

# Summary of Settlement of Consolidated Accounts for the Fiscal Year ended March 31, 2009

May 12, 2009

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the First Section of Tokyo Stock Exchange)

(URL: <http://www.imhds.co.jp>)

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Scheduled date of the general meeting of shareholders: June 29, 2009

Scheduled date of filing of the financial report (Yukashoken Houkokusho): June 29, 2009

Scheduled date of commencement of payment of cash dividends: June 30, 2009

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Business Results for Fiscal 2008 (From April 1, 2008, to March 31, 2009)

### (1) Results of Consolidated Operations

(Percentage figures indicate changes from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2008	1,426,684	-	19,582	-	35,052	-	4,683	-
FY2007	-	-	-	-	-	-	-	-

	Net Income per Share (Basic)	Net Income per Share (Diluted)	Return on Equity	Recurring Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2008	12.08	12.07	1.0	2.6	1.4
FY2007	-	-	-	-	-

(Reference) Equity in earnings of affiliates: FY2008: 4,368 million yen, FY2007: - million yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2008	1,351,633	489,740	35.2	1,225.85
FY2007	-	-	-	-

(Reference) Shareholders' equity: FY2008: 475,369 million yen, FY2007: - million yen

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2008	18,162	(27,429)	7,116	34,749
FY2007	-	-	-	-

## 2. Dividends

(Record date)	Cash Dividend per Share (Yen)					Total Cash Dividends (Full Year)	Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Full Year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2007	-	-	-	-	-	-	-	-
FY2008	-	-	-	14.00	14.00	5,429	115.9	1.1
FY2009 (Forecast)	-	-	-	10.00	10.00	-	19.4	-

Note: The year-end cash dividends for fiscal 2008 comprise a common dividend of 10 yen and a special dividend of 4 yen.

## 3. Forecast of Consolidated Results for Fiscal 2009 (From April 1, 2009, to March 31, 2010)

(Percentage figures indicate changes from the same period of the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income		Net income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	619,000	(12.3)	(2,000)	-	4,000	(79.2)	15,000	23.0	38.68
Full Year	1,280,000	(10.3)	2,000	(89.8)	15,000	(57.2)	20,000	327.1	51.57

#### 4. Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Note: For details, please refer to "Outline of the Group" on Page 6.

(2) Changes in accounting policies concerning preparation of consolidated financial statements

1) Changes in line with revision to accounting standards: No

2) Other changes: No

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of the year (including treasury stock)

FY2008: 387,859,022 shares

FY2007: - shares

2) Number of shares of treasury stock at the end of the year

FY2008: 69,981 shares

FY2007: - shares

#### (Reference) Summary of Non-consolidated Business Results

##### 1. Non-consolidated Business Results for Fiscal 2008 (From April 1, 2008, to March 31, 2009)

###### (1) Results of Non-consolidated Operations

(Percentage figures indicate changes from the previous year)

	Operating Revenues		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2008	12,058	-	8,628	-	8,491	-	7,759	-
FY2007	-	-	-	-	-	-	-	-

	Net Income per Share (Basic)		Net Income per Share (Diluted)	
	Yen		Yen	
FY2008	20.01		20.00	
FY2007	-		-	

###### (2) Non-consolidated Financial Position

	Total Assets		Net Assets		Shareholder's Equity Ratio		Net Assets per Share	
	Millions of yen		Millions of yen		%		Yen	
FY2008	451,467		450,534		99.6		1,159.82	
FY2007	-		-		-		-	

(Reference) Shareholders' equity: FY2008: 449,801 million yen, FY2007: - million yen

#### Disclaimer regarding Forward-looking Statements

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable. Actual results, performance, achievements or financial position may be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

For assumptions on which forward-looking statements are based, please refer to "1. Business Results (1) Analysis of Business Results" on Page 3.

#### Note:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## **1. Business Results**

### (1) Analysis of Business Results

#### 1) Business results of fiscal 2008

During the year ended March 31, 2009 (fiscal 2008), the Japanese economy entered a recession as developments took an increasingly negative turn. The financial crisis originating in the United States triggered appreciation of the yen and a fall in share prices amid mounting uncertainty about employment prospects. Although some indicators suggest the Japanese economy may bottom out, a decisive recovery is not in prospect and the Japanese economy is expected to remain lackluster.

The department store sector continued to suffer from further weakening of consumer confidence in addition to intensifying competition both among department store groups and between department stores and other retail formats. Department store sales in Japan declined year on year for three consecutive years. In particular, sales in February and March 2009 dropped more than 10% compared with the same month of the previous year, the first two-digit decrease in 11 years. Contraction of department store sales has been accelerating.

In response to this challenging business environment, the Group forged ahead with its efforts to become “my indispensable department store” for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in their many different roles in life. Inspired by this vision, we also made strenuous efforts with the aim of becoming the world’s foremost solution provider with high profitability and sustained growth.

As a result, consolidated net sales for fiscal 2008 amounted to ¥1,426,684 million, operating income was ¥19,582 million, recurring income was ¥35,052 million, and net income was ¥4,683 million.

