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

January 8, 2016

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	January 13, 2016
Commencement of dividend payments	-
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 Three Quarters of the Year Ending February 29, 2016 (March 1, 2015 to November 30, 2015)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income	
Nine months ended	million yen	%	million yen	%	million yen	%	million yen	%
November 30, 2015	167,704	13.4	29,830	4.7	28,109	0.3	14,944	(6.2)
November 30, 2014	147,868	15.4	28,501	(5.6)	28,023	(5.4)	15,936	(9.6)

(Note) Comprehensive income Nine months ended November 30, 2015 7,636 million yen (-63.3 %)
Nine months ended November 30, 2014 20,795 million yen (-6.6 %)

	Net income per share	Net income per share (diluted)
Nine months ended	yen	yen
November 30, 2015	65.58	65.55
November 30, 2014	69.94	69.91

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Nine months ended November 30, 2015	984,305	335,764	33.7
Year ended February 28, 2015	900,957	332,536	36.4

(Note) Equity Nine months ended November 30, 2015: 331,945 million yen Year ended 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)

November 30, 2015:	227,898,177 shares	February 28, 2015:	227,890,747 shares

[2] Treasury stock at period-end

November 30, 2015:	39,691 shares	February 28, 2015:	38,939 shares

[3] Average number of shares issued

November 30, 2015:	227,855,226 shares	November 30, 2014:	227,848,813 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 7 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)

The Company is scheduled to hold a financial briefing for institutional investors and analysts on January 12, 2016. The materials handed out at this briefing will be posted on the Company’s web page on January 8, 2016, 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 three quarters of the fiscal year ending February 29, 2016, the Japanese economy showed some positive signs, with an improvement in corporate earnings and the employment environment. However, rising consumer prices appeared to put a halt to the recovery in consumer confidence. While inbound consumption grew, domestic personal consumption fell short of a full-fledged recovery, and conditions in the retail industry remained harsh.

In the shopping center (SC) industry, new shopping centers grew larger and competition among SCs increased.

In this environment, the Company developed new malls in Japan based on concepts adapted to local characteristics and opened four malls. It also actively renovated its existing malls and implemented promotional measures in response to market demand to improve their ability to attract shoppers.

In its overseas businesses, the Company has been working to establish a business foundation, focusing on further enhancing its ability to attract customers at existing malls in China and the ASEAN region, which have been performing well, and opening three new malls in China, its first mall in Indonesia and its third mall in Vietnam.

Operating revenue for the three quarters totaled 167,704 million yen (113.4% year on year). Operating costs increased to 120,848 million yen (116.8% year on year) due to business expansion, resulting in gross profit of 46,856 million yen (105.6% year on year).

Selling, general and administrative expenses increased to 17,025 million yen (107.3% year on year). As a consequence, operating income climbed to 29,830 million yen (104.7% year on year).

Non-operating income grew to 1,745 million yen (111.1% year on year) and non-operating expenses rose to 3,466 million yen (169.2% year on year). As a result, ordinary income edged up to 28,109 million yen (100.3% year on year).

In extraordinary loss, the Company recorded expenses of 1,838 million yen for the closure of AEON MALL Neyagawa (Neyagawa City, Osaka) and AEON MALL Fujiidera (Fujidera City, Osaka), for which scrap-and-build reforms are planned (an impairment loss of 686 million yen and provision for loss on store closing of 1,152 million yen). Accordingly, net income declined to 14,944 million yen (93.8% year on year).

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 157,291 million yen (109.9% year on year), and operating income increased to33,546 million yen (106.3% year on year).

New malls include AEON MALL Asahikawa Ekimae (Asahikawa City, Hokkaido), which is directly connected to JR Ashikawa Station and opened in March, AEON MALL Okinawa Rycom (Kitanakagusukumura, Nakagamigun, Okinawa), which is based on the concept of a fully fledged resort mall and 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, and AEON MALL Okinawa Rycom is stepping up efforts to tap into inbound demand by starting to accept overseas group tours in July in cooperation with 9 leading travel agents.

AEON MALL Tonami opened, in an area undergoing urban development, on the vacant lot of the AEON Tonami Store that closed in 2013, and its tenant stores mainly target three-generation families, particularly those with small children.

