

2017
TAKASHIMAYA
PROFILE



HISTORY OF THE TAKASHIMAYA GROUP

1831

Founding Spirit

Our founder, Iida Shinshichi, opened a clothing and cotton cloth store in Kyoto with the trading name “Takashimaya.”



1889

Takashimaya Wins Prize at the World Exhibition in Paris

In the 19th century, Takashimaya won several prizes at overseas exhibitions.

1896

Kyoto Store Unveils Innovative Show Window

Known as the mihonba (show place), this window became the prototype for show windows in modern department stores.

1938

Establishment of Biggest Department Store Restaurant in the Far East

The establishment of a restaurant was unprecedented for a department store focused on formalwear.

1959

Licensing Agreement with Pierre Cardin

With this agreement, Takashimaya became the first Japanese company to enter into an agreement with a foreign designer.

1969

Tamagawa Takashimaya S.C. Opened

The Tamagawa Takashimaya S.C. was Japan's first large-scale suburban shop-ping mall.

1993

Singapore's Biggest Department Store Opened

The Takashimaya branch in Singapore set a new standard in luxury shopping in Asia.

1996

Takashimaya Times Square Opened

Located in Tokyo's Shinjuku district and designed to be barrier-free, this store was the first retail store approved under the Tokyo Metropolitan Government's Heart Building Law*.

2000

JR Nagoya Takashimaya Opened

Conveniently located inside the JR Central Towers, a newly built landmark next to Nagoya Station, this was the first full-size department store to open in Nagoya City for 20 years.

2009

Nihombashi Takashimaya declared an Important Cultural Property

This masterpiece of Showa-era architecture displays at every turn a stately sense of Western historicity together with Japanese design.

2012

Shanghai Takashimaya opened

A department store for quality lifestyle goods, located in Shanghai's affluent Gubei residential district.

2016

Saigon Centre (Ho Chi Minh City Takashimaya) opened

Ho Chi Minh City Takashimaya is the core tenant of the Saigon Center, a truly one-stop shopping center that opened in Ho Chi Minh City.

* Heart Building Law: This law was introduced to improve access for the aged and people with disabilities to specific types of buildings.



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PRESIDENT MESSAGE



President Message

Shigeru Kimoto, President

We found ourselves in a difficult business environment in fiscal 2016, but are promoting our Machi-dukuri strategy. This comprehensive strategy by the Takashimaya Group is aimed at improving customer satisfaction in commercial facilities that integrate department stores and speciality stores. As a result, consolidated business

results for fiscal 2016 have achieved an operating income increase for the seventh consecutive term.

For fiscal 2017, we will further concentrate the group's comprehensive strengths, including our department store, real estate, and finance strengths, and further promote our Machi-dukuri strategy.

For the Nihombashi redevelopment project, which is symbolic of the Machi-dukuri strategy currently underway, we will promote redevelopment throughout the town, and plan for the grand opening of a new urban style shopping center in the spring of 2019 which will become a bustling core location.

PRESIDENT MESSAGE

Last year, we remodeled Takashimaya Times Square in Shinjuku taking advantage of the great changes to the surrounding environment, such as the opening of the Shinjuku Expressway Bus Terminal. In April of this year, we opened an airport-type urban-based duty-free shop through A&S Takashimaya Duty Free Co., Ltd., a joint venture with ANA Trading Co., Ltd. and Hotel Shilla, Co., Ltd. to respond to inbound demand.

In regards to product lineups, we will utilize the variety of our department stores and flexibility of specialty stores to respond to diversifying needs through a fresh approach. The Takashimaya Group will continue to strengthen its location-based marketing in response to local customer needs

and high-quality customer service at its department stores, which make up its core business.

In the real estate business, we will aim to create new value together as a group with Toshin Development Co., Ltd. playing a central role in our Machi-dukuri strategy.

In the financial services business, Takashimaya Credit Co., Ltd. will actively promote card membership approvals to acquire new members and promote the use of cards at external franchise stores with the aim to increase earnings.

Among our overseas businesses, we are preparing to open Siam Takashimaya in Bangkok, which is the third ASEAN store located in Thailand, which follows the opening of Takashimaya Ho Chi Minh City in Vietnam last year.

We will attempt to maximize Takashimaya Singapore's management resources, know-how, and name recognition in ASEAN countries to quickly reach profitability.

Although we are in an era when the outlook for the future is uncertain, Takashimaya will promote the creation of customer value and business reform by incorporating digital technology and its ideas into the conventional business model. As a result, we will promote a transformation into a next-generation department store group and aim to become a corporate group that will contribute to enriching the lives of our customers. We ask for your continued support and patronage.

May 2017



Putting People First

The Takashimaya group contributes to society by valuing the spirit of believing in people, loving people, and serving people.

<Policies>

Service that remains within the heart
Contributing to creating vibrant local communities
Activities trusted by the community
Creation of new lifestyles and cultures that open up the future
Unceasing efforts to protect the global environment

