# Takashimaya Company, Limited

Takashimaya Reports Earnings for the Six Months Ended August 31, 2016

Tokyo, Japan October 7, 2016—Takashimaya Company, Limited (TSE Security Code 8233) announced consolidated operating revenue of 443,321 million yen for the first quarter (ended August 31, 2016) of the fiscal year ending February 28, 2017, and profit attributable to owners of parent of 8,477 million yen, or 21.33 yen per diluted share.

## **Summary of Operating Results**

During the cumulative consolidated second quarter (March 1 - August 31, 2016), the Japanese economy experienced a moderate recovery while weakness could be seen in some areas. The Department Stores segment generally performed well. However, it is difficult to make firm forecasts about the future owing to factors such as concerns about the impact of the British electorate's decision to leave the EU.

Against this backdrop, the Takashimaya Group made efforts to improve its performance. For example, with a view to maximizing the appeal of its buildings and their surroundings, it advanced the Machi-dukuri Strategy by leveraging the expertise of Toshin Development Co., Ltd., a group company that manages co-creation projects with local communities and the group's real estate, particularly with respect to department stores.

Consequently, total consolidates sales and other operating revenue for Takashimaya Group was 443,321 million yen (down 1.4% compared with the corresponding period of the previous fiscal year). Consolidated operating income was 13,777 million yen (down 0.3% compared with the corresponding period of the previous fiscal year), consolidated ordinary income was 15,055 million yen (down 7.1% compared with the corresponding period of the previous fiscal year), and consolidated profit attributable to owners of parent was 8,477 million yen (down 23.2% compared with the corresponding period of the previous fiscal year).

Operating performance by segment is discussed below.

### **Department Stores**

The Department Stores segment reported strong sales in tax-free sales, primarily in cosmetics. This result was due to the success of sales strategies aimed at further capitalizing on the shift in overseas visitors' needs from high price items to everyday goods. Examples of these strategies include the introduction of an electronic payment system to increase customer convenience, and collaboration with a leading Chinese online travel agency.

The summer clearance sales commenced on July 1, one week earlier than the previous year. This move prompted an across-the-board customer attraction effect that overlapped with the peak of the midyear gift season (chugen), leading to strong sales.

Shinjuku Store, Tamagawa Store, and Konandai Store collaborated with Toshin Development Co., Ltd. to advance the Machi-dukuri Strategy. Regarding Shinjuku Store, following the redevelopment of Shinjuku Station's New South Gate, Takashimaya Times Square experienced an increase in customers throughout the store, and strong sales, particularly in its newly refurbished food area. Tamagawa Store, the core shopping center tenant, saw an increase in revenue. Konandai Store underwent a refurbishment from the first basement floor to the third floor in preparation for the opening of specialist store Nitori. The store, by integrating department store with specialist store, worked to draw out and enhance the appeal of the store as a whole and the surrounding area. As for Kyoto Store, the store created a buzz with a refurbishment of its food area, and the opening in May of an accessory annex which showcases the elegance of Kyoto.

Regarding the promotion of omni-channels, the segment made efforts to enhance the product lineup on the online store, focusing on distinctive merchandise such as Japanese and Western liquor and Meika-Hyakusen (selection of famous sweets), and it also took steps to better connect the stores online.

Regarding alliances with other companies, Takashimaya worked with NTT DOCOMO to strengthen the two companies' business alliance, which commenced in April. Both companies undertook coordinated steps to implement a new customer-acquisition initiative targeting NTT DOCOMO's "d POINT CLUB," which comprises approximately 58 million individuals.

In terms of attracting customers, the segment attracted a wide range of customers by holding an exhibition celebrating a comedy program which ran for 50 years. The exhibition was held in Osaka Store, Kyoto Store, Nihonbashi Store, and Yokohama Store.

Regarding the situation overseas, Takashimaya Singapore Ltd. refurbished its luxury brands sales area on the first and second floor, refurbished other sales areas in response to customer feedback, pursued a house card strategy, and improved the way that it deals with overseas tourists. However, the store recorded a decrease in profits and revenues. This result was due to a number of factors, including the deterioration of Singapore's economy and retail environment, a temporary slump in consumer spending in the wake of Britain's decision to leave the EU, and the impact of the appreciating yen on the exchange rate.

As for Shanghai Takashimaya, the store continued to overhaul its food sales area and other sales areas, enlarged its Japanese-Goods Store, which showcases Japanese culture and sells Japanese made products, and worked to expand its customer base by linking its online store with the products exhibited in the Japanese-Goods Store. These efforts bore fruit in terms of increased visitors and increased sales on a local currency basis, a notable result considering that other major department stores in Shanghai are struggling. However, with the impact of the appreciating yen on the exchange rate, the store recorded decreased revenue on a yen basis.

Consequently, sales and other operating revenue in the Department Stores segment were 384,596 million yen (down 1.8% compared with the corresponding period of the previous year), and operating income was 4,757 million yen (down 11.3% compared with the corresponding period of the previous fiscal year).

