

117th ANNUAL REPORT

For the Year Ended February 28, 2001



COMPANY PHILOSOPHY

Our company philosophy is “Service Before Profit”, which means those who give priority to service over profit will prosper.

“Service Before Profit” is keeping faith with and loyalty to community and customers and the phrase implies the confidence of community and customers will bring the company in profits. It is rephrased as “The Customer Is Always First” and “Contribution to Community”.

To the Shareholders:

We are pleased to inform you that we have settled the accounts and prepared the annual business report for the 117th Fiscal Year from March 1, 2000 through February 28, 2001.

Though the Japanese economy for this year began making a gentle recovery, some indications of a slowdown were seen with unemployment stabilizing at a high rate, sluggish personal consumption and import slackening since the end of 2000.

Under these circumstances, there was keen competition, which led to successive store closures in retail industry and department stores suffered decrease in sales below the previous year's level due to diminished personal and corporate demand.

In the meantime, for the purpose of effectively realizing customer satisfaction to the full, Daimaru pushed forward with a "business reform" and an "improvement in attraction of stores".

The "business reform" includes a "reform of store operation" with the aim of strengthening store-based sales, customer service and merchandising by reviewing the system of "purchase" and "sales and service" to the bottom and a "reform of out-of-store sales" with the aim of profitable operation by restructuring the out-of-store sales in the light of credit business. Our company also initiated a "reform of non-sales service" in order to make the operation of back-office works more efficient by way of integrating, streamlining and standardizing support works of the whole company and batching them at the head office. At the same time, Daimaru laid the foundation of company-wide information network system for advancement and reduction of labor. Furthermore, we worked on thorough operation of merit system and personnel development by way of a "personnel reform", linked with the other reforms mentioned above, with focus on achievements for compensation.

Aiming at "improvement in attraction of stores", we made a reform in stores to win a large patronage by making them fresh and attractive so as to meet their local markets and needs. For this purpose, Daimaru developed original merchandise such as a women's wear brand "Classiques Entier" and a men's wear brand "Halogen" under a tie-up with Nordstrom, one of the major department stores in U.S.A., and "SOFUOL", which offers new styles for career women in their late twenties, with the intention of differentiation from other

companies. With such development, we also intend to accumulate expertise in independent original merchandising such as reasonable pricing through the rationalization of distribution. Our company continues its efforts to realize customers' views and wishes further in merchandising as well as facilities, environment and service under the customer-oriented "Customer's View" project.

Our Osaka Shinsaibashi Store made a refurbishment on a full scale to refine itself as a new high quality department store worth visiting. Positioning fashion and food floors in the main building and home furnishings floors in the annex, it opened "English Garden" and "Relaxing Garden", the first floor exclusively for women of department stores in Japan, in the spring of 2000 and in fall extended fashion floors from four to six, among which the first to the fourth floors are occupied by women's fashion and the fifth and the sixth by men's.

In response to the growing demand for seeking information on the Internet, Daimaru considerably changed the contents of its homepage in November 2000. In addition, we completed arrangements for feeding up-to-date information on each store to customers through their personal computers or cellular phones and started an invitation of the members of "DAIMARU Web-Circle" to offer such service. In order to meet the varying needs of customers and to earn more profit from operations, we increased the number of operating days including January 2, when our stores had never been open before, and extended the opening hours during the seasons for midyear and year-end gifts, summer and winter clearance sales and other busy periods.

Hoping to reinforce the business basis of Daimaru Group, we have decided to liquidate Niihama Daimaru Co., Ltd. from the conclusion that drastic recovery would not be expected due to fiercer competition and other changes in operational situation.

Though more customers visited our stores by our efforts mentioned above, the sales fell by 3.0% from 1999 levels to 406,477 million yen, adversely affected by a decline in purchase amount per person from a downward tendency of unit prices and the separation of Design & Engineering Division from The Daimaru, Inc. to become one of its subsidiaries in June 1999. However, as a result of improvement in gross profit ratio and thoroughgoing cutback in selling and administrative expenses, the ordinary profit increased by 1.7% from a year earlier to 9,027 million yen and the net income for fiscal 2000 amounted to 2,516 million yen, up 18.8%.

