



Takashimaya Company, Limited

Takashimaya Reports Earnings for the Nine Months to November 30, 2007

Tokyo, Japan; December 27, 2007—Takashimaya Company, Limited, (TSE Security Code 8233) announced consolidated sales and other operating revenue of 758,341 million yen for the first nine months (March 1 – November 30, 2007) of the fiscal year ending February 29, 2008, and net income of 12,578 million yen, or 38.11 yen per share

Summary of Operating Results

Total consolidated sales and other operating revenue for the Takashimaya Group were 0.6% lower than for the same period a year earlier at 758,341 million yen. Operating income rose 14.9% to 26,785 million yen, and ordinary income was up 11.8% to 30,185 million yen. As a result, net income for the period was 10.6% lower than for the same period a year earlier at 12,578 million yen.

During the nine months under review, the Japanese economy continued its gradual recovery on the back of increased capital expenditures against a background of improved corporate sector performance, and personal consumption was also firm.

In the department stores sector, however, nationwide sales were lower than corresponding figures from last year in most months, and the sector is still to show signs of a recovery. Additionally, the accelerating trend towards industry reorganization and more intense competition across industry categories is precipitating an increasingly stringent competitive environment.

In the department stores business, the Takashimaya Group continued efforts to capture customers, issuing the Takashimaya Card <<Gold>> in March, which was jointly developed with Credit Saison Co., Ltd., and is aimed at upper-class customers. In that same month, the Group opened a Takashimaya Food Maison store—a type of store modeled on department store-style basement food floors—within the Nagareyama Otakanomori Shopping Center, and in April, the completely refurbished Shinjuku store was opened, having been transformed into a new, classy, high-quality department store. In addition, the Group also set up a Committee on Sales Framework Optimization with the aim of building the *ultimate sales framework* backed by excellent products, high-class service, and comfortable environments—the core elements of sales and marketing strength—and based on the fundamental credo of always serving customers with a smile and heart-warming attitude. The Group also worked to ensure that feedback from customers on the sales floor, whether complimentary or critical, was shared throughout all group companies and rapidly reflected in services, product lineups, and store environments. However, owing to the effects of a record protraction of summer heat into the first half of October and other factors, domestic department store sales underperformed figures from the previous year.

In other segments, finance business entity Takashimaya Credit Co., Ltd., recorded lower income owing to increased expenses in conjunction with the issue of new cards. Business progressed favorably elsewhere, however: real estate entity Toshin Development Co., Ltd., opened new developments such as the Nagareyama Otakanomori Shopping Center, and Takashimaya Space Create Co., Ltd., which operates in the construction and development business, enjoyed income growth attributable to the receipt of large-scale orders such as for the renewal of the Shinjuku store.

Consolidated Financial Condition

Assets, Liabilities, and Shareholders' Equity

Consolidated total assets at the end of the nine-month period totaled 776,608 million yen, a decline of 6,387 million yen from the end of the previous fiscal year. This mainly reflects a fall in guarantee deposits, although tangible and intangible fixed assets increased as a result of aggressive investment activities in conjunction with the new long-term business plan, *Strategies for Growth*. Total liabilities decreased 10,784 million yen to 485,382 million yen. This was mainly due to a decrease in short-term loans (including the portion of long-term loans repayable within a year). Total shareholders' equity rose 4,396 million yen to 291,226 million yen.



Cash Flows

Consolidated net cash and cash equivalents at the end of the nine-month period stood at 30,164 million yen, a decline of 24,796 million yen from the end of the previous fiscal year.

Net cash provided by operating activities amounted to 55,349 million yen, an increase of 39,856 million yen compared with the same period last year. This primarily reflects the return of guarantee deposits.

Net cash used in investment activities amounted to 42,590 million yen, an increase of 25,462 million yen compared with the same period last year. This mainly reflects a 39,707 million yen outflow for the purchase of property and equipment, a rise of 16,393 million yen in such expenditure, and a 4,010 million yen outflow for the purchase of securities, a 1,990 million yen increase.

Net cash used in financing activities amounted to 37,525 million yen, a decline in inflow of 26,806 million yen compared with the same period last year. This mainly reflects the absence of last year's 30,055 million yen financing inflow procured through a public offering and the allocation of shares to third parties, which was somewhat offset by a 10,000 million yen increase in inflow from the issuance of corporate bonds.

