Consolidated Financial Results (Japanese Accounting Standards) for the First Half of the Fiscal Year Ending February 29, 2016

October 7, 2015

Company name	AEON MALL Co., Ltd.	Listings	The First Section of the Tokyo Stock Exchange
Securities code	8905	URL	http://www.aeonmall.com/en/ir/index.html
Representative	Akio Yoshida, President and CEO		

Scheduled dates:

Submission of statutory quarterly financial report	October 13, 2015
Commencement of dividend payments	November 12, 2015
Supplementary documents for quarterly results	Yes
Quarterly results briefing	Yes (for institutional investors and analysts)

(Amounts in millions of yen rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Year Ending February 29, 2016 (March 1, 2015 to August 31, 2015)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income	
Six months ended	million yen	%	million yen	%	million yen	%	million yen	%
August 31, 2015	111,705	14.3	20,478	11.2	19,659	8.9	9,796	(4.7)
August 31, 2014	97,692	14.2	18,420	(9.6)	18,047	(8.3)	10,275	(9.2)

(Note) Comprehensive income Six months ended August 31, 2015 11,189 million yen (75.4 %)
Six months ended August 31, 2014 6,378 million yen (-61.7 %)

	Net income per share	Net income per share (diluted)
Six months ended	yen	yen
August 31, 2015	42.99	42.97
August 31, 2014	45.09	45.07

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
August 31, 2015	931,217	341,367	36.2
February 28, 2015	900,957	332,536	36.4

(Note) Equity August 31, 2015: 336,980 million yen February 28, 2015: 327,708 million yen

2. Dividends

	Dividend per share				
(Record date)	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Year ended February 28, 2015	–	11.00	–	11.00	22.00
Year ending February 29, 2016	–	11.00			
Year ending February 29, 2016 (Projection)			–	11.00	22.00

(Note) Revisions to dividend projection published most recently: None

3. Consolidated Earnings Projections for the Year Ending February 29, 2016 (March 1, 2015 to February 29, 2016)

(Percentage figures represent changes from the corresponding period of the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	238,000	16.7	44,500	6.3	42,000	2.0	24,600	0.4	107.96

(Note) Revisions to dividends projections published most recently: None

* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes to accounting policies, changes of accounting estimates, and revisions and restatements

[1] Changes in accounting policies in accordance with changes in accounting principles:	Yes
[2] Changes in accounting policies other than the above:	None
[3] Changes in accounting estimates:	None
[4] Revisions and restatements:	None

(4) Number of shares issued and outstanding (common stock)

[1] Number of shares issued at period-end (including treasury stock)

August 31, 2015:	227,895,757 shares	February 28, 2015:	227,890,747 shares

[2] Treasury stock at period-end

August 31, 2015:	39,527 shares	February 28, 2015:	38,939 shares

[3] Average number of shares issued

August 31, 2015:	227,853,699 shares	August 31, 2014:	227,847,650 shares

* Status of a quarterly review

The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been reviewed at the time of the announcement of these consolidated financial results, as these results are excluded from quarterly review procedures based on said Act.

* Explanations and other special notes concerning the appropriate use of earnings projections

(Notes concerning statements about the future, etc.)

The statements about the future, including earnings projections, included in this report are based on information currently available to the Company and certain assumptions considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See “(3) Explanation of information on future forecasts such as the consolidated operating results forecast” of “1. Qualitative Information on Quarterly Consolidated Operating Results,” on page 6 of the Accompanying Materials for the assumptions of the earnings forecasts and points to note in the use of earnings forecasts.

(Procedure for obtaining supplementary information on financial results)

AEON MALL is scheduled to hold a financial briefing for institutional investors and analysts on October 8, 2015. The materials handed out at this briefing will be posted on the Company’s web page on October 7, 2015, and the audio recording will be made available on the Company’s web page as soon as possible after the briefing.

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1. Qualitative Information on Quarterly Consolidated Operating Results

(1) Explanation of operating results

During the first half of the fiscal year ending February 29, 2016 (March 1, 2015 - August 31, 2015), the Japanese economy showed signs of improvement in corporate earnings and capital expenditures. However, there were declines in personal consumption and exports, and gross domestic production (GDP) for the April-June quarter suffered negative growth for the first time in three quarters. The retail industry remained harsh as recovery in consumer confidence was weak and domestic consumption grew at a sluggish pace, with the exception being inbound demand, mainly reflecting a fall in real wages due to rising prices.

