Translation

October 6, 2015

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending February 29, 2016 <under Japanese GAAP>

Company name:	**J. FRONT RETAILING Co., Ltd.**
Listing:	First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code:	3086
URL:	http://www.j-front-retailing.com/
Representative:	Ryoichi Yamamoto, President
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Scheduled date to file Quarterly Securities Report:	October 14, 2015
Scheduled date to commence dividend payments:	November 10, 2015
Preparation of supplementary material on quarterly financial results:	Yes
Holding of quarterly financial results presentation meeting:	Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first six months of the fiscal year ending February 29, 2016 (from March 1, 2015 to August 31, 2015)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2015	573,310	2.8	21,713	18.0	23,071	28.8	15,008	92.4
August 31, 2014	557,625	(0.2)	18,405	–	17,908	–	7,801	–

Note: Comprehensive income
For the six months ended August 31, 2015: ¥18,705 million [100.1%]
For the six months ended August 31, 2014: ¥9,347 million [–%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
August 31, 2015	57.18	57.17
August 31, 2014	29.56	29.56

Note 1: The Company has conducted a consolidation of common shares at a rate of one share for every two shares with the effective date of September 1, 2014. Net income per share and diluted net income per share have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

Note 2: The Company partially changed its accounting policies effective from the first quarter of the current fiscal year, and retrospectively applied the change to all financial data for the six months ended August 31, 2014. In accordance with this, year-on-year changes are not indicated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2015	1,024,883	436,940	37.2
February 28, 2015	1,018,495	430,260	36.9

Reference: Equity
As of August 31, 2015: ¥381,247 million
As of February 28, 2015: ¥375,886 million

Note: The Company partially changed its accounting policies effective from the first quarter of the current fiscal year, and retrospectively applied the change to all financial data as of February 28, 2015.

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2015	–	6.00	–	13.00	–
Fiscal year ending February 29, 2016	–	13.00			
Fiscal year ending February 29, 2016 (Forecast)			–	13.00	26.00

Note: Revisions to the forecast of cash dividends most recently announced: None

* The Company has conducted a consolidation of common shares at a rate of one share for every two shares with the effective date of September 1, 2014. Consequently, the figure presented for the fiscal year-end cash dividend per share for the fiscal year ended February 28, 2015 is the amount after this consolidation of shares, and the total figure for annual cash dividends is omitted.

Annual cash dividend per share that is calculated in accordance with the standard after the consolidation of shares is ¥25 per share for the fiscal year ended February 28, 2015.

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2016 (from March 1, 2015 to February 29, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 29, 2016	1,180,000	2.7	47,000	11.5	46,500	14.9	25,500	27.7	97.32

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: Yes

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

(Note) For the details, please refer to "2. Matters regarding summary information (Notes), (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections" on page 5 of the quarterly financial results (attached material).

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2015	268,119,164 shares
As of February 28, 2015	268,119,164 shares

b. Number of shares of treasury shares at the end of the period

As of August 31, 2015	6,674,445 shares
As of February 28, 2015	4,205,258 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended August 31, 2015	262,505,226 shares
For the six months ended August 31, 2014	263,926,520 shares

* The Company has conducted a consolidation of common shares at a rate of one share for every two shares with the effective date of September 1, 2014. Total number of issued shares at the end of the period, number of shares of treasury shares at the end of the period and average number of shares during the period have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

*** Indication regarding execution of quarterly review procedures**

At the time of disclosure of this quarterly financial results report, the review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act are incomplete.

*** Proper use of earnings forecasts, and other special matters**

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. Please refer to "Explanation of consolidated earnings forecasts and other forward-looking statements" on page 4 of the material attached to this quarterly financial results report for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on quarterly financial results)

Supplementary material on quarterly financial results was disclosed on the same day on TDnet.

