Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending February 28, 2017

July 6, 2016

Company name	Aeon Mall Co., Ltd.	Listings	Tokyo Stock Exchange
Securities code	8905	URL	http://www.aeonmall.com/en/ir/index.html
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Scheduled dates:

Submission of statutory quarterly financial report	July 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 Quarter of the Year Ending February 28, 2017 (March 1, 2016 to May 31, 2016)

(1) Consolidated Operating Results (Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
First Quarter ended	million yen	%	million yen	%	million yen	%	million yen	%
May 31, 2016	66,983	20.0	11,310	1.7	11,790	9.0	5,655	11.8
May 31, 2015	55,815	13.9	11,116	11.6	10,812	12.3	5,058	(9.3)

(Note) Comprehensive income First quarter ended May 31, 2016 -3,696 million yen (–%)
First quarter ended May 31, 2015 4,668 million yen (67.3 %)

	Net income per share	Net income per share (diluted)
First Quarter ended	yen	yen
May 31, 2016	24.87	24.86
May 31, 2015	22.20	22.19

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
May 31, 2016	1,026,652	338,179	32.3
February 29, 2016	974,970	339,849	34.2

(Note) Equity May 31, 2016: 331,779 million yen February 29, 2016: 333,547 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 29, 2016	–	11.00	–	11.00	22.00
Year ending February 28, 2017	–				
Year ending February 28, 2017 (Projection)		13.50	–	13.50	27.00

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

3. Consolidated Earnings Projections for the Year Ending February 28, 2017 (March 1, 2016 to February 28, 2017)

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

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	136,500	22.2	20,500	0.1	20,000	1.7	11,000	12.3	48.37
Full year	280,000	21.9	46,500	6.0	45,000	6.1	27,000	9.6	118.75

(Note) Revisions to earnings 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)

May 31, 2016:	227,903,627 shares	February 29, 2016:	227,902,027 shares

[2] Treasury stock at period-end

May 31, 2016:	534,048 shares	February 29, 2016:	2,802,839 shares

[3] Average number of shares issued

May 31, 2016:	227,368,379 shares	May 31, 2015:	227,853,193 shares

* Status of 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 the quarterly review procedures based on the 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 5 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 July 7, 2016. The materials handed out at this briefing will be posted on the Company’s web page on July 6, 2016, and the audio recording will be made available on the Company’s web page as soon as possible after the briefing.

http://www.aeonmall.com/en/ir/aof_br.html

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1. Qualitative Information on Quarterly Consolidated Operating Results

(1) Explanation of operating results

In the first quarter of the fiscal year ending February 28, 2017 (March 1, 2016 – May 31, 2016), the Japanese economy followed a moderate recovery path, with improvements in corporate earnings and in employment and income levels. However, the outlook for the economy was uncertain given concern over a slowdown in the global economy. Consumers remained budget-minded, reflecting sluggish growth in real disposable income, and personal consumption was weak.

In this environment, in Japan, the Company actively renewed existing malls and developed malls that adapt to local characteristics. OPA Co., Ltd., which became a subsidiary on March 1, 2016, developed its urban fashion buildings business. Having acquired a new growth business category in urban areas, the Group is shifting its focus to urban areas.

Overseas, 17 existing malls in China and the ASEAN region performed well. The Company took steps to open new malls.

As a result, in the first quarter under review, operating revenue totaled 66,983 million yen (120.0% year on year). Operating costs increased to 49,699 million yen (126.2% year on year) due to business expansion, resulting in gross profit of 17,283 million yen (105.1% year on year).

Selling, general and administrative expenses increased to 5,973 million yen (112.2% year on year). As a consequence, operating income climbed to 11,310 million yen (101.7% year on year).

In the first quarter under review, the Company posted subsidy income from the government of 796 million yen in association with the opening of new malls, and non-operating income increased by 783 million yen from a year ago. Ordinary income stood at 11,790 million yen (109.0% year on year), reflecting the increases in operating income and non-operating income.

