Translation

October 8, 2013

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending February 28, 2014 <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
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Scheduled date to file Quarterly Securities Report: October 11, 2013
Scheduled date to commence dividend payments: November 11, 2013
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 28, 2014 (from March 1, 2013 to August 31, 2013)

(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, 2013	558,693	22.2	17,925	95.8	16,893	53.5	20,464	424.0
August 31, 2012	457,122	0.4	9,156	26.4	11,007	42.8	3,905	71.1

Note: Comprehensive income
For the six months ended August 31, 2013: ¥23,155 million [562.6%]
For the six months ended August 31, 2012: ¥3,494 million [133.0%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
August 31, 2013	38.74	38.74
August 31, 2012	7.39	7.39

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2013	999,806	411,000	36.1
February 28, 2013	1,009,165	390,667	33.8

Reference: Equity
As of August 31, 2013: ¥360,555 million
As of February 28, 2013: ¥341,318 million

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, 2013	–	4.50	–	4.50	9.00
Fiscal year ending February 28, 2014	–	5.00			
Fiscal year ending February 28, 2014 (Forecast)			–	5.00	10.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2014 (from March 1, 2013 to February 28, 2014)

(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 28, 2014	1,160,000	6.2	42,500	37.7	40,000	24.2	29,000	138.0	54.90

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): Yes

Excluded: 1 company (Peacock Stores Ltd.)

Note: For the details, please refer to "2. Matters regarding summary information (Notes)" on page 5 of the attached material.

(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: None

c. Changes in accounting estimates: Yes

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

Note: These items fall in those set forth in Article 10-5 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements. For the details, please refer to "2. Matters regarding summary information (Notes)" on page 5 of the attached material.

(4) Number of issued shares (common stock)

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

As of August 31, 2013	536,238,328 shares
As of February 28, 2013	536,238,328 shares

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

As of August 31, 2013	8,072,626 shares
As of February 28, 2013	8,030,692 shares

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

For the six months ended August 31, 2013	528,177,668 shares
For the six months ended August 31, 2012	528,617,302 shares

*** 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 "Qualitative information regarding consolidated earnings forecasts" 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]

Index

1. Qualitative information regarding results for the first six months

(1) Qualitative information regarding consolidated operating results

In the six months ended August 31, 2013 (from March 1, 2013 to August 31, 2013), the Japanese economy picked up steadily. This was primarily a reflection of signs of improvements in corporate earnings and personal consumption partly due to the effects of the economic measures and financial policies of the government and the Bank of Japan.

In the department store sector, highly priced products continued to sell strongly on the back of the wealth effect from stock price rises and optimism regarding economic recovery. As a result, net sales for the six months rose year on year.

Amid this environment, with the aim of developing as a multi-retailer operating multiple businesses with department stores at their core, the J. Front Retailing Group (hereinafter the "Group") worked to enhance the competitiveness of its Department Store Business and strengthen Group-wide growth potential through "A new department store business model."

In the Department Store Business, the Group pressed ahead with 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 customer segments and constructing a highly productive store management structure. As part of these efforts, the food floor of the Matsuzakaya Nagoya store was completely renewed for the first time in 13 years and the grand opening was held in June. In addition, the Matsuzakaya Ginza store closed temporarily at the end of June 2013 for rebuilding in accordance with the advancement of the urban redevelopment project in the Ginza 6-chome district. The Group also took the decision to close the South Wing of the Matsuzakaya Ueno store in March 2014 and rebuild it as a high-rise complex building containing commercial facilities, a cinema complex and office facilities (scheduled to open in autumn 2017).

In the PARCO Business, PARCO Co., Ltd. acquired the trust beneficiary rights of the Fukuoka PARCO and adjacent land and building and took the decision to rebuild the adjacent building as the new building of the Fukuoka PARCO. In April, two new ZERO GATE complexes were opened in Osaka as part of the PARCO Business's expansion of its network of business bases for future growth.

On the other hand, in the Supermarket Business the performance of Peacock Stores Ltd. remained weak, primarily due to recent intensification in competition. Because an improvement is expected to take some time, J. FRONT RETAILING Co., Ltd. (hereinafter the "Company") transferred all of its shares in Peacock Stores Ltd. to Aeon Co., Ltd. on April 1, excluding it from the scope of consolidation.