Regrettably, we passed the interim dividend and please allow us to pay five (5) yen per share for the term-end dividend, which is the same amount as the previous term. We hope that you will kindly accept our decision thus made.

Personal consumption is not expected to recover and competition has been intensified beyond types or categories of retailers. In addition, drastic changes in enterprise accounting system will have some effect on business results. Thus the operating environment is forecasted to still worsen.

Daimaru drew up a new medium-range management plan for the period of three years from fiscal 2001 to 2003 in order to cope with such harsh surroundings and aims to make rapid progress as a competitive and profitable business group.

Under the plan, we will further strengthen the competitiveness and profitability of our principal line of department store business. In regard to group business, we will work hard on building up the management constitution of each company and improving the operating efficiency of the whole group. In particular, positioning supermarket business as the second principal line, Daimaru will reconstruct a strategy and invest in management for mid-to-long term growth. We will make the utmost efforts to train our employees and renovate the business climate to perform these tasks expeditiously.

Our challenges for fiscal 2001, the first year of the above-mentioned management plan, include reinforcing merchandising through further development of merchandise and sales floors, some of which will be made in collaboration with suppliers, improving store-based operation through better customer service and adding to regular customers toward consolidation of operation. Furthermore, Daimaru will increase attraction of its stores and enhance competitiveness in each area by investing in refurbishment of Kyoto Store in fall 2001 and others, following remodeling of Osaka Shinsaibashi and Umeda Stores in spring 2001. Whereas we are planning the right placement of personnel, joint purchase of supplies and other materials and promotion of efficiency in assets such as merchandise and accounts receivable for low-cost operations with high profitability.

Under a basic concept of creating a “department store seeking pleasure”, we will open a new store in Sapporo in the spring of 2003 and the preparations will get into a working stage including floor planning based on a master plan and dispatch of opening staff.

As mentioned above, all of us, management and employment united, are determined to recover the business performance by overcoming the tasks imposed on us. Your more and more support will be highly appreciated.

Please note that a deficit of 37.7 billion yen in reserve resulting from the introduction of the accounting for retirement benefits in fiscal 2001 and a decrease of 20 billion yen in shares and credits due to a change in the accounting standard concerning financial instruments will be depreciated in a lump in fiscal 2001, as announced on April 20, 2001, in order to solidify the management foundation at an early stage and to ensure the realization of the new medium-range management plan, which has been initiated in 2001.

May 2001

Tsutomu Okuda
President

FINANCIAL SECTION

BALANCE SHEET

(As of February 28, 2001)

(Unit: ¥Million)

ASSETS	252,235
Current Assets	97,098
Cash on hand and in banks	27,259
Notes receivable	376
Accounts receivable-trade	29,424
Merchandise	16,332
Supplies	170
Advance payments	12
Prepaid expenses	1,032
Short-term loans receivable	17,957
Deferred tax assets	1,766
Other current assets	4,394
Allowance for doubtful accounts	-1,629
Fixed Assets	155,137
Tangible fixed assets	61,251
Buildings and structures	41,751
Vehicles and furniture/fixtures	521
Land	16,755
Construction in progress	2,223
Intangible fixed assets	3,918
Leasehold land	2,084
Software	1,359
Other intangible fixed assets	474
Investments	89,967
Investment securities	33,195
Investment in subsidiaries	6,775
Long-term loans receivable	19,028
Long-term guarantee deposits	30,522
Long-term prepaid expenses	440
Deferred tax assets	600
Other investments	1,093
Allowance for doubtful accounts	-1,688
Total	252,235