[Attached Material]

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1. Qualitative information regarding results for the first six months

(1) Explanation of operating results

In the six months ended August 31, 2015 (from March 1, 2015 to August 31, 2015), the Japanese economy continued to follow a path of moderate recovery overall, albeit inconsistent on different fronts. On the one hand, for instance, corporate earnings and the employment situation in general showed improvement partly due to positive effects of economic and financial policies implemented by the government and the Bank of Japan, yet on the other hand personal spending was somewhat soft partially due to flagging recovery in consumer sentiment even as real incomes improved.

In the retail sector, there was a substantial decrease in net sales in March due to a pullback in demand from a surge ahead of a hike in the consumption tax rate in the previous year. Nevertheless, net sales were up year on year, partly reflecting a recovery in demand from April and an increase in net sales to foreign visitors to Japan centered on department stores in major urban areas.

Amid this environment, with the aim of developing as a multi-channel retailer operating multiple businesses with the Department Store Business at their core, the J. Front Retailing Group (hereinafter the “Group”) worked to further strengthen the competitiveness and profitability of existing businesses while also investing management resources in fields of growth in a focused manner.

In the Department Store Business, the Group accelerated its efforts to establish “A new department store business model” that brings innovation to the sector by such means as creating appealing stores that attract a wide range of customers and constructing a highly profitable store management structure. As part of these efforts, at the Matsuzakaya Nagoya store, the Group started the third-period refurbishment plan aiming for the grand opening of the store in the spring of 2016. During the months of March through May the store was refurbished to begin offering women’s shoes and bags on the same floor, while an L-size section with one of the largest lineups of L-size products in Nagoya was established along with a salon targeting senior citizens. Meanwhile in August, the store’s golf and sports sales space and its art and kimono fabric sales space were substantially renovated. At the Daimaru Kyoto store, the Group worked to meet the needs of the firmly performing affluent customer market with a renewal opening of Kyoto area’s largest special select sales space. In addition to the above, at all stores, the Group also made aggressive efforts to acquire new out-of-store customers and further strengthened its response to foreign visitors to Japan, who are dramatically growing in number.

In the PARCO Business, part of the Main Building of the Fukuoka PARCO for which floor space was increased was opened in March. Also in March, “PARCO midi,” a new building next to the Nagoya PARCO, was opened. Furthermore, in parallel with the opening of the new building, a large-scale renewal at the existing Nagoya PARCO building was carried out with the aim of enhancing the ease with which customers can get around the store and the rate at which they shop around. In July, aiming to contribute to the creation of charming urban environments through combined efforts of the entire Group, we made the decision to open “Kyoto ZERO GATE (provisional name)” on a site in the vicinity of the Daimaru Kyoto store, and is aiming to open for business in spring 2017.

As part of efforts to strengthen the Group’s growth potential as a group of companies, with the aim of developing as a multi-channel retailer and promoting its omni-channel strategy, in April J. FRONT RETAILING Co., Ltd. (hereinafter the “Company”) concluded a capital and business alliance agreement with Senshukai Co., Ltd., which has a high level of expertise regarding mail order business and product development capabilities, and converted it into an equity method associate. Moreover, the Company launched the Business Alliance Promotion Committee and started discussions on detailed measures geared toward making maximum use of the group assets and expertise of both companies, and at the same time over the months of July through August the Group engaged in a limited-time cross-selling campaign involving private-brand merchandise such as women’s apparel and shoes sold by respective Daimaru and Matsuzakaya stores and by Senshukai via its “Belle Maison Net” website.

With respect to overseas operations, “Shanghai New World Daimaru Department Store,” a fully-fledged upscale department store in China operated as a joint venture, had its grand opening in May 2015.

The Group also worked to construct a tougher operating structure by pushing ahead with reform of its organizational and workforce structures on a Group level. In parallel, the Group strove to improve management efficiencies by such means as reviewing all cost structures.