Marui Imai Inc., which filed for court protection from creditors in January 2009 under the civil rehabilitation law, formally selected the Company to sponsor its rehabilitation based on the proposal the Company submitted to Marui Imai upon its request.

#### *Department Stores*

In the mainstay department store business, factors that attracted new customers included the Isetan Mitsukoshi Holdings Advent Festival in April at Mitsukoshi and Isetan stores; the start of the service of the Tokyo Metro Fukutoshin Line in June, a new subway line linking the Ikebukuro, Shinjuku and Shibuya districts; the remodeling of the women’s floor at Isetan Shinjuku Main Store completed in September, and the increased floor area of Mitsukoshi Sendai Store completed in November. However, these positive developments did not lead to general improvement owing to the severe economic situation, and sales at each store decreased. In accordance with the Group’s store policy, operations of Mitsukoshi Musashi Murayama Store (Tokyo), Mitsukoshi Natori Store (Miyagi), and two small-scale Mitsukoshi stores (in Kamakura and Morioka) were terminated on March 1, 2009, and operations of Mitsukoshi Ikebukuro Store (Tokyo) and Mitsukoshi Kagoshima Store (Kagoshima) were terminated on May 6, 2009.

The department store business overseas recorded lower sales both in Southeast Asia and China partly due to the appreciation of the yen. Profits also decreased because of increased expenses accompanying new store openings in China.

Shanghai Jinjiang Isetan Co., Ltd. is excluded from the scope of consolidation from fiscal 2008 because it no longer has a material impact on consolidated financial statements following the closure of the store in December 2008.

As a result, segment sales were ¥1,322,925 million and operating income was ¥19,134 million.

#### *Credit & Finance*

In the credit & finance business, Isetan I Card Co., Ltd. recorded lower profits despite the introduction of the New I Card (securing of VISA principal member status) in November 2008 because the department store card transaction volume decreased and expenses such as the investment in card systems were incurred. On March 31, 2009, Isetan I Card Co., Ltd. signed an agreement with Yamaguchi Financial Group, Inc. to transfer the entire share capital of IZUTSUYA WithCard Co., Ltd., a wholly owned subsidiary of Isetan I Card, to Yamaguchi Financial Group. Accordingly, IZUTSUYA WithCard Co., Ltd. is excluded from the scope of consolidation from fiscal 2008.

As a result, segment sales were ¥15,269 million and operating income was ¥1,182 million.

#### *Other Retail & Specialty Stores*

In the other retail and specialty store business, Queen’s Isetan Co., Ltd. recorded increased sales because of the opening of the Kinuta Store in Setagaya Ward, Tokyo, in March 2008, of the Toyochō Store in Koto Ward, Tokyo, in April 2008, and of the Omiya Store in Saitama City, Saitama Prefecture, in October 2008, but its profits decreased owing to an increase in expenses accompanying new store openings. Queen’s Isetan closed the

Kibogaoka Store in Setagaya Ward, Tokyo, on September 30, 2008.

As a result, segment sales were ¥63,822 million and operating loss was ¥503 million.

#### *Customer Organization Management*

In the customer organization management business, Mitsukoshi Tomonokai Co., Ltd. and Isetan Clover Circle Co., Ltd. strove to enhance customer satisfaction through management of customer organization at stores.

Segment sales were ¥4,985 million and operating loss was ¥2,758 million.

#### *Other Businesses*

In the other businesses segment, Group companies engaged in sales & marketing support focused on establishment of highly productive operational infrastructure in order to achieve the effect of the management integration early.

Segment sales were ¥143,039 million and operating income was ¥2,351 million.

#### 2) Forecast of fiscal 2009

Bleak business sentiment in line with the financial crisis since late 2008 is expected to continue, coupled with sluggish personal consumption. Management anticipates that the harsh operating environment will persist.

Forecasts of consolidated business results for the year ending March 31, 2010 (fiscal 2009) are as follows: net sales of ¥1,280 billion (a 10.3% decrease year on year), operating income of ¥2 billion (an 89.8% decrease), recurring income of ¥15 billion (a 57.2% decrease), and net income of ¥20 billion (a 327.1% increase).

#### (2) Analysis of Financial Position

##### *Assets*

Total assets at the end of fiscal 2008 were ¥1,351,633 million, consisting of ¥260,856 million in current assets and ¥1,090,776 million in property and equipment.

Current assets mainly consisted of ¥41,102 million in cash and bank deposits, ¥104,001 million in notes and accounts receivable-trade, and ¥63,838 million in merchandise.

Property and equipment mainly consisted of ¥784,811 million in tangible fixed assets, ¥74,642 million in intangible fixed assets, and ¥231,322 million in investments and other assets.

##### *Liabilities*

Total liabilities at the end of fiscal 2008 were ¥861,892 million, consisting of ¥500,990 million in current liabilities and ¥360,902 million in long-term liabilities.

Current liabilities mainly consisted of ¥99,004 million in notes and accounts payable, and ¥165,742 million in short-term borrowings.