Extraordinary losses were reduced by 427 million yen from a year ago. In the first quarter under review, extraordinary losses were 1,239 million yen, including a loss on retirement of fixed assets, because in the previous first quarter, the Company posted extraordinary losses of 1,667 million yen, including impairment losses. As a result, net income attributable to owners of parent came to 5,655 million yen (111.8% year on year).

i) Domestic Businesses

In this segment, operating revenue rose to 60,573 million yen (114.7% year on year), and operating income increased to 12,380 million yen (101.9% year on year).

The Company opened AEON MALL Sakai Teppocho (Osaka) in March, AEON MALL Imabari Shintoshi (Ehime) in April, and AEON MALL Izumo (Shimane) in May.

AEON MALL Sakai Teppocho was opened on the site of a Daicel Corporation plant that was closed in 2007. The mall has 160 tenants, of which 14 tenants are the first establishments of the owners in the Kinki region and 9 are the first establishments of the owners in Osaka Prefecture. The mall has as many as 39 food-related tenants in the restaurant area and the food merchandise zone on the first floor, and in the food court on the third floor. The mall employs a recycled sewage water multiple-use model for the first time in Japan and has a restaurant using the Sakai Teppocho red-brick building, a historical structure registered in the “Osaka, The Museum” initiative. The mall has been built in consideration of the environment and the aesthetic qualities of the area. Green space with a brook and wall greenery, which have been created in consideration of biodiversity, are highly regarded, and the mall has become the fifth AEON MALL to acquire the ABINC (Association for Business Innovation in harmony with Nature and Community) Certificate.

AEON MALL Imabari Shintoshi is located in the Imabari Shintoshi No. 1 District, a new development area in Imabari. The mall has been created based on five concepts, including one of the largest restaurant areas in Shikoku and a theme park where families can enjoy themselves. The mall has 120 tenants, of which 20 tenants are the first establishments of the owners in Shikoku and 17 are the first establishments of the owners in Ehime Prefecture. In Shimanami Open Park, a court and a separate building, a popular farm stand in the region has opened a new type of place in the age of “sixth sector industrialization.” A store selling agricultural produce and a restaurant are operated, and a variety of events are held in the event space in the park.

AEON MALL Izumo has opened on the site of the AEON Izumo, which was closed in 2014. The site is around 2 km northwest of the downtown area of Izumo. The mall has 90 tenants, of which 29 tenants are the first establishments of the owners in the Sanin region and 12 are the first establishments of the owners in Shimane Prefecture. The mall has abundant food-related facilities: a food merchandise zone on the first floor, restaurants on the second floor, and a food court on the third floor. It also has stores selling fashion items and miscellaneous goods. There is an area for children. AEON MALL Izumo is owned by AEON RETAIL Co., Ltd., and its management and operation are consigned to AEON MALL Co., Ltd.

New domestic Malls in the quarter under review

Name of Mall	Location	Opening Date
AEON MALL Sakai Teppocho	Osaka Prefecture	March 2016
AEON MALL Imabari Shintoshi	Ehime Prefecture	April 2016
AEON MALL Izumo	Shimane Prefecture	May 2016

AEON MALL Izumo has been established by AEON Retail Co., Ltd. and is managed and operated by the Company under a property management (PM) contract.

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. The Company revitalized ten malls, twice as many malls as those revitalized in the first quarter of the previous fiscal year. The Company renewed nine malls, introducing new tenants, changing the business categories of existing tenants, and relocating existing tenants. AEON MALL Morioka was renewed, with an extension built.
At AEON MALL Morioka, the "Ginga Mall" extension was added on the second floor of the multilevel parking facilities (approximately 6,000 m^2). The existing mall was also renewed, and the North Tohoku region's first large fast fashion store was introduced. Combined with the first phase of the renewal in September 2015, more than 70% of the entire mall was revitalized, and sales made by tenants rose much more than the percentage change (111.5%) in the total leasable area.
The Company took steps to expand its earnings by developing the fashion buildings business of OPA Co., Ltd., which became a subsidiary on March 1, 2016. The Company worked to revitalize the existing stores and made preparations for opening Mito OPA (tentative name) and Takasaki OPA (tentative name), which are planned for 2017.