<Corporate Message>

New Yet Unchanging

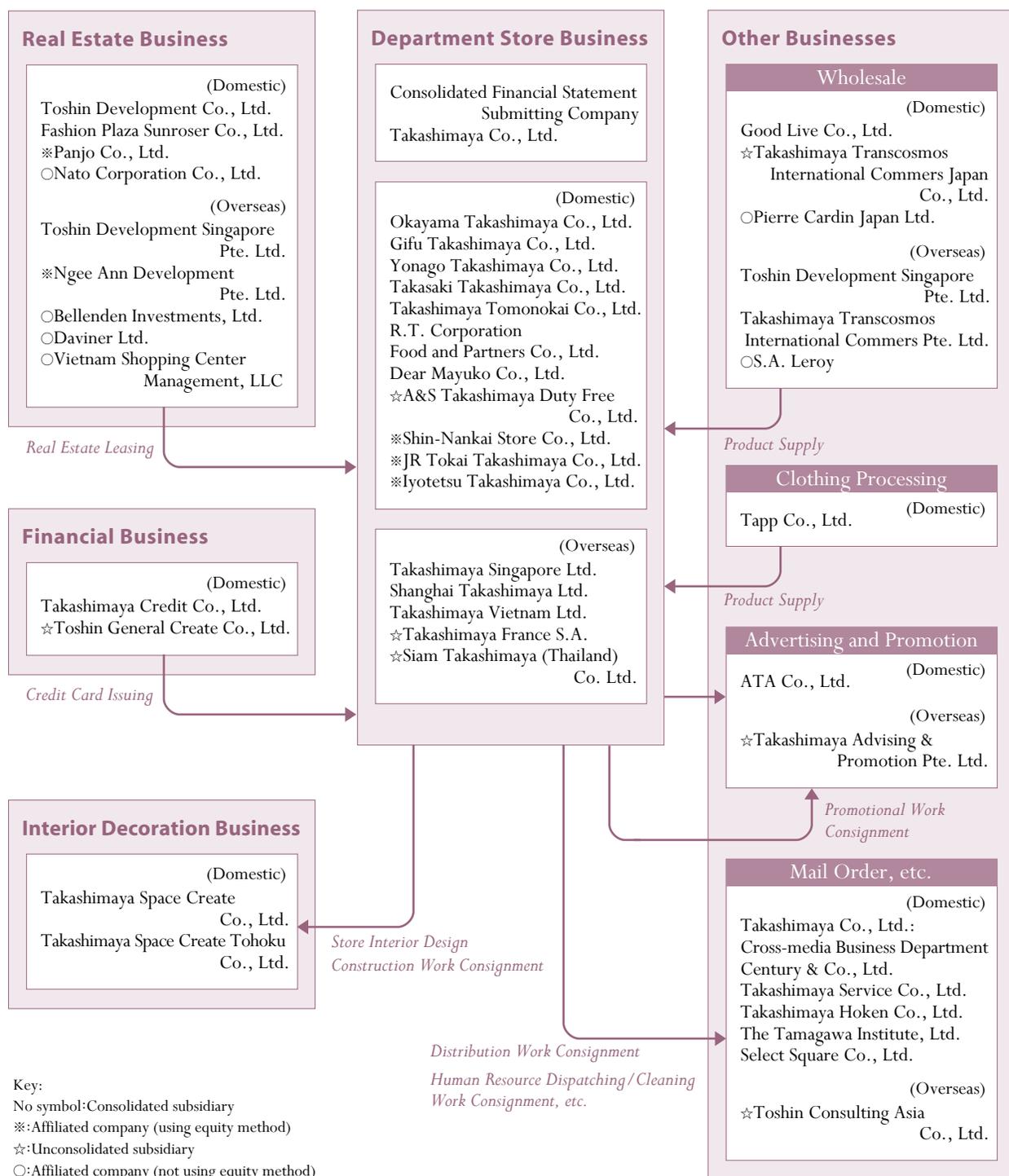
We can renew ourselves because of our tradition.
We shall maintain our soothing values rooted in the era.

To retain unchanged that which we wish to keep,
but be flexible enough to change with the times.

Our heartfelt services remain unchangeable as
we discover what we must change in order to please our customers,
with all our staff as one mind. This is how Takashimaya evolves.

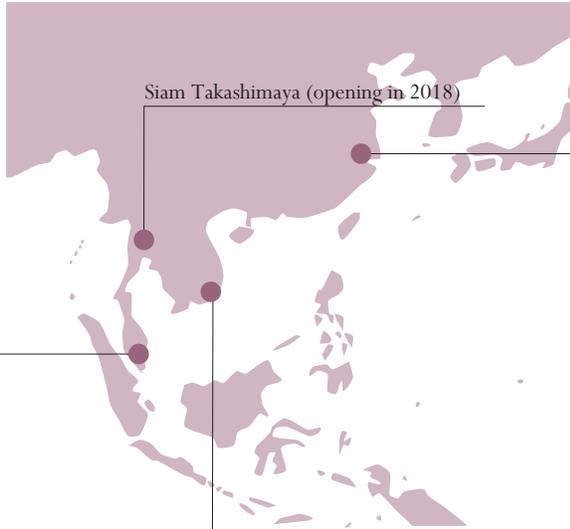
DESCRIPTION OF BUSINESSES

Group Organization Chart



as of Feb. 28, 2017

TAKASHIMAYA GROUP STORE NETWORK



Siam Takashimaya (opening in 2018)



Shanghai Takashimaya

Year of Opening :2012
Sales Floor Area :40,000 m²

Introductory Information:

Located in Shanghai's affluent residential area of Gubei, Shanghai Takashimaya is a department store catering to high-quality living which is directly linked to Yili Road Station (Line 10, Shanghai Metro).



Ho Chi Minh City Takashimaya

Year of Opening :2016
Sales Floor Area :15,000 m²

Introductory Information:

Ho Chi Minh City Takashimaya serves as the primary tenant of Saigon Centre, Ho Chi Minh City's first shopping center. At the center of Vietnam's economy and business operations, Ho Chi Minh City is a promising market with high potential for future growth.



Kyoto Store

Year of Opening :1950
Location :Kyoto City, Kyoto Prefecture
Sales Floor Area :51,000 m²
Regional Population :6.5 million

Introductory Information:

Located in Kyoto, the birthplace of Takashimaya, the Kyoto store is backed by customers as the number one store in the region.