Long-term liabilities mainly consisted of ¥37,100 million in long-term debt, ¥194,393 million in deferred tax liabilities, ¥63,561 million in reserve for accrued employees' retirement benefits, and ¥52,937 million in negative goodwill.

##### *Net Assets*

Net assets at the end of fiscal 2008 were ¥489,740 million.

##### *Equity Ratio*

The equity ratio at the end of fiscal 2008 was 35.2%.

##### *Net Assets per Share*

Net assets per share at the end of fiscal 2008 were ¥1,225.85.

##### *Cash Flows*

Cash and cash equivalents at the end of fiscal 2008 were ¥34,749 million.

#### 1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥18,162 million. Income before income taxes and minority interests amounted to ¥11,484 million and there was a decrease of ¥8,936 million in receivables, while cash outlays included a decrease of ¥17,349 million in payables and income taxes paid amounting to ¥10,099 million.

#### 2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥27,429 million. The main items were the payment of

¥26,762 million for purchase of tangible fixed assets and the payment of ¥5,129 million for purchase of intangible fixed assets.

### 3) Cash flows from financing activities

Net cash provided by financing activities amounted to ¥7,116 million, mainly attributable to an increase of ¥39,311 million in short-term borrowings and an increase of ¥30,000 million in long-term debt, whereas repayment of long-term debt of ¥70,973 million and redemption of bonds in the amount of ¥10,000 million were recorded.

#### (Reference) Cash flow indicators

	FY2008
Equity ratio (%)	35.2
Market value equity ratio (%)	21.7
Interest-bearing debt to cash flow ratio (years)	12.8
Interest coverage ratio (times)	5.7

Equity ratio: Shareholders' equity / Total assets

Market value equity ratio: Total market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expenses paid

Notes:

1. All the above indicators are calculated on a consolidated basis.
2. Total market capitalization is calculated based on the number of shares issued and outstanding excluding treasury stock.
3. Cash flows are cash flows from operating activities.
4. Interest-bearing debt includes all liabilities on which interest is paid stated in the Consolidated Balance Sheet.

### (3) Basic Policy on Profit Distribution and Dividends for Fiscal 2008 and Fiscal 2009

The Company's basic policy is to maintain stable dividend payment, while considering the introduction of performance-linked dividends in the future in order to further promote return of profits to shareholders. In accordance with this policy, the Company aims to maintain stable annual cash dividends of ¥10 per share over the long term.

The Company intends to introduce performance-linked dividends in the future, taking into consideration the income and expenditure plan, the capital investment plan and reduction of interest-bearing debt on a consolidated basis from a comprehensive perspective.

However, for the time being the Company intends to use internal reserves for capital investment for main stores and reduction of interest-bearing debt in view of the anticipated harsh retail conditions in line with the recent rapid deterioration of the business environment.

The Company plans to pay out cash dividends of ¥14 per share for fiscal 2008, consisting of a common dividend of ¥10 as a long-term stable dividend and a special dividend of ¥4 to mark the first year of management integration. The Company expects to pay out cash dividends of ¥10 per share for fiscal 2009.

## 2. Outline of the Group

The Isetan Mitsukoshi Holdings Group consists of Isetan Mitsukoshi Holdings Ltd. (the Company) and its 42 consolidated subsidiaries and 11 affiliates accounted for by the equity method (as of March 31, 2009). The Group is engaged in five businesses: department stores; credit & finance; other retail & specialty stores; customer organization management; and other businesses. Details of the businesses and affiliated companies in each business are described below.

### Department Stores

This segment comprises retailing of apparel (ladies' wear, men's wear and children's wear), accessories, household and sundry goods, and foods. This business is positioned at the core of the Isetan Mitsukoshi Holdings Group.

(Principal affiliated companies)

Mitsukoshi, Ltd., Isetan Co., Ltd., Shizuoka Isetan Co., Ltd., Niigata Isetan Co., Ltd., Iwataya Co., Ltd., Shanghai Mei Long Zhen Isetan Department Store Co., Ltd. (People's Republic of China), Tianjin Isetan Co., Ltd. (People's Republic of China), Chengdu Isetan Co., Ltd. (People's Republic of China), Shenyang Isetan Co., Ltd. (People's Republic of China), Isetan (Singapore) Ltd., Isetan (Thailand) Co., Ltd., Isetan of Japan Sdn. Bhd. (Malaysia), Mitsukoshi (U.S.A.) Inc., The Printemps Ginza Co., Ltd., Usui Department Store Co., Ltd., West Japan Railway Isetan Ltd., Hamaya Department Store Co., Ltd., Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan)

Note: For the purposes of business segment reporting, ITM Clover Co., Ltd., which owns equity in Isetan (Thailand) Co., Ltd., is included in the department store business.

### Credit & Finance

This segment includes credit and finance operations.

(Principal affiliated companies)

Isetan I Card Co., Ltd., Mitsukoshi Insurance Service Co., Ltd., AZ Card Co., Ltd.