In the internet business, a position with responsibility for IT new business development was established in March to strengthen the Group's response to the internet commerce market, which has continued to show rapid growth in recent years. With this new position in place, the business is pressing ahead with a detailed action plan that includes efforts to increase customer convenience.

With respect to overseas operations, the Company is currently working towards the fully fledged establishment and operation of an upscale department store in Shanghai, China, as a joint venture. Preparatory activities in Shanghai were started in March, and work is steadily underway with a view to starting operations in 2015. In addition, JFR PLAZA Inc., a general retailing business established in Taiwan, opened its first store in Taipei, Taiwan, at the end of March. In August, the business expanded its store network by opening two more stores.

The Group also worked to construct a stronger operating structure in preparation for the hike in consumption tax scheduled for April 2014 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, 2013, consolidated net sales was ¥558,693 million, up 22.2% year on year, operating income was ¥17,925 million, up 95.8%, ordinary income was ¥16,893 million, up 53.5%, and net income was ¥20,464 million, up 424.0%.

Results by segment are as follows.
Owing to an additional purchase of the shares of PARCO Co., Ltd. on August 27, 2012, "PARCO Business" was added to the reportable segments in the second quarter of the previous fiscal year. In addition, owing to the transfer of all the shares of Peacock Stores Ltd. on April 1, 2013, "Supermarket Business" was removed in the first quarter of the current fiscal year.

<Department Store Business>
At the Department Store Business, we worked to establish "A new department store business model" to realize further growth and increase productivity. To this end, we pushed forward with a variety of initiatives.

At the Matsuzakaya Nagoya store, following on from the first period of refurbishment centered on the fashion floor in spring 2012, we carried out a complete renewal of the food floor for the first time in 13 years for the second period of refurbishment in spring 2013. The grand opening was held in June. With this renewal, we enhanced the product lineup and the services offered and improved the store's environment to meet the requirements of many generations of customers. The renewal brought a large number of brands, including "Table Plus," a specialty food zone, and "Kayanoya," to the Nagoya area for the first time, giving this urban department store an appealing food market that has been very favorably received by customers.

The Matsuzakaya Ginza store was closed temporarily at the end of June 2013 for rebuilding. The closing sale we held from April attracted an extremely large number of customers to the store, helping us to close the store on a high note.

With respect to sales promotion activities, our summer clearance sale was held from the end of June and attracted a great many customers. Sales of summer gifts were strong, partly driven by substantial growth in orders over the internet.

As a result of various initiatives including those mentioned above, net sales in this business was ¥373,864 million, up 4.4% year on year, and operating income was ¥8,685 million, up 33.9%.

<PARCO Business>
In the mainstay shopping center business, two new ZERO GATE complexes were opened in Shinsaibashi and Dotonbori. At its existing stores, PARCO pressed ahead with refurbishments to support themed sales propositions to customers, particularly in urban stores in areas such as Shibuya. PARCO also enhanced its preferential membership plans centered on the PARCO card.
As a result, net sales in this business was ¥131,261 million and operating income was ¥5,846 million.

<Wholesale Business>
Sales were strong in this business, mainly reflecting the cultivation of new customers and increased business with existing customers in its main fields such as food products, software business and chemical products. As a result, net sales in this business was ¥31,182 million, up 20.6% year on year. Operating income increased 17.6% year on year to ¥558 million.

<Credit Business>
As a result of an increase in card members in addition to a rise in member store fees and growth in installment interest payments resulting from a steady rise in the use of cards at department stores and external member stores, net sales in this business was ¥4,370 million, up 4.3% year on year. Thanks to reductions in selling, general and administrative expenses, operating income was ¥1,452 million, up 25.4%.

<Other Businesses>
In Other Businesses, there was a decline in sales at J. Front Design & Construction because of the large contrast with 2012, when sales were boosted by large-scale refurbishment and construction projects at Group department stores. As a result, net sales in this business was ¥43,904 million, down 4.7% year on year. Even so, operating income was up 6.4% year on year to ¥1,541 million thanks to an improvement in the gross profit margin and reductions in selling, general and administrative expenses.