As a result of various measures including those mentioned above, in the six months ended August 31, 2015, consolidated net sales was ¥573,310 million, up 2.8% year on year, operating income was ¥21,713 million, up 18.0%, ordinary income was ¥23,071 million, up 28.8%, and net income was ¥15,008 million, up 92.4%.

Results by segment are as follows.

<Department Store Business>
At the Daimaru Kyoto store, we held the renewal opening of the international boutique on the second floor and also opened stores including brand stores that were coming to the Kyoto area for the first time and special select brands on the third and fifth floors.

At the Matsuzakaya Nagoya store, we initiated efforts under the third-period refurbishment plan with the aim of having a “high-quality, evolutionary department store that is loved by customers in the area.” This involved opening the “Lingerie & Nightie Salon,” the “L-size garden” and the “Good Age Salon” following on from the “Shoes & Bag Gallery” launched in March as the first phase of the plan, and also involved opening a golf and sports section on the fourth floor of the North Building and an art gallery and kimono fabric area on the eighth floor of the Main Building in August.

As an initiative in the original merchandising business, we renewed our menswear private brand “TROJAN” for the first time in six years, and started sales of the brand at six Daimaru stores and two Matsuzakaya stores.

Also, at the end of July we opened our first “DAIMARU OUTLET STORE” in Mitsui Outlet Park Shiga Ryuo. The opening of a full-fledged outlet store following our temporary store at Mitsui Outlet Park Marine Pia Kobe in January is consistent with our ongoing aim of operating small-scale shops designed to gain a customer following.

To develop growth in out-of-store customers, we continued to push ahead with efforts geared toward landing new customer accounts. Looking ahead, given the robust performance in the affluent customer market, we will work to upgrade our products and services in order to further expand this market. Moreover, we took steps to extend our product lines and services targeting foreign nationals in order to thereby increase sales, as a result of having achieved extremely favorable performance in terms of sales to people from overseas visiting Japan.

As a result of the initiatives mentioned above, net sales in this business was ¥373,542 million, up 1.4% year on year and operating income was ¥12,144 million, up 39.5%.

<PARCO Business>
We achieved healthy results in the shopping center business reflecting the success of our initiatives to increase sales floor space by extending the floor space in the Main Building of the Fukuoka PARCO and opening the Nagoya “PARCO midi,” along with refurbishments of existing PARCO stores based on the concept of targeting a greater range of customers through efforts that include tapping inbound demand. Meanwhile, the shopping complex business and the space engineering & management business also performed well. As a result, net sales in this business was ¥139,103 million, up 4.5% year on year, and operating income was ¥6,571 million, up 6.1%.

<Wholesale Business>
Sales were strong in the fields of electronic devices and automobiles. As a result, net sales in this business was ¥31,827 million, up 12.4% year on year, and operating income was ¥720 million, up 42.5% year on year.

<Credit Business>
This business was affected by a decrease in commission income resulting from a review of commission for transactions carried out within the Group, as well as a pullback in demand from a surge ahead of a hike in the consumption tax rate in the previous year. As a result, net sales in this business was ¥5,064 million, down 3.2% year on year, and operating income was ¥1,322 million, down 26.2% year on year.

<Other Businesses>
In Other Businesses, while net sales was ¥49,639 million, up 3.2% year on year underpinned by a strong showing from J. Front Design & Construction, operating income was ¥1,060 million, down 13.5%, partially as a result of lower profits at JFR Online due to a pullback in demand from a surge ahead of the consumption tax hike in the previous year.

(2) Explanation of financial position
Total assets as of August 31, 2015 was ¥1,024,883 million, an increase of ¥6,388 million compared with February 28, 2015. Total liabilities was ¥587,942 million, a decrease of ¥293 million. Total net assets was ¥436,940 million, an increase of ¥6,680 million compared with February 28, 2015.