LIABILITIES	170,605
Current Liabilities	121,171
Notes payable	3,396
Accounts payable-trade	28,802
Short-term loans payable	39,557
Accounts payable-not trade	4,295
Accrued corporation taxes	1,622
Accrued consumption taxes	1,080
Accrued expenses	1,500
Advances received	16,478
Deposits received	19,674
Allowance for bonuses	4,012
Reserve for loss on disposal of subsidiaries and affiliates	540
Other current liabilities	210
Fixed Liabilities	49,433
Bonds	10,000
Convertible debentures	5,218
Long-term loans payable	29,140
Reserve for retirement allowance	4,647
Other fixed liabilities	428
SHAREHOLDERS' EQUITY	81,630
Capital	20,283
Legal reserve	27,705
Capital reserve	23,184
Earned surplus reserve	4,521
Earned surplus	33,641
General reserve	20,340
Reserve for advanced depreciation deduction of fixed assets	2,221
Reserve for special depreciation	530
Unappropriated retained earnings	10,549
(Net income)	(2,516)
Total	252,235

- Note: 1. Any fractional sum less than one million yen is omitted.
2. Important financial policies and explanatory notes relating to the balance sheet are provided separately.

INCOME STATEMENT

(March 1, 2000 – February 28, 2001)

(Unit: ¥Million)

Ordinary Income and Expenses

Operating income and expenses

Operating income

Sales	406,477	
Other income	2,627	409,105

Operating expenses

Cost of sales	294,237	
Selling, general and administrative expenses	105,327	399,564

Operating profit		9,540
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Non-operating income and expenses

Non-operating income

Interest received	815	
Dividend received	489	
Miscellaneous income	1,085	2,390

Non-operating expenses

Interest paid	2,046	
Miscellaneous expenses	857	2,903

Ordinary profit		9,027
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Extraordinary Items

Extraordinary income

Profit on disposal of fixed assets	485	
Profit on sale of investment securities	1,593	2,078

Extraordinary loss

Past service cost under retirement pension plan	1,873	
Special contribution to employees' pension funds	1,605	
Loss on retirement of fixed assets	342	
Loss on disposal of subsidiaries and affiliates	1,104	
Loss on sale of investment securities	595	
Loss from valuation of investment securities	846	6,367

Income before taxes

		4,738
Income, inhabitant and enterprise taxes		1,720
Income tax adjustment		502

Net income

		2,516
Retained earnings brought forward		3,172
Tax effect adjustment for fiscal 1999		2,868

Reversal of reserve for advanced depreciation deduction of fixed assets resulting from tax effect accounting		1,608
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Reversal of reserve for special depreciation resulting from tax effect accounting		384
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Unappropriated retained earnings		10,549
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Note: 1. Any fractional sum less than one million yen is omitted.
2. Important financial policies and explanatory notes relating to the income statement are provided separately.

Important Financial Policies

Important financial policies adopted in preparing the balance sheet and the income statement are as follows:

1. Appraisal of securities: By moving average cost method

2. Appraisal of inventory

Goods: By reduction-to-retail cost method;
 For imported goods not yet delivered, by individual cost method of book inventory

Stores: By first-in first-out cost method

3. Fixed assets depreciation

Tangible fixed assets: By declining balance method pursuant to Corporation Tax Law
 For buildings and structures purchased in and after April 1998 excluding facilities and structures attached to buildings, by straight-line method pursuant to Corporation Tax Law

Intangible fixed assets: By straight-line method pursuant to Corporation Tax Law
 For software used in house, by straight-line method according to the usable period of five years

4. Allowance and reserve

Allowance for doubtful accounts:

To provide against loss due to bad debts, debtor's assets are taken into consideration in addition to the transfer amount prescribed by Corporation Tax Law (Statutory Transfer Rate).

Accrued bonuses:

Stated according to estimated amount

Reserve for loss on disposal of subsidiaries and affiliates:

To provide against loss on liquidation of subsidiaries and affiliates, reserve is stated according to estimated amount of loss.