Meanwhile in the shopping center (SC) industry, the number of newly opened SCs in 2015 is expected to be the same as the number in 2014 (55 SCs), with competition among SCs set to further intensify.

In this environment, the Company has been implementing various measures to increase the number of new business locations in Japan, improve the earning power of existing malls, and establish a business foundation in China and the ASEAN region.

In Japan, new malls were developed based on new concepts adapted to local characteristics, and the Company opened three malls. As for the existing malls, six malls were renovated and implemented promotional measures in response to market demand and worked to improve their ability to attract shoppers.

In its overseas businesses, the Company has been working to establish a business foundation, such as by enhancing its ability to attract customers and building up sales at existing malls in China and the ASEAN region, which have been performing well, and opening its second mall in Jiangsu Province in China in May and its first mall in Indonesia.

The financial status is as follows.

Operating revenue totaled 111,705 million yen (114.3% year on year). Operating costs increased to 79,579 million yen (116.5% year on year) due to business expansion, causing gross profit to rise to 32,126 million yen (109.2% year on year).

Selling, general and administrative expenses rose to 11,647 million yen (106.0% year on year), but operating income achieved double-digit growth, rising to 20,478 million yen (111.2% year on year).

Non-operating income grew to 1,003 million yen (109.7% year on year), and non-operating expenses stood at 1,822 million yen (141.6% year on year). As a result, ordinary income increased to 19,659 million yen (108.9% year on year).

Net income was 9,796 million yen (95.3% year on year), mainly due to the inclusion of expenses of 1,838 million yen for the closure of AEON MALL Neyagawa and AEON MALL Fujiidera, for which a scrap-and-build reform is planned, in extraordinary loss (an impairment loss of 686 million yen and provision for loss on store closing of 1,152 million yen).

As a result of the factors above, the consolidated results for the first half under review achieved record highs in operating revenue and operating income.

The operating results by business segment are as described below.

The Company changed the classification of reported segments in the first quarter of the current fiscal year. The year-on-year comparison below was conducted after reclassifying the values from a year ago into the segments after the change.

i) Domestic Businesses

In this segment, operating revenue rose to 105,322 million yen (110.9% year on year), and operating income increased to 22,888 million yen (111.7% year on year).

New malls include AEON MALL Asahikawa Ekimae (Asahikawa City, Hokkaido), which opened in March, AEON MALL Okinawa Rycom (Kitanakagusukuson, Nakagamigun, Okinawa), which opened in April, and AEON MALL Tonami (Tonami City, Toyama), which opened in July.

AEON MALL Asahikawa Ekimae and AEON MALL Okinawa Rycom, which opened in leading tourist spots in Japan, bolstered their services for foreign tourists visiting Japan by selling duty-free products, creating more Wi-Fi spots, providing foreign currency exchange services, and developing infrastructure such as foreign language communication tools. In addition, AEON MALL Okinawa Rycom is promoting efforts to attract inbound demand by starting to accept overseas group tours in July in cooperation with leading 11 travel agents, as well as by setting up a counter to help tourists for procedures to receive tax exemption.

AEON MALL Tonami opened on the vacant lot of the AEON Tonami Store that closed in 2013. Tonami City is moving forward with comprehensive urban development by developing public facilities, such as roads and parks, commercial facilities, and residential areas in an integrated manner. This development seeks to take advantage of access inside and outside the prefecture, which has improved dramatically in recent years following the

connection of the Tokai-Hokuriku Expressway and the Nouetsu Expressway to the Hokuriku Expressway. AEON MALL Tonami features an exterior modern design that expresses a sense of art and taste reminiscent of the culture of Tonami City and traditional events unique to the local community in an effort to establish the mall as a new landmark in the area. The tenants consist of 100 stores, including 17 stores with their first store in Hokuriku and 11 stores with their first store in Toyama Prefecture. The stores mainly target three-generation families, particularly those with small children. AEON MALL Tonami is owned by AEON RETAIL Co., Ltd., and its management and operation are consigned to AEON MALL Co., Ltd.