(Cash flow position)
The balance of cash and cash equivalents (hereinafter "cash") as of August 31, 2015 amounted to ¥24,354 million, down ¥7,778 million compared with February 28, 2015.
Cash flow positions in the six months ended August 31, 2015 and the factors for these were as follows.

A. Net cash provided by (used in) operating activities
Net cash provided by operating activities was ¥19,144 million. In comparison with the six months ended August 31, 2014, cash provided decreased by ¥6,110 million, mainly reflecting an increase in income taxes paid.

B. Net cash provided by (used in) investing activities
Net cash used in investing activities was ¥28,853 million. In comparison with the six months ended August 31, 2014, cash used increased by ¥20,150 million, mainly reflecting purchases of investment securities and property, plant and equipment.

C. Net cash provided by (used in) financing activities
Net cash provided by financing activities was ¥1,933 million. In comparison with the six months ended August 31, 2014, cash provided increased by ¥22,025 million, mainly because of borrowing of long-term loans payable and issuance of bonds.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements
In light of earnings in the six months ended August 31, 2015, the consolidated earnings forecasts for the fiscal year ending February 29, 2016, which were announced in the consolidated financial results for the first three months of the fiscal year ending February 29, 2016 released on June 25, 2015, have been changed. In our revised forecasts, we project net sales of ¥1,180,000 million, operating income of ¥47,000 million, ordinary income of ¥46,500 million and net income of ¥25,500 million.

2. Matters regarding summary information (Notes)

(1) Changes in significant subsidiaries during the period

No items to report

(2) Application of special accounting for preparing quarterly consolidated financial statements

No items to report

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

Changes in accounting policies

(Change in the valuation method for inventories)

Up until now, the valuation method for merchandise in Daimaru Matsuzakaya Department Stores Co. Ltd. and other principal subsidiaries of the Company, has been lower of cost or market, using the cost percentage method (the book value is written down based on the decreased profitability). However, a system that monitors individual costs is now in full operation. As this system enables more precise cost control, the valuation method for inventories has changed to the identified cost method (the book value is written down based on the decreased profitability) effective from the first quarter of the current fiscal year.

This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the six months and full year of the previous fiscal year have been adjusted retrospectively.

As a result of this change, operating income, ordinary income, and income before income taxes and minority interests for the six months ended August 31, 2014 have each decreased ¥1 million in comparison with before performing the retrospective application. In addition, the balance of retained earnings as of the beginning of the previous fiscal year has decreased by ¥244 million reflecting the cumulative amount of the effect from the retrospective application to net assets as of the beginning of the previous fiscal year.

(Adoption of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits)

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), effective from the first quarter of the current fiscal year, the Company has adopted the provisions specified in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on a period approximate to the average remaining service periods of employees, to one that uses a single weighted average discount rate reflecting the estimated timing and amount of retirement benefits.

Adoption of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits and the effect of the change in the determination of retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of the beginning of the first quarter of the current fiscal year.

As a result, as of the beginning of the first quarter of the current fiscal year, net defined benefit liability increased by ¥2,065 million and net defined benefit asset, retained earnings and minority interests decreased by ¥2,640 million, ¥3,065 million and ¥114 million, respectively. The effect of this change on operating income, ordinary income and income before income taxes and minority interests for the six months ended August 31, 2015 is immaterial.

3. Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of February 28, 2015	As of August 31, 2015
Assets		
Current assets		
Cash and deposits	34,106	26,884
Notes and accounts receivable - trade	75,556	73,520
Securities	1,353	1,204
Inventories	30,886	28,104
Deferred tax assets	12,295	12,098
Other	38,058	39,037
Allowance for doubtful accounts	(151)	(167)
Total current assets	192,105	180,681
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	187,935	181,559
Land	349,578	354,310
Construction in progress	114,097	122,383
Other, net	5,192	4,915
Total property, plant and equipment	656,804	663,169
Intangible assets		
Goodwill	2,005	748
Other	41,001	40,780
Total intangible assets	43,007	41,529
Investments and other assets		
Investment securities	37,516	51,437
Long-term loans receivable	1,506	1,484
Lease and guarantee deposits	61,985	62,142
Net defined benefit asset	11,864	9,913
Deferred tax assets	4,159	4,906
Other	12,067	12,131
Allowance for doubtful accounts	(2,564)	(2,614)
Total investments and other assets	126,535	139,402
Total non-current assets	826,346	844,101
Deferred assets		
Bond issuance cost	43	100
Total deferred assets	43	100
Total assets	1,018,495	1,024,883