During the third quarter under review, the Company opened AEON MALL Shijonawate (Shijonawate City, Osaka) in October. The mall is located on the border between Shijonawate City and Neyagawa City in the suburbs of Osaka. It is an urban-type shopping mall with an assortment of stores for sophisticated customers who pay attention to style, quality and fashion, including stylish fashion, cosmetics and accessories targeting sophisticated women. The mall offers an extensive range of food-related spaces, using the common design theme “trees” to vertically link the food street on 2F with the food court on 3F and create a continuous space, and also housing 51 stores in its 1F food zone, making it one of the largest food zones in the region.

New domestic malls in first three quarters 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
AEON MALL Shijonawate	Osaka	October 2015

As for existing malls, sales promotion corresponding to customary events were held, and efforts were made to improve the ability to attract more shoppers by holding regional events at a very localized level and mall-specific events.

The Company also renewed a further five malls in the third quarter under review in addition to the six malls renewed during the first half.

After undergoing a first phase of renewal in April, AEON Lake Town *(Koshigaya City, Saitama Prefecture) underwent a second phase of renewal in November. During the first renewal phase, 352 stores across the whole of AEON Lake Town, including Kaze and Mori and Lake Town Outlet, were renewed and, in the second phase, a further 157 stores were revamped, bringing the total number of renewed stores to 509, which is more than 70% of the entire mall. Also, during the second renewal phase, a bridge connecting Kaze and Lake Town Outlet was constructed, making it easier for shoppers to move around the mall, vitalizing the mall in both tangible and intangible ways and improving performance.

* AEON Lake Town consists of three individual malls - Kaze urban mall, Mori lifestyle mall and Lake Town Outlet - AEON Lake Town is among the largest shopping mall in Japan.

Malls renewed in the first three quarters 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 MALL Hiroshima Fuchu	Hiroshima Prefecture	July 10	200	19 (13)	3	22
AEON MALL Hiroshima Gion	Hiroshima Prefecture	September 18	130	37 (14)	50	87
mozo Wonder City	Aichi Prefecture	September 18	230	80 (30)	83	163
AEON MALL Morioka	Iwate Prefecture	September 19	120	18 (14)	28	46
AEON MALL Chiba New Town	Chiba Prefecture	October 9	180	26 (5)	43	69
AEON Lake Town (Note 2)	Saitama Prefecture	April 24	710	193 (96)	159	352
		November 20		77 (31)	80	157
AEON MALL Kashihara	Nara Prefecture	November 27	230	40 (34)	76	116

(Note 1) Figures in brackets represent new specialty stores opening for the first time in the prefecture.

(Note 2) Figures for AEON Lake Town are total figures, including Kaze, which is managed and operated by the Company, and Mori and Lake Town Outlet, which are managed and operated by the property management contract with AEON Retail Co., Ltd.

ii) Overseas Businesses

(China Business)

In this segment, operating revenue increased to 7,795 million yen (186.4% year on year), and operating loss was 2,994 million yen (compared with an operating loss of 2,363 million yen in the first three quarters of the previous fiscal year).

In the China Business, the Company opened AEON MALL Suzhou Yuanqu Hudong (Suzhou), its second mall in Jiangsu Province, in May, AEON MALL Beijing Fengtai (Beijing), its second mall in Beijing, in September, and AEON MALL Hangzhou Liangzhu Xincheng (Hangzhou), its first mall in Zhejiang Province, in November, bringing the total number of malls in China to nine.

AEON MALL Beijing Fengtai is located in the southern part of Beijing, and situated about 1km south of the 4th Ring Road, one of the main arterial roadways circling Beijing. This area is expected to see remarkable development in the future, not least as a base for the headquarters of many large Chinese companies. Each floor of the mall features a concept zone designed around a specific theme, offering new kinds of urban lifestyle, and the mall comprises 180 stores, including 80 specialty stores newly introduced to the Fengtai district.

AEON MALL Hangzhou Liangzhu Xincheng is located in the "Liangzhu Xincheng Area," an area approximately 15km northwest of downtown Hangzhou which will see greater development in the future under the urban expansion plan promoted by Hangzhou. The Company actively opens stores in Jiangsu Province and Zhejiang Province, as the key area for its mall development. AEON MALL Hangzhou Liangzhu Xincheng is the third mall in this key area and the first AEON MALL in Zhejiang. The building design which, with "integrating nature" as its theme, conjures up the image of flowing water, creates an open mall space. The mall not only has the largest kids' zone, cinema complex and food court in Hangzhou, but also 180 specialty stores, including 46 first-ever stores in Zhejiang and Hangzhou.