### **Real Estate**

In the Real Estate segment, Toshin Development Co., Ltd. pursued the Machi-dukuri initiative as a groupwide initiative at home and overseas. In Japan, Toshin Development used digital signage to better reach out to visitors to the Tamagawa area, and worked with commercial facilities in the surrounding area to provide free parking spaces. In this way, Toshin Development worked to improve customer traffic in the area as a whole, and thereby attract more customers to stores. As for overseas real estate, the segment pursued a site generation-focused Machi-dukuri strategy. As part of this approach, it opened the Saigon Centre in July 30 along with the department store.

Toshin Development Singapore Pte. Ltd., which operates the shopping center Takashimaya Singapore Ltd., worked to increase rent income, primarily by refurbishing the third floor. While it achieved an increase in revenue and profits on a local currency basis, on a yen basis, it recorded increased profits but lower revenues owing to the impact of the high yen.

Consequently, sales and other operating revenue were 21,109 million yen (up 1.1% compared with the corresponding period of the previous fiscal year) and operating income was 5,426 million yen (up 7.9% compared with the corresponding period of the previous fiscal year).

#### Finance

In the Finance segment, Takashimaya Credit Co., Ltd. worked collaboratively with department stores to acquire new members and promote use of the card, and it endeavored to improve commission revenue by increasing the number of members and the amount of card transactions. Regarding selling expenses, the segment worked to make effective use of advertising expenses and other such expenses. As a result, the segment reported an increase in revenue and profits.

Consequently, sales and other operating revenue were 6,717 million yen (up 5.7% compared with the corresponding period of the previous fiscal year) and operating income was 2,302 million yen (up 5.4% compared with the corresponding period of the previous fiscal year).

### **Contract & Design**

In the Contract & Design segment, Takashimaya Space Create Co., Ltd. benefited from favorable conditions in the construction market. It received strong orders for hotels and similar accommodation facilities, resulting in an increase in revenue and profits.

Consequently, sales and other operating revenue were 14,235 million yen (up 1.6% compared with the corresponding period of the previous fiscal year) and operating income was 864 million yen (up 13.5% compared with the corresponding period of the previous fiscal year).

## Other

The Cross Media Division made efforts to improve its revenue and earnings. It secured strong sales for the net media business and food delivery business, and it revised its catalogue media policies with a view to reducing costs.

Consequently, sales and other operating revenue in the ross Media Division and other segments was 16,663 million yen (down 1.5% compared with the corresponding period of the previous fiscal year) and operating income was 447 million yen (up 17.4% compared with the corresponding period of the previous fiscal year).

This document is not subject of quarterly review procedures based on the Financial Instruments and Exchange Act.

At the time of disclosure of this document, review procedures of quarterly consolidated financial statements based on the Financial Instruments and Exchange Act had not been completed.

As of As of Consolidated quarterly balance sheets February 29, 2016 August 31, 2016 Assets Current assets Cash and deposits 75,487 104,531 Notes and accounts receivable-trade 119,174 126,794 Securities 2,003 3,000 Merchandise and finished goods 41,119 41,168 Work in process 3,947 4,075 Raw materials and supplies 1,036 1,135 35,868 Other 48,238 Allowance for doubtful accounts (430) (427) 290,625 316,096 Current assets Non-current assets Property, plant and equipment 169,489 Buildings and structures, net 171,610 Land 231,174 231,079 Other, net 14,522 15,241 Property, plant and equipment 417,307 415,810 Intangible assets Leasehold right 93,712 93,712 Goodwill 404 347 14,210 Other 13,505 Intangible assets 108,327 107,564 Investments and other assets Investment securities 102,550 85,725 Guarantee deposits 33,151 32,123 Other 25,040 23,531 Allowance for doubtful accounts (2,579) (2,582) Investments and other assets 158,161 138,798 Non-current assets 683,795 662,174 Assets 974,421 978,270

(million yen)