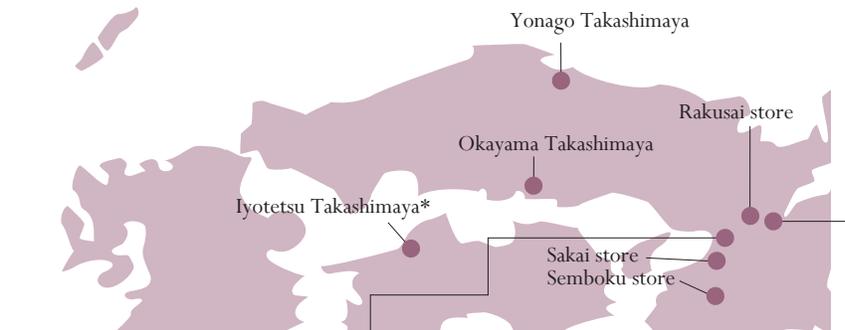


Takashimaya Singapore

Year of Opening :1993
Sales Floor Area :30,000 m²

Introductory Information:

Takashimaya Singapore serves as the primary tenant of the largest shopping center in Singapore. Utilizing its know-how cultivated since its opening, it plays a central role in overseas business.



Osaka Store

Year of Opening :1930
Location :Osaka City, Osaka Prefecture
Sales Floor Area :64,000 m²
Regional Population :7.5 million

Introductory Information:

Located 550 km west of Tokyo, the Osaka store is 40 minutes by Nankai Line train from Kansai International Airport and 20 minutes by subway from JR Shin-Osaka Station. It is a large-sized terminal department store located in Namba.

TAKASHIMAYA GROUP STORE NETWORK



JR Nagoya Takashimaya*

Year of Opening :2000
 Location :Nagoya City, Aichi Prefecture
 Sales Floor Area :68,000 m²
 Regional Population :8 million
 Introductory Information:

JR Nagoya Takashimaya is operated by JR Tokai Takashimaya Co., Ltd. Currently as the number one store in the region, sales have grown year after year. April 17, 2017 marked the opening of Takashimaya Gate Tower Mall, a commercial facility serving as the core of JR Gate Tower located next to JR Central Towers which is home to approximately 150 specialty shops.



Yokohama Store

Year of Opening :1959
 Location :Yokohama City, Kanagawa Prefecture
 Sales Floor Area :56,000 m²
 Regional Population :7 million
 Introductory Information:

Located in front of Yokohama Station, the Yokohama store is the number one store in the region which accounts for the highest sales and profits among Takashimaya Group stores. A Yokohama station front redevelopment project is planned for completion in 2020.



Shinjuku Store

Year of Opening :1996
 Location :Shibuya-ku, Tokyo Prefecture
 Sales Floor Area :53,000 m²
 Regional Population :20 million
 Introductory Information:

The Shinjuku store is the anchor store of Takashimaya Times Square, a large-scale commercial complex located next to the South Exit of Shinjuku Station, a station which boasts the highest number of daily users among train stations in Japan. The number of customers visiting the store has grown as a result of a Shinjuku Station South Exit redevelopment project which was completed in the spring of 2016.



Nihombashi Store

Year of Opening :1933
 Location :Chuo-ku, Tokyo Prefecture
 Sales Floor Area :48,000 m²
 Regional Population :21 million
 Introductory Information:

As Takashimaya's flagship store, the Nihombashi store provides high-quality, genuine products and services. Currently involved in a town planning efforts in Nihombashi, a new urban style shopping center is planned to be opened in the spring of 2019 with the Nihombashi store serving as its core.

