Translation

June 28, 2016

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2017 <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: July 14, 2016
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: None

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

1. Consolidated performance for the first three months of the fiscal year ending February 28, 2017 (from March 1, 2016 to May 31, 2016)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2016	268,776	(5.9)	9,318	(12.7)	8,736	(30.8)	8,484	(50.3)
May 31, 2015	285,585	0.1	10,676	1.5	12,622	19.6	17,085	243.9

Note: Comprehensive income
For the three months ended May 31, 2016: ¥9,749 million [(49.5)%]
For the three months ended May 31, 2015: ¥19,302 million [291.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2016	32.44	32.44
May 31, 2015	64.89	64.88

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
May 31, 2016	1,027,262	446,225	37.8
February 29, 2016	1,019,146	440,594	37.6

Reference: Equity
As of May 31, 2016: ¥388,614 million
As of February 29, 2016: ¥383,699 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 29, 2016	–	13.00	–	14.00	27.00
Fiscal year ending February 28, 2017	–				
Fiscal year ending February 28, 2017 (Forecast)		14.00	–	14.00	28.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending August 31, 2016	570,500	(0.5)	21,800	0.4	20,000	(13.3)	13,400	(10.7)	51.23
Fiscal year ending February 28, 2017	1,175,000	1.0	50,000	4.1	48,000	0.2	28,000	6.4	107.06

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* **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: Yes

(Note) For the details, please refer to "2. Matters regarding summary information (Notes), (2) Application of special accounting for preparing quarterly consolidated financial statements" on page 5 of the quarterly financial results (attached material).

(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: Yes

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 May 31, 2016	268,119,164 shares
As of February 29, 2016	268,119,164 shares

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

As of May 31, 2016	6,567,451 shares
As of February 29, 2016	6,575,238 shares

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

For the three months ended May 31, 2016	261,545,651 shares
For the three months ended May 31, 2015	263,299,878 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 "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 three months

(1) Explanation of operating results

In the three months ended May 31, 2016 (from March 1, 2016 to May 31, 2016), the Japanese economy's pace of recovery slowed despite a trend toward more upbeat corporate earnings and employment fueled mainly by various policies of the Japanese government and the Bank of Japan. The slowdown was partially attributable to concerns of a global economic slowdown originating from a slowing Chinese economy beginning in the latter half of last year, and also due to an outlook of growing uncertainty sparked by a drastically strengthening yen and falling share prices prevailing since the start of the year.

In the retail sector, we faced a scenario of rapidly deteriorating consumer sentiment and diminishing strength in personal spending overall. This was partially a result of increasingly polarized consumption patterns, falling share prices beginning in the latter half of last year and a prevailing sense of uncertainty as to what lies ahead, combined with intensifying budget-minded consumer behavior amid a growing sense of financial burden among households as merchandise price hikes grew more pervasive largely due to yen depreciation and surging raw material prices.

Amid this environment, as the final year of "FY 2014 - FY 2016 Medium-term Business Plan," 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, with the aim of developing as a multifaceted retailer operating multiple businesses with the Department Store Business at their core.

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 strengthening our capacity to serve markets in a manner aligned with the distinctive characteristics of the areas in which our individual stores operate, and by revamping our management structure with the aim of boosting profitability. As part of these efforts, in late April the Matsuzakaya Nagoya store launched "Matsuzakaya GENTA" in the new North Building which is geared to adults seeking premium quality and sophisticated sensibilities. We also held our grand opening for all of the complex's buildings, including the Main Building and the South Building.

Also, with respect to our initiatives geared to the market for inbound tourism, in March we began issuing the "DAIMARU MATSUZAKAYA EXCLUSIVE CARD" targeting upscale overseas visitors to Japan, while in April we introduced the Chinese mobile payment service "QQ Wallet."

In the PARCO Business, during the spring season we worked on refurbishing the Fukuoka PARCO, the Nagoya PARCO and other buildings that aim to attract a wide range of customers. Our refurbishment efforts have been the most extensive particularly with respect to the Fukuoka PARCO where as many as 50 different shops have been given makeovers since the facility opened for business. In March, we released an upgraded version of our "POCKET PARCO" smartphone application so that we can better disseminate information. We also opened our "Sapporo ZERO GATE" facility at the end of February, as an initiative to expand administration floor area.