### Other Retail & Specialty Stores

This segment includes retail operations (ladies' wear, and sundry goods), supermarkets, and restaurants.

(Principal affiliated companies)

Mammia Co., Ltd., Queen's Isetan Co., Ltd., R & I Dining Co., Ltd., Centresta Co., Ltd.

### Customer Organization Management

This segment is engaged in department store customer organization management.

(Principal affiliated companies)

Mitsukoshi Tomonokai Co., Ltd., Isetan Clover Circle Co., Ltd., Iwataya Tomonokai Co., Ltd.

### Other Businesses

This segment includes human resources services, data processing services, real estate services and travel services.

(Principal affiliated companies)

Niko, Ltd., Leotex Co., Ltd., Leo d'Or Trading Co., Ltd., Leo Mart Co., Ltd., Century Trading Co., Ltd., Isetan (Italia) S.r.l., Lexim (Singapore) Pte. Ltd., M • Logistics • Solutions Co., Ltd., Isetan Business Support Co., Ltd., Isetan Career Design Co., Ltd., Pronet Co., Ltd., Isetan Mitsukoshi System Solutions Ltd., Mitsukoshi Information Service, Ltd., Mitsukoshi Real Estate Co., Ltd., Mitsukoshi Kankyo Design Co., Ltd., Nagoya Building Service Co., Ltd., Mitsukoshi Kankyo Building Management Co., Ltd., Isetan Kaikan Co., Ltd., Isetan Building Management Service Co., Ltd., Studio Alta Co., Ltd., Isetan Swing Inc., Isetan Institute Co., Ltd., Shinjuku Underground Parking Co., Ltd., JTB Isetan Travel Service, Inc.



### 3. Management Policies

#### (1) Basic Management Policies

By orchestrating capabilities and assets cultivated by Mitsukoshi and Isetan, the Group strives to become “my indispensable department store” for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in their many different roles in life. Inspired by this vision, we aim to become the world’s foremost solution provider with high profitability and sustained growth.

#### (2) Target Performance Indicators

The Group positions improvement of operating income and reduction of interest-bearing debt as important performance indicators in its efforts to deliver the maximum customer satisfaction and to achieve sustainable enhancement of the brand value.

#### (3) Mid-term Business Strategies

The Isetan Mitsukoshi Group Three-year Plan (Fiscal 2009-2011), the Group’s mid-term business plan, sets out the following three basic policies:

1) Clearly delineate the Mitsukoshi & Isetan brands and enhance brand value

The greatest assets of this Group are the “Mitsukoshi” and “Isetan” brands and the customers bound to those brands by trust. We will pour our efforts into reconfirming what our customers demand of each brand and strive to clarify the brands, as well as consider how to polish and increase the value of the brands.

2) Maximize customer satisfaction provided by each sales person in stores.

Our goal is to maintain the high quality of service, products and store branches while also becoming top in the world in terms of making an impression through sales staff hospitality (customer interaction) by ensuring our sales staff have the high-level abilities, knowledge and skills that will enable customers to consult directly with them.

3) Integrate business infrastructure to exert maximum Group capabilities

We will integrate business infrastructure in order to manifest the strengths of the Group to the maximum extent possible and to enhance customer satisfaction and cost reduction by achieving the benefits of integration quickly.

#### (4) Issues to be Addressed

In accordance with the above-mentioned basic policies, as well as emphasizing upfront investment in the card system and merchandising and information systems, and changing the store development scheme for the JR Osaka Station New North Building, the Group has been promoting restructuring of unprofitable stores, including the terminations of operations of Shanghai Jinjiang Isetan Co., Ltd., Mitsukoshi stores in Germany, and four Mitsukoshi stores in Japan (Ikebukuro, Kagoshima, Musashimurayama, and Natori). However, in light of the recent drastic changes in the business environment, in order to accelerate the implementation of the basic policies, we have set out the four key strategies described below. By strongly promoting implementation of measures, we aim to expedite the integration schedule and complete optimization of the Group by spring 2011, so as to establish a structure capable of responding to customer needs and expectations.

1) Concentrate investment in the three flagship stores in the Tokyo Metropolitan area

The Isetan Mitsukoshi Group owns three flagship stores in the Tokyo Metropolitan area where growth is anticipated. The Mitsukoshi Nihonbashi main store and the Isetan Shinjuku main store, which rank first and second in stores sales for department stores nationwide, and the Mitsukoshi Ginza store located at the heart of Ginza, one of the world’s leading shopping districts. We will make strategic large investments in these three stores so they can fully capitalize on their characteristics and become “the world’s foremost department stores,” capable of meeting the expectations of our customers.

2) Re-establish the store structure

In order to respond more effectively to customer needs at regional stores, we will improve the business infrastructure, such as the in-store sales framework, and promote central provision of sales know-how and MD (merchandising) support and utilization of shared services, and plan to introduce the regional operating company system in April 2010. We intend to establish a store structure attuned to each region to become “my indispensable department store” rooted in the region.

