

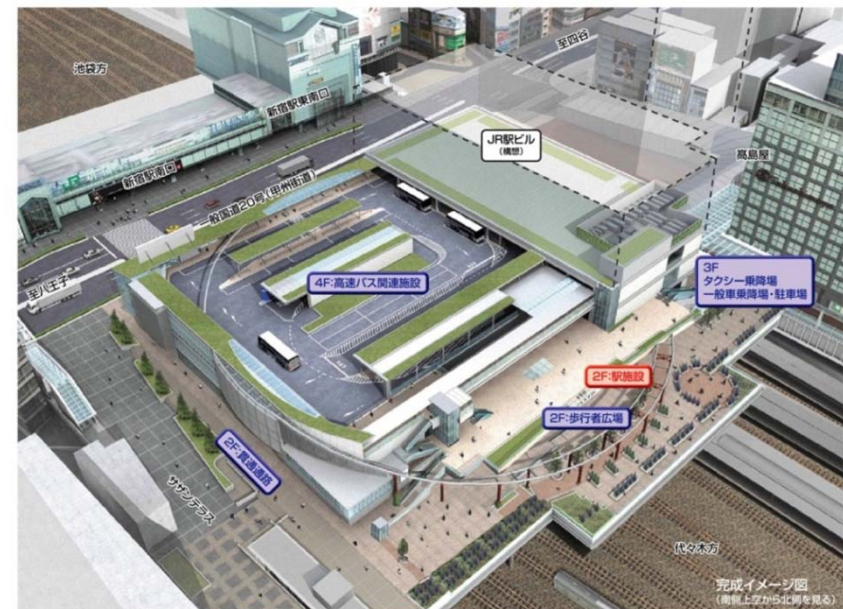


Photo courtesy: Tokyo National Highway Office, Ministry of Land, Infrastructure and Transport

# Machi-dukuri strategy

## Nihombashi redevelopment plan

**"Machi-dukuri" in the Nihombashi area based on new urban Shopping center concept**

**To popularize "beautiful life style" to increase the number of visitors to the town**

Increase in people coming to the area (expected to increase by more than 70,000 persons), such as trend of increase in population of business area at walking distance and increase in office workers due to development of the surrounding. A large number of foreigners will visit in 2020.

- Assemble the whole MD with "Modern Elegance" as the theme, and incorporate the know-how of Toshin Development in the new building, in addition to the strengths of the Nihombashi store.  
(Expand the existing customers and respond to the needs of the next-generation and the next-to- next generation)
- To create the "fun of coming to the store" and offer services  
(Pursue an "artistic Takashimaya" and build the proposed zone for "beautiful life")
- Realise a facility that enhances the function to "spend time" and create "hospitality and fun"