New domestic malls in the first half under review

Name of Mall	Location	Opening Date
AEON MALL Asahikawa Ekimae	Hokkaido	March 2015
AEON MALL Okinawa Rycom	Okinawa Prefecture	April 2015
AEON MALL Tonami	Toyama Prefecture	July 2015

As for existing malls, sales promotion campaigns were held utilizing the AEON card and WAON, and efforts were made to improve the ability to attract more shoppers by holding events involving customer participation and actively promoting renovation. The Group also renewed six malls by enlisting new tenants, changing business formats of and relocating existing tenants. One example of this was at AEON MALL Hiroshima Fuchu, where the sub-core zone on the first floor was renovated and a total of 22 eating and drinking establishments were introduced, including 13 stores in the food court and 9 restaurants.

Malls renewed in the first half under review

Name of Mall	Location	Date reopened	Tenants	New tenants (1) (See Note)	Relocations & refurbishments (2)	No. of tenants on reopening (1) + (2)
AEON MALL Takaoka	Toyama Prefecture	March 6	130	17 (10)	32	49
AEON MALL Itami	Hyogo Prefecture	March 20	150	14 (6)	47	61
AEON MALL Kusatsu	Shiga Prefecture	March 20	190	43 (26)	88	131
AEON MALL Miyakonojo Ekimae	Miyazaki Prefecture	April 17	100	10 (2)	31	41
AEON LAKE TOWN KAZE	Saitama Prefecture	April 24	220	96 (48)	59	155
AEON MALL Hiroshima Fuchu	Hiroshima Prefecture	July 10	200	19 (13)	3	22

(Note) Figures in brackets represent new specialty stores opening for the first time in the prefecture.

ii) Overseas Businesses

(China Business)

In this segment, operating revenue increased to 4,898 million yen (187.0% year on year), and operating loss was 1,916 million yen (compared with an operating loss of 1,527 million yen in the first half of the previous fiscal year).

In the China Business, the Company opened AEON MALL Suzhou Yuanqu Hudong (Suzhou) in May. This is the Company's seventh mall in China, and the second mall in Jiangsu Province. The number of visitors to this mall for the first three months after it opened exceeded 2.8 million, and AEON MALL Wuhan Jinyintan (Wuhan), the first mall in Hubei Province which opened in December 2014, also continued to enjoy having its 3,000-vehicle parking lots fully occupied on weekends. At existing malls in the Beijing and Tianjin area, both the number of customers and specialty store sales remained higher than in the previous quarter.

AEON MALL Tianjin TEDA, which is located about two kilometers away from the Binhai New Area in Tianjin where a series of explosions took place on August 12, suspended its business because part of the mall was damaged. However AEON, a general merchandise store, resumed the sales of foods and daily necessities on September 20, and the speciality store zone plans to resume business in early November. Because this mall is a property for master lease owned by a third party, non-life insurance is expected to apply. Therefore, the impact of the business suspension on the China Business and the consolidated results of the Company is expected to be extremely minor.

(ASEAN Business)

In this segment, operating revenue rose to 1,483 million yen (1,382.8% year on year), and operating loss stood at 495 million yen (compared with an operating loss of 540 million yen in the first half of the previous fiscal year).

In the ASEAN region, AEON MALL BSD CITY (Tangerang, Banten Province) opened in May 2015 as the first AEON MALL in Indonesia, and the number of visitors for the first three months after it opened exceeded 4 million. At AEON MALL Phnom Penh (Phnom Penh City), the first AEON MALL in Cambodia, which opened in June 2014, the number of visitors in the first year after it opened exceeded 15 million, and parking lots (800 vehicles) were expanded in July. In Vietnam, the number of visitors to AEON MALL Tan Phu Celadon (Ho Chi Minh City), the first AEON MALL in Vietnam, which opened in January 2014, exceeded 12 million in the first year after it opened. The number of visitors to AEON MALL Binh Duong Canary (Binh Duong Province), the second AEON MALL in Vietnam, which opened in November 2014, exceeded 7.5 million within 10 months of opening.

New overseas Malls in the first half under review

	Name of Mall	Location	Opening Date
China	AEON MALL Suzhou Yuanqu Hudong	Suzhou City, Jiangsu Province	May 2015
Indonesia	AEON MALL BSD CITY	Tangerang, Banten	May 2015

The China and the ASEAN Businesses have yet to contribute to profits at this moment because they are still at the stage of upfront investment, due to the fact they are regarded as drivers of growth in the future. Still, progress is being made as planned on the way to the growth path in terms of both existing malls and new malls. Because the suburban market for the mall business is expected to expand in China and the ASEAN region, given progress in motorization and the expansion of the middle-income group, the Company will continue to develop business actively.