At existing malls in the Beijing and Tianjin area, both the number of customers and specialty store sales remained higher than in the previous period, and AEON MALL Wuhan Jinyintan (Wuhan), which opened in December 2014 and is the Company's first mall in Hubei Province, also performed strongly, with the number of visitors to the store in the first year of opening exceeding 15 million.

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 entire mall including the specialty store zone resumed business on November 1.

(ASEAN Business)

In this segment, operating revenue rose to 2,617 million yen (493.1% year on year), and operating loss stood at 729 million yen (compared with an operating loss of 682 million yen in the first three quarters of the previous fiscal year).

In the ASEAN business, AEON MALL Long Bien (Hanoi City) opened in October as the Company's third mall in Vietnam and its first mall in the Hanoi area, bringing the total number of malls in the ASEAN region to five.

AEON MALL Long Bien is located in the Long Bien district, approximately 5km east of central Hanoi. The Long Bien district is designated as a new residential housing area where road infrastructure and housing development is underway. The mall comprises 180 stores, including 35 that are newly introduced to Hanoi City. Besides entertainment, including one of the largest cinema complexes in Vietnam, an amusement center for teenagers, and indoor playgrounds for kids, the mall offers an array of food zones, with a first floor open terrace dining area comprised of 12 stores, a third floor open restaurant zone comprised of 18 stores, and a 2,000 seat food court, one of the largest in Hanoi, consisting of a "Vietnam Food Court" and a "World Food Court."

AEON MALL Phnom Penh (Phnom Penh City), which opened in June 2014 as the Company's first mall in Cambodia, attracted far more customers than anticipated, with the number of visitors to the mall in its first year of opening exceeding 15 million.

In Indonesia, BSD CITY (Tangerang, Banten Province), which opened in May 2015 as the first AEON MALL in Indonesia, performed strongly.

The overseas business, which is considered as the driver of future growth, is still at the stage of upfront investment and has yet to contribute to profits at this moment. 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.

New overseas Malls in the first three quarters under review

	Name of Mall	Location	Opening Date
China	AEON MALL Suzhou Yuanqu Hudong	Suzhou City, Jiangsu Province	May 2015
	AEON MALL Beijing Fengtai	Fengtai District, Beijing	September 2015
	AEON MALL Hangzhou Liangzhu Xincheng	Hangzhou City, Zhejiang Province	November 2015
Indonesia	AEON MALL BSD CITY	Tangerang, Banten	May 2015
Vietnam	AEON MALL Long Bien	Hanoi	October 2015

*The fiscal-year end of overseas subsidiaries is December 31.

(2) Explanation of financial position

i) Assets, Liabilities and Net Assets

Assets

Total assets stood at 984,305 million yen, up 83,347 million yen from February 28, 2015. This was chiefly attributable to the acquisition of property, plant and equipment of 128,607 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 23,298 million yen and the sale of property, plant and equipment of 33,198 million yen.

Liabilities

Total liabilities stood at 648, 540 million, up 80,119 million yen from February 28, 2015. This was mainly due to a net increase in bonds of 30,000 million yen, and an increase in short-term debt of 35,667 million yen and commercial papers of 20,000 million yen, which offset declines in accounts payable-other of 17,213 million yen related to equipment associated with the opening of new malls (included in Other current liabilities) and income taxes payable of 5,140 million yen.

Net assets

Net assets totaled 335,764 million yen, up 3,228 million yen from February 28, 2015. This was primarily attributable to an increase in retained earnings due to the recording of net income of 14,944 million yen.

ii) Cash Flows

Cash and cash equivalents ("cash") as of November 30, 2015 amounted to 62,447 million yen, down 4,774 million yen from February 28, 2015.

Cash flows in the first three quarters were as follows.

Cash flows from operating activities

Net cash provided by operating activities was 46,676 million yen (compared with 68,837 million yen in the first three quarters of the previous fiscal year). The primary factors included income before income taxes and minority interests of 25,432 million (compared with 27,882 million yen), depreciation and amortization of 23,298 million yen (compared with 21,891 million yen), and a decrease in deposits received from specialty stores of 894 million yen (an increase of 40,296 million yen million yen in the first three quarters of the previous fiscal year) due to the fact that deposits received from specialty stores were returned in the third 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 17,024 million yen (25,758 million yen).