|   | As of                | As of           |
|---|----------------------|-----------------|
|   | February 29, 2016    | August 31, 2016 |
| Liabilities   | 1 contail ( 20, 2010 | 114845001,2010  |
| Current liabilities                                   |                      |                 |
| Notes and accounts payable-trade                      | 103.363              | 103,026         |
| Short-term loans payable                              | 17,187               | 22,587          |
| Income taxes payable                                  | 10,045               | 5,051           |
| Advances received                                     | 82,954               | 88,136          |
| Gift certificates                                     | 52,299               | 52,214          |
| Provision for point card certificates                 | 3,233                | 3,249           |
| Allowance for loss on repair construction of building | 581                  | 1,398           |
| Other   | 55,417               | 53,130          |
| Current liabilities                                   | 325,082              | 328,794         |
| Non-current liabilities                               |                      | , ,             |
| Bonds payable   | 75,307               | 75,258          |
| Long-term loans payable                               | 62,105               | 70,055          |
| Asset retirement obligations                          | 1,804                | 1,787           |
| Net defined benefit liability                         | 61,875               | 60,837          |
| Provision for directors' retirement benefits          | 371                  | 235             |
| Provision for environmental measures                  | 366                  | 354             |
| Allowance for loss on repair construction of building | 5,273                | 4,384           |
| Other   | 34,848               | 33,074          |
| Non-current liabilities                               | 241,951              | 245,987         |
| Liabilities   | 567,034              | 574,782         |
| Net assets  |                      | ,               |
| Shareholders' equity                                  |                      |                 |
| Capital stock   | 66,025               | 66,025          |
| Capital surplus                                       | 55,085               | 55,085          |
| Retained earnings                                     | 249,145              | 254,737         |
| Treasury shares                                       | (6,153)              | (6,155)         |
| Shareholders' equity                                  | 364,102              | 369,692         |
| Valuation and translation adjustments                 |                      |                 |
| Valuation difference on available-for-sale securities | 17,277               | 13,413          |
| Deferred gains or losses on hedges                    | (14)                 | (10)            |
| Revaluation reserve for land                          | 6,907                | 7,145           |
| Foreign currency translation adjustment               | 11,883               | 4,888           |
| Remeasurements of defined benefit plans               | (1,229)              | (934)           |
| Valuation and translation adjustments                 | 34,824               | 24,502          |
| Non-controlling interests                             | 8,458                | 9,293           |
| Net assets  | 407,386              | 403,488         |
| Liabilities and net assets                            | 974,421              | 978,270         |

(million yen)