Reserve for retirement allowance:

- (1) For employees, employees' retirement allowance is provided on the basis of voluntary retirement in accordance with the present value method. Adjusted pension plan is adopted as part of retirement allowance system.
- (2) For directors, directors' retirement allowance is provided in accordance with the company's by-law.

5. Lease

Finance lease is stated in the same way as ordinary lease unless the transfer of ownership of leased assets to the lessee is recognized.

6. Consumption taxes: By tax-excluded method

7. Adoption of tax effect accounting provides deferred tax assets of 2,366 million yen (including current assets of 1,766 million yen and investments of 600 million yen) and decreases net income by 502 million yen while increasing unappropriated retained earnings by 4,358 million yen.

8. Software cost stated as "long-term prepaid expenses" of investments before is accounted for as in the past by adopting interim measures stipulated in "Practical Guidance for Accounting for Research and Development Costs, etc." (Accounting Committee Report No. 12 of The Japanese Institute of Certified Public Accountants effective March 31, 1999). Pursuant to the same Report, however, the statement of the relevant software changes from "long-term prepaid expenses" of investments to "software" of intangible fixed assets and depreciation is made by straight-line method according to the usable period of five years.

Explanatory Notes relating to the Balance Sheet

	(Unit: ¥Million)
1. Treasury stock included in other current assets	-
2. Short term money credit receivable from the subsidiaries	17,322
Short term debt payable to the subsidiaries	15,934
Long term money credit receivable from the subsidiaries	5,397
Long term money debt payable to the subsidiaries	221
3. Accumulated depreciation for tangible fixed assets	69,406
4. Material assets/liabilities in foreign currency	
Investment securities	AUS\$70 million (¥7,592 million)
5. Assets put up as security	
Buildings and structures	18,633
Land	1,540
Investment securities	13,770
6. In addition to the fixed assets stated in the balance sheet, some vehicles and furniture/fixtures are provided by lease.	
7. Loan guarantees	20,119
Loan guarantees to be made	2,100
8. Reserve for loss on disposal of subsidiaries and affiliates (¥540 million) and directors' retirement allowance (¥235 million) included in reserve for retirement allowance are stated in accordance with the provision of Article 287-2 of the Commercial Code.	
9. Net income per share	¥9.29

Explanatory Notes relating to the Income Statement

	(Unit: ¥Million)
1. Amount of sales to subsidiaries	36
2. Amount of purchase from subsidiaries	9,641
3. Amount of transactions other than the normal operation with subsidiaries	3,816

STATEMENT OF APPROPRIATIONS

(Unit: ¥)

Unappropriated retained earnings	10,549,296,309
Reversal of reserve for advanced depreciation deduction of fixed assets	105,651,046
Reversal of reserve for special depreciation	106,140,000
Total	10,761,087,355

Appropriation shall be made as follows:

Earned surplus reserve	136,000,000
Dividends (¥5 per share)	1,354,147,575
Retained earnings brought forward to the next term	9,270,939,780

Note: Reversal of reserve for advanced depreciation deduction of fixed assets and reversal of reserve for special depreciation are stated in accordance with the Ordinance on Special Tax Arrangements and the Earthquake Law on Exceptional Provisions concerning the Great Hanshin/Awaji Earthquake respectively.

CONSOLIDATED BALANCE SHEET

(As of February 28, 2001)

(Unit: ¥Million)

ASSETS	389,430
Current Assets	155,708
Cash on hand and in banks	36,851
Notes receivable and accounts receivable-trade	73,902
Inventories	33,519
Deferred tax assets	2,724
Other current assets	10,574
Allowance for doubtful accounts	-1,863
Fixed Assets	232,475
Tangible fixed assets	124,906
Buildings and structures	70,025
Machinery, equipment and vehicles	207
Furniture and fixtures	1,550
Land	50,800
Construction in progress	2,322
Intangible fixed assets	7,558
Consolidation adjustments account	2,119
Other intangible fixed assets	5,438
Investments and other assets	100,010
Investment securities	31,530
Long-term loans receivable	19,272
Long-term guarantee deposits	46,813
Deferred tax assets	956
Other investments and assets	3,995
Allowance for doubtful accounts	-2,558
Foreign currency translation adjustments	1,246
Total	389,430