Meanwhile, we made the decision to close the Shibuya PARCO (Part 1 and Part 3) temporarily for rebuilding geared to further strengthening the PARCO brand. We have launched the "Last Dance_" campaign which involves tie-ups with public figures who have been associated with the Shibuya PARCO, and have scheduled various events running up until August 7, 2016, which is the facility's final day of business before its temporary closure.

We have also been engaging in efforts to strengthen the Group's growth potential as a group of companies. For instance, we have been fortifying our omni-channel strategy which has involved linking up with Senshukai Co., Ltd. upon having concluded a capital and business alliance agreement with them in April 2015, and have also been engaging in efforts that involve mutual sales in that regard. In March, "Kcarat" direct sales shops featuring Senshukai's original brand of the same name were opened in five Daimaru stores.

With respect to overseas operations, in March we opened a new "PLAZA TOKYO" general retailing store operated in Taiwan by JFR PLAZA, bringing our current total to nine such store locations.

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.

Despite having implemented various measures including those mentioned above, in the three months ended May 31, 2016, consolidated net sales was ¥268,776 million, down 5.9% year on year, operating income was ¥9,318 million, down 12.7%, ordinary income was ¥8,736 million, down 30.8%, and profit attributable to owners of parent was ¥8,484 million, down 50.3%, which was also due to a negative rebound effect following on the previous fiscal year's reduction in corporate tax rates.

Results by segment are as follows.

<Department Store Business>
In April 2016, we held our grand opening of the Matsuzakaya Nagoya store, upon completion of the third-period refurbishment plan which was progressively implemented beginning in spring 2015. As a result, we have launched the "Matsuzakaya GENTA" adult fashion floors primarily for men, located on the first to third floors of the North Building. A new lifestyle floor has also been opened on the sixth floor of the Main Building. Going forward, we remain committed to our aim of functioning as an "evolutionary department store always teeming with novelty and smiles, and imparting premium lifestyles and culture."

We also aim to ensure sustained and consistent sales serving the inbound tourism market. To that end, we embarked on new initiatives in March that entail issuing the "DAIMARU MATSUZAKAYA EXCLUSIVE CARD" to our customers visiting Japan from overseas whose purchases have been particularly substantial, while also offering services especially for such customers.

To develop growth in out-of-store customers, in the current fiscal year we continued to push ahead with efforts geared toward landing new customer accounts. In the affluent customer market, we will work to upgrade our products and services in order to expand this market.

Furthermore, in omni-channel retailing we are forging ahead in expanding the range of brands that we handle through fashion e-commerce websites. We have also revamped the original "Kcarat" brand of Senshukai with whom we have set up a capital and business alliance, thereby reconfiguring "Kcarat" as an omni-channel fashion brand and launching sales of it through various channels including five Daimaru Matsuzakaya Department Stores, Senshukai catalogs, and e-commerce websites of both companies.

Despite the initiatives mentioned above, net sales in this business was ¥172,231 million, down 6.9% year on year and operating income was ¥4,436 million, down 27.5%.

<PARCO Business>
In the shopping center business, we have been refurbishing stores based on the concept of targeting a greater range of customers by addressing changing lifestyles and tapping demand from inbound tourism in our existing PARCO stores. Meanwhile in our space engineering & management business, we generated strong operating income due to an improved gross profit margin and greater efficiencies with respect to selling, general and administrative expenses.

Despite having implemented measures such as those mentioned above, net sales in this business was ¥69,431 million, down 3.4% year on year, and operating income was ¥3,158 million, down 4.2% year on year.

<Wholesale Business>
The Wholesale Business faced sluggish performance in the areas of food products, industrial materials and electronic devices. As a result, net sales was ¥10,771 million, down 28.8% year on year, and operating income was ¥215 million, down 35.7% year on year.

<Credit Business>
In Credit Business, card member accounts increased and the use of credit cards at external member stores was promoted. As a result, net sales was ¥2,630 million, up 4.2% year on year, and operating income was ¥760 million, up 3.9% year on year.

<Other Businesses>
In Other Businesses, J. Front Design & Construction landed business involving large-scale refurbishment and construction project of Group department stores, along with orders for interior work for cruise ships and hotels. As a result, net sales was ¥27,686 million, up 13.6% year on year, and operating income was ¥801 million, up 193.3% year on year.