| Six monthsSix months<br>endedConsolidated quarterly statements of (comprehensive) incomeAugus 31, 2015Operating revenue449,782Hassa443,321Net sales314,150Sost of sales314,150Gost of sales314,150Other operating revenue31,492Advertising evenue31,492Selling, general and administrative expenses156,511Advertising expenses12,400Advertising expenses12,400Advertising expenses12,400Provision of point card certificates1,700Provision of allowance for doubful accounts101BDirectors' compensations, salaries and allowances2,357Reit expenses on real estates13,812Non-operating income13,820Interest income283Dividend income645Shore operating income2,933Interest income2,933Dividend income540Other141,919Orber141Other2,933Austra of profit of entities accounted for using equity method1,255Interest expenses426Interest expenses440Interest expenses4,197Interest expenses4,197Interest expenses4,197Interest expenses4,197Interest expenses4,213Interest expenses4,26Interest expenses4,26Interest expenses4,26Interest expenses4,26                                 | Takasiningya reports Earnings for the Six Month's Ended Magast 51, 2010 |            | (million yen) |
|---|---|------------|---------------|
| endedendedConsolidated quarterly statements of (comprehensive) incomeAugust 31, 2016Operating revenue449,782Net sales418,289Cost of sales314,150Gost of rales314,492Gost of rales314,492Gost of sales114,139If (loss)104,139Operating gross profit (loss)134,692Selling, general and administrative expenses124,90Advertising expenses124,90Advertising expenses101Boricot or point card certificates1,700It is provision of allowance for doubful accounts101Boricot or compensations, salaries and allowances32,579Selling, general and administrative expenses2,385Retirement benefit expenses2,385Retirement benefit expenses121,811Other54,241Operating income13,820Interest income280Dividend income122,851Interest income2,933Dividend income2,933Other114Other-Gain on sales of investment securities-Non-operating income-Interest expenses340Interest expenses-Interest expenses-Other-Other-Interest expenses-Interest expenses-Other-Interest expenses-Other-Other-Interes  |   | Six months | -             |
| Consolidated quarterly statements of (comprehensive) income     August 31, 2015     August 31, 2016       Operating revenue     449,782     443,321       Net sales     314,150     309,0611       Gross profit (loss)     104,139     100,154       Operating revenue     31,492     32,163       Operating revenue     31,492     32,163       Operating revenue     31,492     32,163       Operating revenue     12,490     11,656       Provision for point card certificates     101     83       Provision of allowance for doubtful accounts     101     83       Directors' compensations, salaries and allowances     32,357     32,335       Retirement benefit expenses     2,385     1,976       Ret expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income     2,803     13,80       Other     124,811     119,932       Non-operating income     2,933     2,584       Non-operating income <td< td=""><td></td><td></td><td></td></td<> |   |            |               |
| Operating revenue     449,782     443,321       Net sales     418,289     411,158       Cost of sales     314,150     309,611       Gross profit (loss)     104,139     101,546       Other operating revenue     31,492     32,163       Operating gross profit (loss)     135,631     133,710       Selling, general and administrative expenses     12,490     11,656       Advertising expenses     1,2400     1,633       Provision for point card certificates     1,700     1,633       Director's compensations, salaries and allowances     32,579     32,335       Reit expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     13,820     13,877       Not-operating income     2,803     13,877       Interest income     2,800     318       Dividend income     2,933     2,584       Non-operating expenses     2,933     2,584       Interest expenses     2,603     31,602       Interest expenses     4266     337  | Consolidated quarterly statements of (comprehensive) income             |            |               |
| Net sales     418,289     411,158       Cost of sales     314,150     309,011       Gross profit (loss)     104,139     101,546       Operating gross profit (loss)     31,492     32,163       Operating gross profit (loss)     135,710     Selling, general and administrative expenses     12,490     11,656       Provision of allowance for doubtful accounts     101     83     Bit compositions, salaries and allowances     32,325     32,335       Retirement benefit expenses     12,381     18,074     Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932     Operating income (loss)     13,820     13,777       Retercement benefit expenses     121,811     119,932     Operating income     280     318       Dividend income     280     318     Dividend income     2093     2,884       Non-operating income     144     191     Non-operating income     -772     455       Non-operating income     144     191     Non-operating expenses     426     337       Foreign exchange losses     -             | • •   | -          | -             |
| Cost of sales     314,150     309,611       Gross profit (loss)     104,139     101,546       Operating gross profit (loss)     135,631     133,710       Selling, general and administrative expenses     1,700     1,656       Provision for point card certificates     1,700     1,633       Provision for point card certificates     1,700     1,633       Directors' compensations, salaries and allowances     32,579     32,335       Reit expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     12,1811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     280     318       Dividend income     280     318       Other     752     455       Non-operating income     2,933     2,584       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Foreign exchange losses     -     776       Other     1144     191  N   |   |            | 411,158       |
| Gross profit (loss)     104,139     101,546       Other operating revenue     31,492     32,163       Operating gross profit (loss)     135,563     133,710       Selling, general and administrative expenses     12,490     11,656       Provision for point card certificates     1,700     1,633       Provision of allowance for doubtful accounts     101     83       Directors' compensations, salaries and allowances     23,579     32,335       Retirement benefit expenses     2,385     1,976       Ret expenses on real estates     13,820     13,820       Orber     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,770       Non-operating income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Interest ex                             | Cost of sales   |            |               |
| Other operating revenue     31,492     32,163       Operating gross profit (loss)     133,631     133,710       Selling, general and administrative expenses     12,490     11,656       Provision for point card certificates     11,700     1,633       Protectors' compensations, salaries and allowances     32,579     32,335       Reitrement benefit expenses     2,385     1,976       Rent expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     280     318       Dividend income     280     318       Dividend income     280     318       Dividend income     2,933     2,584       Non-operating expenses     426     337       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     4167     -   | Gross profit (loss)   |            |               |
| Operating gross profit (loss)     135,631     133,710       Selling, general and administrative expenses     12,490     11,656       Provision for point card certificates     1,700     1,633       Provision for point card certificates     101     83       Directors' compensations, salaries and allowances     22,579     32,335       Refirement benefit expenses     21,811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     13,820     13,777       Non-operating income     280     318       Dividend income     645     6600       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     4,53     1,505       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating income     540     1,306       Other     -     776       Other     -     776       Other     -     114     191   | -   | 31,492     |               |
| Selling, general and administrative expenses     12,490     11,656       Provision of point card certificates     1,700     1,633       Provision of allowance for doubtful accounts     101     83       Directors' compensations, salaries and allowances     2,2579     32,335       Retirement benefit expenses     2,385     1,976       Rent expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income     280     318       Dividend income     280     318       Dividend income     2455     1,149       Other     752     455       Non-operating income     2,933     2,584       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating income     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     876       State subsidy <td></td> <td>135,631</td> <td>133,710</td>  |   | 135,631    | 133,710       |
| Advertising expenses     12.490     11.656       Provision for point card certificates     1,700     1.633       Provision of allowance for doubful accounts     101     83       Directors' compensations, salaries and allowances     32,579     32,335       Reit expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income     13,820     13,777       Non-operating income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Foreign exchange losses     -     -       Other     114     191       Non-operating expenses     426     337       Foreign exchange losses     -     -     776       Other     114     191     Non-operating e   | Selling, general and administrative expenses                            |            |               |