*Equity method affiliates

BOARD OF DIRECTORS, AUDITORS AND OPERATING OFFICERS



Chairman(Representative Director)
Koji Suzuki



President(Representative Director)
Shigeru Kimoto



Senior Managing Director
(Representative Director)
Hiroaki Akiyama



Managing Director
(Representative Director)
Yoshio Murata



Managing Director
Mitsuaki Awano



Managing Director
Tsunekata Kameoka



Director
Shunzo Takayama

Director
Kaoru Nakajima

Director
Akira Goto

Director
Keiko Torigoe

Auditor
Kenji Sukino

Auditor
Akira Hiramoto

Auditor
Eiji Muto

Auditor
Hiroshi Nishimura

Managing Executive Officers

Takeo Yamaguchi

Tsuneaki Okabe

Ryoji Tanaka

Senior Operating Officers

Kazuhiko Kojima

Mitsuru Takaku

Operating Officers

Yoko Yasuda

Yasufumi Yamashita

Takashi Yokota

Yoshiko Inoue

Fujie Kataoka

Kazuhiro Aoki

Kazuya Tahara

Kazuhiya Yokoyama

Norihiko Itoh

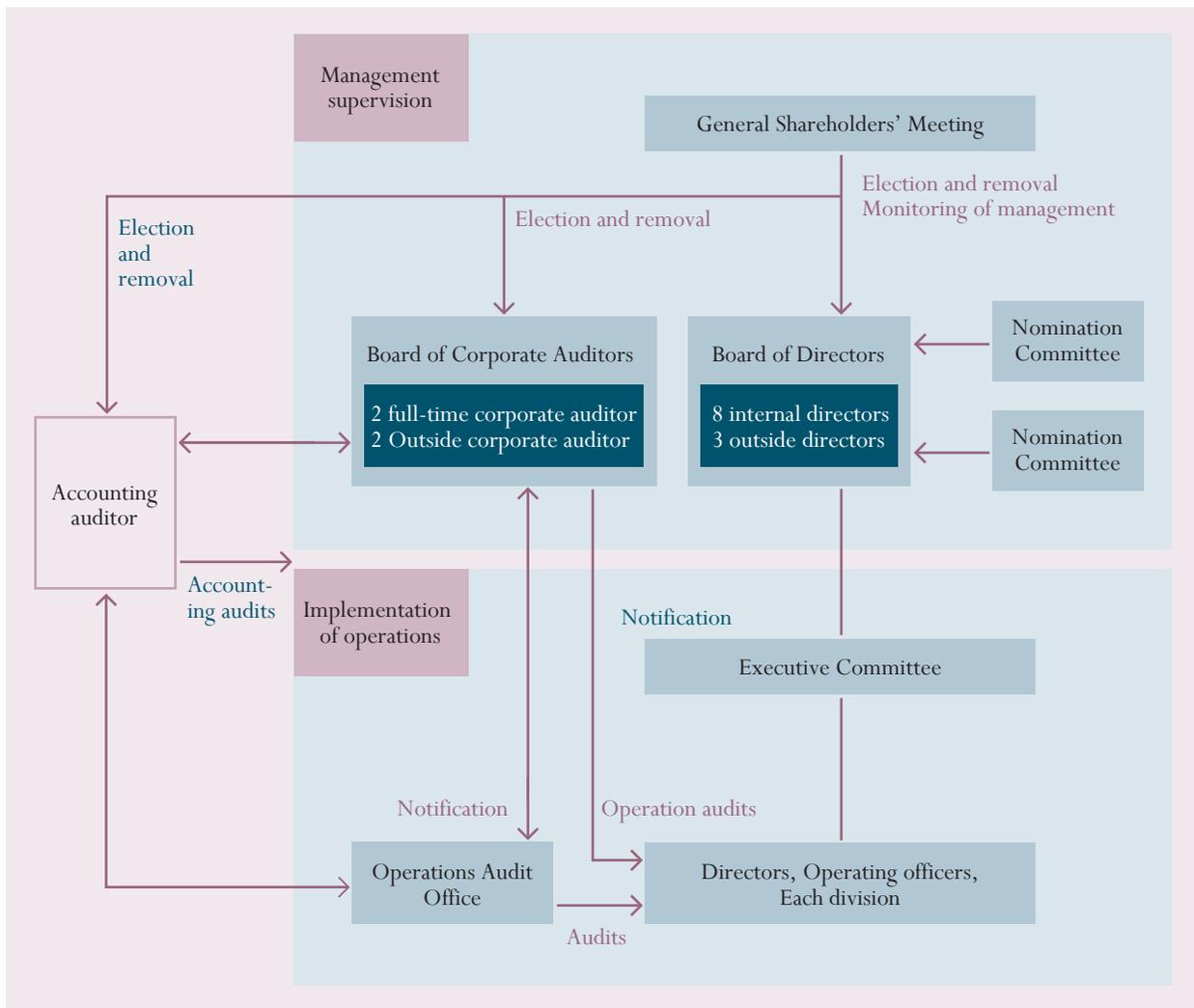


CORPORATE GOVERNANCE

As concern with the application of corporate governance codes and similar measures increases in recent times, we strive to sustain growth and increase permanent corporate value more than ever before.

Takashimaya's Organizational Structure

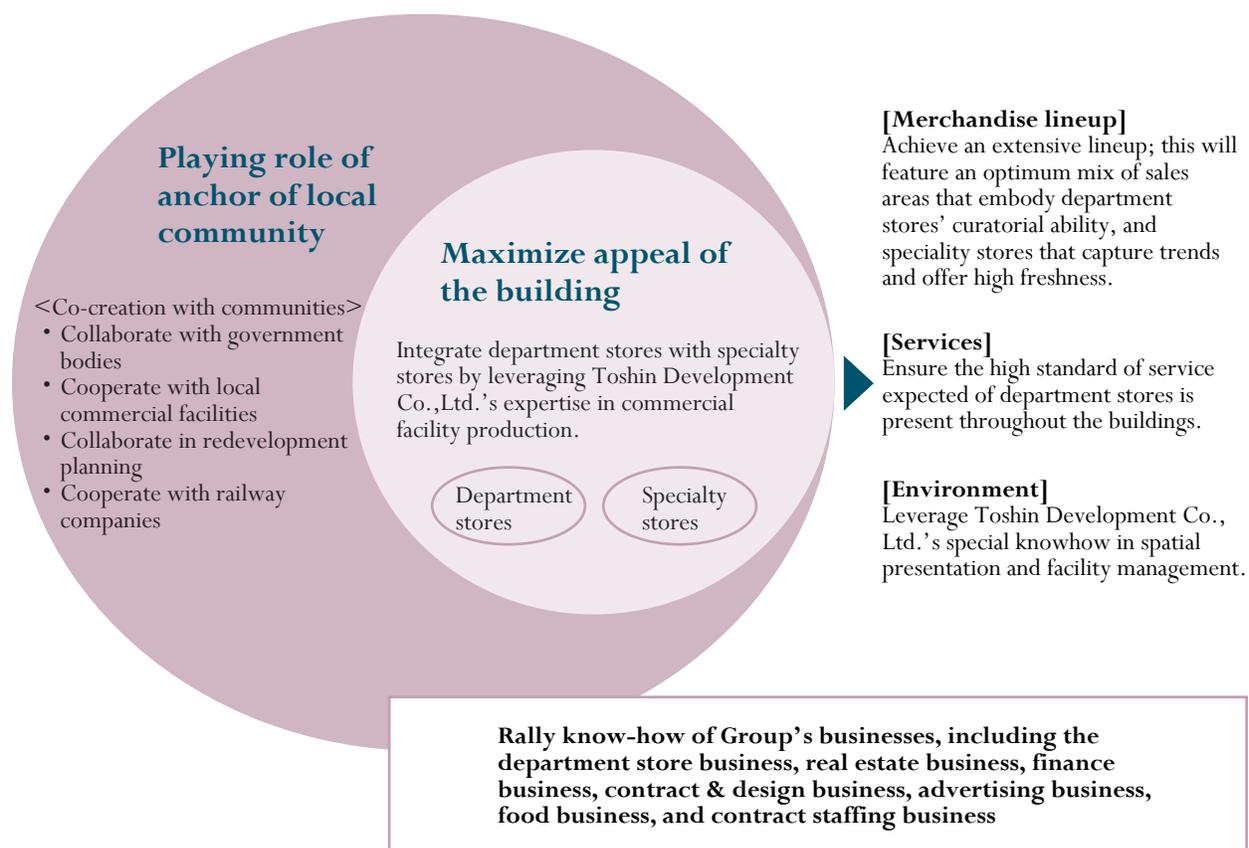
Continual analysis and appraisal aimed at strengthening the functions of the Board of Directors.
 Voluntary nomination and remuneration committees established, outside directors participate in meetings.