(2) Explanation of financial position

i) Assets, Liabilities and Net Assets

Assets

Total assets stood at 931,217 million yen, up 30,260 million yen from February 28, 2015. This was chiefly attributable to the acquisition of property, plant and equipment of 75,287 million yen due to the opening of new malls and the advance acquisition of land for development in the future, which offset a decline primarily due to the depreciation of fixed assets of 15,129 million yen and the sale of property, plant and equipment of 33,198 million yen.

Liabilities

Total liabilities stood at 589,850 million, up 21,429 million yen from February 28, 2015. This was mainly due to increases in short-term debt of 27,074 million yen and commercial papers of 20,000 million yen, which offset declines in notes and accounts payable-trade of 28,775 million yen related to equipment associated with the opening of new malls and long-term debt (including the current portion of long-term debt) of 9,598 million yen.

Net assets

Net assets totaled 341,367 million yen, up 8,830 million yen from February 28, 2015. This was primarily attributable to an increase in retained earnings due to the recording of net income of 9,796 million yen.

ii) Cash Flows

Cash and cash equivalents ("cash") as of August 31, 2015 amounted to 59,757 million yen, down 7,464 million yen from February 28, 2015.

Cash flows in the first half were as follows.

Cash flows from operating activities

Net cash provided by operating activities was 26,317 million yen (compared with 55,114 million yen in the first half of the previous fiscal year). The primary factors included income before income taxes and minority interests of 17,270 million (compared with 17,979 million yen), depreciation and amortization of 15,129 million yen (compared with 13,999 million yen), and a decrease in deposits received from specialty stores of 6,178 million yen (an increase of 35,610 million yen million yen in the first half of the previous fiscal year) due to the fact that deposits received from specialty stores were returned in the second quarter of the current fiscal year as the last day of the previous fiscal year was a non-business day for banks, and income taxes paid of 9,128 million yen (17,385 million yen).

Cash flows from investing activities

Net cash used in investing activities amounted to 68,974 million yen (compared with 75,757 million yen in the first half of the previous fiscal year). The major factors were the purchase of property, plant and equipment of 99,613 million yen (90,430 million yen in the first half of the previous fiscal year) due to payments for equipment at AEON MALL Nagoya Chaya, AEON MALL Kisarazu, and AEON MALL Tamadaira Woods, etc., which opened in the previous fiscal year, the advance acquisition of land for development, proceeds from lease deposits from lessees of 6,083 million yen (5,939 million yen), and proceeds from the sale of property, plant and equipment of 33,197 million yen (0 million yen).

Cash flows from financing activities

Net cash provided by financing activities was 34,542 million yen (22,507 million yen in the first half of the previous fiscal year). This was chiefly attributable to proceeds from long-term debt of 10,523 million yen (11,064 million yen in the first half of the previous fiscal year) and an increase in short-term debt and commercial papers of 47,074 million yen (no change), as well as the repayment of long-term debt of 20,676 million yen (7,148 million yen) and dividends paid of 2,506 million yen (2,506 million yen).

(3) Explanation of information on future forecasts such as the consolidated operating results forecast

In Japan, the Company will open two new malls: AEON MALL Shijonawate and AEON MALL Tokoname.

AEON MALL Shijonawate is an urban-type shopping mall located on the border of Shijonawate City and Neyagawa City. It will operate "Re COLLECT," a concept zone targeting adult women.

AEON MALL Tokoname will operate activity facilities, such as a skate rink and athletic facilities in the outdoor area, making full use of the large site. It will also enhance response to inbound demand, taking advantage of its close proximity to the Chubu Centrair International Airport.

As for existing malls, the Company opened three malls in September following the completion of renovations. The Company will revitalize seven malls such as mozo Wonder City, where about 70% of the 230 tenants will be renewed, AEON MALL Hiroshima Gion, where about 70% of the 130 tenants will be renewed, and AEON MALL Morioka, where about 40% of the 120 tenants will be renewed (the second renewal is due to be implemented in spring 2016 through floor extension).