| Provision of allowance for doubtful accounts     101     83       Directors' compensations, salaries and allowances     32,579     32,335       Retirement benefit expenses     2,385     1,976       Rent expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,820       Interest income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2933     2,584       Non-operating expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     5400     1,306       Ordinary income     -     876       State subsidy     -     1162       Other     -     110       Extraordinary income     - <td></td> <td>12,490</td> <td>11,656</td>   |   | 12,490     | 11,656        |
| Directors' compensations, salaries and allowances     32,579     32,335       Reitrement benefit expenses     2,385     1,976       Rent expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1.306       Ordinary income     -     776       Other     -     1760       Gain on sales of investment securities     -     876       State subsidy     -  | Provision for point card certificates                                   | 1,700      | 1,633         |
| Retirement benefit expenses     2,385     1,976       Rent expenses on real estates     18,312     18,074       Other     54,241     54,172       Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     280     318       Dividend income     645     6600       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     -     776       Interest expenses     426     337       Foreign exchange losses     -     -       Ordnary income (loss)     16,213     15,055       Extraordinary income     -     -     114       Other     -     116     -       Gai on sales of investment securities     4,197     -     126       Other     -     110     -     110       Extraordinary income     -     16,029   | Provision of allowance for doubtful accounts                            | 101        | 83            |
| Rent expenses on real estates     18,312     18,074       Other     54,241     54,171       Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     280     318       Interest income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating expenses     2,933     2,584       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income     -     776       Gain on sales of investment securities     4,197     -       Gain on sales of investment securities     -     876       State subsidy     -     126     1440       Loss on retirement of non-current assets     1,629     1,440       Loss on retirement  | Directors' compensations, salaries and allowances                       | 32,579     | 32,335        |
| Rent expenses on real estates     18,312     18,074       Other     54,241     54,171       Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     280     318       Interest income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating expenses     2,933     2,584       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income     -     776       Gain on sales of investment securities     4,197     -       Gain on sales of investment securities     -     876       State subsidy     -     126     1440       Loss on retirement of non-current assets     1,629     1,440       Loss on retirement  | Retirement benefit expenses   | 2,385      | 1,976         |
| Selling, general and administrative expenses     121,811     119,932       Operating income (loss)     13,820     13,777       Non-operating income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Interest expenses     426     337       Foreign exchange losses     -     -       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       State subsidy     -     126       Other     -     110     Extraordinary income     -       Gain on sales of investment securities     -     16,29     1,440       Loss on retirement of non-current assets     1,629     1,440       Loss on sales of shares of subsidiaries and associates     -     892       Other     -     1668 </td <td></td> <td>18,312</td> <td>18,074</td>   |   | 18,312     | 18,074        |
| Operating income (loss)     13,820     13,777       Non-operating income     280     318       Interest income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating expenses     2,933     2,584       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     16,213     15,055       Extraordinary income     -     876       Gain on sales of investment securities     4,197     -       Gain on sales of investment securities     -     110       Extraordinary income     -     110       Extraordinary losses     -     820       Uber     -     126       Other     -     110       Extraordinary losses     -     820       Uber     -     892       Other     -     89   | Other   | 54,241     | 54,172        |
| Non-operating income     280     318       Dividend income     280     318       Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     876       Gain on sales of investment securities     -     876       Other     -     110     Extraordinary income     -     110       Extraordinary income     -     110     -     110       Extraordinary losces     -     892     0       Uber on retirement of non-current assets     1,629     1,440     1,668     2,459       Income (loss) before income taxes     18,741     13,709     162  | Selling, general and administrative expenses                            | 121,811    | 119,932       |
| Interest income     280     318       Dividend income     645     6600       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     876       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126     0ther       Utser of investment securities and associates     -     8876       State subsidy     -     126     0ther       Utser of shares of subsidiaries and associates     -     892       Other     39     126     1440       Loss on retirement of non-current assets     1,668     2,459 <   | Operating income (loss)   | 13,820     | 13,777        |
| Dividend income     645     660       Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     786       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126     0       Other     -     110     111       Extraordinary income     -     126     0       Other     -     126     0     -     126       Other     -     110     1113     127     113       Extraordinary income     -     892     140     126     1440   | Non-operating income  |            |               |
| Share of profit of entities accounted for using equity method     1,255     1,149       Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     876       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126     0       Other     -     110     111       Extraordinary income     4,197     1,113       Extraordinary losses     -     882       Loss on retirement of non-current assets     1,629     1,440       Loss on sales of shares of subsidiaries and associates     -     892       Other     -     39     126 <td< td=""><td>Interest income</td><td>280</td><td>318</td></td<>  | Interest income   | 280        | 318           |
| Other     752     455       Non-operating income     2,933     2,584       Non-operating expenses     426     337       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     786       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126     0ther     -     110       Extraordinary income     -     110     -     113     137       Extraordinary income     -     16,629     1,440     1,539     126       Other     -     39     126     1,668     2,459       Income (loss) before income taxes     18,741     13,709     1,668     2,459       Income (loss) before income taxes     18,741     13,709     11,679 <t< td=""><td>Dividend income</td><td>645</td><td>660</td></t<>  | Dividend income   | 645        | 660           |
| Non-operating income     2,933     2,584       Non-operating expenses     426     337       Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     876       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126     0ther       Other     -     110     Extraordinary income     4,197     1,113       Extraordinary losses     -     892     0ther     39     126       Extraordinary losses     -     892     0ther     39     126       Extraordinary losses     1,668     2,459     1.668     2,459       Income (loss) before income taxes     18,741     13,709     1.668     2,434       Income taxes-curerent     6,624     4,234   | Share of profit of entities accounted for using equity method           | 1,255      | 1,149         |
| Non-operating expensesInterest expenses426337Foreign exchange losses-776Other114191Non-operating expenses5401,306Ordinary income (loss)16,21315,055Extraordinary income-876State subsidy-126Other-110Extraordinary income-110Extraordinary income-110Extraordinary income-110Extraordinary income1,6291,440Loss on retirement of non-current assets1,6291,440Loss on sales of subsidiaries and associates-892Other39126126Extraordinary losses-892Income (loss) before income taxes18,74113,709Income taxes-deferred679620Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | Other   | 752        | 455           |
| Interest expenses     426     337       Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     786       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126       Other     -     110       Extraordinary income     -     110       Extraordinary losses     -     892       Other     -     1629     1,440       Loss on retirement of non-current assets     1,629     1,440       Loss on sales of shares of subsidiaries and associates     -     892       Other     39     126       Extraordinary losses     -     892       Other     39     126       Extraordinary losses     -     892       Other     39     126       Extraordinary losses  | Non-operating income  | 2,933      | 2,584         |