Malls renewed in the quarter under review

Name of Mall	Location	Date reopened	Tenants	New tenants (1) (See Note 1)	Relocations & refurbishments (2)	No. of tenants on reopening (1) + (2)
AEON MALL Hiroshima Fuchu	Hiroshima Prefecture	March 4	200	22 (12)	44	66
AEON MALL Morioka (See Note 2)	Iwate Prefecture	March 4	135	28 (14)	28	56
AEON MALL Kobe Kita	Hyogo Prefecture	March 18	160	32 (14)	26	58
AEON MALL Natori	Miyagi Prefecture	March 18	170	24 (10)	35	59
AEON MALL Mito Uchihara	Ibaraki Prefecture	April 15	200	20 (8)	41	61
AEON MALL Tsurumi Ryokuchi	Osaka Prefecture	April 22	160	31 (18)	28	59
AEON MALL Akita	Akita Prefecture	April 22	150	36 (26)	67	103
AEON MALL Kyoto Gojyo	Kyoto Prefecture	April 22	140	37 (13)	54	91
AEON MALL Ota	Gunma Prefecture	April 22	150	23 (12)	36	59
AEON MALL Tsugaru Kashiwa	Aomori Prefecture	April 22	90	13 (7)	27	40

(Note) 1. Figures in brackets represent new tenants opening for the first time in the prefecture.
2. AEON MALL Morioka was expanded.

ii) Overseas Businesses
(China Business)
In this segment, operating revenue increased to 4,960 million yen (211.7% year on year), and operating loss was 970 million yen (compared with an operating loss of 834 million yen in the first quarter of the previous fiscal year).
As of February 29, 2016, the Company had 12 malls in China, of which six malls opened in the fiscal year ended February 29, 2016. Since many malls have been operating for only a short while, operating loss expanded slightly in the first quarter under review. However, we plan to increase operating income in the fiscal year ending February 28, 2017. AEON MALL Wuhan Jingkai (Wuhan Economic & Technological Development

Zone), which was opened in December 2015 as the second mall in Hubei Province, has a total leasable area of 0.1 million m^2, and its total length is more than 600 m. It is the Company's flagship mall in China and one of the top malls of the Company's malls in China in terms of sales.

(ASEAN Business)
In this segment, operating revenue rose to 1,450 million yen (224.0% year on year), and operating loss stood at 104 million yen (compared with an operating loss of 201 million yen in the first quarter of the previous fiscal year).
In Vietnam, the Company operates AEON MALL Tan Phu Celadon (Ho Chi Minh), AEON MALL Binh Duong Canary (Binh Duong Province), and AEON MALL Long Bien (Hanoi), which opened in October 2015 as the first mall in Hanoi. All of these malls performed well. On March 29, 2016, AEON Co., Ltd. concluded a comprehensive memorandum with the Ho Chi Minh city government for mutual cooperation in AEON Group companies' investment and business for five years from 2016 through 2020, and the Group is promoting the development of new properties.
In Cambodia, AEON MALL Phnom Penh (Phnom Penh), the first mall in Cambodia that opened in 2014, performed well, and a decision has been made to open the second mall. Construction has commenced, with the aim of opening the mall in FY2018.
In Indonesia, new towns are being developed in the suburbs. Against this backdrop, AEON MALL BSD CITY (Tangerang, Banten) opened in May 2015 and has been performing well. The Company plans to open three malls from FY2017, and is making preparations to do so.

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 time. 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 1,026,652 million yen, up 51,682 million yen from February 29, 2016. This was chiefly attributable to the acquisition of property, plant and equipment of 59,093 million yen due to an increase in assets as OPA Co., Ltd. became a subsidiary, the opening of new malls, and the advance acquisition of land for development in the future, which offset a decline in cash and deposits of 7,573 million yen and a decrease in fixed assets of 9,401 million yen due to depreciation.
Liabilities
Total liabilities stood at 688,473 million yen, up 53,352 million yen from February 29, 2016. This was mainly due to an increase in deposits received from tenants of 12,196 million yen and net increases in short-term loans payable of 8,315 million yen and commercial papers of 28,000 million yen, which offset a decrease in income taxes payable of 6,559 million yen.
Net assets
Net assets totaled 338,179 million yen, up 1,670 million yen from February 29, 2016. This was primarily attributable to a decrease in treasury shares of 4,937 million yen with OPA Co., Ltd. becoming a subsidiary through a share exchange and an increase in retained earnings due to the posting of a net income attributable to owners of parent of 5,655 million yen, which offset a decrease of 9,269 million in foreign currency translation adjustment.