LIABILITIES	309,333
Current Liabilities	218,490
Notes payable and accounts payable-trade	77,459
Short-term loans payable	76,424
Accrued corporation taxes	2,555
Advances received	30,748
Allowance for bonuses	7,430
Reserve for loss on disposal of subsidiaries and affiliates	540
Other current liabilities	23,331
Fixed Liabilities	90,834
Bonds	12,000
Convertible debentures	5,218
Long-term loans payable	59,720
Deferred tax liabilities	1,548
Reserve for retirement allowance	10,201
Reserve for directors' retirement allowance	263
Other fixed liabilities	1,891
MINORITY INTERESTS	466
Minority interests	466
SHAREHOLDERS' EQUITY	79,630
Capital	20,283
Capital reserve	23,184
Consolidated earned surplus	36,163
Treasury stock	0
Total	389,430

Note: Any fractional sum less than one million yen is omitted.

CONSOLIDATED INCOME STATEMENT

(March 1, 2000 - February 28, 2001)

(Unit: ¥Million)

Sales	794,760
Cost of sales	594,641
Gross profit	200,118
Other operating revenue	1,208
Selling, general and administrative expenses	186,576
Operating profit	14,749
Non-operating income	3,142
Interest received	691
Dividend received	368
Miscellaneous income	2,083
Non-operating expenses	6,705
Interest paid	3,496
Investment loss on equity method	161
Miscellaneous expenses	3,046
Ordinary profit	11,187
Extraordinary income	3,309
Profit on disposal of fixed assets	2,165
Profit on sale of investment securities	1,144
Extraordinary loss	7,645
Past service cost under retirement pension plan	2,073
Special contribution to employees' pension funds	1,833
Loss on retirement of fixed assets	633
Loss on disposal of subsidiaries and affiliates	1,663
Loss on sale of investment securities	595
Loss from valuation of investment securities	846
Income before taxes, etc.	6,851
Income, inhabitant and enterprise taxes	3,826
Income tax adjustment	187
Minority interests	33
Net income	2,804

Note: Any fractional sum less than one million yen is omitted.

Consolidated Subsidiaries

Department Stores

Daimaru Co., Ltd.

Nagasaki Daimaru Co., Ltd.

Kochi Daimaru Co., Ltd.

Hakata Daimaru Co., Ltd.

Imabari Daimaru Co., Ltd.

Daimaru Australia (Retail) Pty Ltd

Supermarkets

Daimaru Peacock Co., Ltd.

Wholesale

Daimaru Kogyo, Ltd.

Other Businesses

The Daimaru Home Shopping, Inc.

Daimaru Design & Engineering Co., Ltd.

Daimaru Mokko Co., Ltd.

Daimaru Credit Service Co., Ltd.

Restaurant Peacock Co., Ltd.

and other 14 subsidiaries, totaling 27

Consolidated Sales by Type of Business

(Unit: ¥Million)

Department stores	540,632
Supermarkets	114,555
Wholesale	93,840
Other businesses	46,939
Total	795,968

Note: The sales amount includes other operating revenue of 1,208 million yen.

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Range of consolidation

(1) Consolidated subsidiaries

(Twenty-seven companies including Daimaru Co., Ltd., Kochi Daimaru Co., Ltd., Nagasaki Daimaru Co., Ltd., Hakata Daimaru Co., Ltd., Daimaru Peacock Co., Ltd. and Daimaru Kogyo, Ltd.)

Imabari Daimaru Co., Ltd. and The Daimaru Home Shopping, Inc., to which equity method was applied, are included in consolidation with other six companies. Daimaru Creation Co., Ltd. is excluded due to the transfer of shares.

(2) Non-consolidated subsidiaries

(Twenty-one companies including Hakata Daimaru Tomo no Kai Co., Ltd., Hakata Daimaru Card Service Co., Ltd. and Nagasaki Daimaru Tomo no Kai Co., Ltd.)