(2) Qualitative information regarding consolidated financial position

Total assets as of August 31, 2013 was ¥999,806 million, a decrease of ¥9,359 million compared with February 28, 2013. Total liabilities was ¥588,805 million, a decrease of ¥29,692 million primarily due to the repayments of loans payable. Total net assets was ¥411,000 million, an increase of ¥20,333 million compared with February 28, 2013, mainly because of an increase in retained earnings.

(Cash flow position)
The balance of cash and cash equivalents (hereinafter “cash”) as of August 31, 2013 amounted to ¥33,319 million, down ¥1,257 million compared with February 28, 2013.
Cash flow positions in the six months ended August 31, 2013 and the factors for these were as follows. The results of the PARCO Business are not included in the six months ended August 31, 2012.

A. Net cash provided by (used in) operating activities
Net cash provided by operating activities was ¥31,780 million. In comparison with the six months ended August 31, 2012, cash provided increased by ¥19,008 million. This mainly reflected PARCO Co., Ltd. becoming a consolidated subsidiary and the receipt of compensation for redevelopment of the Matsuzakaya Ginza store.

B. Net cash provided by (used in) investing activities
Net cash used in investing activities was ¥5,395 million. In comparison with the six months ended August 31, 2012, cash used decreased by ¥65,042 million. Although there was expenditure due to PARCO Co., Ltd.’s acquisition of the trust beneficiary rights for some land and buildings, there was also a fall in expenditure in contrast with 2012, when the Company acquired the shares of PARCO Co., Ltd., and this resulted in an overall decrease in cash used.

C. Net cash provided by (used in) financing activities
Net cash used in financing activities was ¥27,675 million. In comparison with the six months ended August 31, 2012, cash used increased by ¥98,310 million, mainly because of the repayment of short-term loans payable.

(3) Qualitative information regarding consolidated earnings forecasts

In light of earnings in the six months ended August 31, 2013, the consolidated earnings forecasts for the fiscal year ending February 28, 2014, which were announced in the consolidated financial results released on April 9, 2013, have been changed. In our revised forecasts, we project net sales of ¥1,160,000 million, operating income of ¥42,500 million and ordinary income of ¥40,000 million. Our forecast for net income is unchanged.

2. Matters regarding summary information (Notes)

(1) Changes in significant subsidiaries during the period

Peacock Stores Ltd. was excluded from the scope of consolidation in the first quarter of the current fiscal year as a result of the transfer of all its shares on April 1, 2013.

(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

(Change in depreciation method)

Following the revision of the Corporation Tax Act, the method applied at the Company and its domestic consolidated subsidiaries for depreciating property, plant and equipment acquired on or after March 1, 2013 has been changed to the method pursuant to the provisions of the revised Act, effective from the first quarter of the current fiscal year.

The impact of this change on profit or loss is immaterial.

3. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2013	As of August 31, 2013
Assets		
Current assets		
Cash and deposits	37,234	37,176
Notes and accounts receivable-trade	63,061	67,469
Short-term investment securities	818	803
Inventories	30,942	28,248
Deferred tax assets	13,887	12,657
Other	44,425	32,106
Allowance for doubtful accounts	(273)	(218)
Total current assets	190,096	178,243
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	195,388	184,686
Land	431,868	353,535
Construction in progress	1,234	109,656
Other, net	4,893	5,004
Total property, plant and equipment	633,385	652,882
Intangible assets		
Goodwill	1,571	1,397
Other	41,836	40,638
Total intangible assets	43,408	42,035
Investments and other assets		
Investment securities	37,194	38,657
Long-term loans receivable	1,639	1,573
Lease and guarantee deposits	82,587	66,124
Deferred tax assets	4,428	3,957
Other	19,608	18,916
Allowance for doubtful accounts	(3,285)	(2,671)
Total investments and other assets	142,173	126,557
Total noncurrent assets	818,967	821,475
Deferred assets		
Bond issuance cost	101	86
Total deferred assets	101	86
Total assets	1,009,165	999,806

(Millions of yen)