(Millions of yen)

	As of February 28, 2015	As of August 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	95,020	97,992
Short-term loans payable	22,220	36,697
Commercial papers	28,691	21,196
Current portion of bonds	12,000	12,000
Income taxes payable	12,702	7,310
Advances received	18,656	19,921
Gift certificates	37,973	38,487
Provision for bonuses	5,630	5,702
Provision for directors' bonuses	194	–
Provision for sales returns	22	13
Provision for books unsold	113	118
Provision for sales promotion expenses	722	715
Reserve for gift certificates	13,241	13,585
Provision for loss on business liquidation	121	36
Provision for loss on stores rebuilding	760	2,666
Other	57,392	52,893
Total current liabilities	305,463	309,336
Non-current liabilities		
Bonds payable	12,000	27,000
Long-term loans payable	93,546	82,820
Deferred tax liabilities	101,486	89,520
Deferred tax liabilities for land revaluation	1,279	1,161
Net defined benefit liability	31,514	32,759
Provision for directors' retirement benefits	39	33
Provision for loss on business liquidation	–	1,052
Provision for loss on stores rebuilding	–	2,104
Other	42,905	42,154
Total non-current liabilities	282,771	278,606
Total liabilities	588,235	587,942
Net assets		
Shareholders' equity		
Capital stock	30,000	30,000
Capital surplus	209,556	209,544
Retained earnings	147,555	156,066
Treasury shares	(6,369)	(11,342)
Total shareholders' equity	380,742	384,269
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,352	3,550
Deferred gains or losses on hedges	(35)	526
Foreign currency translation adjustment	659	678
Remeasurements of defined benefit plans	(7,832)	(7,777)
Total accumulated other comprehensive income	(4,855)	(3,021)
Subscription rights to shares	15	15
Minority interests	54,357	55,677
Total net assets	430,260	436,940
Total liabilities and net assets	1,018,495	1,024,883

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income - cumulative)

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Net sales	557,625	573,310
Net sales of goods	552,528	567,543
Rent income of real estate	5,096	5,767
Cost of sales	438,648	452,933
Cost of goods sold	435,635	449,574
Cost of real estate rent	3,012	3,358
Gross profit	118,977	120,377
Selling, general and administrative expenses	100,572	98,664
Operating income	18,405	21,713
Non-operating income		
Interest income	191	192
Dividend income	305	267
Gain on adjustment of account payable	1,548	1,444
Share of profit of entities accounted for using equity method	304	2,256
Other	363	336
Total non-operating income	2,714	4,498
Non-operating expenses		
Interest expenses	769	717
Loss on retirement of non-current assets	142	370
Provision of reserve for redemption of gift certificates	1,747	1,559
Other	551	491
Total non-operating expenses	3,211	3,139
Ordinary income	17,908	23,071
Extraordinary income		
Gain on sales of investment securities	198	702
Total extraordinary income	198	702
Extraordinary losses		
Loss on disposal of non-current assets	1,324	977
Loss on valuation of investment securities	19	–
Impairment loss	88	1,293
Loss on stores rebuilding	–	7,671
Loss on liquidation of business	–	1,718
Construction indemnification expenses	650	–
Other	52	23
Total extraordinary losses	2,134	11,685
Income before income taxes and minority interests	15,972	12,089
Income taxes - current	6,109	7,124
Income taxes - deferred	515	(11,977)
Total income taxes	6,625	(4,853)
Income before minority interests	9,346	16,942
Minority interests in income	1,545	1,933
Net income	7,801	15,008