ii) Cash Flows
Cash and cash equivalents ("cash") as of May 31, 2016 amounted to 47,182 million yen, down 6,470 million yen from February 29, 2016.
Cash flows in the first quarter were as follows:
Cash flows from operating activities
Net cash provided by operating activities was 16,183 million yen (compared with 27,541 million yen in the first quarter of the previous fiscal year). The primary factors included income before income taxes of 10,591 million yen (9,145 million yen), an increase in deposits received from tenants of 11,966 million yen (18,761 million yen), depreciation and amortization of 9,401 million yen (7,419 million yen), and income taxes paid of 10,333 million yen (9,103 million yen).
Cash flows from investing activities
Net cash used in investing activities amounted to 40,695 million yen (compared with 14,847 million yen in the first quarter of the previous fiscal year). The major factors were purchase of property, plant and equipment of 40,678 million yen (49,349 million yen) due to payments for equipment at AEON MALL Okinawa Rycom (Okinawa), AEON MALL Shijonawate (Osaka), and AEON MALL Tokoname (Aichi), which opened in the

previous fiscal year, and the advance acquisition of land for development, and proceeds from lease deposits from lessees of 4,279 million yen (4,780 million yen).

Cash flows from financing activities

Net cash provided by financing activities was 19,538 million yen (compared with net cash used of 8,680 million yen in the first quarter of the previous fiscal year). This was chiefly attributable to a net increase in short-term bank loans and commercial papers of 24,324 million yen (no change), repayment of long-term debt of 2,153 million yen (8,122 million yen), and dividends paid of 2,476 million yen (2,506 million yen).

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

(Domestic Businesses)

The Company will open AEON MALL Nagakute (Aichi) in December and will start to manage and operate AEON QUALITE PRIX Shin Sapporo (Hokkaido) in October 2016 and daiei Kobe Sannomiya in the spring of 2017 (only the second floor through to the ninth floor) (Hyogo). AEON QUALITE PRIX Shin Sapporo and daiei Kobe Sannomiya are the Aeon Group's existing retail properties, and the Company will succeed to a master lease at each property and will remodel them.

At existing malls, from the second quarter, the Company will undertake the renewal of 11 malls in terms of overall renovations. AEON MALL Hiroshima Fuchu will be expanded.

At AEON MALL Hiroshima Fuchu, the Company carried out the first phase of renewal in March 2016. The Company plans to implement the second phase in July and the third phase, including floor space expansion, in November. In the second phase, 20 new tenants will be introduced, and 12 tenants will be relocated or renovated. In the third phase, a new building will be added, and as a result, the mall will become one of the largest malls in the Chugoku and Shikoku region, with a total leasable area of 97,000 m^2 (an increase of 17,000 m^2) and 280 specialty stores (an increase of 80 stores).

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.

OPA Co., Ltd., which became a subsidiary on March 1, 2016, will work to expand earnings, combining its expertise in the operation of fashion buildings in city centers and the Company's expertise in the mall business.

Malls to be opened in Japan from the second quarter

Name of Mall	Location	Opening Date
AEON QUALITE PRIX Shin Sapporo	Hokkaido	October 2016
AEON MALL Nagakute	Aichi Prefecture	December 2016
daiei Kobe Sannomiya	Hyogo Prefecture	Spring in 2017

* At AEON QUALITE PRIX Shin Sapporo, the Company will lease, manage, and operate the second basement and the third basement of an existing shopping center managed and operated by AEON Hokkaido.
* At daiei Kobe Sannomiya, the Company will lease, manage, and operate the second floor through to the ninth floor of an existing shopping center operated by The Daiei, Inc.

(Overseas Businesses)

In the China business, the Company will open AEON MALL Hebei Yanjiao (Sanhe) as its first mall in Hebei Province. In China, construction schedules were delayed due to the tightening of procedures for opening large retail facilities, and the Company will open only one mall in the fiscal year ending February 28, 2017. However, the Company has already started to build seven malls in China and will promote development of properties primarily in four areas: Beijing and Tianjin, Jiangsu and Zhejiang, Hubei, and Guangdong. Meanwhile, the Company will work to enhance its expertise in the management and operation of the existing malls to expand earnings.

