

ANNUAL REPORT 2005

For the Year Ended February 28, 2005



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 to keep faith and morality with society and customers, implying that corporate profits are created by gaining the trust of society and customers. It represents a customer-first policy and social contribution.

Contents

Message from Chairman	1
Financial Section	
Consolidated Balance Sheet.....	10
Consolidated Statement of Operations	12
Notes to Consolidated Financial Statements	13
Consolidated Statement of Surplus	16
Consolidated Statement of Cash Flows.....	17
Consolidated Financial Summary	18
Non-consolidated Balance Sheet	19
Non-consolidated Statement of Operations	21
Notes to Non-consolidated Financial Statements	22
Non-consolidated Statement of Appropriations.....	23
Corporate Data	24
Shareholder Information	27

MESSAGE FROM CHAIRMAN

To the Shareholders:

We are pleased to inform you that we have settled the accounts and prepared the annual business report mainly on a consolidated basis for the year ended February 28, 2005.

Management Policy

1. Basic policy on management

The common corporate philosophy of Daimaru Group (the “Group”) is “Service Before Profit”, which means keeping faith and morality with society and customers, implying that corporate profits are created by gaining the trust of society and customers. It represents a customer-first policy and social contribution.

Under this philosophy and with the aim of offering customers “high quality, freshness and hospitality” and “achieving maximum customer satisfaction at minimum cost through promotion of management reforms”, we will thoroughly pursue “high quality management”, which improves the quality in every aspect of management including merchandise and services, in our core department store operations, supermarket operations and other business lines to create:

- (1) a group which captivates customers and provides genuine satisfaction and acquires the highest reputation in the industry for popularity among customers;
- (2) a group which meets shareholders’ expectations by achieving the top-level profitability and efficiency in the industry to enhance enterprise value;
- (3) a group which provides job satisfaction to its employees by fairly evaluating their performance so that they can realize their exhibition of ability and growth; and
- (4) a group which widely earns social confidence and contributes to society by ensuring strict compliance in management.

2. Basic policy on profit sharing

The basic policy of The Daimaru, Inc. (the “Company”) is to divide up profits appropriately in consideration of its profit level, future capital investment and cash flow trends while maintaining and improving sound financial position. The Company will continue to sustain and improve its dividend level by strengthening the capital base through improvement of profit level.

3. Basic idea on corporate governance and implementation of its measures

The Group gives top priority to enhancement of corporate governance. For this purpose, we are promoting clarification of the role, responsibility and authority of the whole organization by introducing the new structure of Group Headquarters comprising four principal bodies in a bid to improve the quality of the management of the Group.

In addition, with a view to strengthening corporate governance and compliance as part of efforts to fulfill corporate social responsibilities and liability for shareholders, the Company introduced a corporate officer system to make a clear distinction between decision-makers and executors in the management and expedite decision-making and implementation. We limit the term of directors and corporate officers to one year and have a system in place to decide their remuneration based on

their annual performance to clarify management responsibility for advancement of management and business performance. The Personnel and Remuneration Committee on which an outside director serves decides the amount of their remuneration to increase transparency and fairness.

The Company adopts a corporate auditor system and employs two outside corporate auditors to increase the fairness of audit procedures.

Furthermore, in order to promote corporate activities based on corporate ethics including regulatory compliance, the Group has a Compliance Committee, which is chaired by the Chairman of the Company and joined by a legal advisor, to solve compliance issues and introduced a Compliance Hotline System for whistle-blowing in October 2004.

The status of implementation of corporate governance measures is as follows:

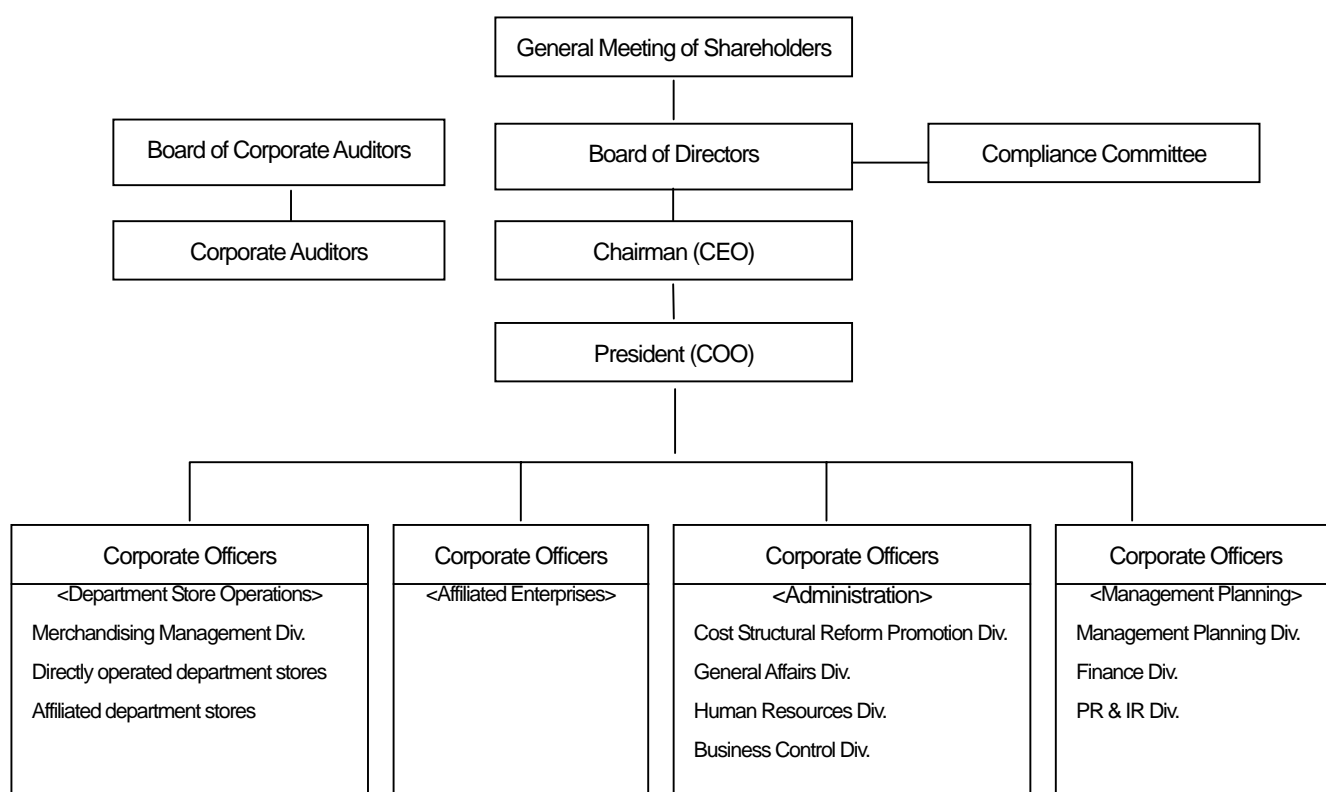
- (1) Management organization concerning management decision-making, execution and supervision and other corporate governance structure
 - (a) The Group's management structure is based on that of companies employing a corporate auditor system.
 - (b) Status of appointment of outside directors
One of the Company's seven directors is outside.
 - (c) Status of appointment of outside corporate auditors
Two of the Company's four corporate auditors are outside.
 - (d) The Group's management organization and operating structure
 - 1) The Group's management organization
We have the Group Headquarters comprising four principal bodies including Department Store Operations, Affiliated Enterprises, Administration and Management Planning in a bid to improve the quality of the management of the Group.
 - 2) Operating structure
The Group's operating structure consists of the Board of Directors that is responsible for making management decisions and Corporate Officers who are responsible for performing operations with the aim of enhancing corporate value through quick and proper management decision-making.
Chairman and President concurrently serve as CEO and COO respectively to clarify management responsibilities for decision-making and operating and to facilitate cooperation between them.
While introducing a corporate officer system to make a clear distinction between strategic planning/decision-making and execution, we formed various committees to reflect a variety of information in the Board of Directors.
- (e) System to grasp information on four bodies of the Headquarters including affiliated companies
Directors and Corporate Officers responsible for these bodies can grasp information on the Company and the Group's other companies under the system where the function, responsibility and authority of each body are clearly defined.
- (f) Monitoring function of the Board of Corporate Auditors and Compliance Committee
 - 1) Input from the Board of Corporate Auditors
The Board of Corporate Auditors consisting of four members has monthly meetings so as to reflect their opinion concerning important matters in the Board of Directors.
 - 2) Compliance Committee and Compliance Hotline