3) Strengthen & expand card strategy

The Group’s integrated card company will issue the New Mitsukoshi Card in 2010 and integrate the



infrastructure for the Group's card business. As a result, the Group is expected to secure excellent customers. Data obtained from cards will enable us to fine tune our merchandise mix and store development and enhance our service. Furthermore, it will also be utilized to improve cost efficiency and profitability of the card business. We intend to establish the card business as the Group's second source of revenues.

4) Improve the business infrastructure

Through selection and focus of businesses and functions, we will reallocate and fully utilize resources throughout the Group in order to enhance customer satisfaction and improve productivity.

Introduction of Isetan's in-store sales framework to Mitsukoshi stores is currently being promoted. With regard to IT systems that support the framework, preparation is underway for the integration scheduled in April 2010. Regarding integration of other back office functions, we established a logistics subsidiary and a human resources services subsidiary in April 2009. We also intend to reduce costs by integrating other functions, such as building management and accounting.

With regard to the existing businesses, we will develop and strengthen promising ones while promoting restructuring and consolidation from the viewpoints of customer needs and profitability.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of yen)	
Fiscal 2008	
(As of March 31, 2009)	
<b>ASSETS</b>	
Current assets	
Cash and bank deposits	41,102
Notes and accounts receivable–trade	104,001
Marketable securities	566
Merchandise	63,838
Finished goods	1,102
Work in process	101
Raw materials	547
Supplies	814
Deferred tax assets	23,654
Other current assets	27,734
Less: Allowance for doubtful accounts	(2,606)
Total current assets	260,856
Property and equipment	
Tangible fixed assets	
Buildings and structures	466,064
Less: Accumulated depreciation	(273,686)
Buildings and structures, net	192,378
Land	567,144
Construction in progress	7,027
Other tangible fixed assets	62,270
Less: Accumulated depreciation	(44,008)
Other tangible fixed assets, net	18,261
Total tangible fixed assets	784,811
Intangible fixed assets	
Software	12,425
Other intangible fixed assets	62,217
Total intangible fixed assets	74,642
Investments and other assets	
Investment securities	95,189
Long-term loans receivable	12,727
Guarantee deposits	89,290
Deferred tax assets	7,915
Other assets	28,237
Less: Allowance for doubtful accounts	(2,038)
Total investments and other assets	231,322
Total property and equipment	1,090,776
Total assets	1,351,633

(Millions of yen)	
Fiscal 2008	
(As of March 31, 2009)	
<b>LIABILITIES</b>	
Current liabilities	
Notes and accounts payable	99,004
Short-term borrowings	165,742
Commercial papers	30,000
Income taxes payable	3,441
Gift vouchers	88,145
Deferred tax liabilities	12
Reserve for bonuses	4,976
Allowance for point cards	1,858
Reserve for loss from redemption of gift vouchers	19,228
Other current liabilities	88,580
<b>Total current liabilities</b>	<b>500,990</b>
Long-term liabilities	
Long-term debt	37,100
Deferred tax liabilities	194,393
Reserve for accrued employees' retirement benefits	63,561
Negative goodwill	52,937
Other long-term liabilities	12,909
<b>Total long-term liabilities</b>	<b>360,902</b>
<b>Total liabilities</b>	<b>861,892</b>
<b>NET ASSETS</b>	
Shareholders' equity	
Common stock	50,006
Capital surplus	319,118
Retained earnings	118,424
Less: Treasury stock	(64)
<b>Total shareholders' equity</b>	<b>487,484</b>
Valuation and translation adjustments	
Net unrealized gains (losses) on other securities	(3,016)
Deferred gains (losses) on hedges	(15)
Foreign currency translation adjustments	(9,083)
<b>Total valuation and translation adjustments</b>	<b>(12,115)</b>
Stock acquisition rights	733
Minority interests	13,637
<b>Total net assets</b>	<b>489,740</b>
<b>Total liabilities and net assets</b>	<b>1,351,633</b>

(2) Consolidated Statement of Income

(Millions of yen)	
Fiscal 2008 (From April 1, 2008, to March 31, 2009)	
Net sales	1,426,684
Cost of sales	1,029,238
Gross profit	397,446
Selling, general and administrative expenses	
Advertising	36,047
Allowance for point cards	1,573
Salaries, payroll costs and bonuses	116,107
Pension expenses	7,539
Provision of allowance for doubtful accounts	801
Depreciation and amortization	24,253
Leases	48,507
Business consignment expenses	38,566
Other expenses	104,467
Total selling, general and administrative expenses	377,863
Operating income	19,582
Non-operating income	
Interest income	868
Dividend income	1,088
Equity in earning of affiliates	4,368
Income from unredeemed gift vouchers	10,803
Amortization of negative goodwill	13,235
Other non-operating income	4,854
Total non-operating income	35,219
Non-operating expenses	
Interest expenses	3,016
Loss on disposal of property and equipment	1,846
Provision of reserve for loss from redemption of gift vouchers	9,487
Other non-operating expenses	5,398
Total non-operating expenses	19,749
Recurring income	35,052