Cash flows from investing activities

Net cash used in investing activities amounted to 126,687 million yen (compared with 102,766 million yen in the first three quarters of the previous fiscal year). The major factors were the purchase of property, plant and equipment of 156,261 million yen (136,764 million yen in the first three quarters of the previous fiscal year) due to payments for equipment at AEON MALL Kisarazu and AEON MALL Tamadaira Woods, which opened in the previous fiscal year, and payments for equipment at AEON MALL Okinawa Rycom, which opened in the first three quarters under review, proceeds from lease deposits from lessees of 10,275 million yen (14,044 million yen in the first three quarters of the previous fiscal year), and proceeds from the sale of property, plant and equipment of 33,197 million yen (12,564 million yen in the first three quarters of the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was 76,627 million yen (35,390 million yen in the first three quarters of the previous fiscal year). This was chiefly attributable to proceeds from the issuance of bonds of 30,000 million yen (40,000 million yen in the first three quarters of the previous fiscal year), proceeds from long-term debt of 24,113 million yen (31,461 million yen in the first three quarters of the previous fiscal year), and an increase in short-term debt and commercial papers of 55,780 million yen (no change), as well as the repayment of long-term debt of 22,684 million yen (8,931 million yen in the first three quarters of the previous fiscal year), payments made to trust account for the acquisition of treasury stock of 6,007 million yen, and dividends paid of 5,012 million yen (5,012 million yen in the first three quarters of the previous fiscal year).

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

In Japan, the Company opened AEON MALL Tokoname (Tokoname City, Aichi Prefecture) in December. 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, AEON MALL Chikushino (Chikushino City, Fukuoka Prefecture) opened its Purple Mall extension in December following the renewal of the existing building in October and November. The mall now has a total leasable area of 80,000m^2 (up by 11,000m^2) and 210 tenants (up by 30 stores). The Company drew up a new zoning plan in response to the changing commercial area and revamped the entire mall through the introduction of new tenants and the relocation and refurbishment of existing tenants.

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 fourth quarter

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

In the China business, the Company opened AEON MALL Wuhan Jingkai (Wuhan) as its second mall in Hubei Province and AEON MALL Guangzhou Panyu Square (Guangzhou) as its first mall in Guangdong Province in December.

AEON MALL Wuhan Jingkai is located in southwest Wuhan in the "Wuhan Economic & Technological Development Zone," an area undergoing urban development as a sub-center of the city. The mall is the Company's flagship mall in China with facilities covering an area of 270,000m^2, making it one of the largest malls in Wuhan City.

AEON MALL Guangzhou Panyu Square is located around 20km south of the center of Guangzhou City in the Panyu district, which has a population around 1.9 million. It is an urban-type shopping mall bringing the latest trends to the area.

In China, the Company will open AEON MALL Suzhou Xinqu (Suzhou City) at its third mall in Jiangsu in January, and will also continue to open dominant stores, focusing on the four areas of Beijing-Tianjin, Jiangsu Province-Zhejiang Province, Hubei Province and Guangdong Province.

As for the ASEAN business, in Indonesia, the Company started construction of AEON MALL Jakarta Garden City (Jakarta) and (tentative name) AEON MALL Sentul City (Bogor, West Java Province) in October following the opening of its first mall in the country. Also in Vietnam and Cambodia, the Company is preparing to open new malls and improving management and operation knowhow to achieve growth in revenue.

Malls to be opened overseas from the fourth quarter

	Name of Mall	Location	Due to open
China	AEON MALL Wuhan Jingkai	Wuhan City, Hubei Province	December 2015
	AEON MALL Guangzhou Panyu Square	Guangzhou City, Guangdong Province	December 2015
	AEON MALL Suzhou Xinqu	Suzhou City, Jiangsu Province	January 2016