The Compliance Committee consisting of Directors and a legal advisor holds meetings on a quarterly basis to discuss regulatory compliance. In addition, we put in place a Compliance Hotline System for whistle-blowing that also provides outside contact (the Company's legal advisor) for reporting.

3) Internal Audit Division

We have an Internal Audit Division to identify its own tasks and conduct internal audit concerning the daily operations and accounting activities of the Company and the Group's other companies, evaluate the appropriateness and effectiveness of their operational process, and give guidance to and enlighten concerned divisions and companies. The Division duly reports important matters to the Board of Directors and the Board of Corporate Auditors.

Management organization concerning management decision-making, execution and supervision



(2) Overview of personal, capital and business relationships and other interests between the Company and its outside directors and outside corporate auditors

- Outside directors and outside corporate auditors are external well-informed persons of experience and provide timely and appropriate advice on the Company's management decision-making from the standpoint of outsiders.
- There are no special interests between the Company and its outside directors and outside corporate auditors.

4. Mid-and-long term management strategy and tasks

FY 2005 marks the second year of the First Three-year Management Plan for FYs 2004-2006 based on the Daimaru Group Regrowth Plan for next leap forward. The Regrowth Plan presents the mid-and-long term direction of the management of the Group and aims at further innovation and growth based on the improvement of know-how of low-cost and high-efficiency operations acquired by the Company in the past and by adding new business strategies and systems and using group synergy in active response to rapid changes in the external environment.

In ensuring the implementation of the Plan, we will further enhance growth and profitability of department store business and related businesses including supermarket business and achieve higher profit target by realizing lower-cost and higher-efficiency management and developing human resources who tackle challenges and speed up their solution to establish the top position in the industry.

5. Target management indicators

Our numerical business targets for the final FY 2006 of the First Three-year Management Plan for Regrowth of Daimaru Group for FYs 2004-2006 are as follows:

Consolidated net sales (millions of yen) (Note)	820,000
Consolidated operating profit (millions of yen)	32,000
Ratio of consolidated operating profit to net sales (%)	3.9
Ratio of operating profit to department store sales (%)	4.4
Consolidated return on assets (ROA) (%)	8.5
Consolidated interest-bearing debt (millions of yen)	Not exceeding 90,000
Consolidated operating cash flow (millions of yen)	28,000

Note: The figure announced in April 2004 was amended to reflect the actual performance for FY 2004.

6. Concept and policy regarding reduction in investment unit

The Company understands that it is important to increase its enterprise value by expanding its individual investor base and improving its share liquidity. Comprehensively considering the movements of the stock market, we will continue to think of reducing the investment unit.

Operating results and financial condition

[] Operating results

1. Overview for the year ended February 28, 2005

In the year ended February 28, 2005, the Japanese economy did not achieve a full-fledged recovery due to downturn in export and sluggish consumer spending though capital investment grew steadily due to recovery of corporate performance.

In the retail industry, sales of department stores and supermarkets were both below the previous year's level on a comparable-store basis for the combined reasons of intensified competition resulted from successive opening of suburban huge shopping centers and specialty shops and the unsettled weather including landfall of many typhoons, intense heat and warm winter.

Under these circumstances, Daimaru Group initiated the First Three-year Management Plan for FYs 2004-2006 based on the Daimaru Group Regrowth Plan in March 2004 to further strengthen corporate power and seek group synergy toward the regrowth of the Group.

In FY 2004, the first year of the Plan, we decided to open a new store in a wide-area shopping center named LaLaport Yokohama and this new type of food store is scheduled to open in the spring of 2007. With respect to Tokyo Store, which will be relocated and open in the first stage in the fall of 2007, we set up Preparatory Office for New Tokyo Store in March 2004 and are preparing with steady steps to create an innovative store in the metropolis Tokyo. In addition, we put forth efforts toward regrowth, including restructuring of card business through new cards such as an ID card without credit function named Daimaru D Card (issued in March 2005) and a credit card (to be issued within FY 2005) and preparations for establishment in March 2005 of Daimaru Sales Associates Co., Ltd., a company that undertakes sales activities and store operations, in order to reinforce the operating foundations of the Group.

In each area of the existing businesses including department stores, supermarkets and wholesale, we have been committed to radically strengthening marketing power and improving productivity to increase profitability. Above all, in our main department store business, we worked on strengthening various marketing and sales measures by further improving merchandise, selling floors and services and expanding the use of the New Customer Information System so as to more closely meet customer needs.

We took low-cost measures including outsourcing of facility maintenance and security service, centralization of distribution facilities and cost reduction of utilities, communication and supplies of the whole Group to expand our cost reduction know-how to the whole Group.

In terms of personnel policy, we exchanged personnel on a larger scale between Daimaru and other companies of Daimaru Group to establish the optimal personnel structure in an early stage. We also initiated the revision of the current evaluation and salary systems to more directly reflect individual employee's duty and performance. As for personnel training, we continued our commitment to development and strengthening of a group of leaders combining strong leadership with ability of response to changes and training of buying and sales experts by sending them to other companies and improved the self-development program in which each employee can learn expert knowledge and skills voluntarily.