(Consolidated statement of comprehensive income - cumulative)

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Income before minority interests	9,346	16,942
Other comprehensive income		
Valuation difference on available-for-sale securities	40	1,040
Deferred gains or losses on hedges	27	8
Foreign currency translation adjustment	(55)	12
Remeasurements of defined benefit plans, net of tax	–	(31)
Share of other comprehensive income of entities accounted for using equity method	(11)	732
Total other comprehensive income	0	1,762
Comprehensive income	9,347	18,705
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,866	16,842
Comprehensive income attributable to minority interests	1,481	1,862

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	15,972	12,089
Depreciation	8,713	9,064
Impairment loss	88	5,622
Amortization of goodwill	316	319
Increase (decrease) in allowance for doubtful accounts	(64)	65
Increase (decrease) in provision for bonuses	(303)	(122)
Increase (decrease) in provision for retirement benefits	13	–
Increase (decrease) in net defined benefit liability	–	(819)
Decrease (increase) in net defined benefit asset	–	(689)
Increase (decrease) in provision for sales promotion expenses	(14)	(7)
Increase (decrease) in provision for loss on business liquidation	(94)	966
Increase (decrease) in reserve for gift certificates	423	344
Increase (decrease) in provision for loss on stores rebuilding	–	4,010
Interest and dividend income	(497)	(459)
Interest expenses	769	717
Share of (profit) loss of entities accounted for using equity method	(304)	(2,256)
Loss (gain) on disposal of non-current assets	1,324	977
Loss (gain) on sales of investment securities	(198)	(702)
Loss (gain) on valuation of investment securities	19	–
Decrease (increase) in notes and accounts receivable - trade	(6,389)	2,036
Decrease (increase) in inventories	1,519	2,781
Increase (decrease) in notes and accounts payable - trade	6,625	2,971
Decrease (increase) in accounts receivable - other	(1,384)	(4,861)
Decrease (increase) in long-term prepaid expenses	(117)	221
Other, net	3,981	(1,027)
Subtotal	30,395	31,241
Interest and dividend income received	467	404
Interest expenses paid	(786)	(718)
Income taxes paid	(5,610)	(13,463)
Income taxes refund	788	1,680
Net cash provided by (used in) operating activities	25,254	19,144

(Millions of yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(415)	(11,577)
Proceeds from sales of short-term and long-term investment securities	847	2,824
Purchase of property, plant and equipment and intangible assets	(12,090)	(23,061)
Proceeds from sales of property, plant and equipment and intangible assets	14	5
Decrease (increase) in short-term loans receivable	(5)	20
Payments of long-term loans receivable	(10)	(0)
Collection of long-term loans receivable	24	26
Other, net	2,932	2,908
Net cash provided by (used in) investing activities	(8,703)	(28,853)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,850)	1,000
Net increase (decrease) in commercial papers	(5,199)	(7,495)
Proceeds from long-term loans payable	–	10,000
Repayments of long-term loans payable	(6,957)	(7,252)
Proceeds from issuance of bonds	–	15,000
Purchase of treasury shares	(25)	(5,017)
Cash dividends paid	(3,153)	(3,422)
Cash dividends paid to minority shareholders	(414)	(434)
Other, net	(492)	(445)
Net cash provided by (used in) financing activities	(20,092)	1,933
Effect of exchange rate change on cash and cash equivalents	5	(2)
Net increase (decrease) in cash and cash equivalents	(3,534)	(7,778)
Cash and cash equivalents at beginning of period	31,276	32,132
Cash and cash equivalents at end of period	27,741	24,354

(4) Notes on quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

No items to report

(Segment information, etc.)