(Millions of yen)	
Fiscal 2008 (From April 1, 2008, to March 31, 2009)	
<b>Extraordinary gain</b>	
Gain on sales of investment securities	273
Gain on sales of property and equipment	1,056
Total extraordinary gain	1,330
<b>Extraordinary loss</b>	
Loss on valuation of inventories	1,494
Loss on disposal of property and equipment	570
Impairment losses	4,982
Loss on valuation of investment securities	8,078
Loss on liquidation of affiliates	1,278
Loss on structural reform	8,492
Total extraordinary loss	24,897
Income before income taxes and minority interests	11,484
Income taxes—current	7,232
Income taxes—deferred	(1,297)
Total income taxes	5,934
Minority interests in earnings of consolidated subsidiaries	867
Net income	4,683

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)	
Fiscal 2008 (From October 1, 2008, to March 31, 2009)	
<b>Shareholders' equity</b>	
Common stock	
Balance at March 31, 2008	36,763
Changes during the year	
Issuance of new shares	6
Increase by share transfers	13,236
Total changes during the year	13,242
Balance at March 31, 2009	50,006
Capital surplus	
Balance at March 31, 2008	43,343
Changes during the year	
Issuance of new shares	6
Increase by share transfers	275,766
Disposal of treasury stock	2
Total changes during the year	275,774
Balance at March 31, 2009	319,118
Retained earnings	
Balance at March 31, 2008	115,776
Changes during the year	
Dividends from surplus	(1,983)
Net income	4,683
Change of scope of consolidation	(52)
Total changes during the year	2,647
Balance at March 31, 2009	118,424
Treasury stock	
Balance at March 31, 2008	(1)
Changes during the year	
Increase by share transfers	(29)
Acquisition of the Company's own shares	(65)
Disposal of treasury stock	31
Total changes during the year	(62)
Balance at March 31, 2009	(64)
<b>Total shareholders' equity</b>	
Balance at March 31, 2008	195,881
Changes during the year	
Issuance of new shares	12
Increase by share transfers	288,974
Dividends from surplus	(1,983)
Net income	4,683
Acquisition of the Company's own shares	(65)
Disposal of treasury stock	34
Change of scope of consolidation	(52)
Total changes during the year	291,602
Balance at March 31, 2009	487,484

(Millions of yen)	
Fiscal 2008 (From October 1, 2008, to March 31, 2009)	
<b>Valuation and translation adjustments</b>	
Net unrealized gains on other securities	
Balance at March 31, 2008	6,788
Changes during the year	
Changes in items other than shareholders' equity during the year (net)	(9,804)
Total changes during the year	(9,804)
Balance at March 31, 2009	(3,016)
Deferred gains on hedges	
Balance at March 31, 2008	(2)
Changes during the year	
Changes in items other than shareholders' equity during the year (net)	(12)
Total changes during the year	(12)
Balance at March 31, 2009	(15)
Foreign currency translation adjustments	
Balance at March 31, 2008	975
Changes during the year	
Changes in items other than shareholders' equity during the year (net)	(10,059)
Total changes during the year	(10,059)
Balance at March 31, 2009	(9,083)
Total valuation and translation adjustments	
Balance at March 31, 2008	7,761
Changes during the year	
Changes in items other than shareholders' equity during the year (net)	(19,876)
Total changes during the year	(19,876)
Balance at March 31, 2009	(12,115)
Stock acquisition rights	
Balance at March 31, 2008	648
Changes during the year	
Changes in items other than shareholders' equity during the year (net)	85
Total changes during the year	85
Balance at March 31, 2009	733
Minority interests	
Balance at March 31, 2008	14,424
Changes during the year	
Changes in items other than shareholders' equity during the year (net)	(786)
Total changes during the year	(786)
Balance at March 31, 2009	13,637

(Millions of yen)	
Fiscal 2008	
(From October 1, 2008, to March 31, 2009)	
<b>Total net assets</b>	
Balance at March 31, 2008	218,716
<b>Changes during the year</b>	
Issuance of new shares	12
Increase by share transfers	288,974
Dividends from surplus	(1,983)
Net income	4,683
Acquisition of the Company's own shares	(65)
Disposal of treasury stock	34
Change of scope of consolidation	(52)
Changes in items other than shareholders' equity during the year (net)	(20,577)
Total changes during the year	271,024
Balance at March 31, 2009	489,740