Total assets, sales, net income and loss (amount of equity) and retained earnings (amount of equity) of non-consolidated subsidiaries are excluded from consolidation because they do not have significant effects on consolidated financial statements.

2. Application of equity method

(1) Non-consolidated subsidiaries and affiliates to which equity method is applied

- Seven affiliates including Shimonoseki Daimaru Co., Ltd., Niihama Daimaru Co., Ltd., Daimaru Australia Pty Ltd and Daimaru Singapore Pte Ltd
From fiscal 2000, equity method is applied to Hakuseisha Co., Ltd., Shinsaibashi Kyodo Center Building Co., Ltd. and other one company and Machida Daimaru Co., Ltd. is excluded from such application due to the completion of liquidation.

(2) Non-consolidated subsidiaries and affiliates to which equity method is not applied

- Twenty-one non-consolidated subsidiaries including Hakata Daimaru Tomo no Kai Co., Ltd., Hakata Daimaru Card Service Co., Ltd. and Nagasaki Daimaru Tomo no Kai Co., Ltd.
- Affiliates including Osaka Diamond Chikagai Co., Ltd., BIG STEP CO., LTD. and Shimonoseki Daimaru Tomo no Kai Co., Ltd.

The above-mentioned non-consolidated subsidiaries and affiliates are excluded from the application of equity method because they have slight effects on net income and loss and consolidated earned surplus and they are of no significance as a whole.

(3) For non-consolidated subsidiaries that do not settle accounts on consolidated settlement day, financial statements for the business year of such subsidiaries are used.

3. Business year of consolidated subsidiaries

As Daimaru Australia (Retail) Pty Ltd settles account in July, it makes assumed settlement in January for consolidation. In regard to significant transactions occurring between such assumed settlement day and consolidated settlement day, adjustments necessary for consolidation are made. Other consolidated subsidiaries settle accounts on consolidated settlement day.

4. Accounting principles

(1) Appraisal of securities: By moving average cost method

(2) Appraisal of inventory: Principally by reduction-to-retail cost method

(3) Fixed assets depreciation

Tangible fixed assets: In principle, by declining balance method pursuant to Corporation Tax Law

For buildings and structures purchased in and after April 1998 excluding facilities and structures attached to buildings, by straight-line method; and

For some of consolidated subsidiaries, by straight-line method

Intangible fixed assets: By straight-line method pursuant to Corporation Tax Law

For software used in house, by straight-line method according to the usable period of five years

(4) Allowance and reserve

Allowance for doubtful accounts:

To provide against loss due to bad debts, debtor's assets are taken into consideration in addition to the transfer amount prescribed by Corporation Tax Law (Statutory Transfer Rate)

Accrued bonuses:

Stated according to estimated amount

Reserve for loss on disposal of subsidiaries and affiliates:

To provide against loss on liquidation of subsidiaries and affiliates, reserve is stated according to estimated amount of loss.

Reserve for retirement allowance:

For employees, employees' retirement allowance is provided on the basis of voluntary retirement in accordance with the present value method. Adjusted pension plan is adopted as part of retirement allowance system. Some consolidated subsidiaries adopt tax-qualified retirement pension plan.

Reserve for directors' retirement allowance:

Provided in accordance with the company's by-law

(5) Significant lease

Finance lease is stated in the same way as ordinary lease unless the transfer of ownership of leased assets to the lessee is recognized.

(6) Consumption taxes: By tax-excluded method

Additional information

Tax effect accounting

Adoption of tax effect accounting provides deferred tax assets of 3,680 million yen (including current assets of 2,724 million yen and investments and other assets of 956 million yen) and deferred tax liabilities (fixed liabilities of 1,548 million yen) and decreases net income by 187 million yen while increasing the ending balance of consolidated earned surplus by 2,222 million yen.