Daimaru Compliance Hotline System was implemented in October 2004 to promote corporate activities that comply with ethics and laws and respond to society's trust. Since the Personal Information Protection Law came into full effect on April 1, 2005, we put in place a system to properly handle our customers' personal information and are trying hard to familiarize all the employees with such system in order to intensify the joint efforts of all the companies of Daimaru Group to protect and manage personal information.

As a result of the efforts mentioned above, on a consolidated basis, net sales for the fiscal year under review decreased by 1.0% over the previous year to ¥809,275 million, but operating profit increased by 12.0% over the previous year to ¥26,136 million owing to cutting down of personnel cost and other expenses. Consolidated ordinary profit and net income also rose by 14.1% and 22.1% over the previous year to ¥25,387 million and ¥14,499 million respectively.

On a non-consolidated basis, net sales decreased by 1.7% over the previous year to ¥461,166 million, but operating profit, ordinary profit and net income grew by 23.7%, 23.9% and 5.5% over the previous year to ¥16,463 million, ¥16,204 million and ¥8,620 million respectively. Thus we reached new highs in these items both on consolidated and non-consolidated bases for the second straight year.

Reflecting the operating performance for the fiscal year under review mentioned above, we have decided to pay a term-end dividend of ¥5 per share, up ¥1 from the previous year, totaling ¥9

annually.

The segment accounting is as follows. Sales figures of each segment include other operating revenue.

Department store

Faced with intensifying intertype competition, we improved merchandising to make our assortment more attractive and strengthened sales and marketing power through store remodeling, improvement of sales service and increase of loyal customers, based on the accumulated know-how of store operations reform.

In order to make our assortment more attractive, we expanded and improved our Customer's View products by launching 136 new products and expanding the project into our affiliated department stores, which led to significant increase of sales. Sales of Daimaru's private brand "SOFUOL", of which planning, production and selling are consistently controlled by the Company, and the Company's directly operated shop in shop called "VIAMONDO", which offers its original selection of women's wear and accessories including imports, were far above the previous year's level because the operation of business processes ranging from buying to selling based on POS information was firmly established. In addition, with increasing needs for home delivery meals, we launched new services including home delivery of elaborate boxed meals prepared by long-established Japanese restaurants and health-oriented meals.

Merchandising Management Division was newly formed in January 2005 in Department Store Operations Headquarters in an effort to radically strengthen merchandise procurement so that we can offer the right merchandise at the right price and in the right quantity at the right time outside the Company's directly operated retail space as well. Under this new organization, we will be committed to realizing the assortment that satisfies customers without shortage or out-of-stock situations.

Our store remodeling efforts include the full makeover of the food floors of Daimaru Kyoto and Ashiya Stores and Fukuoka Tenjin Store of Hakata Daimaru to cater to customers' increasing interest in food by renewing the assortment and sales environment and adding demonstration kitchens for better sales presentation. Particularly, timed with the opening of Nanakuma Line of Fukuoka City Subway and the underground shopping mall in February 2005, Fukuoka Tenjin Store of Hakata Daimaru added two entrances to its food floor, which are connected to Subway Tenjin-minami Station, to improve customers' convenience and pull in more customers. Osaka Umeda Store relocated and expanded the cosmetics department to the second floor and substantially increased the number of brands. Kyoto Store opened Louis Vuitton Global Store in Shijodori and Osaka Shinsaibashi Store opened Sanrio Gallery in Shinsaibashisuji to revitalize their vicinity areas.

In the meantime, the Group increased the number of service trainers to about 120 persons and energetically provided sales activation training through OJT and other training to sales personnel including its suppliers' staff to raise their service levels.

Using the New Customer Information System more effectively, we identified customer needs more accurately and reflected them in timely merchandise offering and service to customers to increase repeat customers.

In its second year of opening, Sapporo Store achieved sales and profit growth compared with both the previous year and the projections for the fiscal year under review due to its efforts to strengthen community-based assortment and sales promotion and to attract and retain new

customers, while its peers in the same area had a tough time. It will continue to make improvements as a model store of low-cost and high-efficiency operation. Celebrating the 50th anniversary of its opening, Tokyo Store held commemoration events in spring and fall and drew many customers.

Affiliated department stores focused on strengthening merchandise network with support from the Group Headquarters in merchandise supply and by offering common midyear and year-end gift items and increasing efficiency of management and profitability as well as firmly establishing our management reforms.

In August 2004, the Group opened a new office in Shanghai, which is enjoying high economic growth, as a base for collecting information on Chinese business.

In spite of the efforts mentioned above, department store sales decreased by 2.8% from the previous year to ¥588,532 million due to sluggish sales of clothing as department store's main offering, decrease of visitors resulted from unseasonable weather including typhoons and increasing intertype competition. However, operating profit rose by 10.0% from the previous year to ¥20,046 million due to reduction of personnel cost resulted from personnel reorganization and decrease of selling, general and administrative expenses resulted from reduction of rent, supplies expenses and other costs.

Supermarket

In order to boost sales, Daimaru Peacock Co., Ltd. enlarged the membership of Peacock Club Card to increase loyal customers and did joint sales promotion in October to celebrate the 40th anniversary of the opening of Daimaru Peacock Aoyama Store and the 50th anniversary of the opening of Daimaru Tokyo Store. In December 2004, Sangenchaya no Mori Store was newly opened in the Kanto district. In spite of these efforts, sales in this segment declined by 1.7% from the previous year to ¥104,247 million, partly affected by intensifying competition among the existing supermarkets and the legal change in April 2004 of the price indication method to display the gross amount inclusive of consumption tax. However, operating profit increased by 34.2% from the previous year to ¥1,033 million due to improvement of gross profit margin rate and reduction of selling, general and administrative expenses.

Wholesale

Daimaru Kogyo, Ltd. was actively engaged in sales and marketing activities including offering of products meeting the market needs, development of new merchandise and new business and opening of Dalian office in December 2004 to increase business in China as well as strived for effective spending of selling, general and administrative expenses. As a result, sales in this segment increased by 5.1% from the previous year to ¥81,553 million due to favorable sales in its core business domains including electronics, life material and industrial material. In addition, improvement of gross profit led to year-on-year growth of 36.9% in operating profit to reach ¥1,529 million.

Other

Sales in this segment rose by 11.5% from the previous year to ¥81,353 million due to the efforts to increase profitability. Operating profit also grew by 14.7% from the previous year to ¥1,462 million owing to reduction of selling, general and administrative expenses.