In the ASEAN business, the Company opened AEON MALL Binh Tan (Ho Chi Minh), its fourth mall in Vietnam and third mall in Ho Chi Minh. The Company will work to expand earnings at existing malls and open new properties in Vietnam, Cambodia, and Indonesia.

Malls to be opened overseas from the second quarter

	Name of Mall	Location	Opening Date
China	AEON MALL Hebei Yanjiao	Sanhe, Hebei	FY2016
Vietnam	AEON MALL Binh Tan	Ho Chi Minh	July 2016

The consolidated earnings forecasts for the fiscal year ending February 28, 2017 are unchanged from the forecasts in the Consolidated Financial Results announced on April 13, 2016.

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

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

Starting the first quarter under review, the Company is applying the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21 issued on September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 issued on September 13, 2013) and has changed its accounting policy to post differences arising from changes in the Company's ownership interests in subsidiaries that the Company continues to control in capital surplus and to post costs related to acquisitions as expenses in the consolidated fiscal year when the expenses are incurred. The Company has changed also the accounting policy for the allocation of acquisition costs so that for business combinations carried out from the beginning of the first quarter under review, revisions to the allocation of acquisition costs resulting from the completion of provisional accounting will be reflected in the consolidated financial statements for the consolidated quarter when the business combinations take place. In addition, the Company has changed the presentation of net income and other items and has changed minority interests to non-controlling interests. To reflect these changes, the quarterly consolidated financial statements and consolidated financial statements for the first quarter of the previous consolidated fiscal year and the previous consolidated fiscal year have been replaced.

In the quarterly consolidated statements of cash flows for the first quarter under review, cash flows associated with acquisitions or sales of shares in subsidiaries that do not result in change in the scope of consolidation are posted in cash flows from financing activities, and cash flows associated with expenses related to acquisitions of shares in subsidiaries resulting in change in the scope of consolidation or expenses related to acquisitions or sales of shares in subsidiaries that do not result in change in the scope of consolidation are posted in cash flows from operating activities.

These accounting standards are applied from the beginning of the first quarter under review in accordance with the transitional provisions specified in 58-2 (4) of the Accounting Standard for Business Combinations, 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of the application of the accounting standards on the quarterly consolidated financial statements for the first quarter under review is minor.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of February 29, 2016	As of May 31, 2016
Assets		
Current assets:		
Cash and deposits	55,375	47,801
Notes and accounts receivable—trade	5,713	5,296
Other current assets	31,073	38,832
Allowance for doubtful receivables	(33)	(31)
Total current assets	92,129	91,899
Fixed assets		
Property, plant and equipment:		
Building and structures, net	506,885	541,846
Land	212,423	218,527
Other, net	35,407	37,024
Total property, plant and equipment	754,716	797,398
Intangible assets	3,677	3,696
Investments and other assets:		
Lease deposits paid	44,105	53,992
Other	80,370	80,923
Allowance for doubtful receivables	(27)	(1,257)
Total investments and other assets	124,447	133,657
Total fixed assets	882,840	934,753
Total assets	974,970	1,026,652

(Million yen)

	As of February 29, 2016	As of May 31, 2016
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	14,239	15,178
Short-term loans payable	8,339	16,655
Commercial papers	–	28,000
Bonds due within one year	200	–
Current portion of long-term debt	38,585	62,475
Income taxes payable	10,556	3,996
Deposits from tenants	32,643	44,839
Allowance for employee bonus	1,218	654
Allowance for director and auditor performance-based remuneration	76	18
Provision for store closing expenses	1,797	1,797
Other current liabilities	103,742	109,072
Total current liabilities	211,398	282,687
Long-term liabilities:		
Straight bonds	95,000	95,000
Long-term debt	192,281	165,643
Net defined benefit liability	600	565
Asset retirement obligations	9,680	10,945
Lease deposits from lessees	122,199	130,310
Provision for loss on guarantees	525	–
Other long-term liabilities	3,435	3,320
Total long-term liabilities	423,722	405,785
Total liabilities	635,120	688,473
Net assets		
Shareholders' equity:		
Common stock	42,217	42,218
Capital surplus	42,525	41,989
Retained earnings	235,826	239,006
Treasury stock, at cost	(6,101)	(1,164)
Total shareholders' equity	314,468	322,050
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	1,168	1,086
Foreign currency translation adjustment	18,213	8,943
Remeasurements of defined benefit plans	(302)	(300)
Total accumulated other comprehensive income	19,079	9,729
Stock acquisition rights	193	211
Non-controlling interests	6,108	6,187
Total net assets	339,849	338,179
Total liabilities and net assets	974,970	1,026,652