Software

Software cost stated as "other investments and assets" of investments and other assets before is accounted for as in the past by adopting interim measures stipulated in "Practical Guidance for Accounting for Research and Development Costs, etc." (Accounting Committee Report No. 12 of The Japanese Institute of Certified Public Accountants effective March 31, 1999). Pursuant to the same Report, however, the statement of the relevant software changes from "other investments and assets" of investments and other assets to "other intangible fixed assets" of intangible fixed assets (2,160 million yen for fiscal 2000) and depreciation is made by straight-line method according to the usable period of five years.

NETWORK OF DAIMARU GROUP

Department Stores under Direct Management

Osaka Shinsaibashi Store

7-1, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka 542-8501
Tel: 06-6271-1231

Osaka Umeda Store

1-1, Umeda 3-chome, Kita-ku, Osaka 530-0001
Tel: 06-6343-1231

Tokyo Store

9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005
Tel: 03-3212-8011

Kyoto Store

79, Shijo Takakura, Shimogyo-ku, Kyoto 600-8511
Tel: 075-211-8111

Yamashina Store

91, Takehana Takenouchikaido-cho, Yamashina-ku, Kyoto 607-8080
Tel: 075-255-7365

Kobe Store

40, Akashi-cho, Chuo-ku, Kobe 650-0037
Tel: 078-331-8121

Shinnagata Store

5-1, Wakamatsu-cho 5-chome, Nagata-ku, Kobe 653-0038
Tel: 078-643-2951

Affiliated Department Stores

Daimaru Co., Ltd.

Suma Store

Ashiya Store

Hakata Daimaru Co., Ltd.

Shimonoseki Daimaru Co., Ltd.

Kochi Daimaru Co., Ltd.

Tottori Daimaru Co., Ltd.

Imabari Daimaru Co., Ltd.

Nagasaki Daimaru Co., Ltd.

Daimaru Singapore Pte Ltd

Liang Court Store

Junction 8 Store

Orchard Store

Daimaru Australia Pty Ltd

Daimaru Melbourne

Daimaru Australia (Retail) Pty Ltd

Daimaru Gold Coast

Supermarkets

Daimaru Peacock Co., Ltd.

Kanto District (34 locations):

Aoyama, Sodegaura, Takanawa, Mejiro, Jiyugaoka, Asagaya, Shimokitazawa, Machidakiso, Nakano, Fujisawa, Misato, Ebisu, Tama, Kunitachi, Tsurumi, Rokkakubashi, Yokohamabashi, Kugayama, Takadanobaba, Azabu, Senkawa, Kitakarasuyama, logi, Kyodo, Ikejiriohashi, Shinurayasu, Toritsukasei, Sakurashinmachi, Takanodai, Tamachi, Higashikoganei, Kamiikedai, Honkomagome and Mita

Kansai District (27 locations)

Kori, Tsukumodai, Kitasenri, Takemidai, Meimai, Senrichuo, Nakamiya, Chayamadai, Harumidai, Neyagawa, Takakuradai, Shakusonji, Matsugaoka, Osaka Hospital, Myodani, Karibadai, Tsukahara, Hoshida, Senriminamimachi Plaza, Ashiyanangu, Konan, Koshien, Kotoen, Senriyamada, Mukonosu, Senriyama and Mino

Mail Order

The Daimaru Home Shopping, Inc.

Specialty Shop

Givenchy Boutiques Co., Ltd.

Manufacturing

Mode Atelier Co., Ltd.

Mich International Co., Ltd.

Restaurants

Restaurant Peacock Co., Ltd.

Paracucchi Japan, Inc.

Leisure

Daimaru Sports Co., Ltd.

Complex Commercial Business

COM Planning and Development Co., Ltd.

Credit Cards and Customer Circle

Daimaru Credit Service Co., Ltd.

Daimaru Tomo no Kai Co., Ltd.

Construction and Interior Finishing

Daimaru Design & Engineering Co., Ltd.

Daimaru Mokko Co., Ltd.

Lease

Chuo Kogyo Co., Ltd.