TAKASHIMAYA GROUP'S GROWTH STRATEGY "Machi-dukuri"

We promote our "Machi-dukuri" Strategy in pursuit of customer satisfaction by putting together our various types of group-based know-how in areas such as finance and construction, including the commercial production capabilities of Group company, Toshin Development Co., Ltd. Through this "Machi-dukuri" Strategy, we will build our own unique next-generation

commercial facilities that integrate department stores and speciality stores, and strive to maximize the role of anchor stores to attract people to towns, and maximize the appeal of commercial facilities. Currently eight out of twenty of our department stores in Japan and overseas are integrated with speciality stores.



TAKASHIMAYA GROUP'S GROWTH STRATEGY "Machi-dukuri"

<Actual case>

Tamagawa Takashimaya S.C. symbolizes our "Machi-dukuri" strategy. It is Japan's first shopping center which opened about 50 years ago in 1969. We are putting the know-how that we have cultivated since the location opened to use in Nihonbashi Redevelopment Planning which is scheduled for completion in fall 2018. Our unique strength is the demonstration of

our Group's comprehensive strength in making customers our number one priority based on "Putting People First," the management philosophy of Takashimaya and Toshin Development. Taking advantage of this strength, the two companies work as one to continuously improve the appeal of this new commercial facility.

<p>1969</p>  <p>Toshin Development's Tamagawa Takashimaya S.C., Tamagawa store opened</p>	<p>1992</p>  <p>Toshin Development's Kashiwa Station Mall opened</p>	
<p>1993</p>  <p>Takashimaya Singapore S.C. opened</p>	<p>1996</p>  <p>Takashimaya Times Square Shinjuku store opened</p>	

Nihombashi: Autumn 2018: Opening of new annex
Spring 2019: Refurbishment of main building

DEPARTMENT STORE BUSINESSES IN JAPAN

The department store business is the core of our company with more than 80% of group sales. We respond to the diversifying needs of our customers and build trustful with them by providing a wide array of products, from select brand items, jewelry, and art to everyday items, including food products, clothing, and miscellaneous goods, as well as by creating unique Takashimaya stores and improving service.

<Salon le Chic Select>

Salon le Chic Select offers high-end items from world-famous brands which are both genuine and sophisticated. From factory brands featuring high-level craftsmanship to up-and-coming brands for people that have a contemporary feel, our buyers introduce luxury clothing with a focus on clothing and accessories selected using their own judgment.



Salon le Chic Select for Woman

Salon le Chic Select for Man

<Takashimaya Watch Maison>

In recent years, demand for luxury wristwatches has been expanding, especially among customers with discriminating tastes. With this trend in the background, we opened Takashimaya Watch Maison in Tokyo in 2015 and Osaka in 2016 as a watch specialty store boasting one of the largest sales floor spaces in Japan. We satisfy our customers by providing a full product line and creating an attractive sales floor. With our two locations in Tokyo and Osaka, we capture the demand of customers nationwide and aim for sales of 10 billion yen per year.



<Imported Food Products> We convey quality food culture through products as a result of our unique business tie ups with major European food brands.



FAUCHON

Founded in 1886, its high quality, traditional foods are arranged for contemporary tastes and continue to evolve in this “total boutique” that carries high-class foodstuffs from Paris.



PECK

Founded in Milan in 1883, this general foods store from the gourmet nation of Italy is presented as a “total boutique,” mainly in Takashimaya’s larger stores.



Dallmayr

Founded in the 18th century as a high-class foodstuffs shop in Munich, items such as traditional hams, sausages, and beers from the Bayern region are presented, mainly in Takashimaya’s larger stores.



LEROY

Established in 1868, LEROY is a producer and seller of wines of the Burgundy region of France. This famous winery continues to provide high-quality wines that satisfy the most elite of customers.

DEPARTMENT STORE BUSINESSES IN JAPAN

<Airport-style Duty-free Shop>

On April 27, 2017, Takashimaya Duty Free Shop SHILLA & ANA, the first airport-type duty-free shop in Shinjuku, Tokyo, opened on the 11th floor of Takashimaya Times Square. As a commercial facility where you can enjoy shopping, dining and experiences with "one stop" such as duty - free shops, department stores, specialty stores, restaurants, etc., Takashimaya Times Square welcomes foreign tourists visiting Japan as a commercial complex where they can enjoy shopping, dining, and visiting duty-free shops, a department store, specialty shops, restaurants, and other attractions all in one place.