<Segment information>

I. Six months ended August 31, 2014 (from March 1, 2014 to August 31, 2014)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Department Store Business	PARCO Business	Wholesale Business	Credit Business	Other Businesses	Total	Adjustments (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales								
(1) External sales	367,924	133,016	24,495	2,587	29,600	557,625	–	557,625
(2) Inter-segment sales or transfers	448	148	3,826	2,642	18,488	25,553	(25,553)	–
Total sales	368,373	133,165	28,321	5,230	48,088	583,178	(25,553)	557,625
Segment profits	8,705	6,192	506	1,791	1,225	18,421	(16)	18,405

Notes: 1. The ¥16 million deducted from segment profits as adjustment includes ¥1,332 million in inter-segment eliminations and a deduction of ¥1,349 million in corporate expenses not attributable to any reportable segment. Corporate expenses are mainly expenses of the company submitting consolidated financial statements that are not attributable to any reportable segment.

2. Segment profits are adjusted to operating income in the consolidated statement of income.

2. Impairment loss on non-current assets and goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

Information has been omitted owing to lack of materiality.

(Significant change in amount of goodwill)

No items to report

(Significant gain on bargain purchase)

No items to report

II. Six months ended August 31, 2015 (from March 1, 2015 to August 31, 2015)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Department Store Business	PARCO Business	Wholesale Business	Credit Business	Other Businesses	Total	Adjustments (Note 1)	Amounts on the consolidated statement of income (Note 2)
Net sales								
(1) External sales	373,085	138,922	27,146	2,854	31,301	573,310	–	573,310
(2) Inter-segment sales or transfers	457	180	4,680	2,209	18,337	25,865	(25,865)	–
Total sales	373,542	139,103	31,827	5,064	49,639	599,176	(25,865)	573,310
Segment profits	12,144	6,571	720	1,322	1,060	21,820	(106)	21,713

Notes: 1. The ¥106 million deducted from segment profits as adjustment includes ¥1,348 million in inter-segment eliminations and a deduction of ¥1,455 million in corporate expenses not attributable to any reportable segment. Corporate expenses are mainly expenses of the company submitting consolidated financial statements that are not attributable to any reportable segment.

2. Segment profits are adjusted to operating income in the consolidated statement of income.

2. Note regarding change to reportable segments

(Change in the valuation method for inventories)

As stated in “Changes in accounting policies,” effective from the first quarter of the current fiscal year, the main valuation method for merchandise has changed from the lower of cost or market method, using the cost percentage method (the book value is written down based on the decreased profitability) to using the identified cost method (the book value is written down based on the decreased profitability).

This change in valuation method has been applied retrospectively, and the segment information presented for the six months ended August 31, 2014 is the information after the retrospective adjustment. As a result, segment profits for the six months ended August 31, 2014 have decreased ¥1 million in the Department Store Business compared with before the retrospective adjustment.

(Adoption of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits)

In conjunction with the changes in the calculation method for retirement benefit obligations and current service costs that have been adopted from the first quarter of the current fiscal year as mentioned in “Changes in accounting policies,” the Company has likewise changed the calculation method for retirement benefit obligations and current service costs in business segments. The effect of this application on segment profits for the six months ended August 31, 2015 is immaterial.

3. Impairment loss on non-current assets and goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

(Millions of yen)

	Department Store Business	PARCO Business	Wholesale Business	Credit Business	Other Businesses	Total	Corporate and elimination	Total
Impairment loss	3,773	708	–	–	1,251	5,734	(112)	5,622

(Significant change in amount of goodwill)

For the six months ended August 31, 2015, a significant change in the amount of goodwill occurred as a result of having recognized an impairment loss for goodwill in the Other Businesses. Consequently, the value of goodwill was decreased by ¥990 million in the Other Businesses. Note that the figures above presented under "Significant impairment loss on non-current assets" include the impairment of goodwill.

(Significant gain on bargain purchase)

No items to report