Autumn of 2018: Opening of new commercial zone

**Spring of 2019: Grand Opening**

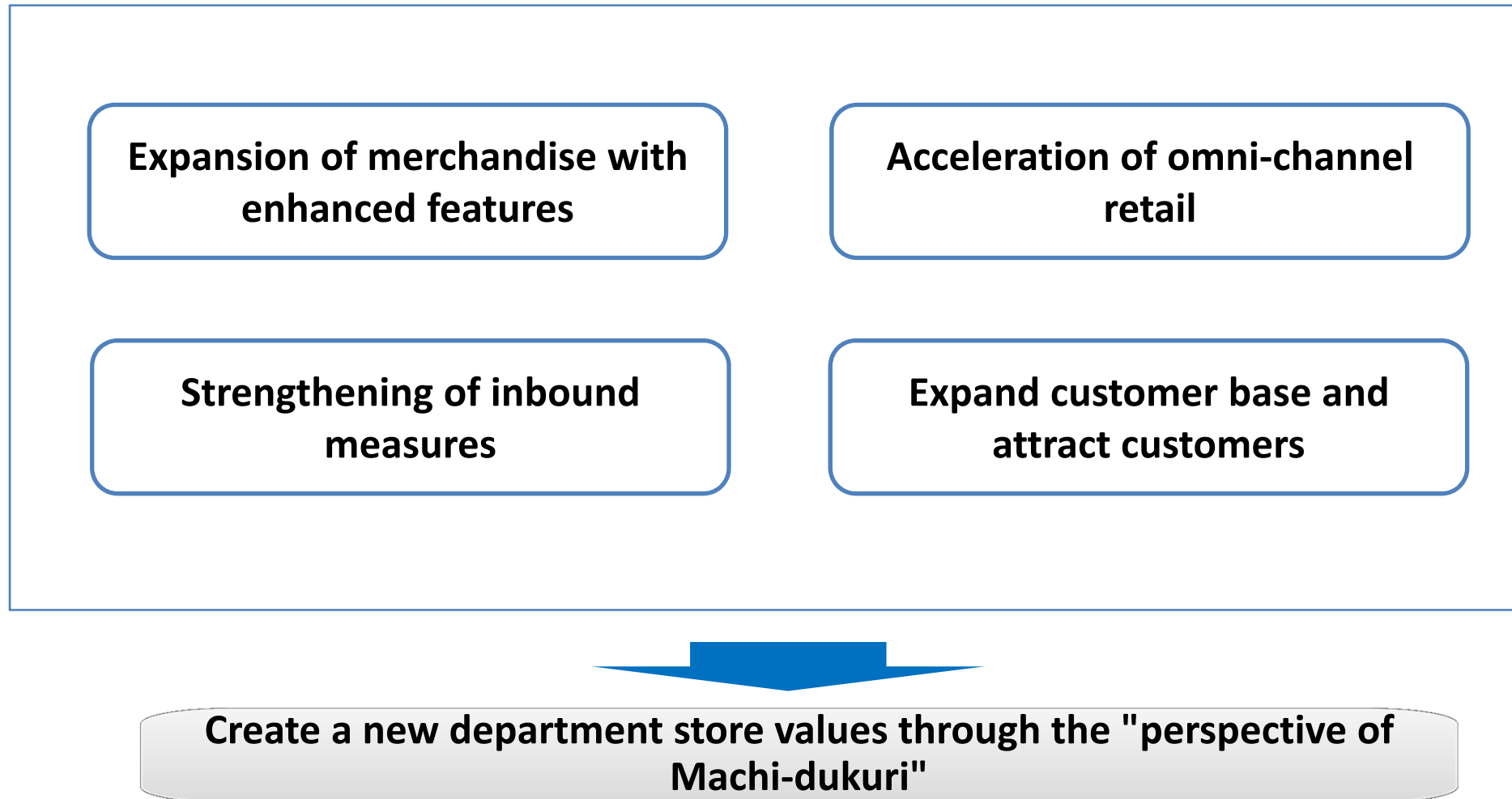
Increase sales floor area from 50,000m<sup>2</sup>  
62,000m<sup>2</sup>

2020: Tokyo Olympics and Paralympics

Strengthening the sales capability of  
the domestic department store  
business

## Strengthening the sales capability of the domestic department store business

Promote efforts to "demonstrate the strengths" and "develop market"





# Expansion of merchandise with enhanced features

## Expand characterization strategy based on “high quality”, " popularity" and "profit point of view"

Strengthen product development from the viewpoint of "quality," and "lifestyle".

Newly establish self-picked floor in living floor  
- “Utsuwa-hyakusen,” "WAGOTO"

- " Utsuwa-hyakusen" = To present high-quality material and techniques on a daily basis
- "WAGOTO" = Proposal focused on Japan's handiwork

To pursue "high quality" in Japanese story to display superiority

- To realize superiority in manufacturing and roll-out throughout the year by focusing on Japan's leading production area and excellent techniques.

To reform the solutions floor "Excelan Classe" for the increasing women executives.

- Strengthen the approach for "high quality" and "own style"



"WAGOTO" & "Utsuwa-hyakusen"



Japanese story

# Expansion of merchandise with enhanced features

Expansion of the sales floor based on "generation" and "popularity"

- Roll-out and expansion of "Baton Doll" , "Les Clair de Genis" (Confectionary), "Takashimaya Farm" (Food)

Expansion of the sales floor and products aimed at improving display of characterization and profitability

Expansion of hand-picking by shoppers at the items display counter to strengthen ability to roll-out independently.



Baton d' or

Roll-out and expansion of "profitability improvement" and "Takashimaya label"

- Increase introduction of self-planned merchandise.
- Further strengthening of winter cashmere planning and expansion of introduction through seasonal items.