Foreign Trade and Wholesale

Daimaru Kogyo, Ltd.

Distribution

Asocia Co., Ltd.

Information and Supporting Business

Consumer Product End-Use Research Institute Co., Ltd.

Dimples' Co., Ltd.

Daimaru Information Center Co., Ltd.

PRIVILEGES TO SHAREHOLDERS

Shareholders' Complimentary Cards

- (1) Daimaru Shareholders' Complimentary Cards are issued to the holders of 1,000 shares or more as of the last day of February and the new holders of 1,000 shares or more as of August 31 and a 7 percent discount off the prices marked is allowed for cash within the following limit of purchase at the stores under the direct management of The Daimaru, Inc. (Osaka Shinsaibashi, Osaka Umeda, Tokyo, Kyoto, Yamashina, Kobe and Shinnagata) and Suma and Ashiya Stores. At Daimaru stores in Hakata, Shimonoseki, Kochi, Tottori, Imabari and Nagasaki, a 5 percent discount is given. For the shareholders as of the last day of February, annual limit of purchase for such discount is determined according to the number of shareholdings as follows. The cards are issued in May and available until May 31 of the following year.

No. of shareholdings as of the last day of Feb.	Annual limit of purchase
1,000 – 1,999	500,000 yen
2,000 – 9,999	500,000 yen for every 1,000 shares
10,000 -	5,000,000 yen (maximum limit)

For the new shareholders as of August 31, annual limit of purchase is determined at a half of the above-mentioned amount according to the number of shareholdings. The cards are issued in November and available until May 31 of the following year.

- (2) The card grants free admission to cultural events held at Daimaru Osaka Shinsaibashi, Osaka Umeda, Tokyo, Kyoto and Kobe Stores to two persons including its holder.

Notes

- (1) The card is available for Daimaru Gift Certificates, the membership card of Daimaru Tomo no Kai and Shopping Coupons for Department Stores issued by the member department stores of Japan Department Stores Association as well as for cash. (It is not available for other certificates, coupons, tickets and debit cards.)
- (2) The card is not available for charge accounts, credit cards, mail orders and COD.
- (3) The card does not allow a discount on the following articles:
Perishables (marine products, meat, vegetables and fruits), books, CDs, cigarettes, stamps, all kinds of certificates and coupons, bullion, coins, handling charges, packages, repairs, eating and drinking, beauty treatment, travels and other specified articles (Louis Vuitton, Tiffany, Bulgari, Cartier, etc.)
- (4) The card is not available together with other discounts.

BOARD OF DIRECTORS

(As of May 1, 2001)

President	Tsutomu Okuda
Senior Managing Director	Takashi Masuda
Managing Director	Naoshi Hirata
Directors	Hisaya Nara Tadao Matsumoto Etsuji Nishio Hiroshi Kitano Syuichi Tani Koichi Saito Masamiki Takagi Keiichiro Matsuda
Auditors	Gentaro Kawase Masafumi Onishi Bunichiro Mikami Hiroshi Iida

CORPORATE DATA

(As of February 28, 2001)

Company Name:	The Daimaru, Inc.
Founded:	1717
Incorporated:	April 16, 1920
Capital:	¥270,283,044,920
Number of Shares Issued:	270,830,356
Location of Main Store:	7-1, Shinsaibashisuji 1-chome, Chuo-ku Osaka 542-8501
Account Settlement:	Last day of February
Determination of Dividend Received	
Term-end Dividend:	Last day of February
Interim Dividend:	August 31
Annual General Meeting of Shareholders:	May
Transfer Office:	Osaka Branch of The Toyo Trust and Banking Co. Ltd. 6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka 541-8502 Tel: 06-6229-3011
Transfer Agents:	Head Offices and Branches of The Toyo Trust and Banking Co., Ltd. and The Nomura Securities Co., Ltd.
Media of Public Notice:	The Nihon Keizai Shimbun
URL:	http://www.daimaru.co.jp/