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(For the three months ended May 31, 2015 and May 31, 2016)

(Million yen)

Three months ended	May 31, 2015	May 31, 2016
Operating revenue	55,815	66,983
Operating costs	39,373	49,699
Gross profit	16,441	17,283
Selling, general and administrative expenses	5,325	5,973
Operating income	11,116	11,310
Non-operating profits:		
Interest income	133	84
Compensation paid by departing tenants	176	329
Foreign exchange gains	–	267
Subsidy income	0	796
Other non-operating profits	149	95
Total non-operating profits	459	1,572
Non-operating expenses:		
Interest expenses	584	625
Loss on valuation of derivatives	–	341
Other non-operating expenses	178	125
Total non-operating expenses	763	1,092
Ordinary income	10,812	11,790
Extraordinary gains:		
Gain on sales of non-current assets	–	41
Total extraordinary gains	–	41
Extraordinary losses:		
Loss on sales of fixed assets	–	3
Loss on retirement of fixed assets	369	561
Impairment loss	686	–
Provision for loss on store closing	612	–
Provision of allowance for doubtful accounts	–	675
Total extraordinary losses	1,667	1,239
Income before income taxes	9,145	10,591
Income taxes:		
—Current	3,876	3,738
—Deferred	473	1,012
Total income taxes	4,350	4,750
Net income	4,794	5,840
Net income (loss) attributable to non-controlling interests	(264)	185
Net income attributable to owners of parent	5,058	5,655

(Quarterly consolidated statements of comprehensive income)
(For the three months ended May 31, 2015 and May 31, 2016)

(Million yen)

Three months ended	May 31, 2015	May 31, 2016
Net income	4,794	5,840
Other comprehensive income:		
Net unrealized gain on available-for-sale securities	493	(81)
Foreign currency translation adjustment	(619)	(9,457)
Remeasurements of defined benefit plans, net of tax	(1)	1
Total other comprehensive income	(126)	(9,537)
Comprehensive income	4,668	(3,696)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	5,128	(3,694)
Comprehensive income attributable to non-controlling interests	(459)	(2)

(3) Quarterly consolidated statements of cash flows

(Million yen)

Three months ended	May 31, 2015	May 31, 2016
Cash flows from operating activities:		
Income before income taxes	9,145	10,591
Depreciation and amortization	7,419	9,401
Impairment loss	686	–
Increase (decrease) in provision for loss on store closing	612	–
Interest and dividend income	(147)	(104)
Interest expenses	584	625
Decrease (increase) in receivable—trade accounts	25	200
Increase (decrease) in payable—trade accounts	1,896	1,420
Increase (decrease) in deposits from tenants	18,761	11,966
Other, net	(1,879)	(6,946)
Subtotal	37,104	27,154
Interest and dividends received	145	77
Interest paid	(604)	(714)
Income taxes paid	(9,103)	(10,333)
Net cash provided by operating activities	27,541	16,183
Cash flows from investing activities:		
Purchase of property, plant and equipment	(49,349)	(40,678)
Proceeds from sales of property, plant and equipment	33,160	530
Payment of lease deposits to lessors	(1,668)	(813)
Reimbursement of lease deposits to lessors	276	703
Repayment of lease deposits from lessees	(2,430)	(3,288)
Proceeds from lease deposits from lessees	4,780	4,279
Other payments	(733)	(1,658)
Other proceeds	1,117	229
Net cash used in investing activities	(14,847)	(40,695)
Cash flows from financing activities:		
Increase (decrease) in short-term bank loans and commercial papers	–	24,324
Proceeds from long-term debt	1,954	50
Repayment of long-term debt	(8,122)	(2,153)
Redemption of bonds	–	(200)
Purchase of treasury stock	(0)	(0)
Dividends paid	(2,506)	(2,476)
Dividends paid to non-controlling interests	(6)	(6)
Other	0	(0)
Net cash provided by (used in) financing activities	(8,680)	19,538
Foreign currency translation adjustments on cash and cash equivalents	(90)	(2,254)
Net increase (decrease) in cash and cash equivalents	3,921	(7,228)
Cash and cash equivalents at beginning of the period	67,222	53,652
Increase in cash and cash equivalents resulting from share exchanges	–	757
Cash and cash equivalents at end of the period	71,144	47,182