Strengthening partnership with Hankyu Hanshin Department Store which adopts economies of scale

- Aggressively develop products and sales floors in partnership in order to further expand collaboration and increase revenues.

# Acceleration of omni-channel retail

## To realize integration of operation of stores focused on competitive superiority through net

To construct a site that uses the strengths of real stores and make it attractive

- Accelerate efforts in "Gift №1" site
- Expand line-up of seven main products (cosmetics, wine, etc.) as strength of the company

Upgrade site to improve convenience

- Improve usability by enhancing smartphone site, adding a message function, etc.

Promotion of infrastructure construction

by using information

- Centralized management of online member purchase history by customer information system, and commencement of omni-channel CRM measures



Target net sales of FY2015: 12 billion JPY (Up 2 billion JPY from the previous year)

# Strengthening of inbound measures

## Realizing the efforts to capture foreign visitors and tourists

Create a scheme to improve the ability to attract customers

- Issue VIP membership cards to promote repeat purchasing (May)
- Aggressive pursue alliances with medical institutions and overseas commercial facilities
- Increase local SNS and publicity support

Continue to provide a comfortable shopping environment

- Upgrade in-store signage and develop multi-lingual website
- Start collective exemption in Shopping center  
(Tamagawa & Kashiwa in the first half)
- Increase roll-out of products focused on made-in-Japan appeal



Promote customer transfer by strengthening cooperation with overseas stores

- Activation of mutual customer transfer by utilizing network in Asia, disseminating information to organization members, distribution of coupons that can be used in overseas stores (sequentially from April)

Duty-free revenues target for FY2015: 22 billion JPY

(Up 8 billion from the previous year)

# Expand customer base and attract customers

## Enhanced customer policy to increase profitability

Sustaining top customers and promoting membership of high-end customers' next generation foreign customers

Realize competitive advantage of enhancing members' satisfaction

Improve ability to attract customers by increasing cultural entertainments, which is one of our strengths



# Strengthening sales capability of domestic Group



# Domestic Group (real estate business)

## Toshin Development

Strengthening of the Shopping center operations supported by both customers and tenants for "urban development" initiated across the Group

Improve profitability by creating new towns through promotion of peripheral development and enhancement of neighborhood character, such as in Tamagawa or Nagareyama region.

Maximize value of Shopping Complex by “machi-dukuri” in each Takashimaya store through cooperation within the Group.

Promotion of business development that utilizes developer's know-how in Japan and overseas



## Takashimaya Credit

Increasing external revenue by adapting to the expanding credit card market

Increasing member acquisition at the store and through internet,  
and strengthening revenue base through card utilization improvement measures  
Improving profitability by promoting credit card payment not only for shopping  
but also public utility and telephone charges, in addition to expansion of special member stores  
and the review of card usage limit

## Takashimaya Space Create Co. Ltd. (Includes Takashimaya Space Create Tohoku)

Increasing external income through increasing demand in major metropolitan areas and demand from Tokyo Olympics and Paralympics.

Increasing volume of orders received by expanding major customers in luxury brands and luxury hotels.  
Developing and strengthening an order receiving system by retaining highly specialized human resources and collaborating with leading business partners.





# Overseas Business

# Overseas Business

## Business Plan for "Saigon Centre, Vietnam"

Business partnership with Asia's leading real estate developer Keppel Land Limited, handling of Singapore's know-hows and participation in large and complex developmental projects



Saigon Centre ( Phase 1, Phase 2 Business )

Total Floor Area 181,000 m<sup>2</sup>

Department Store 15,000 m<sup>2</sup>

Specialty Store 23,000 m<sup>2</sup>

( Others Offices and Service Apartments )



Commercial Zone scheduled to open in the Summer of 2016

# Overseas Business

## Opening Plans for “Siam Takashimaya (tentative name)” in Bangkok

To open as a core tenant in the biggest ever large-scale commercial facility of "ICONSIAM" towards the private real estate development in the Kingdom of Thailand

Takashimaya in Singapore shall first take full advantage of the management resources, know-how and brand recognition of the group in ASEAN countries