	As of February 28, 2013	As of August 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	87,995	90,792
Short-term loans payable	74,567	36,646
Commercial papers	19,998	26,991
Current portion of bonds	1,000	500
Income taxes payable	9,154	6,907
Advances received	17,985	18,951
Gift certificates	38,001	38,223
Provision for bonuses	6,437	6,172
Provision for directors' bonuses	148	–
Provision for sales returns	14	18
Provision for books unsold	137	132
Provision for sales promotion expenses	624	639
Reserve for gift certificates	11,429	11,876
Provision for loss on business liquidation	70	97
Other	60,729	57,995
Total current liabilities	328,295	295,946
Noncurrent liabilities		
Bonds payable	24,000	24,000
Long-term loans payable	93,519	100,566
Deferred tax liabilities	101,919	101,855
Deferred tax liabilities for land revaluation	1,279	1,279
Provision for retirement benefits	26,554	19,418
Provision for directors' retirement benefits	48	50
Provision for loss of stores rebuilding	–	1,320
Other	42,879	44,369
Total noncurrent liabilities	290,201	292,858
Total liabilities	618,497	588,805
Net assets		
Shareholders' equity		
Capital stock	30,000	30,000
Capital surplus	209,563	209,560
Retained earnings	107,629	125,715
Treasury stock	(6,098)	(6,129)
Total shareholders' equity	341,095	359,146
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68	1,047
Deferred gains or losses on hedges	6	(7)
Foreign currency translation adjustment	149	369
Total accumulated other comprehensive income	223	1,409
Subscription rights to shares	15	15
Minority interests	49,333	50,428
Total net assets	390,667	411,000
Total liabilities and net assets	1,009,165	999,806

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

(Millions of yen)

	Six months ended August 31, 2012	Six months ended August 31, 2013
Net sales	457,122	558,693
Net sales of goods	453,322	553,635
Rent income of real estate	3,800	5,058
Cost of sales	348,481	439,674
Cost of goods sold	346,728	436,684
Cost of real estate rent	1,752	2,989
Gross profit	108,640	119,019
Selling, general and administrative expenses	99,484	101,093
Operating income	9,156	17,925
Non-operating income		
Interest income	170	202
Dividends income	305	319
Gain on adjustment of account payable	1,770	1,601
Amortization of negative goodwill	1,140	–
Equity in earnings of affiliates	1,594	–
Other	267	411
Total non-operating income	5,248	2,534
Non-operating expenses		
Interest expenses	788	937
Loss on retirement of noncurrent assets	297	468
Provision of reserve for redemption of gift certificates	1,872	1,777
Equity in losses of affiliates	–	53
Other	440	328
Total non-operating expenses	3,398	3,566
Ordinary income	11,007	16,893
Extraordinary income		
Gain on sales of noncurrent assets	540	–
Gain on sales of investment securities	36	15
Gain on sales of subsidiaries and affiliates’ stocks	–	18,479
Compensation income	–	4,510
Reversal of provision for loss on business liquidation	233	–
Other	94	–
Total extraordinary income	905	23,005

(Millions of yen)

	Six months ended August 31, 2012	Six months ended August 31, 2013
Extraordinary loss		
Loss on disposal of noncurrent assets	1,926	1,840
Loss on valuation of investment securities	720	25
Impairment loss	10	629
Loss of stores rebuilding	–	3,122
Business structure improvement expenses	–	3,421
Loss on liquidation of business	534	97
Loss on step acquisitions	1,667	–
Other	30	579
Total extraordinary losses	4,890	9,716
Income before income taxes and minority interests	7,022	30,181
Income taxes-current	3,397	7,264
Income taxes-deferred	(486)	1,032
Total income taxes	2,911	8,297
Income before minority interests	4,111	21,884
Minority interests in income	205	1,420
Net income	3,905	20,464

(Consolidated statements of comprehensive income - cumulative)

(Millions of yen)

	Six months ended August 31, 2012	Six months ended August 31, 2013
Income before minority interests	4,111	21,884
Other comprehensive income		
Valuation difference on available-for-sale securities	(618)	1,038
Deferred gains or losses on hedges	(47)	(47)
Foreign currency translation adjustment	(5)	216
Share of other comprehensive income of associates accounted for using equity method	54	63
Total other comprehensive income	(616)	1,270
Comprehensive income	3,494	23,155
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,289	21,649
Comprehensive income attributable to minority interests	204	1,505