* Store opening plans are stated according to the Japanese fiscal year. The fiscal year-end of local corporations in China 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 three quarters 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 three quarters under review will be negligible.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of February 28, 2015	As of November 30, 2015
Assets		
Current assets:		
Cash and deposits	67,340	66,060
Notes and accounts receivable—trade	4,724	4,662
Other current assets	31,526	41,787
Allowance for doubtful receivables	(20)	(19)
Total current assets	103,572	112,490
Fixed assets:		
Property, plant and equipment:		
Building and structures, net	418,470	457,459
Land	196,690	213,003
Other, net	74,659	84,588
Total property, plant and equipment	689,820	755,051
Intangible assets:	3,830	3,781
Investments and other assets:		
Lease deposits paid	40,407	41,955
Other	63,356	71,052
Allowance for doubtful receivables	(29)	(27)
Total investments and other assets	103,734	112,980
Total fixed assets	797,385	871,814
Total assets	900,957	984,305

(Million yen)

	As of February 28, 2015	As of November 30, 2015
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	11,848	15,642
Short-term debt	–	35,667
Commercial papers	–	20,000
Bonds due within one year	–	200
Current portion of long-term debt	24,709	37,885
Income taxes payable	9,436	4,296
Deposits received from specialty stores	47,598	46,671
Allowance for employee bonus	814	1,372
Allowance for director and auditor performance-based remuneration	94	57
Provision for store closing expenses	645	1,797
Other current liabilities	114,313	101,769
Total current liabilities	209,461	265,357
Long-term liabilities:		
Straight bonds	65,200	95,000
Long-term debt	163,889	152,891
Accrued retirement benefits to employees	400	350
Asset retirement obligations	9,169	9,633
Lease deposits from lessees	117,701	121,529
Other long-term liabilities	2,598	3,777
Total long-term liabilities	358,959	383,183
Total liabilities	568,421	648,540
Net assets		
Shareholders' equity:		
Common stock	42,207	42,214
Capital surplus	42,516	42,522
Retained earnings	216,223	226,131
Treasury stock, at cost	(99)	(101)
Total shareholders' equity	300,847	310,767
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	1,061	1,367
Foreign currency translation adjustment	25,938	19,938
Remeasurements of defined benefit plans	(138)	(128)
Total accumulated other comprehensive income	26,861	21,177
Stock acquisition rights	169	199
Minority interests	4,658	3,619
Total net assets	332,536	335,764
Total liabilities and net assets	900,957	984,305

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

(Quarterly consolidated statements of income)

(For the nine months ended November 30, 2014 and November 30, 2015)

(Million yen)

Nine months ended	November 30, 2014	November 30, 2015
Operating revenue	147,868	167,704
Operating costs	103,494	120,848
Gross profit	44,374	46,856
Selling, general and administrative expenses	15,872	17,025
Operating income	28,501	29,830
Non-operating profits:		
Interest income	396	415
Compensation paid by departing tenants	489	621
Foreign exchange gains	493	–
Other non-operating profits	190	708
Total non-operating profits	1,570	1,745
Non-operating expenses:		
Interest expenses	1,748	1,861
Foreign exchange losses	–	1,183
Other non-operating expenses	300	421
Total non-operating expenses	2,049	3,466
Ordinary income	28,023	28,109
Extraordinary gains:		
Gain on sales of fixed assets	0	0
Gain on sales of guarantee deposits	186	–
Gain on change in equity	–	92
Other extraordinary gains	13	–
Total extraordinary gains	199	93
Extraordinary losses:		
Impairment loss	–	686
Loss on leasing contract cancellation	233	–
Loss on sales of non-current assets	21	1
Loss on retirement of non-current assets	57	642
Provision for loss on store closing	–	1,152
Other extraordinary losses	27	288
Total extraordinary losses	340	2,771
Income before income taxes and minority interests	27,882	25,432
Income taxes		
—Current	11,636	12,059
—Deferred	448	(447)
Total income taxes	12,085	11,611
Income before minority interests	15,796	13,820
Minority interests in income (loss)	(139)	(1,124)
Net income	15,936	14,944

(Quarterly consolidated statements of comprehensive income)
(For the nine months ended November 30, 2014 and November 30, 2015)

(Million yen)

Nine months ended	November 30, 2014	November 30, 2015
Income before minority interests	15,796	13,820
Other comprehensive income		
Net unrealized gain on available-for-sale securities	796	306
Foreign currency translation adjustment	4,201	(6,501)
Remeasurements of defined benefit plans, net of tax	–	10
Total other comprehensive income	4,998	(6,183)
Comprehensive income	20,795	7,636
Comprehensive income attributable to:		
Owners of the Company	20,540	9,261
Minority interests	254	(1,625)