(4) Consolidated Statement of Cash Flows

	(Millions of yen)
	Fiscal 2008 (From April 1, 2008, to March 31, 2009)
<b>Cash flows from operating activities</b>	
Income before income taxes and minority interest	11,484
Depreciation and amortization	25,017
Impairment losses	4,982
Amortization of negative goodwill	(13,235)
Increase (decrease) in allowance for doubtful accounts	(439)
Increase (decrease) in reserve for accrued employees' retirement benefits	(972)
Interest and dividend income	(1,957)
Interest expenses	3,016
Equity in loss (earnings) of affiliated companies	(4,368)
Loss (gain) on sales of property and equipment	(1,055)
Loss (gain) on disposal of property and equipment	570
Loss (gain) on sales of investment securities	(270)
Loss (gain) on valuation of investment securities	8,078
Loss on liquidation of affiliates	1,278
Loss on structural reform	8,492
Decrease (increase) in receivables	8,936
Decrease (increase) in inventories	4,984
Increase (decrease) in payables	(17,349)
Increase (decrease) in accrued expenses	(2,971)
Other, net	(7,476)
Sub-total	26,746
Interest and dividend income received	4,713
Interest expense paid	(3,197)
Income taxes paid	(10,099)
Net cash provided by operating activities	18,162
<b>Cash flows from investing activities</b>	
Increase in fixed deposits	(6,725)
Decrease in fixed deposits	1,062
Payments for purchase of tangible fixed assets	(26,762)
Proceeds from sales of tangible fixed assets	5,828
Payments for purchase of intangible fixed assets	(5,129)
Payments for purchase of marketable securities and investment securities	(10,945)
Proceeds from sales of marketable securities and investment securities	4,508
Proceeds from sales of shares of consolidated subsidiaries accompanying changes of consolidation scope	(532)
Proceeds from collection of lease and guarantee deposits	11,035
Expenditure for lease and guarantee deposits	(938)
Other, net	1,169
Net cash used in investing activities	(27,429)

(Millions of yen)	
Fiscal 2008 (From April 1, 2008 to March 31, 2009)	
<b>Cash flows from financing activities</b>	
Increase (decrease) in short-term borrowings	39,311
Proceeds from borrowings of long-term debt	30,000
Repayment of long-term debt	(70,973)
Redemption of bonds	(10,000)
Increase (decrease) in commercial paper	21,000
Dividends paid	(2,005)
Payment for purchase of own shares	(65)
Proceeds from sales of treasury stock	34
Dividends paid to minority shareholders	(119)
Other, net	(66)
Net cash provided by financing activities	7,116
Effect of exchange rate changes on cash and cash equivalents	(2,963)
Net increase (decrease) in cash and cash equivalents	(5,113)
Cash and cash equivalents at beginning of year	27,208
Increase in cash and cash equivalents by share transfers	13,244
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(589)
Cash and cash equivalents at end of year	34,749

## Segment Information

### Business segment information

Fiscal 2008 (From April 1, 2008, to March 31, 2009)

(Millions of yen)

	Department store business	Credit & finance business	Other retail & specialty store business	Customer organization management	Other businesses	Total	Elimination or corporate	Consolidated total
<b>I Sales and Operating Income</b>								
Sales								
(1) Sales to outside customers	1,322,221	9,862	54,081	363	40,155	1,426,684	—	1,426,684
(2) Intersegment sales or transfer	703	5,407	9,740	4,621	102,883	123,357	(123,357)	—
<b>Total</b>	<b>1,322,925</b>	<b>15,269</b>	<b>63,822</b>	<b>4,985</b>	<b>143,039</b>	<b>1,550,042</b>	<b>(123,357)</b>	<b>1,426,684</b>
Operating expenses	1,303,791	14,086	64,326	7,743	140,688	1,530,635	(123,533)	1,407,101
Operating income	19,134	1,182	(503)	(2,758)	2,351	19,406	175	19,582
<b>II Assets, Depreciation and Amortization, Impairment Losses, and Capital Expenditures</b>								
Assets	1,263,256	72,061	12,860	89,575	96,238	1,533,991	(182,358)	1,351,633
Depreciation and amortization	20,989	1,026	1,026	46	2,008	25,097	(79)	25,017
Impairment losses	3,543	—	1,414	—	24	4,982	—	4,982
Capital expenditure	22,256	2,955	1,826	6	3,694	30,739	(619)	30,120

Notes:

- Business segments are based on the segments defined for internal management purposes.
- Details of each business segment are as follows:
  - Department store business: Sales of apparel, accessories, household and sundry goods, and foods
  - Credit & finance business: Credit cards, money lending, brokerage of non-life insurance, and businesses concerning solicitation for life insurance
  - Other retail & specialty store business: Sales of ladies' wear, foods, dry goods (clothing and textiles), and household goods
  - Customer organization management: Management of customer organizations at department stores
  - Other businesses: Management of real estate, manufacturing, export/import, and wholesaling, logistics, human resources services, and data processing services

### Geographical segment information

Fiscal 2008 (From April 1, 2008, to March 31, 2009)

Geographical segment information is not provided since Japan accounted for over 90% of total sales of all segments and of total assets of all segments.

### Overseas sales

Fiscal 2008 (From April 1, 2008, to March 31, 2009)

Information on overseas sales is not provided since overseas sales accounted for less than 10% of consolidated net sales for fiscal 2008.

### Omission of Disclosure

Disclosure of notes on lease transactions, related-party information, deferred tax accounting, securities, derivative transactions, retirement benefits, stock options, etc. is omitted since there is considered to be little need for disclosure of such information in the Summary of Settlement of Consolidated Financial Accounts.