(4) Notes on quarterly consolidated financial statements

Notes on the going concern assumption

Not applicable.

Notes on significant change in shareholders' equity, if any

The Company implemented a share exchange, whose effective date is March 1, 2016. Following the share exchange, the Company has become a wholly owning parent company, and OPA Co., Ltd. has become a wholly owned subsidiary. Mainly due to the share exchange, capital surplus declined 535 million yen, and treasury stock decreased 4,937 million yen.

Segment information

[Segment information]

I. Consolidated cumulative first quarter (March 1, 2015, to May 31, 2015)

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

(Million yen)

	Japan	China	ASEAN	Total	Adjustment	Amount on Quarterly Consolidated Statements of Income (Note)
Operating revenue						
Operating revenue to external customers	52,825	2,343	647	55,815	–	55,815
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	52,825	2,343	647	55,815	–	55,815
Segment profit (loss)	12,152	(834)	(201)	11,116	–	11,116

Note: Segment profit (loss) has been adjusted to the operating income stated in the quarterly consolidated statements 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 quarter under review is 686 million yen.

II. Consolidated cumulative first quarter (March 1, 2016, to May 31, 2016)

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	60,573	4,960	1,450	66,983	–	66,983
Internal operating revenue or transfer amount between segments	–	–	–	–	–	–
Total	60,573	4,960	1,450	66,983	–	66,983
Segment profit (loss)	12,380	(970)	(104)	11,305	4	11,310

Note: 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

Not applicable.

Business combination
Transaction under common control

1. Outline of the transaction
(1) Name and business of the company acquired
Name: OPA Co., Ltd. (hereinafter "OPA")
Business: Operation, management, and development of retail properties
(2) Date of business combination
March 1, 2016
(3) Legal form of business combination
A share exchange upon which the Company has become a wholly owing parent company and OPA has become a wholly owned subsidiary
(4) Changes in the names of companies after the business combination
No change
(5) Other information related to the transaction
OPA manages and operates nine fashion buildings located in midtown areas. In addition, OPA manages and operates fashion buildings in the VIVRE FORUS business (excluding retail business), which OPA took over from AEON Retail through an absorption-type demerger on March 1, 2016. The purposes of the business combination are as follows:
- Through the share exchange, the abovementioned businesses are integrated into the Company, which plays a core role in the AEON Group as a developer;
- The business expertise of both companies is combined to increase the number of new business bases, renovate existing facilities, and create attractive commercial facilities for customers; and
- The Company strengthens its management foundations and enhance its corporate value.

2. Accounting treatment
The Company has treated the share exchange as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on September 13, 2013).

3. Acquisition of shares in the subsidiary
(1) Acquisition cost and breakdown of the cost by class of shares
Acquisition cost: 4,937 million yen (Breakdown) Treasury stock: 4,937 million yen
(2) Share exchange ratio, calculation method, and number of shares delivered
(i) Share exchange ratio
47.48 common shares in the Company for 1 common shares in OPA
(ii) Calculation method
To ensure the fairness and appropriateness of the share exchange ratio, the Company chose PricewaterhouseCoopers Kyoto (PwC Kyoto) as an independent third-party institution to calculate the share exchange ratio and asked for the calculation. Based on the calculation, the Company and OPA carefully negotiated over the share exchange ratio. Both parties have decided that the share exchange ratio above is appropriate and have agreed on it.
(iii) Number of shares delivered
2,268,879