(3) Quarterly consolidated statements of cash flows

(Million yen)

Nine months ended	November 30, 2014	November 30, 2015
Cash flows from operating activities:		
Income before income taxes and minority interests	27,882	25,432
Depreciation and amortization	21,891	23,298
Impairment loss	–	686
Increase (decrease) in provision for loss on store closing	–	1,152
Loss (gain) on change in equity	–	(92)
Interest and dividend income	(417)	(439)
Interest expenses	1,748	1,861
Decrease (increase) in receivable—trade accounts	(704)	(22)
Increase (decrease) in payable—trade accounts	3,981	3,949
Increase (decrease) in deposits received from specialty stores	40,296	(894)
Other, net	1,218	10,302
Subtotal	95,896	65,231
Interest and dividends received	404	396
Interest paid	(1,705)	(1,926)
Income taxes paid	(25,758)	(17,024)
Net cash provided by (used in) operating activities	68,837	46,676
Cash flows from investing activities:		
Purchase of property, plant and equipment	(136,764)	(156,261)
Proceeds from sales of property, plant and equipment	12,564	33,197
Payment of lease deposits to lessors	(1,358)	(2,167)
Reimbursement of lease deposits to lessors	4,677	656
Repayment of lease deposits from lessees	(5,380)	(6,784)
Proceeds from lease deposits from lessees	14,044	10,275
Other payments	(4,960)	(10,436)
Other proceeds	14,411	4,832
Net cash provided by (used in) investing activities	(102,766)	(126,687)
Cash flows from financing activities:		
Increase (decrease) in short-term debt and commercial papers	–	55,780
Proceeds from long-term debt	31,461	24,113
Repayment of long-term debt	(8,931)	(22,684)
Proceeds from issuance of bonds	40,000	30,000
Redemption of bonds	(23,000)	–
Purchase of treasury stock	(3)	(1)
Dividends paid	(5,012)	(5,012)
Dividends paid to minority shareholders	(6)	(6)
Payments to trust account for acquisition of treasury stock	–	(6,007)
Other	882	445
Net cash provided by (used in) financing activities	35,390	76,627
Foreign currency translation adjustments on cash and cash equivalents	1,083	(1,390)
Net increase (decrease) in cash and cash equivalents	2,545	(4,774)
Cash and cash equivalents at beginning of the period	59,096	67,222
Cash and cash equivalents at end of the period	61,641	62,447

(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 three quarters (March 1, 2014, to November 30, 2014)

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

II. Consolidated cumulative first three quarters (March 1, 2015, to November 30, 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	157,291	7,795	2,617	167,704	–	167,704
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	157,291	7,795	2,617	167,704	–	167,704
Segment profit (loss)	33,546	(2,994)	(729)	29,822	8	29,830

(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 three quarters 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 three quarters of the previous consolidated fiscal year will be as shown below when prepared based on the reporting segments used for the first three quarters under review.

	Japan	China	ASEAN	Total	Adjustment	Amount on Quarterly Consolidated Statements of Income (Note)
Operating revenue						
Operating revenue to external customers	143,155	4,181	530	147,868	–	147,868
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	143,155	4,181	530	147,868	–	147,868
Segment profit (loss)	31,547	(2,363)	(682)	28,501	–	28,501

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

Additional Information

(Share exchange to make OPA a wholly owned subsidiary)

The Company resolved, at the Board of Directors' meeting on November 17, 2015, to implement a share exchange upon which the Company will become a wholly owning parent company and OPA Co., Ltd. (hereinafter referred to as "OPA") will become a wholly owned subsidiary (hereinafter referred to as the "Share Exchange"), and executed a share exchange agreement on November 19, 2015. Additionally, on March 1, 2016, OPA will succeed to the VIVRE FORUS business of AEON Retail Co., Ltd. (hereinafter referred to as "AEON Retail") upon the absorption-type company demerger and AEON Co., Ltd. (hereinafter referred to as "AEON") will acquire all the shares of OPA from The Daiei, Inc. and the Company will make OPA a wholly owned subsidiary upon the short-form share exchange.

(1) Purpose of the share exchange

The Company, which will become the wholly owning parent company, manages 143 domestic large-scale shopping malls under guidelines stating that it should contribute to improving people's lifestyles and developing the local community through the development of distinctive malls that are unique to each area based on the perspective of localization in Japan and overseas.