| Foreign exchange losses     -     776       Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     -     -       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126       Other     -     110       Extraordinary income     -     110       Extraordinary income     4,197     1,113       Extraordinary income     -     110       Extraordinary losses     -     892       Other     39     126       Loss on retirement of non-current assets     1,629     1,440       Loss on sales of shares of subsidiaries and associates     -     892       Other     39     126       Extraordinary losses     1,668     2,459       Income (loss) before income taxes     18,741     13,709       Income taxes-current     6,624     4,234   | Non-operating expenses  |            |               |
| Other     114     191       Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     4,197     -       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126       Other     -     110       Extraordinary income     4,197     1,113       Extraordinary income     4,197     1,113       Extraordinary income     4,197     1,113       Extraordinary losses     -     892       Loss on retirement of non-current assets     1,629     1,440       Loss on sales of shares of subsidiaries and associates     -     892       Other     39     126     1,668     2,459       Income (loss) before income taxes     18,741     13,709       Income taxes-deferred     679     620       Income taxes     7,304     4,854       Profit (loss)     11,437     8,855       Profit (loss) attribut   | Interest expenses   | 426        | 337           |
| Non-operating expenses     540     1,306       Ordinary income (loss)     16,213     15,055       Extraordinary income     4,197     -       Gain on sales of investment securities     4,197     -       Gain on liquidation of affiliated companies     -     876       State subsidy     -     126       Other     -     110       Extraordinary income     4,197     1,113       Extraordinary losses     -     892       Loss on retirement of non-current assets     1,629     1,440       Loss on sales of shares of subsidiaries and associates     -     892       Other     39     126       Extraordinary losses     -     892       Other     39     126       Income (loss) before income taxes     18,741     13,709       Income taxes-deferred     679     620       Income taxes-deferred     679     620       Income taxes     7,304     4,854       Profit (loss)     11,437     8,855       Profit (loss) attributable to non-controlling interests     399 </td <td>Foreign exchange losses</td> <td>-</td> <td>776</td>                                      | Foreign exchange losses   | -          | 776           |
| Ordinary income (loss) $16,213$ $15,055$ Extraordinary income $4,197$ $-$ Gain on sales of investment securities $4,197$ $-$ Gain on liquidation of affiliated companies $ 876$ State subsidy $ 126$ Other $ 110$ Extraordinary income $4,197$ $1,113$ Extraordinary income $4,197$ $1,113$ Extraordinary losses $ 892$ Loss on retirement of non-current assets $1,629$ $1,440$ Loss on sales of shares of subsidiaries and associates $ 892$ Other $39$ $126$ Extraordinary losses $1,668$ $2,459$ Income (loss) before income taxes $18,741$ $13,709$ Income taxes-current $6,624$ $4,234$ Income taxes $7,304$ $4,854$ Profit (loss) $11,437$ $8,855$ Profit (loss) attributable to non-controlling interests $399$ $378$   | Other   | 114        | 191           |
| Extraordinary incomeGain on sales of investment securities4,197Gain on liquidation of affiliated companies–State subsidy–Other–Extraordinary income4,197Extraordinary losses1,629Loss on retirement of non-current assets1,629Loss on sales of shares of subsidiaries and associates–8920therOther391261,668Loss on sales of shares of subsidiaries and associates–8921,6680ther391001,6682,4591,6681006,6241104,2341106,6241104,8541117,304111,4378,855Profit (loss) attributable to non-controlling interests399378   | Non-operating expenses  | 540        | 1,306         |
| Gain on sales of investment securities4,197-Gain on liquidation of affiliated companies-876State subsidy-126Other-110Extraordinary income4,1971,113Extraordinary losses-892Loss on retirement of non-current assets1,6291,440Loss on sales of shares of subsidiaries and associates-892Other39126Extraordinary losses-892Other39126Extraordinary losses-892Income (loss) before income taxes18,74113,709Income taxes-current6,6244,234Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | Ordinary income (loss)  | 16,213     | 15,055        |
| Gain on liquidation of affiliated companies-876State subsidy-126Other-110Extraordinary income4,1971,113Extraordinary losses-892Loss on retirement of non-current assets1,6291,440Loss on sales of shares of subsidiaries and associates-892Other39126Extraordinary losses-892Other39126Extraordinary losses-892Income (loss) before income taxes18,74113,709Income taxes-current6,6244,234Income taxes-deferred679620Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378  | Extraordinary income  |            |               |
| State subsidy-126Other-110Extraordinary income $4,197$ $1,113$ Extraordinary losses-1,629Loss on retirement of non-current assets $1,629$ $1,440$ Loss on sales of shares of subsidiaries and associates-892Other39126Extraordinary losses $1,668$ 2,459Income (loss) before income taxes $18,741$ $13,709$ Income taxes-current $6,624$ $4,234$ Income taxes-deferred $679$ $620$ Income taxes $7,304$ $4,854$ Profit (loss) $11,437$ $8,855$ Profit (loss) attributable to non-controlling interests $399$ $378$  | Gain on sales of investment securities                                  | 4,197      | —             |
| Other     –     110       Extraordinary income     4,197     1,113       Extraordinary losses     1,629     1,440       Loss on retirement of non-current assets     1,629     1,440       Loss on sales of shares of subsidiaries and associates     –     892       Other     39     126       Extraordinary losses     1,668     2,459       Income (loss) before income taxes     18,741     13,709       Income taxes-current     6,624     4,234       Income taxes-deferred     679     620       Income taxes     7,304     4,854       Profit (loss)     11,437     8,855       Profit (loss) attributable to non-controlling interests     399     378  | Gain on liquidation of affiliated companies                             | -          | 876           |
| Extraordinary income4,1971,113Extraordinary losses1,6291,440Loss on retirement of non-current assets1,6291,440Loss on sales of shares of subsidiaries and associates-892Other39126Extraordinary losses1,6682,459Income (loss) before income taxes18,74113,709Income taxes-current6,6244,234Income taxes-deferred679620Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | State subsidy   | _          | 126           |
| Extraordinary lossesLoss on retirement of non-current assets1,6291,440Loss on sales of shares of subsidiaries and associates-892Other39126Extraordinary losses1,6682,459Income (loss) before income taxes18,74113,709Income taxes-current6,6244,234Income taxes-deferred679620Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | Other   |            | 110           |
| Loss on retirement of non-current assets1,6291,440Loss on sales of shares of subsidiaries and associates-892Other39126Extraordinary losses1,6682,459Income (loss) before income taxes18,74113,709Income taxes-current6,6244,234Income taxes deferred679620Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | Extraordinary income  | 4,197      | 1,113         |
| Loss on sales of shares of subsidiaries and associates-892Other39126Extraordinary losses1,6682,459Income (loss) before income taxes18,74113,709Income taxes-current6,6244,234Income taxes-deferred679620Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | •   |            |               |
| Other     39     126       Extraordinary losses     1,668     2,459       Income (loss) before income taxes     18,741     13,709       Income taxes-current     6,624     4,234       Income taxes-deferred     679     620       Income taxes     7,304     4,854       Profit (loss)     11,437     8,855       Profit (loss) attributable to non-controlling interests     399     378  | Loss on retirement of non-current assets                                | 1,629      | 1,440         |
| Extraordinary losses     1,668     2,459       Income (loss) before income taxes     18,741     13,709       Income taxes-current     6,624     4,234       Income taxes-deferred     679     620       Income taxes     7,304     4,854       Profit (loss)     11,437     8,855       Profit (loss) attributable to non-controlling interests     399     378   |   | -          | 892           |
| Income (loss) before income taxes   18,741   13,709     Income taxes-current   6,624   4,234     Income taxes-deferred   679   620     Income taxes   7,304   4,854     Profit (loss)   11,437   8,855     Profit (loss) attributable to non-controlling interests   399   378  |   | 39         | 126           |
| Income taxes-current     6,624     4,234       Income taxes-deferred     679     620       Income taxes     7,304     4,854       Profit (loss)     11,437     8,855       Profit (loss) attributable to non-controlling interests     399     378  |   | 1,668      | 2,459         |
| Income taxes-deferred     679     620       Income taxes     7,304     4,854       Profit (loss)     11,437     8,855       Profit (loss) attributable to non-controlling interests     399     378   | Income (loss) before income taxes                                       | 18,741     | 13,709        |
| Income taxes7,3044,854Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | Income taxes-current  | 6,624      | 4,234         |
| Profit (loss)11,4378,855Profit (loss) attributable to non-controlling interests399378   | Income taxes-deferred   |            | 620           |
| Profit (loss) attributable to non-controlling interests399378   |   |            |               |
|   |   |            |               |
| Profit (loss) attributable to owners of parent 11,038 8,477   |   |            | 378           |
|   | Profit (loss) attributable to owners of parent                          | 11,038     | 8,477         |