Sales by Business Segment

For the years ended February 28 / 29

Segment	2004		2005		Amount change (millions of yen)	Percentage change
	Sales (millions of yen)	Percentage of total	Sales (millions of yen)	Percentage of total		
Department store	605,625	74.0	588,532	72.6	(17,093)	(2.8)
Supermarket	106,016	12.9	104,247	12.9	(1,769)	(1.7)
Wholesale	77,566	9.5	81,553	10.1	3,987	5.1
Other	72,956	8.9	81,353	10.0	8,397	11.5
Eliminations	(43,293)	(5.3)	(44,992)	(5.6)	(1,699)	(3.9)
Total	818,870	100.0	810,693	100.0	(8,177)	(1.0)

Note: Sales figures are shown including other operating revenue.

2. Outlook for next term

Though some bright signs including improvement of income and employment situation are shown, environment surrounding the Group is expected to become even severer because of intensifying competition beyond category and type of business in addition to downward consumer expectations due to increasing household financial burden resulted from cut in fixed-rate income tax reduction and rise in social insurance premiums.

Under such harsh circumstances, in the second year of the First Three-year Management Plan for Regrowth of Daimaru Group for FYs 2004-2006, we will ensure implementation of our efforts toward regrowth with the aim of achieving our performance targets.

On a consolidated basis, net sales, operating profit and ordinary profit for the whole year ending February 28, 2006 are projected to expand by 0.5%, 9.0% and 8.3% to ¥813 billion, ¥28.5 and ¥27.5 billion respectively and net income is likely to increase by 3.5% to reach ¥15 billion.

On a non-consolidated basis, net sales are expected to total ¥462.5 billion, up 0.3% for the year ending February 28, 2006, while operating profit and ordinary profit are forecasted to rise by 6.3% and 3.7% to ¥17.5 billion and ¥16.8 billion respectively. The Company expects net income to increase by 4.4% to amount to ¥9 billion.

[] Financial condition

1. Overview for the year ended February 28, 2005

Assets, liabilities and capital totaled ¥361,749 million (year-on-year decline of ¥13,898 million), ¥281,884 million (year-on-year decline of ¥26,829 million) and ¥77,328 million (year-on-year growth of ¥12,214 million) respectively.

Cash inflows from operating activities decreased by ¥12,388 million from the previous year to ¥20,810 million, which was attributable to postponement of payment for the previous year including payment of purchase liabilities to the fiscal year under review due to the last day of the previous year falling on bank holiday.

Cash flows from investing activities came to cash outflows of ¥5,438 million mainly due to capital investment. Net cash used in financing activities totaled ¥18,636 million due to payment of loans.

As a result, the year-end balance of cash and cash equivalents and interest-bearing debt stood

at ¥17,069 million and ¥104,565 million, down ¥3,268 million and ¥15,264 million from the previous year-end respectively.

2. Outlook for next term

For the year ending February 28, 2006, cash inflows from operating activities are expected to remain almost the same level as the fiscal year under review at ¥21 billion.

Cash flows from investing activities are anticipated to post cash outflows of ¥16.5 billion due to capital investment and other payment. Cash flows from financing activities are projected to rack up cash outflows of ¥6.5 billion due to payment of loans.

As a result, the Company expects the balance of cash and cash equivalents as of the last day of February 2006 to amount to ¥15 billion, down ¥2 billion from the previous year-end, and interest-bearing debt to decrease by ¥2.5 billion from the previous year-end to ¥102 billion.

3. Cash flow indicator trends

For the years ended February 28 / 29

	2001	2002	2003	2004	2005
Shareholders' equity ratio (%)	20.4	15.0	15.5	17.3	21.4
Shareholders' equity ratio at market value (%)	25.5	28.0	27.3	49.2	67.9
Debt repayment period (years)	8.1	5.8	8.8	3.6	5.0
Interest coverage ratio	5.5	7.5	6.0	15.0	11.4

Shareholders' equity ratio:

Shareholders' equity / Total assets

Shareholders' equity ratio at market value:

Market capitalization / Total assets

Debt repayment period:

Interest-bearing debt / Operating cash flow

Interest coverage ratio:

Operating cash flow / Interest payment

- * All indicators are calculated using financial values on a consolidated basis.
- * Market capitalization is calculated by multiplying the closing stock price at fiscal year end by the number of shares issued at fiscal year end (after deducting treasury stock).
- * The basis for calculating operating cash flow is net cash provided by operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all debts reported in the consolidated balance sheets on which interest is paid.

Tsutomu Okuda
Chairman and CEO

FINANCIAL SECTION

CONSOLIDATED BALANCE SHEET

February 28, 2005

	Millions of yen
ASSETS	361,794
Current Assets	116,721
Cash on hand and in banks	17,079
Notes receivable and accounts receivable-trade	50,539
Inventories	30,436
Deferred tax assets	5,617
Other current assets.....	13,971
Allowance for doubtful accounts.....	(922)
Fixed Assets	245,027
Tangible fixed assets	154,570
Buildings and structures.....	86,939
Machinery, equipment and vehicles.....	116
Furniture and fixtures	1,055
Land.....	65,815
Construction in progress.....	642
Intangible fixed assets	5,906
Other intangible fixed assets	5,906
Investments and other assets	84,550
Investment securities	20,529
Long-term loans receivable	2,149
Long-term guarantee deposits	38,832
Deferred tax assets	20,389
Other investments and assets.....	3,707
Allowance for doubtful accounts.....	(1,056)
Total assets	361,749

LIABILITIES	281,884
Current Liabilities	198,294
Notes payable and accounts payable-trade.....	72,649
Short-term loans payable.....	51,559
Accrued corporation taxes.....	5,515
Advances received.....	33,596
Allowance for bonuses.....	5,893
Reserve for sales promotion.....	1,982
Other current liabilities.....	27,097
Fixed Liabilities	83,590
Bonds.....	13,500
Long-term loans payable.....	39,506
Deferred tax liabilities.....	1,324
Reserve for retirement benefits.....	27,196
Reserve for directors' retirement allowance.....	94
Consolidated adjustment account.....	183
Other fixed liabilities.....	1,784
MINORITY INTERESTS	2,535
Minority interests.....	2,535
SHAREHOLDERS' EQUITY	77,328
Capital	20,283
Capital surplus	23,191
Earned surplus	33,194
Unrealized gain on securities	3,132
Treasury stock	(2,472)
Total liabilities and shareholders' equity	361,749

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

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended February 28, 2005

Millions of yen

Ordinary Income and Expenses		
Operating income and expenses		
Operating income		
Net sales.....	809,275	
Other income.....	1,417	810,693
Operating expenses		
Cost of sales.....	606,397	
Selling, general and administrative expenses.....	178,159	784,557
Operating profit		26,136
Non-operating income and expenses		
Non-operating income		
Interest income.....	307	
Dividend income.....	192	
Equity in earnings of affiliates.....	166	
Miscellaneous income.....	1,575	2,242
Non-operating expenses		
Interest expense.....	1,758	
Miscellaneous expenses.....	1,232	2,991
Ordinary profit		25,387
Extraordinary Items		
Extraordinary income		
Gain on sales of fixed assets.....	402	
Gain on sales of investment securities.....	720	1,123
Extraordinary loss		
Loss on sales of fixed assets.....	555	
Loss on retirement of fixed assets.....	735	
Loss from valuation of investment securities.....	27	1,318
Net income before income taxes		25,191
Income, inhabitant and enterprise taxes.....		6,811
Income tax adjustment.....		3,166
Minority interests in earnings of consolidated subsidiaries.....		713
Net income		14,499

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries

(Twenty companies including Shimonoseki Daimaru Co., Ltd., Kochi Daimaru Co., Ltd., Hakata Daimaru Co., Ltd., Daimaru Peacock Co., Ltd. and Daimaru Kogyo, Ltd.)