### Iconsiam Plan Overview

Commercial Area About 120,000 m<sup>2</sup>

- Shopping Mall
- Various Attractions

Siam Takashimaya About 36,000 m<sup>2</sup>



**2017 Scheduled for Inauguration**



# Overseas Business

## Takashimaya, Singapore. Shopping center

Further increase in earnings by the opening of new stores in the ASEAN countries in addition to the existing businesses that run with the strong customer base as a background focusing on the wealth of Singapore and neighboring countries



## Takashimaya, Shanghai

Progressing to strengthen the customer base of the Shanghai area that plays a central role in the business in China and towards realizing an early surplus by aiming for the increase in sales by strengthening the independently operated stores and high quality merchandise

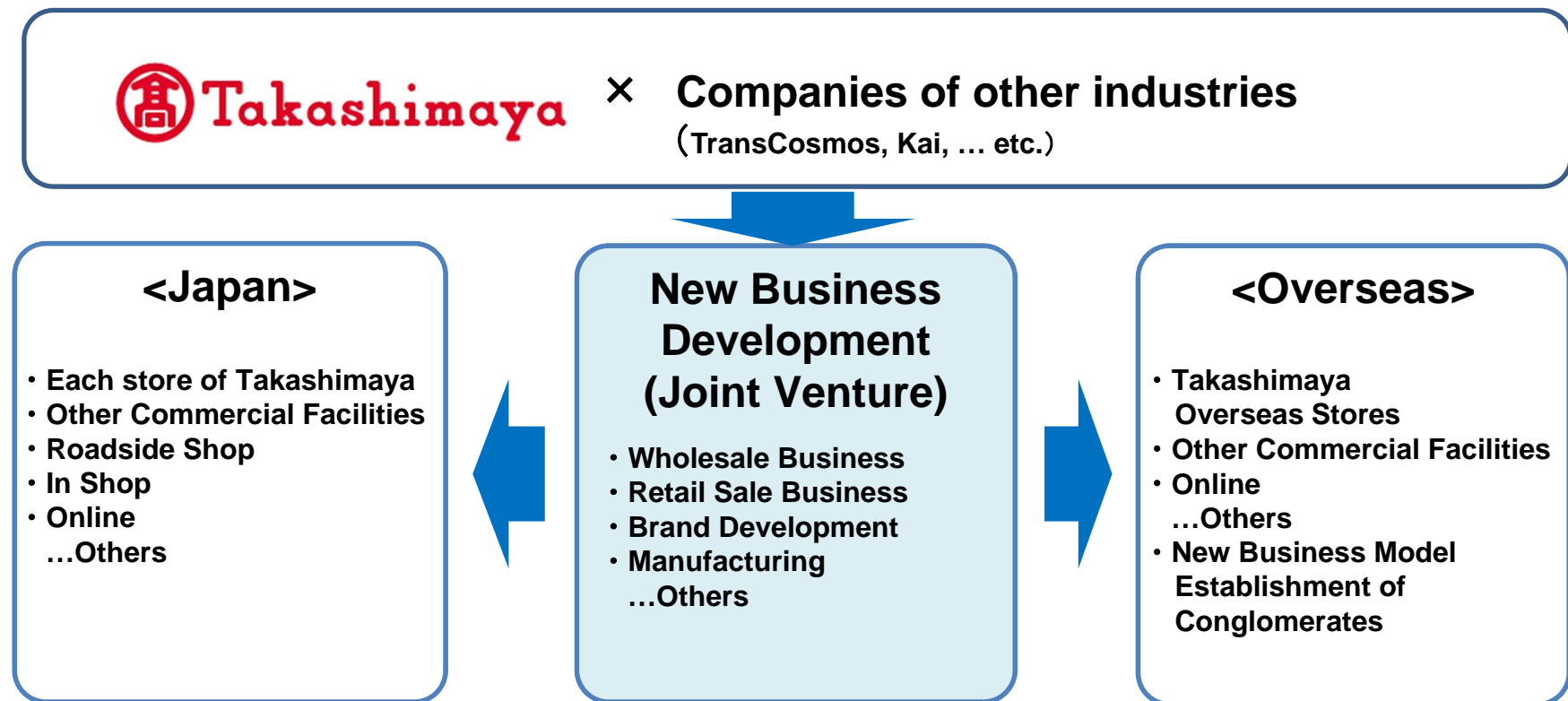


**New Business**

# New Business

Promoting the development of new businesses through alliances with companies of other industries as a pillar of growth strategy next after the department stores, groups and overseas businesses.