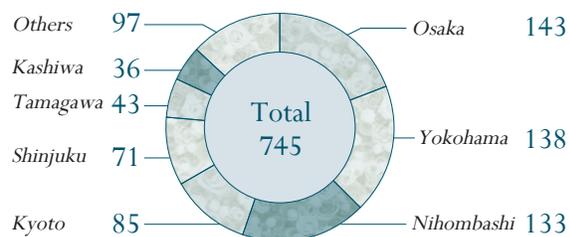
<Cultural Exhibitions>

Takashimaya holds cultural exhibitions which introduce both Japanese and foreign artistic culture. In addition to product sales, the holding of high-quality, enjoyable exhibitions is a very attractive function of our department stores which attracts many visitors.



Cultural Event Hall

Department store sales in Japan (Unit: Billions of yen)



<Net Business>

We are promoting our net business which focuses on the Takashimaya Online Store, our main online site, and Select Square, the Takashimaya Group's mail order fashion site, to enhance customer convenience by allowing them to purchase department store items anytime, anywhere.

Takashimaya Online Store

A shopping site stocked with gift items catering to demand for various types of gifts. It is a comprehensive shopping site which offers a wide range of brands and popular products.

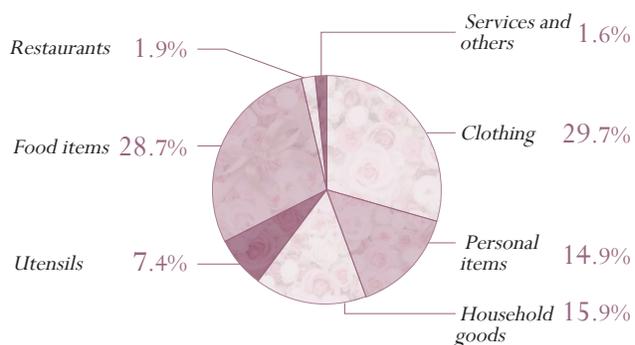


<Out-of-Store Sales Department>

In addition to in-store based sales, Takashimaya offers out-of-store sales that introduces products to customers through individual home visits. The full-time staff provides detailed services for our top customers appropriate for their individual lifestyles.



Sales by category



GROUP BUSINESSES IN JAPAN AND OVERSEAS

In order to widely respond to the diversifying needs of customers, we will utilize our synergy with department stores by putting together and utilizing the know-how and strengths of our domestic group companies, and promote our “Machi-dukuri” strategy throughout the entire group. On the overseas business front, we aim to expand our business areas with a focus on ASEAN countries.

<Toshin Development Co., Ltd. and Toshin Development Singapore Pte. Ltd.>

Toshin Development Co., Ltd. and Toshin Development Singapore Pte. Ltd. promote the operation and development of domestic and overseas shopping centers, including Tamagawa Takashimaya S.C., Nagareyama Otaka-no-Mori S.C., and Saigon Centre in Vietnam. The companies are also involved in Nihonbashi redevelopment planning and similar efforts. We will utilize the retail know-how that we have cultivated through collaboration with department stores to drive the growth of our company.



Nagareyama Otaka-no-Mori S.C.

<Takashimaya Credit Co., Ltd.>

Our financial business Takashimaya Credit Co., Ltd. is expanding its business domain from its current credit card business by further diversifying payment methods and development of cashless services.

In addition, based on the trust with customers built through our department store business, we will also work to strengthen our financial consultation service that seamlessly responds to various financial consultations besides settlement business based consultations. By doing so, we further strengthen trustful relationships with our customers and continue to acquire new ones.



<Takashimaya Space Create Co., Ltd.>

Our Design and interior decoration business Takashimaya Space Create Co., Ltd. continues to improve its business performance based on a favorable business environment which includes rising demand for hotel renovations due to an increase in foreigners visiting Japan as well as the hosting of the 2020 Tokyo Olympic and Paralympic Games.



Sheraton Grande
Ocean Resort guest room
(Miyazaki Prefecture)

GROUP BUSINESSES IN JAPAN AND OVERSEAS

<Takashimaya Singapore>

Takashimaya Singapore serves as the primary tenant of one of Singapore's largest shopping centers centrally located on Orchard Road, Singapore's main street. We utilize the management resources and expertise cultivated over 20 years since the start of this business which will play a central role in future overseas business.



<Shanghai Takashimaya>

Located in the high-class Gubei residential district of Shanghai, this high-class department store is directly connected to Yili Road Station (Line 10, Shanghai Metro).



<Ho Chi Minh City Takashimaya>

Ho Chi Minh City Takashimaya was opened in July 2016 as part of Saigon Centre, a complete one-stop shopping center located in Ho Chi Minh City, Vietnam. The amount of visitors to the store has surpassed expectations and has demonstrated favorable sales. We will continue to provide products and services that meet the needs of local customers so that they will continue their patronage.



<Siam Takashimaya (Bangkok, Thailand)>

Siam Takashimaya will open in Bangkok, Thailand in 2018 as an anchor tenant in the shopping mall ICONSIAM, which is one of the biggest large-scale mixed development projects in Thailand. We will work on creating next-generation commercial facilities in Bangkok in partnership with Iconsiam Company Limited, a leading local business.



LONG-TERM BUSINESS PLAN OF THE TAKASHIMAYA GROUP

Through the Takashimaya Group Long-term Plan, we intend to expand our domestic department stores, domestic group companies, and overseas business with a focus on our “Machi-dukuri” strategy, which is the Takashimaya Group’s top strategy.

We are aiming to achieve an operating revenue of 1 trillion yen in FY 2021 and an operating income of 50 billion yen, and realize top industry standard in profitability, efficiency, and safety.