(2) Explanation of financial position

Total assets as of May 31, 2016 was ¥1,027,262 million, an increase of ¥8,116 million compared with February 29, 2016. Total liabilities was ¥581,036 million, an increase of ¥2,484 million. Total net assets was ¥446,225 million, an increase of ¥5,631 million compared with February 29, 2016.

(Cash flow position)
The balance of cash and cash equivalents (hereinafter "cash") as of May 31, 2016 amounted to ¥21,857 million, down ¥6,290 million compared with February 29, 2016.
Cash flow positions in the three months ended May 31, 2016 and the factors for these were as follows.

A. Net cash provided by (used in) operating activities
Net cash provided by operating activities was ¥4,097 million. In comparison with the three months ended May 31, 2015, cash provided increased by ¥5,066 million, mainly reflecting a decrease in income taxes paid.

B. Net cash provided by (used in) investing activities
Net cash used in investing activities was ¥6,423 million. In comparison with the three months ended May 31, 2015, cash used decreased by ¥12,766 million, mainly reflecting a decrease in purchases of investment securities.

C. Net cash provided by (used in) financing activities
Net cash used in financing activities was ¥3,961 million. In comparison with the three months ended May 31, 2015, expenditures increased by ¥10,998 million, mainly reflecting an increase in repayments of long-term loans payable.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts are unchanged from the forecasts for the first six months ending August 31, 2016 and the fiscal year ending February 28, 2017 announced in the consolidated financial results released on April 7, 2016.

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

(Treatment of tax expenses)

Tax expenses are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the first quarter of the current fiscal year, and next by multiplying the quarterly profit before income taxes by such estimated effective tax rate.

(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 methodology for calculating tax expenses)

The Company and its consolidated subsidiaries had previously been using fundamental methods for calculating tax expenses. However, in order to further streamline work involved in preparing the Group's quarterly business results, we have changed methodology used in this regard. Accordingly, beginning in the first quarter of the current fiscal year, the methodology used for calculating tax expenses is to first involve reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the current fiscal year, and next by multiplying the quarterly profit before income taxes by such estimated effective tax rate.

As the effect of this change is immaterial, no retrospective application has been performed.

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter of the current fiscal year, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter of the current fiscal year, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for "net income" and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests." To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the three months of the previous fiscal year and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter of the current fiscal year.

These changes have no impact on profit or loss.

Changes in accounting policies that are difficult to differentiate from changes in accounting estimates
(Changes in the depreciation method of property, plant and equipment)
Previously, the Company and its domestic consolidated subsidiaries had mainly used the declining-balance method for depreciating property, plant and equipment (excluding leased assets) other than buildings and structures. From the first quarter of the current fiscal year, however, the Company has changed to using the straight-line method for depreciating all property, plant and equipment.
The Company made these changes because it judged that the straight-line method, which equally allocates the acquisition amount over the useful life, more suitably reflects actual asset utilization in periodic profit or loss compared with the declining-balance method, which was previously used. This judgment was based on the results of performing a review of the Group's investment strategy, which focuses on seizing the opportunities of the recent large-scale investments and large-scale investment planning relating to Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd., and revalidating the revenue structures of the Group's property, plant and equipment in line with the active expansion of business models that have comparatively higher stability mainly due to rent fixation, resulting from the aforementioned investment strategy review.

As a result of this change, for the three months ended May 31, 2016, operating income, ordinary income and profit before income taxes each increased by ¥292 million, compared with their respective figures calculated using the former depreciation method.

Changes in accounting estimates
(Changes in amortization period of prior service costs and actuarial gains and losses for accounting related to retirement benefits)
Previously, some subsidiaries used an amortization period of 12 years for prior service costs and actuarial gains and losses. However, because the average remaining service periods of employees have shortened, the amortization period has been changed to 11 years as of the first quarter of the current fiscal year.