Consolidated Outlook for the Fiscal Year Ending February 29, 2008

The Group's business performance for the first nine months has largely been in line with initial forecasts, and there have been no changes made to the full-year earnings forecasts for the fiscal year ending February 29, 2008, that were included in the Group's interim earnings report released on October 9, 2007.

Forward-Looking Statements

This document contains various forward-looking statements that are based on current expectations and assumptions regarding future events as well as on information available to the Group at the time the document was prepared. Although the Group believes its expectations and assumptions are reasonable, actual results and trends in the Group's performance could differ materially from those expressed or implied by figures or statements presented in this document due to risks and uncertainties, including but not limited to economic conditions, market trends, and foreign exchange fluctuations.

Consolidated Financial Statements
Balance Sheets

(In million yen)

	As of November 30, 2006 (A)	As of November 30, 2007 (B)	(B – A)		As of February 28, 2007
	Amount	Amount	Amount	%	Amount
Assets					
Current assets	208,786	226,949	18,163	8.7	258,857
Cash and deposits	39,543	30,386	(9,157)	(23.2)	55,009
Notes and accounts receivable	89,193	113,779	24,586	27.6	72,622
Marketable securities	599	99	(499)	(83.3)	599
Inventories	48,987	50,324	1,336	2.7	41,494
Other	31,062	33,230	2,167	7.0	89,742
Allowance for doubtful accounts	(601)	(871)	(269)	44.9	(611)
Fixed assets	579,565	549,659	(29,906)	(5.2)	524,138
Tangible fixed assets	276,877	381,765	104,888	37.9	281,394
Buildings and structures	113,203	158,684	45,481	40.2	114,850
Land	143,979	201,878	57,898	40.2	142,229
Other	19,693	21,202	1,508	7.7	24,313
Intangible fixed assets	15,926	16,025	98	0.6	15,894
Consolidation difference	1,169	–	(1,169)	–	1,145
Goodwill	–	1,073	1,073	–	–
Other	14,757	14,951	193	1.3	14,749
Investments and other assets	286,761	151,868	(134,893)	(47.0)	226,849
Investment securities	100,161	96,743	(3,417)	(3.4)	100,162
Long-term loans	82,828	95	(82,733)	(99.9)	82,821
Long-term guarantee deposits	99,111	43,589	(55,521)	(56.0)	36,875
Other	16,260	14,405	(1,855)	(11.4)	10,068
Allowance for doubtful accounts	(11,600)	(2,965)	8,634	(74.4)	(3,078)
Total assets	788,351	776,608	(11,743)	(1.5)	782,996

(In million yen)

	As of November 30, 2006 (A)	As of November 30, 2007 (B)	(B – A)		As of February 28, 2007
	Amount	Amount	Amount	%	Amount
Liabilities					
Current liabilities	353,285	326,455	(26,830)	(7.6)	341,057
Notes and account payable	120,502	123,815	3,312	2.7	99,020
Short-term bank loans	53,535	9,704	(43,830)	(81.9)	50,898
Current portion of long-term debt	3,000	10,000	7,000	233.3	10,000
Accrued income taxes	7,666	4,281	(3,385)	(44.2)	9,959
Advances received	65,861	73,153	7,291	11.1	67,876
Gift certificates outstanding	45,691	49,975	4,284	9.4	44,637
Reserve for directors' bonuses	23	21	(1)	(7.9)	91
Allowance for point gift certificates	3,673	4,464	791	21.6	3,731
Allowance for loss on disposal of buildings and structures	—	—	—	—	2,379
Other	53,330	51,038	(2,292)	(4.3)	52,461
Fixed liabilities	168,772	158,927	(9,845)	(5.8)	155,109
Corporate bonds	24,783	21,231	(3,552)	(14.3)	11,231
Long-term debt	43,830	41,409	(2,420)	(5.5)	44,361
Allowance for employees' retirement benefits	57,290	55,450	(1,839)	(3.2)	56,824
Allowance for directors' and corporate auditors' retirement benefits	563	267	(296)	(52.6)	606
Other	42,304	40,568	(1,735)	(4.1)	42,085
Total liabilities	522,058	485,382	(36,675)	(7.0)	496,166
Net assets					
Common stock	54,228	56,025	1,796	3.3	56,025
Additional paid-in capital	43,285	45,078	1,793	4.1	45,076
Retained earnings	137,840	155,249	17,408	12.6	145,975
Treasury stock	(400)	(463)	(62)	15.6	(425)
Total shareholders' capital	234,954	255,890	20,936	8.9	246,652
Net unrealized gains (losses) on other securities	23,389	20,695	(2,693)	(11.5)	25,631
Net deferred gains (losses) on hedge contracts	(1)	0	1	(101.6)	(0)
Land revaluation difference	5,388	8,510	3,122	57.9	8,505
Foreign currency translation adjustments	1,931	2,848	916	47.4	2,803
Total valuation and translation adjustments	30,707	32,054	1,346	4.4	36,939
Minority interests	631	3,281	2,649	419.4	3,237
Total net assets	266,293	291,226	24,932	9.4	286,829
Total liabilities and net assets	788,351	776,608	(11,743)	(1.5)	782,996