Takashimaya’s Organizational Structure

	FY2016	FY2021	Change from FY2016
Operating Revenue	923.6 billion yen	1 trillion yen	+76.4 billion yen
Operating Income	34 billion yen	50 billion yen	+16 billion yen
ROE	5.1%	>7%	+2%
ROA	3.8%	4.6%	+0.8%
Capital-to-asset ratio	41.8%	48%	+6%
Operating cash flow	270 billion yen		
Investment cash flow	-310 billion yen		
Financial cash flow	10 billion yen		

CSR

The Takashimaya Group contributes to the realization of a sustainable society rooted in local communities based on its management philosophy “Putting People First.” We will fulfill our responsibilities and provide value in our relationships with customers, shareholders, business partners, local communities, employees, and everyone else around us.

<Peace of Mind and Safety of Our Customers>

We will work together with our business partners on consumer protection, such as safety and security management of food and management of personal information. Moreover, we are promoting the improvement of the environments of facilities to make them more comfortable and the enhancement of our service so that anyone can enjoy shopping.

<Our Employees>

We will create an environment where employees can work ambitiously with our Diversity Promotion Office, which was newly established this fiscal year, taking a central role.

<Social Contribution>

From the viewpoint of solving social problems, we are continuing our social contribution activities, such as periodic support of the United Nations World Food Program and the disaster area support.



CONSOLIDATED BALANCE SHEETS

Takashimaya Company, Limited and Consolidated Subsidiaries
February 28, 2017 and February 29, 2016

ASSETS	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Current assets:			
Cash and deposits	¥107,159	¥75,488	\$952,017
Marketable securities	2,000	2,004	17,768
Notes and accounts receivable:			
Trade	120,966	118,037	1,074,680
Non-consolidated subsidiaries and affiliated companies	1,762	1,217	15,654
Other	22,050	24,045	195,896
Less: Allowance for doubtful accounts	(337)	(431)	(2,994)
	144,441	142,868	1,283,236
Inventories	45,050	46,152	400,231
Deferred tax assets	9,459	9,309	84,035
Other current assets	17,391	14,804	154,504
Total current assets	325,500	290,625	2,891,791
Investments and advances:			
Investment securities	42,375	50,307	376,466
Investments in and advances to:			
Non-consolidated subsidiaries and affiliated companies	46,940	52,244	417,022
Other	13,079	15,268	116,196
Less: Allowance for doubtful accounts	(2,455)	(2,580)	(21,811)
	57,564	64,932	511,407
Total investments and advances	99,939	115,239	887,873
Property, plant and equipment:			
Land	230,387	231,175	2,046,793
Buildings and structures	393,047	391,776	3,491,889
Equipment and fixtures	34,256	32,926	304,335
Lease assets	6,158	6,234	54,708
Construction in progress	6,623	3,153	58,840
	670,471	665,264	5,956,565
Less: Accumulated depreciation	(256,768)	(247,957)	(2,281,165)
Total property, plant and equipment	413,703	417,307	3,675,400
Leasehold and other deposits	31,893	33,151	283,342
Goodwill	193	405	1,715
Deferred tax assets	8,256	9,772	73,348
Other assets	106,980	107,922	950,426
Total assets	¥986,464	¥974,421	\$8,763,895

Exchange rate at February 28, 2017 was JPY112.56 to USD1.00.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Current liabilities:			
Short-term bank loans	¥5,947	¥5,887	\$52,834
Current portion of long-term debt	3,060	11,300	27,186
Notes and accounts payable:			
Trade	95,951	98,276	852,443
Non-consolidated subsidiaries and affiliated companies	5,370	5,088	47,708
Other	21,894	18,700	194,510
	123,215	122,064	1,094,661
Accrued income taxes	5,598	10,045	49,733
Accrued expenses	3,386	3,135	30,082
Allowance for directors' and corporate auditors' bonuses	46	36	409
Gift certificates outstanding	51,703	52,300	459,337
Advances received	91,852	82,954	816,027
Employees' saving deposits	15,240	15,239	135,394
Allowance for Point Gift Certificates	2,510	3,233	22,299
Allowance for loss on repair construction of building	2,160	582	19,190
Other current liabilities	15,076	18,308	133,937
Total current liabilities	319,793	325,083	2,841,089
Long-term debt	146,255	137,413	1,299,351
Deposits from tenants	24,867	23,486	220,922
Net defined benefit liability	58,252	61,875	517,520
Allowance for directors' and corporate auditors' retirement benefits	265	371	2,354
Deferred tax liabilities	45	50	400
Deferred tax liabilities related to land revaluation	6,880	7,117	61,123
Long-term accounts payable	1,263	1,053	11,221
Asset retirement obligations	1,867	1,804	16,587
Allowance for environmental measures	420	366	3,731
Allowance for loss on repair construction of building	3,767	5,273	33,467
Other long-term liabilities	900	3,144	7,996
Total liabilities	564,574	567,035	5,015,761
Contingent liabilities			
Net assets			
Shareholders' equity:			
Common stock	66,025	66,025	586,576
Authorized: 600,000 thousand shares			
Issued: 355,518,963 shares in 2017			
355,518,963 shares in 2016			
Capital surplus	55,086	55,086	489,392
Retained earnings	265,033	249,145	2,354,593
Less: Treasury stock, at cost: 6,036,312 shares in 2017			
6,028,353 shares in 2016	(6,160)	(6,153)	(54,726)
Total shareholders' equity	379,984	364,103	3,375,835
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	15,921	17,277	141,445
Deferred gains or losses on hedges	1	(15)	9
Revaluation reserve for land	7,146	6,908	63,486
Foreign currency translation adjustment	8,511	11,884	75,613
Remeasurements of defined benefit plans	662	(1,230)	5,881
Total accumulated other comprehensive income	32,241	34,824	286,434
Non-controlling interests in consolidated subsidiaries:	9,665	8,459	85,865
Total net assets	421,890	407,386	3,748,134
Total liabilities and net assets	¥986,464	¥974,421	\$8,763,895

Exchange rate at February 28, 2017 was JPY112.56 to USD1.00.