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

3. Quarterly consolidated financial statements

(1) Consolidated balance sheet

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
Assets		
Current assets		
Cash and deposits	30,039	22,703
Notes and accounts receivable - trade	68,049	72,505
Securities	1,233	1,334
Inventories	28,205	30,017
Deferred tax assets	11,671	11,639
Other	41,865	47,663
Allowance for doubtful accounts	(173)	(181)
Total current assets	180,890	185,684
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	182,772	184,489
Land	360,297	360,435
Construction in progress	120,751	121,539
Other, net	4,829	5,547
Total property, plant and equipment	668,651	672,011
Intangible assets		
Goodwill	568	478
Other	40,876	41,289
Total intangible assets	41,444	41,767
Investments and other assets		
Investment securities	46,985	47,070
Long-term loans receivable	1,503	1,494
Lease and guarantee deposits	61,515	61,376
Net defined benefit asset	5,687	5,924
Deferred tax assets	5,112	5,093
Other	9,980	9,497
Allowance for doubtful accounts	(2,710)	(2,736)
Total investments and other assets	128,074	127,719
Total non-current assets	838,170	841,498
Deferred assets		
Bond issuance cost	85	78
Total deferred assets	85	78
Total assets	1,019,146	1,027,262

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	90,768	94,657
Short-term loans payable	40,219	48,269
Commercial papers	30,798	38,399
Income taxes payable	8,322	3,240
Advances received	19,318	20,863
Gift certificates	38,599	38,095
Provision for bonuses	5,709	3,881
Provision for directors' bonuses	204	–
Provision for sales returns	21	16
Provision for books unsold	121	126
Provision for sales promotion expenses	709	710
Reserve for gift certificates	13,913	13,982
Provision for loss on business liquidation	487	240
Provision for loss on stores rebuilding	1,245	1,225
Other	52,504	63,025
Total current liabilities	302,944	326,734
Non-current liabilities		
Bonds payable	27,000	27,000
Long-term loans payable	82,905	67,630
Deferred tax liabilities	89,158	84,837
Deferred tax liabilities for land revaluation	1,161	1,138
Net defined benefit liability	32,707	32,385
Provision for directors' retirement benefits	37	4
Provision for loss on business liquidation	564	564
Provision for loss on stores rebuilding	1,191	1,191
Other	40,882	39,550
Total non-current liabilities	275,607	254,301
Total liabilities	578,552	581,036
Net assets		
Shareholders' equity		
Capital stock	30,000	30,000
Capital surplus	209,551	209,551
Retained earnings	163,971	168,794
Treasury shares	(11,286)	(11,272)
Total shareholders' equity	392,236	397,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,113	2,708
Deferred gains or losses on hedges	223	146
Foreign currency translation adjustment	516	408
Remeasurements of defined benefit plans	(11,391)	(11,722)
Total accumulated other comprehensive income	(8,537)	(8,458)
Subscription rights to shares	14	–
Non-controlling interests	56,880	57,611
Total net assets	440,594	446,225
Total liabilities and net assets	1,019,146	1,027,262

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

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Net sales	285,585	268,776
Net sales of goods	282,712	265,427
Rent income of real estate	2,873	3,348
Cost of sales	225,472	211,646
Cost of goods sold	223,799	209,806
Cost of real estate rent	1,673	1,840
Gross profit	60,113	57,129
Selling, general and administrative expenses	49,436	47,810
Operating income	10,676	9,318
Non-operating income		
Interest income	94	93
Dividend income	85	130
Gain on adjustment of account payable	658	632
Share of profit of entities accounted for using equity method	2,446	–
Other	196	104
Total non-operating income	3,480	960
Non-operating expenses		
Interest expenses	352	322
Loss on retirement of non-current assets	277	165
Provision of reserve for redemption of gift certificates	696	648
Share of loss of entities accounted for using equity method	–	250
Other	208	156
Total non-operating expenses	1,534	1,543
Ordinary income	12,622	8,736
Extraordinary income		
Gain on sales of non-current assets	–	139
Gain on sales of investment securities	50	–
Total extraordinary income	50	139
Extraordinary losses		
Loss on disposal of non-current assets	508	1,003
Other	22	214
Total extraordinary losses	531	1,217
Profit before income taxes	12,141	7,658
Income taxes	(5,776)	(2,010)
Profit	17,917	9,669
Profit attributable to non-controlling interests	832	1,184
Profit attributable to owners of parent	17,085	8,484

(Consolidated statement of comprehensive income - cumulative)

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Profit	17,917	9,669
Other comprehensive income		
Valuation difference on available-for-sale securities	1,551	661
Deferred gains or losses on hedges	56	36
Foreign currency translation adjustment	(15)	(96)
Remeasurements of defined benefit plans, net of tax	(166)	22
Share of other comprehensive income of entities accounted for using equity method	(40)	(541)
Total other comprehensive income	1,384	80
Comprehensive income	19,302	9,749
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,431	8,563
Comprehensive income attributable to non-controlling interests	871	1,186