Statements of Operations

(In million yen)

	Nine months ended November 30, 2006 (A)	Nine months ended November 30, 2007 (B)	(B – A)		Year ended February 28, 2007
	Amount	Amount	Amount	%	Amount
Net sales	731,623	722,707	(8,916)	(1.2)	1,007,476
Cost of sales	532,374	525,994	(6,379)	(1.2)	734,083
Gross profit	199,249	196,712	(2,537)	(1.3)	273,392
Other operating revenue	31,573	35,634	4,061	12.9	41,929
Total sales and operating revenue	763,197	758,341	(4,855)	(0.6)	1,049,405
Gross operating income	230,823	232,346	1,523	0.7	315,322
Selling, general and administrative expenses	207,515	205,561	(1,953)	(0.9)	281,461
Operating income	23,307	26,785	3,477	14.9	33,860
Interest and dividend income	2,633	1,028	(1,605)	(60.9)	3,549
Equity in gains of affiliated companies	1,358	1,678	319	23.5	2,151
Other non-operating income	4,616	3,069	(1,546)	(33.5)	6,680
Total non-operating income	8,609	5,777	(2,832)	(32.9)	12,381
Interest expense	2,209	1,194	(1,015)	(45.9)	2,851
Other non-operating expense	2,700	1,181	(1,519)	(56.3)	3,846
Total non-operating expense	4,910	2,376	(2,534)	(51.6)	6,698
Ordinary income	27,006	30,185	3,179	11.8	39,543
Extraordinary gains	2,228	1,577	(650)	(29.2)	15,362
Extraordinary losses	4,691	10,092	5,401	115.1	11,970
Net income before income taxes	24,542	21,670	(2,872)	(11.7)	42,936
Income taxes, inhabitants' tax, and enterprise taxes	10,755	9,267	(1,487)	(13.8)	12,063
Income tax, inhabitants' tax, and enterprise tax for past year	—	589	589	—	755
Income tax adjustments	(393)	(853)	(460)	117.1	4,665
Minority interests in earnings of consolidated subsidiaries	113	87	(26)	(22.9)	131
Net income	14,067	12,578	(1,488)	(10.6)	25,319



Statement of Changes in Shareholders' Capital
(March 1, 2007 to November 30, 2007)

(In million yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital
Balance as of February 28, 2007	56,025	45,076	145,975	(425)	246,652
Changes during period					
Cash dividends			(3,299)		(3,299)
Net income			12,578		12,578
Purchase/disposition of treasury stock		1		(37)	(36)
Reversal of land revaluation difference			(4)		(4)
Net change in items other than shareholders' capital during period					
Total changes during period		1	9,274	(37)	9,238
Balance as of November 30, 2007	56,025	45,078	155,249	(463)	255,890