From the consolidated fiscal year under review, Daiko Co., Ltd., which was liquidated, is excluded from consolidation.

(2) Non-consolidated subsidiaries

(Ten companies including Hakata Daimaru Tomo no Kai Co., Ltd. and Hakata Daimaru Card Service Co., Ltd.)

Total assets, net sales, net income and loss (equity value) and retained earnings (equity value) of non-consolidated subsidiaries are eliminated from consolidation because of the immaterial effect on the consolidated financial statements.

2. Application of equity method

(1) Equity method has been applied to:

- Three affiliates including Hakuseisha Co., Ltd., Shinsaibashi Kyodo Center Building Co., Ltd. and Yaesu Shopping Mall Co., Ltd.

(2) Equity method has not been applied to:

- Ten non-consolidated subsidiaries including Hakata Daimaru Tomo no Kai Co., Ltd. and Hakata Daimaru Card Service Co., Ltd.; and

- Five affiliates including Osaka Diamond Chikagai Co., Ltd. and BIG STEP CO., LTD.

The above-mentioned non-consolidated subsidiaries and affiliates are not accounted for by the equity method because they have slight effects on net income and earned surplus for the fiscal year under review and they are of no significance as a whole.

(3) For the equity-method affiliates whose financial years do not end on the last day of February, the financial statements for the financial years of such affiliates are reported.

3. Financial years of consolidated subsidiaries

The financial years of all consolidated subsidiaries end on the last day of February.

4. Accounting principles

(1) Appraisal of important assets

(a) Securities

Other securities with available

fair market values: By the market value method based on market value as of the last day of the consolidated fiscal year under review (Valuation difference is included directly in shareholders' equity and the cost of securities sold is determined by the moving average method.)

Other securities without available

fair market values: By the moving average cost method

(b) Inventories: Principally by the reduction-to-retail cost method

(c) Derivatives: By the market value method

(2) Depreciation of important depreciable assets

(a) Tangible fixed assets: Buildings and structures are depreciated principally by the straight-line method and other tangible fixed assets are depreciated principally by the declining balance method.

(b) Intangible fixed assets: By the straight-line method

Software for internal use is amortized by the straight-line method over the usable period of five years for in-house use.

- (3) Significant allowance and reserve
 - (a) Allowance for doubtful accounts
The allowance for doubtful accounts is provided in estimated amount of uncollectible accounts. With respect to normal receivables, the actual loan loss ratio is used, and for certain doubtful receivables, the collectibility has been individually estimated.
 - (b) Accrued bonuses
The accrued bonuses are stated in estimated amount to be paid in the future.
 - (c) Reserve for sales promotion
With respect to unused vouchers issued on the promotional reward card system, the reserve for sales promotion is provided in projected amount of such unused vouchers to be used in the future, which has been estimated based on the past actual rate of collection.
 - (d) Reserve for retirement benefits
The reserve for employees' retirement benefits is provided in amount recognized as of the last day of the consolidated fiscal year under review based on the estimated amount of retirement benefit obligation and pension assets as of the same date. Prior service cost is prorated as an expense by the straight-line method over a given period (10 to 12 years) within the employees' average estimated remaining length of service from the year in which they arise. Actuarial gain or loss is recognized as an expense in equal amounts by the straight-line method over a given period (10 to 12 years) within the employees' average estimated remaining length of service from the next year in which they arise.
 - (e) Reserve for directors' retirement allowance
Some consolidated subsidiaries provide for reserve for directors' retirement allowance in amount required by internal regulations if they retired on the relevant balance sheet date.
 - (4) Foreign currency translation of significant assets and liabilities dominated in foreign currencies
Monetary assets and liabilities dominated in foreign currencies are translated into yen at the year-end spot exchange rates and the differences arising from translation adjustments are presented as gain or loss. Foreign monetary assets and liabilities covered by forward exchange contracts are translated into yen at the contracted forward exchange rates.
 - (5) Accounting for significant lease transactions
Except for leases stipulating the transfer of ownership of the leased assets to lessees, finance lease transactions are accounted for by the same method as the normal operating lease transactions.
 - (6) Significant hedge accounting
 - (a) Method of hedge accounting
Deferral hedge accounting is adopted. With respect to foreign monetary assets and liabilities covered by forward exchange contracts, appropriation accounting is adopted, and for interest rate swap and interest cap, exceptional accounting is adopted if they meet the requirements for such accounting.
 - (b) Means of hedging and hedged items
Means of hedging: Forward exchange contracts, interest rate swap agreements and interest cap trading
Hedged items: Operating receivables and payables dominated in foreign currencies, loans payable and interest on loans payable
 - (c) Hedging policies
The Group intends to hedge against currency and interest rate risks based on its risk management policy.
 - (7) Accounting for consumption taxes: By the tax exclusion method
5. Appraisal of assets and liabilities of consolidated subsidiaries
All the assets and liabilities of consolidated subsidiaries are estimated by the market value method.
 6. Items of profit appropriation

The items of profit appropriation are provided based on the appropriations of earnings settled during the period under review.

7. Amortization of consolidated adjustment account
 With respect to consolidated adjustment account, an equal portion is amortized for each year over five years after it arises. However, if such account is slight, it is presented as gain or loss when it arises.