The Company will also launch sales promotions catering to the needs of local communities, provide tenant support, and further reinforce efforts to increase customer satisfaction with the aim of increasing the malls' ability to attract customers and boosting sales. Meanwhile, the Company will reduce costs and increase mall revenues by building a more efficient operation system using the economies of scale with more than 140 malls in Japan.

Malls to be opened in Japan in and after the third quarter

Name of Mall	Location	Due to open
AEON MALL Shijonawate	Osaka Prefecture	October 2015
AEON MALL Tokoname	Aichi Prefecture	December 2015

In China, the Company will open three malls in Beijing, Jiangsu Province and Hubei Province, where it has already opened malls. In addition, the Company will open its first malls in Guangdong Province and Zhejiang Province. The Company will open more dominant malls in the four main areas of China: the Beijing and Tianjin area, the Jiangsu Province and Zhejiang Province area, Hubei Province, and Guangdong Province.

In the ASEAN region, the Company will open AEON MALL Long Bien (Hanoi), its first mall in Hanoi, Vietnam. In Cambodia and Indonesia, the Company will increase revenues by strengthening the earning power of its first malls in each country, and enhancing its expertise in the management and operation of these malls.

Malls to be opened overseas from the third quarter

	Name of Mall	Location	Due to open
China	AEON MALL Beijing Fengtai	Fengtai District, Beijing	September 2015
	AEON MALL Guangzhou Panyu Square	Guangzhou City, Guangdong Province	2015
	AEON MALL Hangzhou Liangzhu Xincheng	Hangzhou City, Zhejiang Province	2015
	AEON MALL Wuhan jingkai	Wuhan City, Hubei Province	2015
	AEON MALL Suzhou Xinqu	Suzhou City, Jiangsu Province	2015
Vietnam	AEON MALL Long Bien	Hanoi	October 2015

* Store opening plans are stated according to the Japanese fiscal year. The fiscal year-end of local corporations in China and Vietnam is December 31.

The consolidated earnings forecasts for the fiscal year ending February 29, 2016 are unchanged from the forecasts in the Consolidated Financial Results announced on April 9, 2015.

2. Matters Regarding Summary Information (Notes)

(1) Material changes in consolidated subsidiaries during the period

Not applicable

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements

Not applicable

(3) Changes to accounting policies, changes of accounting estimates, and revisions and restatements

Changes to Accounting Policy

Starting from the first quarter of this fiscal year, the Company has applied the provisions of the body text of Article 35 of "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012) and the provisions of the body text of Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on March 26, 2015), revised the methods of calculating retirement benefit obligations and service costs, changed the attribution method for projected retirement benefits from the service period basis to the payment calculation method, and changed the method of determining discount rates from the method of determining the bond period that becomes the basis of determining a discount rate using the average period until the date of the expected payment of retirement benefits, to the method of using the single weighted average discount rate that reflects the amount in each expected period of retirement benefit payment.

The application of the Accounting Standard for Retirement Benefits is in accordance with the transitional accounting stipulated in Article 37 of the Accounting Standard for Retirement Benefits, and at the beginning of the first half under review, the effects of the change in the method of calculating retirement benefit obligations and service costs were added to, or subtracted from, the retained earnings.

As a result, net defined benefit liability at the beginning of the first half under review increased 36 million yen and retained earnings decreased 23 million yen. The effect that these will have on operating income, ordinary income, and net income before income taxes for the first half under review will be negligible.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of February 28, 2015	As of August 31, 2015
Assets		
Current assets:		
Cash and deposits	67,340	63,542
Notes and accounts receivable—trade	4,724	4,846
Other current assets	31,526	32,023
Allowance for doubtful receivables	(20)	(19)
Total current assets	103,572	100,393
Fixed assets:		
Property, plant and equipment:		
Building and structures, net	418,470	440,220
Land	196,690	209,471
Other, net	74,659	66,495
Total property, plant and equipment	689,820	716,187
Intangible assets:	3,830	3,788
Investments and other assets:		
Lease deposits paid	40,407	41,985
Other	63,356	68,892
Allowance for doubtful receivables	(29)	(30)
Total investments and other assets	103,734	110,847
Total fixed assets	797,385	830,824
Total assets	900,957	931,217

(Million yen)