Meanwhile, OPA, which will become the wholly owned parent company, manages and operates nine fashion buildings located in the midtown area, and the VIVRE FORUS business (other than the retail business) of AEON Retail, which OPA will succeed to upon the absorption-type demerger on March 1, 2016, also manages and operates fashion buildings. Through the share exchange, these businesses will be integrated into the Company, which plays a core role in the AEON Group as a developer; the business expertise of both companies will be combined to increase the number of new business bases, renovate existing facilities, and create attractive commercial facilities for customers; and the Company decided to go ahead with this share exchange because it will strengthen its management foundations and enhance its corporate value.

(2) Schedule for the Share Exchange

Board of Directors' meeting to resolve the Share Exchange (for both companies): November 17, 2015
Execution of the share exchange agreement (for both companies): November 19, 2015
Extraordinary general meeting of shareholders to obtain approval for the Share Exchange (OPA): January 6, 2016
Scheduled date of the Share Exchange (effective date): March 1, 2016 (scheduled)

(3) Details of the Allotment upon the Share Exchange

Upon the Share Exchange, the Company will allot, to the shareholders of OPA stated or recorded in OPA's shareholder registry at the time immediately before the Company's acquisition of all the issued shares of OPA upon the Share Exchange (hereinafter referred to as the "Base Time"), its common shares in the number that shall be obtained by multiplying the number of OPA's common shares by the share exchange ratio calculated according to the following formula (hereinafter referred to as the "Variable Share Exchange Ratio Method") in lieu of OPA's common shares:

Share Exchange Ratio = 98,900 yen (*) / the average price of the Company's common shares

* The appraised value per common share of OPA that is calculated according to the method set forth in (4) Calculation Basis, etc. for Allotment upon the Share Exchange. In addition, the total value is 4,726 million yen (the total number of the issued shares immediately before the effective date of the share exchange agreement is 47,786 shares).

In the formula described above, the "average price of the Company's common shares" shall mean the average value of the weighted average price per common share of the Company (calculated to the first decimal place and rounded off to whole numbers) for thirty (30) individual trading days (other than the days when trading is not conducted) from December 1, 2015 inclusive to January 15, 2016 inclusive on the first section of the Tokyo Stock Exchange.

(4) Calculation Basis, etc. for Allotment upon the Share Exchange

In consideration of the share exchange ratio used for the Share Exchange, the Company decided to entrust the appraisal of the stock value of OPA to PricewaterhouseCoopers Kyoto (PwC Kyoto), which is an independent third-party institution (hereinafter referred to as "PwC Kyoto") to ensure fairness and appropriateness.

PwC Kyoto analyzed the stock value of OPA's common shares by using the discounted cash flow (DCF) method to reflect the future business activities on valuation, considering the fact that OPA is a privately held company. In addition, OPA will succeed to the VIVRE FORUS business (other than the retail business) of AEON Retail Co., Ltd. upon the absorption-type company demerger, and thus the stock value analysis was based on the business forecasts after succession to the said business.

The results of the appraisal of the stock value per common share of OPA that PwC Kyoto made according to the DCF method are as set forth below.

	Results of appraisal (yen per share)
DCF method	79,356 yen to 167,262 yen

The exchange ratio shall be calculated according to the Variable Share Exchange Ratio Method.

(5) Overview of the companies involved in the share exchange

	The Company	OPA
(1) Name	AEON Mall Co., Ltd.	OPA Co., Ltd.
(2) Business	Operation, management and development of commercial facilities	Operation, management and development of commercial facilities
(3) Established	November 12, 1911	March 1, 2006
(4) Headquarters address	1-5-1, Nakase, Mihama-ku, Chiba-shi	2-2-20, Toyo, Koto-ku, Tokyo
(5) Title and name of representative	President and CEO, Akio Yoshida	President and CEO, Masanori Goda
(6) Capital	42,214 million yen (As of the end of November 2015)	500 million yen (As of the end of November 2015)

(6) Situation after the share exchange

In the Company, which is a wholly owning parent company resulting from the share exchange, there is no change in its name, address, the title and name of the representative, business, capital or fiscal year-end as a result of the share exchange.

(7) Overview of accounting treatment

For accounting purposes, the Company will treat the share exchange as a transaction under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued September 13, 2013) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued September 13, 2013).