Notes to the Consolidated Balance Sheet

	Millions of yen
1. Accumulated depreciation for tangible fixed assets	119,476
2. Assets pledged as collateral	
Buildings and structures	17,807
Land	12,919
Investment securities	2,425
Long-term deposits	32
3. Notes receivable outstanding resulted from liquidation of receivables	4,122
4. Guarantee liabilities outstanding	919
In addition to the above, the Company guarantees the lessor all the debts incurred by Osaka Diamond Chikagai Co., Ltd. including rents and common service expenses for the premises of the underground shopping complex jointly with two other companies. The guarantee percentage by the Company is 40%.	
5. Loan commitments	
Unused portions of loan commitments	15,000

Notes to the Consolidated Statement of Operations

Net income per share (yen)	53.99
* Basis for calculating net income per share:	
Net income in the consolidated statement of operations (millions of yen)	14,499
Net income related to common shares (millions of yen)	14,419
Amount not attributable to common shareholders (millions of yen)	80
(Bonuses to directors as appropriation of surplus included) (millions of yen)	(80)
Average number of common shares outstanding during the period (shares)	267,064,394

CONSOLIDATED STATEMENT OF SURPLUS

For the year ended February 28, 2005

Millions of yen

CAPITAL SURPLUS	
Balance of capital surplus at beginning of year	23,184
Increase in capital surplus	6
Surplus from disposal of treasury stock	6
Balance of capital surplus at end of year	23,191
EARNED SURPLUS	
Balance of earned surplus at beginning of year	21,180
Increase in earned surplus	14,499
Net income	14,499
Decrease in earned surplus	2,485
Dividends.....	2,405
Bonuses to directors and corporate auditors.....	80
[Corporate auditors' portion included]	[16]
Balance of earned surplus at end of year	33,194

Note: Any fractional sum less than one million yen is omitted.
The Company paid an interim dividend of ¥1,066 million (¥4 per share) on November 22, 2004.

CONSOLIDATED SUBSIDIARIES

Department Store

Imabari Daimaru Co., Ltd.
Shimonoseki Daimaru Co., Ltd.
Kochi Daimaru Co., Ltd.
Hakata Daimaru Co., Ltd.

Supermarket

Daimaru Peacock Co., Ltd.

Wholesale

Daimaru Kogyo, Ltd.

Other

The Daimaru Home Shopping, Inc.
Consumer Product End-Use Research Institute Co., Ltd.
Daimaru Tomo no Kai Co., Ltd.
Daimaru Design & Engineering Co., Ltd.
Restaurant Peacock Co., Ltd.
Dimples' Co., Ltd.
Daimaru COM Development Inc. (Note 1)
Daimaru Credit Service Co., Ltd.
Daimaru Lease & Service Co., Ltd. (Note 2)
Mode Atelier Co., Ltd.
Daimaru Information Center Co., Ltd.
Asocia Co., Ltd.
Daimaru Mokko Co., Ltd. (indirectly owned)
DHJ Co., Ltd. (indirectly owned) Total: 20 subsidiaries

Note 1: The company was renamed from COM Planning and Development Co., Ltd. to Daimaru COM Development Inc. as of September 1, 2004.

Note 2: The company was renamed from Daimaru Fudosan Co., Ltd. to Daimaru Lease & Service Co., Ltd. as of January 1, 2005.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended February 28, 2005

	Millions of yen
Cash flows from operating activities	
Net income before income taxes	25,191
Depreciation	9,329
Amortization of consolidated adjustment account	(152)
Decrease in reserve for retirement benefits	(1,306)
Decrease in allowance for doubtful accounts	(590)
Decrease in reserve for sales promotion	(244)
Interest and dividend income	(500)
Interest expense	1,758
Equity in earnings of affiliates	(166)
Increase in notes and accounts receivable	(2,440)
Increase in inventories	(322)
Decrease in notes and accounts payable	(5,730)
Gain on sales of fixed assets	(402)
Gain on sales of investment securities	(720)
Loss on sales of fixed assets	555
Loss on retirement of fixed assets	735
Loss from valuation of investment securities	27
Increase in fund for liquidation of receivables	8,563
Decrease in accrued liabilities	(1,955)
Other	(2,527)
Subtotal	29,104
Interest and dividends received	541
Interest paid	(1,819)
Income taxes paid	(7,016)
Net cash provided by operating activities	20,810
Cash flows from investing activities	
Payments for purchases of tangible fixed assets	(6,249)
Proceeds from sales of tangible fixed assets	1,169
Payments for purchases of investment securities	(370)
Proceeds from sales of investment securities	1,294
Payments for long-term advances	(159)
Proceeds from collection of long-term advances	259
Increase in short-term advances	(94)
Other	(1,288)
Net cash used in investing activities	(5,438)
Cash flows from financing activities	
Decrease in short-term borrowings	(11,229)
Proceeds from issuance of long-term debt	14,284
Payments of long-term debt	(16,318)
Redemption of bonds	(2,000)
Dividends paid	(2,396)
Dividends paid to minority interests	(8)
Purchase of treasury stock	(991)
Other	23
Net cash used in financial activities	(18,636)
Effect of exchange rate changes on cash and cash equivalents	(4)
Decrease in cash and cash equivalents	(3,268)
Cash and cash equivalents at beginning of year	20,337
Cash and cash equivalents at end of year	17,069

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

Notes to the Consolidated Statement of Cash Flows

Cash and cash equivalents at end of year in the consolidated statement of cash flows consist of the following items, which are stated in the consolidated statement of balance sheet (as of February 28, 2005):

	Millions of yen
Cash and bank deposits at end of year	17,079
Time deposits with maturity of over three months	(10)
Cash and cash equivalents at end of year	17,069

CONSOLIDATED FINANCIAL SUMMARY

For the years ended February 28 / 29

	Millions of yen except for per share amounts			
	2002	2003	2004	2005
Net sales	809,117	792,300	817,314	809,275
Ordinary profit	16,301	17,198	22,243	25,387
Net income (loss)	(19,174)	5,171	11,879	14,499
Net income (loss) per share (yen)	(70.80)	19.28	44.12	53.99
Total assets	386,831	392,578	375,647	361,749
Net assets	58,138	60,828	65,114	77,328

NON-CONSOLIDATED BALANCE SHEET

February 28, 2005

	Millions of yen
ASSETS	254,876
Current Assets	71,923
Cash on hand and in banks	10,205
Notes receivable	163
Accounts receivable-trade	17,635
Merchandise.....	16,304
Supplies	183
Prepaid expenses	937
Short-term loans receivable.....	19,277
Deferred tax assets	2,690
Other current assets.....	5,341
Allowance for doubtful accounts.....	(816)
Fixed Assets	182,952
Tangible fixed assets	102,470
Buildings and structures.....	59,438
Vehicles and furniture/fixtures.....	236
Land.....	42,216
Construction in progress.....	579
Intangible fixed assets	3,678
Leasehold land.....	1,182
Software.....	2,139
Other intangible fixed assets	356
Investments and other assets	76,803
Investment securities	15,639
Investments in subsidiaries.....	12,406
Long-term loans receivable	11,443
Long-term guarantee deposits	22,612
Long-term prepaid expenses	2,089
Deferred tax assets	14,826
Other investments.....	488
Allowance for doubtful accounts.....	(2,703)
Total assets	254,876