	As of February 28, 2015	As of August 31, 2015
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	11,848	14,738
Short-term debt	–	27,074
Commercial papers	–	20,000
Bonds due within one year	–	200
Current portion of long-term debt	24,709	11,503
Income taxes payable	9,436	8,491
Deposits received from specialty stores	47,598	41,443
Allowance for employee bonus	814	636
Allowance for director and auditor performance-based remuneration	94	38
Provision for store closing expenses	645	1,797
Other current liabilities	114,313	89,193
Total current liabilities	209,461	215,116
Long-term liabilities:		
Straight bonds	65,200	65,000
Long-term debt	163,889	167,495
Accrued retirement benefits to employees	400	389
Asset retirement obligations	9,169	9,250
Lease deposits from lessees	117,701	120,495
Other long-term liabilities	2,598	12,102
Total long-term liabilities	358,959	374,733
Total liabilities	568,421	589,850
Net assets		
Shareholders' equity:		
Common stock	42,207	42,211
Capital surplus	42,516	42,520
Retained earnings	216,223	223,489
Treasury stock, at cost	(99)	(100)
Total shareholders' equity	300,847	308,120
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	1,061	1,426
Foreign currency translation adjustment	25,938	27,567
Remeasurements of defined benefit plans	(138)	(134)
Total accumulated other comprehensive income	26,861	28,860
Stock acquisition rights	169	204
Minority interests	4,658	4,181
Total net assets	332,536	341,367
Total liabilities and net assets	900,957	931,217

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(For the six months ended August 31, 2014 and August 31, 2015)

(Million yen)

Six months ended	August 31, 2014	August 31, 2015
Operating revenue	97,692	111,705
Operating costs	68,282	79,579
Gross profit	29,410	32,126
Selling, general and administrative expenses	10,990	11,647
Operating income	18,420	20,478
Non-operating profits:		
Interest income	237	269
Compensation paid by departing tenants	358	386
Foreign exchange gains	186	–
Other non-operating profits	130	346
Total non-operating profits	914	1,003
Non-operating expenses:		
Interest expenses	1,130	1,188
Foreign exchange losses	–	530
Other non-operating expenses	157	103
Total non-operating expenses	1,287	1,822
Ordinary income	18,047	19,659
Extraordinary gains:		
Gain on sales of fixed assets	–	0
Gain on sales of guarantee deposits	186	–
Other extraordinary gains	13	–
Total extraordinary gains	199	0
Extraordinary losses:		
Impairment loss	–	686
Loss on leasing contract cancellation	233	–
Loss on sales of non-current assets	3	1
Loss on retirement of non-current assets	–	394
Provision for loss on store closing	–	1,152
Other extraordinary losses	29	155
Total extraordinary losses	267	2,389
Income before income taxes and minority interests	17,979	17,270
Income taxes		
—Current	7,726	8,185
—Deferred	(21)	(299)
Total income taxes	7,704	7,885
Income before minority interests	10,275	9,384
Minority interests in income (loss)	(0)	(411)
Net income	10,275	9,796

(Quarterly consolidated statements of comprehensive income)
(For the six months ended August 31, 2014 and August 31, 2015)

(Million yen)

Six months ended	August 31, 2014	August 31, 2015
Income before minority interests	10,275	9,384
Other comprehensive income		
Net unrealized gain on available-for-sale securities	75	365
Foreign currency translation adjustment	(3,972)	1,434
Remeasurements of defined benefit plans, net of tax	–	4
Total other comprehensive income	(3,896)	1,805
Comprehensive income	6,378	11,189
Comprehensive income attributable to:		
Owners of the Company	6,307	11,795
Minority interests	70	(605)

(3) Quarterly consolidated statements of cash flows

(Million yen)