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheet

(Millions of yen)	
Fiscal 2008	
(As of March 31, 2009)	
<b>ASSETS</b>	
Current assets	
Cash and bank deposits	142
Deferred tax assets	180
Short-term loans to subsidiaries and affiliates	4,900
Income taxes receivable	1,092
Other current assets	19
<b>Total current assets</b>	<b>6,334</b>
Property and equipment	
Tangible fixed assets	
Tools, furniture and fixtures	1
<b>Total tangible fixed assets</b>	<b>1</b>
Investments and other assets	
Investments in securities of subsidiaries and affiliates	445,131
Deferred tax assets	0
<b>Total investments and other assets</b>	<b>445,131</b>
<b>Total property and equipment</b>	<b>445,132</b>
<b>Total assets</b>	<b>451,467</b>
<b>LIABILITIES</b>	
Current liabilities	
<b>Total current liabilities</b>	<b>932</b>
Accounts payable-other	119
Accrued expenses	167
Reserve for bonuses	99
Income taxes payable	419
Other current liabilities	128
<b>Total liabilities</b>	<b>932</b>

(Millions of yen)	
Fiscal 2008	
(As of March 31, 2009)	
NET ASSETS	
Shareholders' equity	
Common stock	50,006
Capital surplus	
Capital reserve	12,506
Other capital surplus	379,570
Total capital surplus	392,076
Retained earnings	
Other retained earnings	
Retained earnings carried forward	7,759
Total retained earnings	7,759
Less: Treasury stock	(40)
Total shareholders' equity	449,801
Stock acquisition rights	733
Total net assets	450,534
Total liabilities and net assets	451,467

(2) Non-consolidated Statement of Income

	(Millions of yen)
	Fiscal 2008 (From April 1, 2008, to March 31, 2009)
Operating revenues	
Dividend income	7,500
Consulting fee income	4,557
Selling, general and administrative expenses	
Directors' compensations	397
Salaries, payroll costs and bonuses	1,259
Leases	154
Other expenses	1,617
Total selling, general and administrative expenses	3,429
Operating income	8,628
Non-operating income	
Interest income	0
Other non-operating income	2
Total non-operating income	3
Non-operating expenses	
Interest expenses	13
Amortization of deferred organization expenses	126
Total non-operating expenses	139
Recurring income	8,491
Extraordinary gain	
Gain on reversal of stock acquisition rights	11
Total extraordinary gain	11
Extraordinary loss	
Loss on extinguishment of securities of subsidiaries and affiliates	324
Total extraordinary loss	324
Income before income taxes	8,178
Income taxes-current	600
Income taxes-deferred	(180)
Total income taxes	419
Net income	7,759

(3) Non-consolidated Statements of Changes in Net Assets

		(Millions of yen)
		Fiscal 2008
		(From October 1, 2008, to March 31, 2009)
<b>Shareholders' equity</b>		
<b>Common stock</b>		
Changes during the year		
Issuance of new shares		6
Increase by share transfers		50,000
Total changes during the year		50,006
Balance at March 31, 2009		50,006
<b>Capital surplus</b>		
<b>Capital reserve</b>		
Changes during the year		
Issuance of new shares		6
Increase by share transfers		12,500
Total changes during the year		12,506
Balance at March 31, 2009		12,506
<b>Other capital surplus</b>		
Changes during the year		
Increase by share transfers		379,575
Disposal of treasury stock		(5)
Total changes during the year		379,570
Balance at March 31, 2009		379,570
<b>Total capital surplus</b>		
Changes during the year		
Issuance of new shares		6
Increase by share transfers		392,075
Disposal of treasury stock		(5)
Total changes during the year		392,076
Balance at March 31, 2009		392,076
<b>Retained earnings</b>		
<b>Other retained earnings</b>		
Retained earnings carried forward		
Changes during the year		
Net income		7,759
Total changes during the year		7,759
Balance at March 31, 2009		7,759
<b>Total retained earnings</b>		
Changes during the year		
Net income		7,759
Total changes during the year		7,759
Balance at March 31, 2009		7,759

(Millions of yen)	
Fiscal 2008 (From October 1, 2008, to March 31, 2009)	
Treasury stock	
Changes during the year	
Acquisition of the Company's own shares	(80)
Disposal of treasury stock	39
Total changes during the year	(40)
Balance at March 31, 2009	(40)
Total shareholders' equity	
Changes during the year	
Issuance of new shares	12
Increase by share transfers	442,075
Net income	7,759
Acquisition of the Company's own shares	(80)
Disposal of treasury stock	34
Total changes during the year	449,801
Balance at March 31, 2009	449,801
Stock acquisition rights	
Changes during the year	
Changes in items other than shareholders' equity during the year (net)	733
Total changes during the year	733
Balance at March 31, 2009	733
Total net assets	
Changes during the year	
Issuance of new shares	12
Increase by share transfers	442,075
Net income	7,759
Acquisition of the Company's own shares	(80)
Disposal of treasury stock	34
Changes in items other than shareholders' equity during the year (net)	733
Total changes during the year	450,534
Balance at March 31, 2009	450,534