LIABILITIES	189,629
Current Liabilities	130,988
Notes payable	849
Accounts payable-trade	34,888
Short-term loans payable.....	36,542
Accounts payable-other	2,521
Accrued corporation taxes.....	3,480
Accrued consumption taxes	882
Accrued expenses	1,577
Advances received	15,466
Deposits received.....	30,286
Allowance for bonuses.....	3,659
Reserve for sales promotion	602
Other current liabilities.....	233
Fixed Liabilities	58,640
Bonds.....	13,500
Long-term loans payable	27,469
Reserve for retirement benefits	17,055
Other fixed liabilities.....	616
SHAREHOLDERS' EQUITY	65,246
Capital	20,283
Capital surplus	23,191
Capital reserve	23,184
Other capital surplus	6
Gain on disposal of treasury stock	6
Earned surplus	21,733
Earned surplus reserve.....	4,657
Voluntary reserve	6,557
Reserve for advanced depreciation deduction of fixed assets	2,025
Reserve for special account for advanced depreciation of fixed assets	426
Reserve for special depreciation	106
Contingent reserve.....	4,000
Unappropriated retained earnings	10,518
Unrealized gain on securities	2,469
Treasury stock	(2,431)
Total liabilities and shareholders' equity	254,876

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

NON-CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended February 28, 2005

	Millions of yen	
Ordinary Income and Expenses		
Operating income and expenses		
Operating income		
Net sales	461,166	
Other income	1,576	462,743
Operating expenses		
Cost of sales	336,501	
Selling, general and administrative expenses.....	109,778	446,279
Operating profit		16,463
Non-operating income and expenses		
Non-operating income		
Interest income	308	
Dividend income	407	
Miscellaneous income.....	998	1,714
Non-operating expenses		
Interest expense	1,263	
Miscellaneous expenses.....	709	1,973
Ordinary profit		16,204
Extraordinary Items		
Extraordinary income		
Gain on sales of fixed assets.....	389	
Gain on sales of investment securities	710	1,100
Extraordinary loss		
Loss on sales of fixed assets.....	541	
Loss on retirement of fixed assets.....	124	
Loss on disposal of subsidiaries' stock	476	
Loss from valuation of investment securities.....	27	1,168
Net income before income taxes		16,136
Income, inhabitant and enterprise taxes		3,405
Income tax adjustment.....		4,111
Net income		8,620
Retained earnings brought forward.....		2,965
Interim dividends		1,066
Unappropriated retained earnings		10,518

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

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Important Financial Policies

Important financial policies adopted in preparing the non-consolidated balance sheet and the non-consolidated statement of operations are as follows:

1. Appraisal of securities
 - Investments in subsidiaries and affiliates: By the moving average cost method
 - Other securities
 - Other securities with available fair market values: By the market value method based on market value as of the last day of the fiscal year under review (Valuation difference of other securities is included directly in shareholders' equity and the cost of securities sold is determined by the moving average method.)
 - Other securities without available fair market values: By the moving average cost method
2. Appraisal of inventories
 - Merchandise: By the reduction-to-retail cost method; Imported goods not yet delivered are carried by the individual cost method of book inventory.
 - Supplies: By the first-in first-out cost method
3. Fixed assets depreciation
 - Tangible fixed assets
 - Buildings and structures: By the straight-line method
 - Vehicles and furniture/fixtures: By the declining balance method
 - Intangible fixed assets: By the straight-line method
Software for internal use is amortized by the straight-line method over the usable period of five years for in-house use.
4. Accounting standard for allowance and reserve
 - Allowance for doubtful accounts:
The allowance for doubtful accounts is provided in estimated amount of uncollectible accounts. With respect to normal receivables, the actual loan loss ratio is used, and for certain doubtful receivables, the collectibility has been individually estimated.
 - Accrued bonuses:
The accrued bonuses are stated in estimated amount to be paid in the future.
 - Reserve for sales promotion:
With respect to unused vouchers issued on the promotional reward card system, the reserve for sales promotion is provided in projected amount of such unused vouchers to be used in the future, which has been estimated based on the actual rate of collection.
 - Reserve for retirement benefits:
The reserve for employees' retirement benefits is provided in amount recognized as of the last day of the fiscal year under review based on the estimated amount of retirement benefit obligation and pension assets as of the same date. Prior service cost is prorated as an expense by the straight-line method over a given period (12 years) within the employees' average estimated remaining length of service from the year in which they arise. Actuarial gain or loss is recognized as an expense in equal amounts by the straight-line method over a given period (12 years) within the employees' average estimated remaining length of service from the next year in which they arise.
5. Accounting for lease transactions
Except for leases stipulating the transfer of ownership of the leased assets to lessees, finance lease transactions are accounted for by the same method as the normal operating lease transactions.
6. Accounting for consumption taxes
Consumption taxes are excluded.

Notes to the Non-consolidated Balance Sheet

	Millions of yen
1. Short-term money credit receivable from subsidiaries	19,273
Long-term money credit receivable from subsidiaries	10,197
Short-term debt payable to subsidiaries	24,732
Long-term debt payable to subsidiaries	187
2. Accumulated depreciation for tangible fixed assets	77,560
3. Assets pledged as collateral	
Buildings and structures	10,663
Land	1,330
Investment securities	1,543
4. In addition to the fixed assets stated in the non-consolidated balance sheet, some vehicles and furniture/fixtures are provided by lease.	
5. Guarantee liabilities outstanding	561
In addition to the above, the Company guarantees the lessor all the debts incurred by Osaka Diamond Chikagai Co., Ltd. including rents and common service expenses for the premises of the underground shopping complex jointly with two other companies. The guarantee percentage by the Company is 40%.	
6. Loan commitments	
Unused portions of loan commitments	15,000
7. Increase in net assets resulted from revaluating assets at fair market value as stipulated in Paragraph 3 of Article 124 of the Commercial Code Enforcement Regulations was ¥2,469 million.	

Notes to the Non-consolidated Statement of Operations

1. Amount of sales to subsidiaries (millions of yen)	115
2. Amount of purchase from subsidiaries (millions of yen)	10,710
3. Amount of transactions other than the normal operation with subsidiaries (millions of yen)	2,794
4. Net income per share (yen)	31.97
* Basis for calculating net income per share:	
Net income in the non-consolidated statement of operations (millions of yen)	8,620
Net income related to common shares (millions of yen)	8,540
Amount not attributable to common shareholders (millions of yen)	80
(Bonuses to directors as appropriation of surplus included) (millions of yen)	(80)
Average number of common shares outstanding during the period (shares)	267,169,944

NON-CONSOLIDATED STATEMENT OF APPROPRIATIONS

	Yen
Unappropriated retained earnings.....	10,518,474,519
Reversal of reserve for advanced depreciation deduction of fixed assets.....	171,210,448
Reversal of reserve for special depreciation.....	106,140,000
Total	10,795,824,967
Appropriations:	
Dividends	1,333,222,430
[¥5 per share]	
Bonuses to directors and corporate auditors	80,000,000
[Corporate auditors' portion included].....	[16,000,000]
Contingent reserve.....	6,000,000,000
Retained earnings carried forward to the following term.....	3,382,602,537

Notes: The Company paid an interim dividend of ¥1,066,874,352 (¥4 per share) on November 22, 2004.