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2012	Six months ended August 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,022	30,181
Depreciation and amortization	6,671	8,888
Impairment loss	10	2,436
Amortization of negative goodwill	(1,140)	–
Amortization of goodwill	–	174
Increase (decrease) in allowance for doubtful accounts	44	(463)
Increase (decrease) in provision for bonuses	(494)	(87)
Increase (decrease) in provision for retirement benefits	(493)	(2,353)
Increase (decrease) in provision for sales promotion expenses	(5)	15
Increase (decrease) in provision for loss on business liquidation	(67)	27
Increase (decrease) in reserve for gift certificates	564	446
Increase (decrease) in provision for stores rebuilding	–	1,320
Interest and dividends income	(476)	(521)
Interest expenses	788	937
Equity in (earnings) losses of affiliates	(1,594)	53
Loss (gain) on sales of noncurrent assets	(540)	–
Loss (gain) on disposal of noncurrent assets	1,926	1,840
Loss (gain) on sales of investment securities	(33)	4
Loss (gain) on valuation of investment securities	720	25
Compensation income	–	(4,510)
Loss (gain) on step acquisitions	1,667	–
Loss (gain) on sales of stocks of subsidiaries and affiliates	–	(18,479)
Decrease (increase) in notes and accounts receivable-trade	(116)	(5,295)
Decrease (increase) in inventories	197	(290)
Increase (decrease) in notes and accounts payable-trade	2,653	8,364
Decrease (increase) in accounts receivable-other	(1,028)	(1,088)
Decrease (increase) in long-term prepaid expenses	(264)	12
Other, net	3,141	3,818
Subtotal	19,152	25,458
Interest and dividends income received	414	475
Interest expenses paid	(781)	(903)
Income taxes paid	(7,705)	(9,434)
Income taxes refund	1,692	9,950
Payments for cancelation of leasehold contracts	–	(999)
Proceeds from compensation	–	7,233
Net cash provided by (used in) operating activities	12,772	31,780

(Millions of yen)

	Six months ended August 31, 2012	Six months ended August 31, 2013
Net cash provided by (used in) investing activities		
Purchase of short-term and long term investment securities	(30,647)	(1,097)
Proceeds from sales of short-term and long term investment securities	790	1,110
Purchase of property, plant and equipment and intangible assets	(9,814)	(40,497)
Proceeds from sales of property, plant and equipment and intangible assets	1,038	0
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(34,047)	–
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	–	27,649
Decrease (increase) in short-term loans receivable	98	10
Payments of long-term loans receivable	(5)	(5)
Collection of long-term loans receivable	27	104
Other, net	2,122	7,330
Net cash provided by (used in) investing activities	(70,437)	(5,395)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	66,836	(35,600)
Net increase (decrease) in commercial papers	6,995	6,992
Proceeds from long-term loans payable	15,850	15,500
Repayment of long-term loans payable	(16,316)	(10,778)
Redemption of bonds	–	(500)
Purchase of treasury stock	(10)	(74)
Cash dividends paid	(2,372)	(2,364)
Cash dividends paid to minority shareholders	(94)	(414)
Other, net	(252)	(435)
Net cash provided by (used in) financing activities	70,635	(27,675)
Effect of exchange rate change on cash and cash equivalents	(2)	33
Net increase (decrease) in cash and cash equivalents	12,968	(1,257)
Cash and cash equivalents at beginning of period	24,204	34,576
Cash and cash equivalents at end of period	37,172	33,319

(4) Notes on premise of going concern

No items to report

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

No items to report

(6) Segment information, etc.