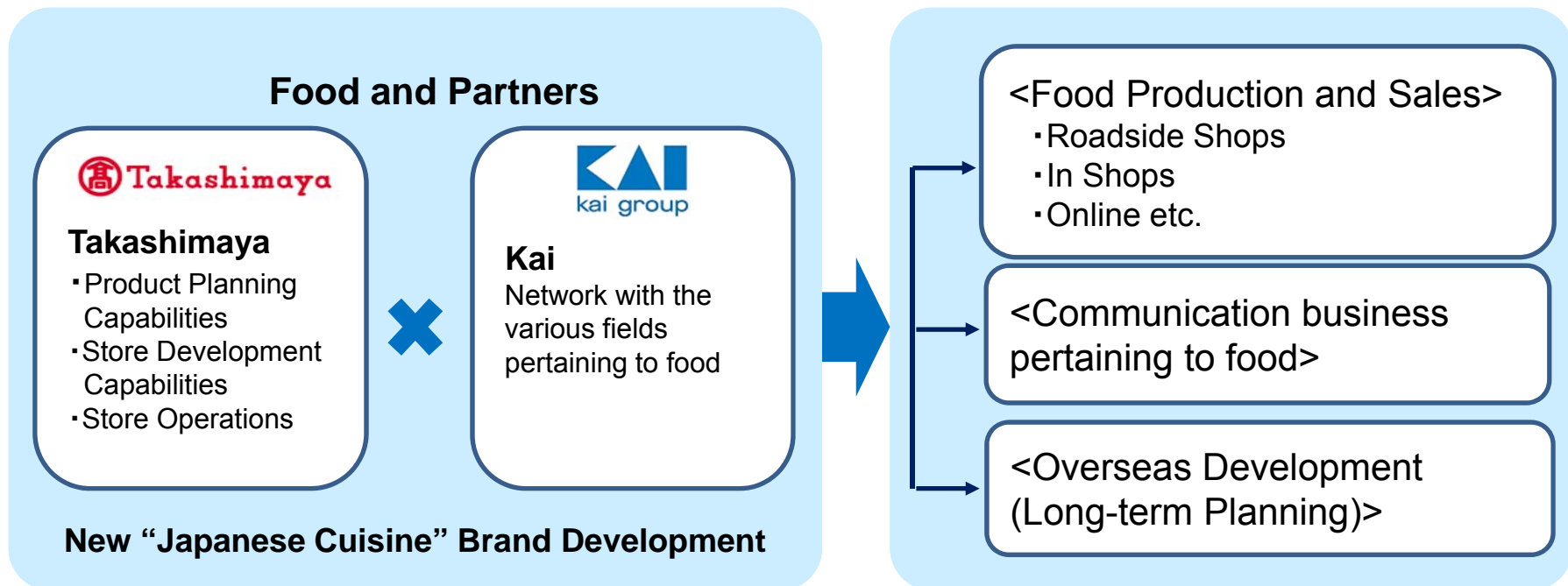
Due to expansion of business areas demonstrating the synergy effect of the department stores, the speeding up of the growth strategy is achieved.



# New Business

## Development of a new “Japanese Cuisine” Brand with a global view

Bringing together Japan's leading food items, ingredients, processing technologies with food experts towards the establishment of a joint venture with Kai Incorporation in April 2015 and developing the brand appeal of a new "Japanese Cuisine"



# New Business

## Wholesale and Retail Businesses that provide quality Japanese products to overseas

Establishment of "TAKASHIMAYA TRANCOSMOS INTERNATIONAL COMMERCE PTE.LTD", a joint venture with TransCosmos in March 2015. A new platform to provide attractive Japanese products of high quality to overseas markets.