| Takashimaya F | Reports Earnings | for the Six Months | Ended August 31, 2016 |
|---------------|------------------|--------------------|-----------------------|
|               |                  |                    |                       |

|   |                 | (million yen)   |
|---|-----------------|-----------------|
|   | Six months      | Six months      |
|   | ended           | ended           |
| Consolidated quarterly statements of comprehensive income                         | August 31, 2015 | August 31, 2016 |
| Profit (loss)   | 11,437          | 8,855           |
| Other comprehensive income  |                 |                 |
| Valuation difference on available-for-sale securities, net of tax                 | 166             | (3,745)         |
| Deferred gains or losses on hedges, net of tax                                    | 0               | 4               |
| Revaluation reserve for land, net of tax  | 452             | 237             |
| Foreign currency translation adjustment, net of tax                               | (101)           | (4,886)         |
| Remeasurements of defined benefit plans, net of tax                               | 509             | 277             |
| Share of other comprehensive income of entities accounted for using equity method | 88              | (2,279)         |
| Other comprehensive income  | 1,115           | (10,392)        |
| Comprehensive income  | 12,552          | (1,536)         |
| Comprehensive income attributable to  |                 |                 |
| Comprehensive income attributable to owners of parent                             | 12,119          | (1,844)         |
| Comprehensive income attributable to non-controlling interests                    | 433             | 307             |