CONSOLIDATED STATEMENTS OF INCOME

Takashimaya Company, Limited and Consolidated Subsidiaries
Years ended February 28, 2017 and February 29, 2016

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Sales and other operating revenue			
Net sales	¥860,762	¥865,890	\$7,647,139
Other operating revenue	62,840	63,699	558,280
	923,602	929,589	8,205,419
Operating expenses:			
Cost of sales	648,765	651,011	5,763,726
Selling, general and administrative expenses	240,836	245,605	2,139,623
	889,601	896,616	7,903,349
Operating income	34,001	32,973	302,070
Other income (expenses):			
Interest and dividend income	1,648	1,743	14,641
Interest expenses	(631)	(777)	(5,606)
Gain (loss) on sale and disposal of property, plant and equipment, net	(3,388)	(3,911)	(30,100)
Gain (loss) on sale of securities, net	5,274	13,734	46,855
Impairment loss	(4,588)	—	(40,760)
Loss on repair construction of building	—	(6,041)	—
Gain (loss) on liquidation of gift certificates outstanding, net	(15)	23	(133)
Equity in gain of affiliated companies	2,337	2,990	20,762
Gain on liquidation of affiliated companies	877	—	7,791
Exchange gain (loss), net	(48)	(24)	(426)
Other, net	(864)	742	(7,676)
	602	8,479	5,348
Income before income taxes	34,603	41,452	307,418
Income taxes			
Current	10,779	15,494	95,762
Deferred	2,244	1,687	19,936
	13,023	17,181	115,698
Net income	21,580	24,271	191,720
Net income attributable to non-controlling interests	(710)	(441)	(6,308)
Net income attributable to owners of parent	¥20,870	¥23,830	\$185,412

Exchange rate at February 28, 2017 was JPY112.56 to USD1.00.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Takashimaya Company, Limited and Consolidated Subsidiaries
Years ended February 28, 2017 and February 29, 2016

	Millions of yen		Thousands of U.S. dollars
	2017	2016	2017
Cash flows from operating activities:			
Income before income taxes	¥34,603	¥41,452	\$307,418
Depreciation	19,421	19,768	172,539
Impairment loss	4,588	—	40,760
Amortization of goodwill	114	113	1,013
Increase (decrease) in allowance for doubtful accounts	(215)	(112)	(1,910)
Increase (decrease) in net defined benefit liability	(868)	(1,874)	(7,711)
Increase (decrease) in provision for directors' retirement benefits	(106)	60	(942)
Increase (decrease) in provision for point card certificates	(725)	(19)	(6,441)
Increase (decrease) in allowance for loss on repair construction of building	73	5,855	648
Interest and dividend income	(1,648)	(1,743)	(14,641)
Interest expenses	631	777	5,606
Share of (profit) loss of entities accounted for using equity method	(2,337)	(2,990)	(20,762)
Loss (gain) on sales of property and equipment, net	(111)	—	(986)
Loss on retirement of property and equipment	1,583	1,751	14,064
Loss (gain) on sales of short-term and long-term investment securities	(5,274)	(13,734)	(46,855)
Loss (gain) on sales of shares of subsidiaries and associates	893	—	7,933
Gain on liquidation of affiliated companies	(877)	—	(7,791)
Decrease (increase) in notes and accounts receivable-trade	(2,448)	1,727	(21,748)
Decrease (increase) in inventories	1,043	(3,821)	9,266
Increase (decrease) in notes and accounts payable-trade	(1,918)	2,669	(17,040)
Other	9,929	(11,507)	88,211
Subtotal	56,351	38,372	500,631
Interest and dividend income received	2,968	3,120	26,368
Interest expenses paid	(600)	(813)	(5,331)
Income taxes paid	(16,453)	(15,041)	(146,171)
Net cash provided by (used in) operating activities	42,266	25,638	375,497
Cash flows from investing activities:			
Payments into time deposits	(3,639)	(1,913)	(32,329)
Proceeds from withdrawal of time deposits	2,102	1,238	18,674
Purchase of short-term and long-term investment securities	(2,116)	(4,080)	(18,799)
Proceeds from sales and redemption of short-term and long-term investment securities	13,083	11,420	116,231
Proceeds from sales of shares of subsidiaries and associates	1,610	—	14,303
Proceeds from liquidation of subsidiaries and associates	1,444	—	12,829
Purchase of property, plant and equipment and intangible assets	(21,792)	(23,647)	(193,603)
Proceeds from sales of property, plant and equipment and intangible assets	236	—	2,097
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	741	—
Other	(53)	159	(471)
Net cash provided by (used in) investing activities	(9,125)	(16,082)	(81,068)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	60	—	533
Proceeds from long-term loans payable	16,500	22,600	146,589
Repayment of long-term loans payable	(15,800)	(31,421)	(140,370)
Purchase of treasury shares	(7)	(5,590)	(62)
Cash dividends paid	(4,194)	(3,870)	(37,260)
Other	(788)	(958)	(7,001)
Net cash provided by (used in) financing activities	(4,229)	(19,239)	(37,571)
Effect of exchange rate changes on cash and cash equivalents	(2,613)	(3,278)	(23,214)
Net decrease (increase) in cash and cash equivalents	26,299	(12,961)	233,644
Cash and cash equivalents at beginning of year	73,537	86,498	653,314
Increase in cash and cash equivalents from newly consolidated subsidiaries	3,929	—	34,906
Cash and cash equivalents at end of year	¥103,765	¥73,537	\$921,864

Exchange rate at February 28, 2017 was JPY112.56 to USD1.00.