# Plan for Fiscal Year ending February 2016

# Points for the Fiscal Year Plan

- ✓ Domestic department stores to increase sales and profit with a wide variety of "Machi-dukuri"
- ✓ General strong sustenance of group companies including overseas
- ✓ Consolidated sales and profit growth for the 4<sup>th</sup> period

# Consolidated Balance Sheet Projected

(Yen in billion)

	1H	Year -on-year	Full-year	Year -on-year
Operating Revenue	448.0	+ 1.4% +6.3	925.0	+ 1.4% +12.5
SG&A Expenses	122.8	+ 0.7% +0.8	247.1	+ 1.4% +3.5
Operating Income	13.8	+ 13.0% +1.6	34.0	+ 6.2% +2.0
Ordinary Income	15.4	+ 8.4% +1.2	37.4	+ 4.2% +1.5
Net Income	10.2	+ 6.5% +0.6	23.3	+ 3.2% +0.7

In addition to the promotion of “Machi-dukuri” strategy and further enhancement of product characteristics and sales, the domestic department stores and Shopping center shall plan for revenue growth from the steady uptake of inbound demand, etc.

The overseas stores and major groups shall anticipate the success of various promotional measures and come up with a consolidated revenue plan

While looking at the profit from the sales focusing on domestic department stores on one hand, in order to suppress the increase in cost, a thorough review of sales, general and administrative expenditure shall be done with an aim to improve the business efficiency and plan for business profits

Projection to increase the ordinary income and net income

# Domestic Department Store Balance Sheet Projected (Takashimaya and Domestic department store subsidiary)

(Yen in billion)

	1H	Year -on-year	Full-year	Year -on-year
Operating Revenue	369.0	+ 0.7% +2.7	763.5	+ 1.1% +8.2
Sales	363.9	+ 0.7% +2.6	753.3	+ 1.1% +8.2
Gross Margin	24.86%	- 0.16	24.83%	- 0.08
SG&A expenses	91.1	-0.0% -0.0	183.6	+ 0.3% +0.6
Operating Income	4.5	+ 4.0% +0.2	13.6	+ 6.4% +0.8
Ordinary Income	7.2	+ 5.6% +0.4	16.1	+ 6.6% +1.0
Net Income	6.0	-25.9% -2.1	10.4	- 14.3% -1.7

Taking the maximum advantage of the strength of the company combining Shopping center business, we shall accelerate the omni channelization to enhance customer convenience and development furthering the deployment, product characterization and sales of various stores which are tailored to the size and regional characteristics while also promoting customer development and expansion and planning for increase in revenue

Plan for profits in operating income and ordinary income with the increase in profit caused by increase in sales

Net income is expected to decrease due to the gain from fixed assets etc. in the previous year

# Domestic Store SG&A Expenses Projected

(Yen in billion)

	1H	Year -on-year	Full-year	Year -on-year
Personnel-related Expenses	31.0	-1.1% -0.3	63.1	-1.1% -0.7
Advertising Expenses	12.9	+1.6% +0.2	26.1	-0.1% -0.0
General Affairs Expenses	33.3	+0.4% +0.1	67.1	+1.3% +0.8
Accounting related Expenses	13.9	+0.0% +0.0	27.3	+1.9% +0.5
<b>Total</b>	<b>91.1</b>	<b>-0.0% -0.0</b>	<b>183.6</b>	<b>+0.3% +0.6</b>

**Although the cost reduction by a thorough review of the business will be continuously promoted, there has been an increase of 600 million yen due to the increase in the cost of acquisition of fixed assets, etc.**

Reduction of 700 million yen in personnel-related expenses by reduction in the personnel payments, etc.

Advertising expenditure has been almost reduced to that of last years with a thorough utilization of optimally adjusted promotional expenditure

Regarding the general affairs expenses, in spite of the reduction in the work expenditure, etc. due to review of business, there shall be an increase of 800 million yen forecasting an increase in the fee of the depreciation and amortization expenditure associated with store acquisition

An increase of 500 million yen in the accounting costs focusing on taxes and dues

# Main Group Budget Plan

(Yen in billion)

	For the Full Fiscal Year			
	Operating Revenue	Year -on-year	Operating Revenue	Year -on-year
Toshin Development Co., Ltd.	34.6	+ 1.8% +0.6	8.0	+ 2.9% +0.2
Takashimaya Singapore Ltd	58.6	+ 6.5% +3.6	4.5	+ 4.4% +0.2
Toshin Development Singapore PTE Ltd.	9.3	+ 9.3% +0.8	2.3	+ 19.0% +0.4
Takashimaya Credit Co. Ltd.	17.3	+ 2.9% +0.5	4.3	+ 2.7% +0.1
Takashimaya Space Create Co. Ltd. (Including Takashimaya Space Create Tohoku)	30.0	+ 3.1% +0.9	1.5	+ 0.7% +0.0