	Valuation and translation adjustments					Minority interests	Total net assets
	Net unrealized gains (losses) on other securities	Net deferred gains (losses) on hedge contracts	Land revaluation difference	Foreign currency adjustments	Total valuation and adjustments		
Balance as of February 28, 2007	25,631	(0)	8,505	2,803	36,939	3,237	286,829
Changes during period							
Cash dividends							(3,299)
Net income							12,578
Purchase/disposition of treasury stock							(36)
Reversal of land revaluation difference							(4)
Net change in items other than shareholders' capital during period	(4,935)	0	4	45	(4,885)	43	(4,841)
Total changes during period	(4,935)	0	4	45	(4,885)	43	4,396
Balance as of November 30, 2007	20,695	0	8,510	2,848	32,054	3,281	291,226

Statements of Cash Flows

(In million yen)

	Nine months ended November 30, 2006	Nine months ended November 30, 2007	Year ended February 28, 2007
	Amount	Amount	Amount
I Cash flows from operating activities:			
Income before income taxes and minority interests	24,542	21,670	42,936
Depreciation	9,363	11,013	12,226
Loss on impairment of property and equipment	—	—	43
Amortization of consolidation difference	71	—	95
Amortization of goodwill	—	71	—
Increase (decrease) in allowance for doubtful accounts	(524)	147	(9,036)
Decrease in allowance for directors' and corporate auditors' bonuses	(76)	(70)	(7)
Decrease in allowance for employees' retirement benefits	(78)	(1,373)	(545)
Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits	26	(339)	69
Increase in allowance for point gift certificates	473	733	527
Loss on adjustments of gift coupons, etc.	—	5,465	—
Increase (decrease) in allowance for loss on disposal of buildings and structures	—	(2,379)	2,379
Interest and dividend income	(2,633)	(1,028)	(3,549)
Interest expenses	2,209	1,194	2,851
Equity in gain of affiliated companies	(1,358)	(1,678)	(2,151)
Gain on sale of property and equipment, net	(1,313)	(46)	(3,567)
Loss on disposal of property and equipment	2,037	3,183	3,018
Gain (loss) on sale of securities, net	(579)	1	(832)
Write-down of investment securities	0	17	2
Gain on sale of consolidated subsidiaries	—	—	(1,417)
(Increase) decrease in notes and accounts receivable	(26,323)	(40,351)	(9,989)
(Increase) decrease in inventories	(7,810)	(8,844)	(284)
Increase in notes and accounts payable	23,432	24,564	1,921
Decrease in guarantee deposits	5,535	54,904	6,819
Other	(4,443)	3,160	(4,819)
Subtotal	22,551	70,017	36,689
Interest and dividend income received	3,819	2,750	4,165
Interest expense paid	(2,505)	(1,550)	(3,745)
Income taxes paid	(8,372)	(15,867)	(8,347)
Net cash provided by (used in) operating activities	15,492	55,349	28,762
II Cash flows from investing activities:			
Purchase of time deposits maturing after three months	(54)	(49)	(60)
Repayment of time deposits maturing after three months	60	55	60
Purchase of securities	(2,019)	(4,010)	(2,025)
Proceeds from sale of securities	1,951	503	11,056
Purchase of fixed assets	(23,314)	(39,707)	(29,543)
Proceeds from sale of fixed assets	3,631	620	7,812
Increase in long-term advances	(15)	(39)	(29)
Proceeds from collection of long-term advances	1,037	36	1,059
Other	1,593	0	1,593
Net cash provided by (used in) investing activities	(17,128)	(42,590)	(10,075)



III Cash flows from financing activities			
Net decrease in short-term bank loans	—	—	(50)
Proceeds from long-term bank loans	2,000	1,000	4,000
Repayment of long-term bank loans	(34,850)	(45,145)	(38,906)
Proceeds from issuance of bonds	—	10,000	—
Redemption of bonds	(5,000)	—	(8,000)
Proceeds from sale of treasury stock	2	2	3
Cash dividends paid	(2,856)	(3,299)	(2,856)
Proceeds from capital increase	30,055	—	30,055
Other	(69)	(82)	(94)
Net cash provided by (used in) financing activities	(10,718)	(37,525)	(15,848)
IV Effect of exchange rate changes on cash and cash equivalents	259	(29)	527
V Decrease in cash and cash equivalents	(12,094)	(24,796)	3,365
VI Cash and cash equivalents at beginning of period	51,595	54,961	51,595
VII Cash and cash equivalents at end of period	39,501	30,164	54,961