(3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Cash flows from operating activities		
Profit before income taxes	12,141	7,658
Depreciation	4,496	4,208
Amortization of goodwill	158	89
Increase (decrease) in allowance for doubtful accounts	3	32
Increase (decrease) in provision for bonuses	(1,856)	(2,032)
Increase (decrease) in net defined benefit liability	(621)	(322)
Decrease (increase) in net defined benefit asset	(345)	(236)
Increase (decrease) in provision for sales promotion expenses	(2)	0
Increase (decrease) in provision for loss on business liquidation	(42)	(247)
Increase (decrease) in reserve for gift certificates	92	68
Increase (decrease) in provision for loss on stores rebuilding	–	(20)
Interest and dividend income	(179)	(224)
Interest expenses	352	322
Share of (profit) loss of entities accounted for using equity method	(2,446)	250
Loss (gain) on sales of non-current assets	–	(139)
Loss (gain) on disposal of non-current assets	508	1,003
Loss (gain) on sales of investment securities	(50)	23
Decrease (increase) in notes and accounts receivable - trade	(8,218)	(4,456)
Decrease (increase) in inventories	(513)	(1,812)
Increase (decrease) in notes and accounts payable - trade	9,116	3,888
Decrease (increase) in accounts receivable - other	(5,400)	(3,360)
Decrease (increase) in long-term prepaid expenses	89	153
Increase (decrease) in accounts payable - other	4,684	7,397
Other, net	895	1,209
Subtotal	12,861	13,456
Interest and dividend income received	130	186
Interest expenses paid	(551)	(507)
Income taxes paid	(13,410)	(9,037)
Net cash provided by (used in) operating activities	(969)	4,097

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(10,661)	(386)
Proceeds from sales of short-term and long-term investment securities	538	225
Purchase of property, plant and equipment and intangible assets	(8,549)	(8,589)
Proceeds from sales of property, plant and equipment and intangible assets	1	400
Decrease (increase) in short-term loans receivable	11	(12)
Payments of long-term loans receivable	–	(14)
Collection of long-term loans receivable	15	22
Other, net	(545)	1,929
Net cash provided by (used in) investing activities	(19,189)	(6,423)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,000	1,000
Net increase (decrease) in commercial papers	8,804	7,601
Proceeds from long-term loans payable	10,000	9,500
Repayments of long-term loans payable	(6,677)	(17,725)
Purchase of treasury shares	(5,009)	(2)
Cash dividends paid	(3,439)	(3,669)
Dividends paid to non-controlling interests	(434)	(455)
Other, net	(208)	(210)
Net cash provided by (used in) financing activities	7,037	(3,961)
Effect of exchange rate change on cash and cash equivalents	(8)	(2)
Net increase (decrease) in cash and cash equivalents	(13,130)	(6,290)
Cash and cash equivalents at beginning of period	32,132	28,147
Cash and cash equivalents at end of period	19,002	21,857

(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. Three months ended May 31, 2015 (from March 1, 2015 to May 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	184,700	71,766	12,940	1,418	14,758	285,585	–	285,585
(2) Inter-segment sales or transfers	228	78	2,188	1,105	9,622	13,223	(13,223)	–
Total sales	184,929	71,844	15,128	2,524	24,381	298,808	(13,223)	285,585
Segment profits	6,124	3,298	334	731	273	10,762	(85)	10,676

Notes: 1. The ¥85 million deducted from segment profits as adjustment includes ¥654 million in inter-segment eliminations and a deduction of ¥740 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

Information has been omitted owing to lack of materiality.

II. Three months ended May 31, 2016 (from March 1, 2016 to May 31, 2016)

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	171,993	69,334	8,834	1,577	17,036	268,776	–	268,776
(2) Inter-segment sales or transfers	237	97	1,936	1,052	10,650	13,975	(13,975)	–
Total sales	172,231	69,431	10,771	2,630	27,686	282,751	(13,975)	268,776
Segment profits	4,436	3,158	215	760	801	9,373	(54)	9,318

Notes: 1. The ¥54 million deducted from segment profits as adjustment includes ¥749 million in inter-segment eliminations and a deduction of ¥803 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

No items to report