CORPORATE DATA

Management (As of May 1, 2005)

Directors and Corporate Auditors

Tsutomu Okuda	Chairman and CEO
Ryoichi Yamamoto	President and COO General Manager, Department Store Operations and Metropolitan Area New Business Development
Takashi Masuda	Director and Corporate Senior Executive Officer General Manager, Management Planning
Keiichiro Matsuda	Director and Corporate Executive Officer Deputy General Manager, Department Store Operations General Manager, Merchandising Management
Norio Yasunaga	Director
Kiyozo Kojima	Director and Corporate Officer General Manager, Affiliated Enterprises
Isao Ikushima	Director and Corporate Officer General Manager, Administration
Masafumi Ohnishi	Corporate Auditor Senior Advisor, Osaka Gas Co., Ltd.
Yusuke Yoshinaga	Corporate Auditor Attorney
Koichi Saito	Corporate Auditor (Full-time)
Yasuo Araya	Corporate Auditor (Full-time)

Note: Mr. Norio Yasunaga is an outside director as stipulated in Paragraph 2, Item 7-2 of Article 188 of the Commercial Code.

Mr. Masafumi Ohnishi and Mr. Yusuke Yoshinaga are outside corporate auditors as stipulated in Paragraph 1 of Article 18 of the Law for Special Exceptions to the Commercial Code Regarding Audits of *Kabushiki-Kaisha* (Corporations).

Corporate Officers

Corporate Executive Officer

Hiroshi Kitano

Corporate Officers

Hiroto Tsukada

Isao Yamane

Toshiyuki Sugitani

Taizo Yura

Kazuo Doi

Shingo Sakurai

Kiyoshi Inoue

Yoshihiro Morikawa

Shigehiko Tamaru

Yasuyuki Kobayashi

Yoji Honda

Takaharu Harada

Takao Nakagawa

Outline of the Company (As of February 28, 2005)

Company Name:	The Daimaru, Inc.
Founded:	1717
Incorporated:	April 16, 1920
Capital:	¥20,283,044,920
Number of Shares Issued:	270,830,356
Location of Main Store:	7-1, Shinsaibashisuji 1-chome, Chuo-ku, Osaka

Network of Daimaru Group

Department Stores under the Direct Management of The Daimaru, Inc.

Osaka Shinsaibashi Store

7-1, Shinsaibashisuji 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 Takenokaido-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

Suma Store

2-4, Nakaochiai 2-chome, Suma-ku, Kobe 654-0154
Tel: 078-791-3111

Ashiya Store

1-31, Funato-cho, Ashiya 659-0093
Tel: 0797-34-2111

Sapporo Store

7, Nishi 4-chome, Kita 5-jo, Chuo-ku, Sapporo 060-0005
Tel: 011-828-1111

Affiliated Department Stores

Imabari Daimaru Co., Ltd.
Shimonoseki Daimaru Co., Ltd.
Kochi Daimaru Co., Ltd.
Hakata Daimaru Co., Ltd.
 Fukuoka Tenjin Store
 Nagasaki Store
Tottori Daimaru Co., Ltd.

Supermarkets

Daimaru Peacock Co., Ltd.

Kanto District (38 locations):

Aoyama, Sodegaura, Takanawa Gyozanzaka, Mejiro, Jiyugaoka, Asagaya, Shimokitazawa, Nakano, Fujisawa, Misato, Ebisu, Tama, Kunitachi, Tsurumi, Rokkakubashi, Yokohamabashi, Kugayama, Takadanobaba, Azabu Juban, Iogi, Kyodo, Shinurayasu, Toritsuasei, Sakurashinmachi, Takanodai, Granpark Tamachi, Higashikoganei, Kamiikedai, Bunkyo Green Court, Mita Isarago, Tamagawa Josui, Ishikawadai, Hanakoganei, Seijo, Nishifunabashi, Kokubunji Nishimachi, Fujisawa Honmachi and Sangenchaya no Mori

Kansai District (27 locations):

Senri Daimaru Plaza, Kori, Tsukumodai, Kitasenri, Meimai, Nakamiya, Chayamadai, Harumidai, Takakuradai, Matsugaoka, Myodani, Karibadai, Tsukahara, Hoshida, Senri Minamimachi Plaza, Ashiya Nangu, Koshien, Kotoen, Yamada, Mukonosu, Senriyama, Mino Sakuragaoka, Konan, Ashiya Kawanishi, Kitayamato Mayumi, Takarazuka Nakayama and Mino Gein

Direct Marketing

The Daimaru Home Shopping, Inc.

Manufacturing

Mode Atelier Co., Ltd.

Restaurant

Restaurant Peacock Co., Ltd.

Complex Commercial Business

Daimaru COM Development Inc.

Credit Service and Customer Circle

Daimaru Credit Service Co., Ltd.

Daimaru Tomo no Kai Co., Ltd.

Construction and Interior Design

Daimaru Design & Engineering Co., Ltd.

Daimaru Mokko Co., Ltd.

DHJ Co., Ltd.

Lease

Daimaru Lease & Service Co., Ltd.

Foreign Trade and Wholesale

Daimaru Kogyo, Ltd.

Logistics

Asocia Co., Ltd.

Supporting and Information Business

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

Dimples' Co., Ltd.

Daimaru Sales Associates Co., Ltd. (Established in March 8, 2005)

Daimaru Information Center Co., Ltd.

SHAREHOLDER INFORMATION

Year End:	Last day of February of each year
Record Dates	
Term-end Dividend:	Last day of February of each year
Interim Dividend:	August 31 of each year
Annual General Meeting of Shareholders:	May of each year
Public Notices Appear in:	The Nihon Keizai Shimbun
Stock Transfer Agent:	Osaka Branch of UFJ Trust Bank Limited 6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka 541-8502 Tel: 0120-094-777 (toll free)
Stock Transfer Agent Branches:	Head Offices and Branches of UFJ Trust Bank Limited and The Nomura Securities Co., Ltd.

UFJ Trust Bank Limited will accept your request for the application forms for stock transfer by toll-free call at 0120-244-479 (Head Office) or 0120-684-479 (Osaka Branch) or on the Internet at <http://www.ufjtrustbank.co.jp/> 24 hours a day.

URL: <http://www.daimaru.co.jp/>
Daimaru's annual reports are available on its website at the above-mentioned URL.