| Takasininaya Reports Earnings for the Six Month's Ended August 51, 2010                        |                 | (million yon)                           |
|--|-----------------|---|
|  | ~               | (million yen)                           |
|  | Six months      | Six months                              |
|  | ended           | ended                                   |
| Consolidated quarterly statements of cash flows  | August 31, 2015 | August 31, 2016                         |
| Cash flows from operating activities   |                 |   |
| Income (loss) before income taxes  | 18,741          | 13,709                                  |
| Depreciation   | 9,885           | 9,915                                   |
| Amortization of goodwill   | 56              | 56                                      |
| Increase (decrease) in allowance for doubtful accounts   | (50)            | 19                                      |
| Increase (decrease) in net defined benefit liability   | (997)           | (549)                                   |
| Increase (decrease) in provision for directors' retirement benefits                            | 25              | (135)                                   |
| Increase (decrease) in provision for point card certificates                                   | 74              | 16                                      |
| Increase(decrease) allowance for loss on repair construction of building                       | _               | (72)                                    |
| Interest and dividend income   | (925)           | (979)                                   |
| Interest expenses  | 426             | 337                                     |
| Share of (profit) loss of entities accounted for using equity method                           | (1,255)         | (1,149)                                 |
| Loss (gain) on sales of non-current assets   | -               | (110)                                   |
| Loss on retirement of non-current assets   | 808             | 578                                     |
| Loss (gain) on sales of short-term and long term investment securities                         | (4,197)         | _                                       |
| Loss (gain) on sales of shares of subsidiaries and associates                                  | _               | 892                                     |
| Gain on liquidation of affiliated companies  | _               | (876)                                   |
| Decrease (increase) in notes and accounts receivable   | 1,649           | (7,383)                                 |
| Decrease (increase) in inventories   | (816)           | (299)                                   |
| Increase (decrease) in notes and accounts payable  | 3,114           | 175                                     |
| Other, net   | (11,238)        | 7,872                                   |
| Subtotal   | 15,301          | 22,017                                  |
| Interest and dividend income received  | 2,230           | 2,078                                   |
| Interest expenses paid   | (359)           | (250)                                   |
| Income taxes paid  | (9,110)         | (9,245)                                 |
| Net cash provided by (used in) operating activities  | 8,061           | 14,600                                  |
| Cash flows from investing activities   | · · · · · ·     |   |
| Payments into time deposits  | (633)           | (1,597)                                 |
| Proceeds from withdrawal of time deposits  | —               | 598                                     |
| Purchase of short-term and long-term investment securities                                     | (1,834)         | (816)                                   |
| Proceeds from sales and redemption of short-term and long-term investment securities           | 9,397           | 12,078                                  |
| Proceeds from sales of shares of subsidiaries and associates                                   | _               | 1,609                                   |
| Proceeds from liquidation of subsidiaries and associates                                       | _               | 1,444                                   |
| Purchase of property, plant and equipment and intangible assets                                | (14,056)        | (9,645)                                 |
| Proceeds from sales of property, plant and equipment and intangible assets                     | -               | 236                                     |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 741             | _                                       |
| Other, net   | 43              | 121                                     |
| Net cash provided by (used in) investing activities  | (6,342)         | 4,029                                   |
| Cash flows from financing activities   |                 | , i i i i i i i i i i i i i i i i i i i |
| Net increase (decrease) in short-term loans payable  | _               | 60                                      |
| Proceeds from long-term loans payable  | 18,600          | 15,500                                  |
| Repayments of long-term loans payable  | (30,210)        | (2,210)                                 |
| Purchase of treasury shares  | (5,585)         | (3)                                     |
| Cash dividends paid  | (1,772)         | (2,096)                                 |
| Other, net   | (532)           | (460)                                   |
| Net cash provided by (used in) financing activities  | (19,500)        | 10,789                                  |
| Effect of exchange rate change on cash and cash equivalents                                    | (307)           | (4,977)                                 |
| Net increase (decrease) in cash and cash equivalents   | (18,089)        | 24,441                                  |
| Cash and cash equivalents  | 86,497          | 73,536                                  |
| Increase in cash and cash equivalents from newly consolidated subsidiary                       | _               | 3,929                                   |
| Cash and cash equivalents  | 68,407          | 101,907                                 |
|  |                 |   |