Six months ended	August 31, 2014	August 31, 2015
Cash flows from operating activities:		
Income before income taxes and minority interests	17,979	17,270
Depreciation and amortization	13,999	15,129
Impairment loss	–	686
Increase (decrease) in provision for loss on store closing	–	1,152
Interest and dividend income	(251)	(284)
Interest expenses	1,130	1,188
Decrease (increase) in receivable—trade accounts	(397)	(76)
Increase (decrease) in payable—trade accounts	2,514	2,742
Increase (decrease) in deposits received from specialty stores	35,610	(6,178)
Other, net	2,698	4,680
Subtotal	73,284	36,311
Interest and dividends received	225	270
Interest paid	(1,010)	(1,134)
Income taxes paid	(17,385)	(9,128)
Net cash provided by (used in) operating activities	55,114	26,317
Cash flows from investing activities:		
Purchase of property, plant and equipment	(90,430)	(99,613)
Proceeds from sales of property, plant and equipment	0	33,197
Payment of lease deposits to lessors	(761)	(1,794)
Reimbursement of lease deposits to lessors	4,440	385
Repayment of lease deposits from lessees	(2,771)	(3,622)
Proceeds from lease deposits from lessees	5,939	6,083
Other payments	(4,559)	(8,321)
Other proceeds	12,384	4,710
Net cash provided by (used in) investing activities	(75,757)	(68,974)
Cash flows from financing activities:		
Increase (decrease) in short-term debt and commercial papers	–	47,074
Proceeds from long-term debt	11,064	10,523
Repayment of long-term debt	(7,148)	(20,676)
Proceeds from issuance of bonds	20,000	–
Proceeds from share issuance to minority shareholders	–	135
Purchase of treasury stock	(3)	(1)
Dividends paid	(2,506)	(2,506)
Dividends paid to minority shareholders	(6)	(6)
Other	1,106	0
Net cash provided by (used in) financing activities	22,507	34,542
Foreign currency translation adjustments on cash and cash equivalents	(1,561)	650
Net increase (decrease) in cash and cash equivalents	302	(7,464)
Cash and cash equivalents at beginning of the period	59,096	67,222
Cash and cash equivalents at end of the period	59,398	59,757

(4) Notes on quarterly consolidated financial statements

Notes on the going concern assumption

Not applicable

Notes on significant change in shareholders' equity, if any

Not applicable

Segment information

[Segment information]

I. Consolidated cumulative first half (March 1, 2014, to August 31, 2014)

This information is omitted since the Group operates solely within the shopping mall business.

II. Consolidated cumulative first half (March 1, 2015, to August 31, 2015)

1. Information on profit and loss and sales of each reporting segment

(Million yen)

	Japan	China	ASEAN	Total	Adjustment (Note 1)	Amount on Quarterly Consolidated Statements of Income (Note 2)
Operating revenue						
Operating revenue to external customers	105,322	4,898	1,483	111,705	–	111,705
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	105,322	4,898	1,483	111,705	–	111,705
Segment profit (loss)	22,888	(1,916)	(495)	20,476	2	20,478

(Notes) 1. Adjustment to segment profit (loss) is adjustment to unrealized gains in intersegment transactions.
2. Segment profit (loss) is adjusted to operating income on the quarterly consolidated statement of income.

2. Information on impairment loss of fixed assets or goodwill of each reporting segment

Important impairment loss on fixed assets

In the "Japan" segment, an impairment loss has been recognized in the asset group of malls that are expected to close down. The amount of this impairment loss recognized for the first half under review is 686 million yen.

3. Matters concerning changes in reporting segments

While the Group has operated solely within the shopping mall business, the segmentation method has been revised due to the increased importance of overseas business, and as a result, the reporting segments have been changed from the conventional single segment to the "Japan," "China," and "ASEAN" segments starting in the first quarter under review.

The segment information in the first half of the previous consolidated fiscal year will be as shown below when prepared based on the reporting segments used for the first half under review.

	Japan	China	ASEAN	Total	Adjustment (Note 1)	Amount on Quarterly Consolidated Statements of Income (Note 2)
Operating revenue						
Operating revenue to external customers	94,965	2,619	107	97,692	–	97,692
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	94,965	2,619	107	97,692	–	97,692
Segment profit (loss)	20,489	(1,527)	(540)	18,420	–	18,420

Note: Segment profit (loss) corresponds to the operating income stated in the quarterly consolidated statements of income.

Major subsequent events

The Company issued bonds on September 18, 2015 as follows.

Name of bonds	The eighth series of unsecured bonds of AEON MALL Co., Ltd. (with special agreement on limited equal priority among bonds)
Total amount of bonds	30,000 million yen
Amount of each bond	1 million yen
Interest rate (%)	0.57%
Issue price	100 yen per 100 yen of each bond
Issue date	September 18, 2015
Redemption method and maturity	Bullet maturity on September 16, 2022
Security	Security and guarantee are not provided to these bonds, and no asset is retained for these bonds.
Use of proceeds	Proceeds from the bonds will be used for a portion of the funds to redeem commercial papers and repay debt.