<Segment information>

I. Six months ended August 31, 2012 (from March 1, 2012 to August 31, 2012)

1. Sales and income/loss by reportable segment

(Millions of yen)

	Department Store Business	Supermarket Business	Wholesale Business	Credit Business	Other Businesses	Total	Adjustments (Note 1)	Amounts on the consolidated statements of income (Note 2)
Net sales								
(1) External sales	357,429	50,353	22,387	2,193	24,759	457,122	–	457,122
(2) Inter-segment sales or transfers	757	1,376	3,477	1,997	21,320	28,929	(28,929)	–
Total sales	358,186	51,729	25,864	4,190	46,079	486,051	(28,929)	457,122
Segment profits (losses)	6,488	(446)	474	1,158	1,449	9,124	32	9,156

Notes: 1. The ¥32 million added to segment profits (losses) as adjustment includes ¥1,197 million in inter-segment eliminations and a deduction of ¥1,165 million in corporate expenses not attributable to any reportable segment. Corporate expenses are mainly expenses of the company submitting quarterly consolidated financial statements that are not attributable to any reportable segment.

2. Segment profits (losses) are adjusted to operating income in the consolidated statements of income.

2. Assets by reportable segment

Owing to an additional purchase of the shares of PARCO Co., Ltd. on August 27, 2012, PARCO Co., Ltd. and its five subsidiaries are included in the scope of consolidation effective from the second quarter of the current fiscal year. As a consequence, the reportable segment "PARCO Business" has been added, increasing the number of reportable segments from five to six effective from the second quarter of the current fiscal year.

Reflecting the impact of this change, the amount of assets in the "PARCO Business" segment as of August 31, 2012, increased by ¥238,275 million compared with February 29, 2012.

3. Note regarding change to reportable segments

As stated in "2. Assets by reportable segment," the reportable segment "PARCO Business" has been added, increasing the number of reportable segments from five to six effective from the second quarter of the current fiscal year.

Because the deemed acquisition date is August 31, 2012, the statement of income of the "PARCO Business" segment is not in the scope of consolidation. As a consequence, "PARCO Business" is not included in "1. Sales and income/loss by reportable segment."

4. Impairment loss on noncurrent assets and goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)

Information has been omitted owing to lack of materiality.

(Significant change in amount of goodwill)

As stated in "2. Assets by reportable segment," PARCO Co., Ltd. and its five subsidiaries are included in the scope of consolidation effective from the second quarter of the current fiscal year. As a consequence, goodwill has been recorded under the category of "PARCO Business."

The resultant increase in goodwill in the second quarter of the current fiscal year is ¥1,746 million.

(Significant gain on negative goodwill)

No items to report

II. Six months ended August 31, 2013 (from March 1, 2013 to August 31, 2013)

1. Sales and income/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 statements of income (Note 2)
Net sales								
(1) External sales	373,327	131,157	27,252	2,345	24,588	558,671	22	558,693
(2) Inter-segment sales or transfers	536	103	3,929	2,024	19,316	25,911	(25,911)	–
Total sales	373,864	131,261	31,182	4,370	43,904	584,583	(25,889)	558,693
Segment profits	8,685	5,846	558	1,452	1,541	18,084	(158)	17,925

Notes: 1. The ¥158 million deducted from segment profits as adjustment includes ¥1,119 million in inter-segment eliminations and a deduction of ¥1,277 million in corporate expenses not attributable to any reportable segment. Corporate expenses are mainly expenses of the company submitting quarterly consolidated financial statements that are not attributable to any reportable segment.

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

2. Note regarding change to reportable segments

(Exclusion from reportable segments)

Peacock Stores Ltd. was excluded from the scope of consolidation in the first quarter of the current fiscal year as a result of the transfer of all its shares on April 1, 2013. As a consequence, the reportable segment "Supermarket Business" was removed in the first quarter of the current fiscal year.

(Change in depreciation method)

Following the revision of the Corporation Tax Act, the method applied at the Company and its domestic consolidated subsidiaries for depreciating property, plant and equipment acquired on or after March 1, 2013 has been changed to the method pursuant to the provisions of the revised Act, effective from the first quarter of the current fiscal year.

The impact of this change on segment profits or losses is immaterial.

3. Impairment loss on noncurrent assets and goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)

(Millions of yen)

	Department Store Business	PARCO Business	Wholesale Business	Credit Business	Other Businesses	Subtotal	Corporate/ eliminations	Total
Impairment loss	2,346	23	–	–	66	2,436	–	2,436

(Significant change in amount of goodwill)

No items to report

(Significant gain on negative goodwill)

Information has been omitted owing to lack of materiality.