## Toshin Development

In addition to the increase in the rental income by contract renewal, etc. there is an opening for the peripheral development of Tamagawa Takashimaya S.C and Nagareyama Otakanomori S.C with an increase in the sales and profit

## Takashimaya Singapore and Toshin Development Singapore

1 Singapore Dollar : Previous Year 83.87 yen Projected 86.55 yen

Revenues and profits through promotional measures for attracting the existing in-house card customers and tourist customers

## Takashimaya Credit

Increase in sales and profit by targeting to promote card usage by the issuance of the '30<sup>th</sup> Year Memorial Campaign for Takashimaya Card"

## Takashimaya Space Create ( including Takashimaya Space Create Company, Tohoku )

Sales and profit growth forecasting increased orders of large scale projects such as hotel interior work, increased orders in the home Remodelling business in association with the department store, etc.

# CSR Management and Corporate Governance

# CSR Management

## <Basic Concept>

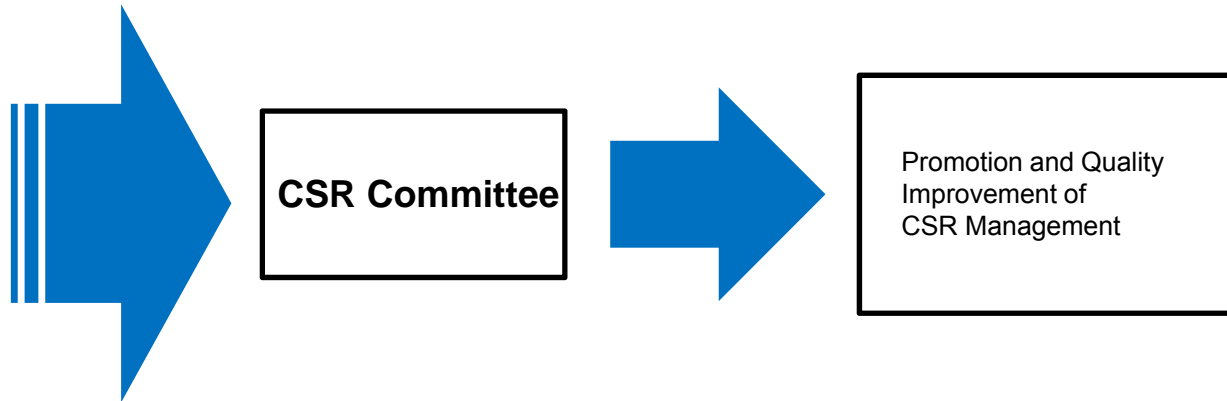
The foundation of CSR Management is based on the original management philosophy, "From the people, always" and aims "To meet the needs of an increasingly diversified and sophisticated society and to contribute" through the core business

### <External>

Social Trends  
Opinions of stakeholders  
Recommendations, etc. of external experts

### <Internal>

Internal Control System  
Recommendations, etc.  
from Risk Management Committee



## CSR Initiatives for 2015

1. Proposal of "culture=new lifestyle" to customer
2. Enhancement of Corporate Governance and Management
3. Provision of safe and reliable products and services
4. A rewarding workplace
5. Co-existence with local communities
6. Mitigation of environmental impacts





# Towards Enhancing Sustainable Corporate Value

Our group works on the basis of management from the standpoint of the stakeholder, and for the sustainable improvement of corporate value, and strengthens corporate governance by recognizing the important management issues

○Primary actions carried out till date

1. Advice and supervision with the expertise of independent external directors (currently three)
2. Corporate diversity that involves active progress of women (diversity management)
3. Management reflecting the interaction with stakeholders such as customers and traders
4. Information Disclosure Enhancement  
(active provision of information excluding timely disclosures)

**Going forward, we shall strive to improve continually  
with efforts for improving management indicators  
and constructive dialogues with investors**

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.