



Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending February 28, 2018

July 5, 2017.

Company name: Aeon Mall Co., Ltd.

Listed Stock Exchange: TSE

Stock code: 8905

URL <http://www.aeonmall.com/ir/index.html>

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Starting date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial 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 FY2/2018 (March 1, 2017 – May 31, 2017)

(1) Consolidated results of operations (cumulative)

(Percentages represent year-on-year changes)

	Operating Revenue		Operating income		Ordinary income		Quarterly net income attributable to parent shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2/2018 Q1	71,095	6.1	12,104	7.0	12,004	1.8	6,948	22.9
FY2/2017 Q1	66,983	20.0	11,310	1.7	11,790	9.0	5,655	11.8

(Note) Comprehensive income (millions of yen) Q1 FY2/2018 536 (-%)

Q1 FY2/2017 -3,696 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2/2018 Q1	30.55	30.54
FY2/2017 Q1	24.87	24.86

(2) Consolidated Financial Position

	Total Assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
FY2/2018 Q1	1,019,534	353,698	34.1
FY2/2017	1,012,758	356,203	34.6

(Reference) Equity FY2/2018 Q1 347,723 million yen

FY2/2017 350,073 million yen

2. Dividends

	Annual Dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2/2017	—	13.50	—	13.50	27.00
FY2/2018	—				
FY2/2018 (forecast)		16.00	—	16.00	32.00

(Note) Revisions to dividend forecast published recently: None

3. FY2/2018 Consolidated Earnings Forecast (March 1, 2017 – February 28, 2018)

(Percentages represent changes from corresponding periods in FY2/2017)

	Operating Revenue		Operating income		Ordinary income		Quarterly net income attributable to parent shareholders		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Q2 (cumulative)	142,000	7.0	22,000	8.5	21,500	4.3	12,500	12.0	54.96
Full-year	295,000	9.3	50,000	11.3	48,500	4.5	29,500	3.4	129.71

(Note) Revisions to earnings forecast published recently: None

• Notes

(1) Significant changes in consolidated subsidiaries during the period (shifts in specific subsidiaries accompanying a change in the scope of consolidation): None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes of accounting-based estimates, revisions & restatements

- ① Changes in accounting policies due to changes in accounting standards, etc.: None
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting-based estimates: None
- ④ Revisions and restatements: None

(4) Number of shares outstanding (common stock)

- ① Number of shares outstanding at period-end (including treasury stock)
- ② Number of treasury stock shares at period-end
- ③ Average number of shares during the period (quarterly cumulative)

FY2/2018 Q1	227,414,699	FY2/2017	227,414,699
FY2/2018 Q1	769	FY2/2017	366
FY2/2018 Q1	227,414,130	FY2/2017 Q1	227,368,379

- The summary of quarterly financial results is exempt from quarterly review procedures.
- Explanations and other special notes concerning the appropriate use of earnings forecasts (Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements, such as earnings projections, included in these materials are based on information currently available to the Company and certain assumptions it deems reasonable. They do not constitute a promise of future performance by the Company. Moreover, actual performance may vary considerably due to a variety of factors. As regards earnings forecast assumptions and points to note when using earnings forecasts, please see “1. Qualitative information on financial performance during the period under review (3) Explanation of forward-looking projections such as consolidated earnings forecasts” on page 7 of the Accompanying Materials.

(Procedures for obtaining supplementary information on financial results)

The Company is scheduled to hold a briefing for institutional investors and analysts on July 6, 2017. The materials handed out at this briefing will be posted on the Company’s web site on July 5, 2017, and an audio recording of the briefing will be made available on the Company’s web site soon after the briefing has ended.

○ Accompanying Materials Index

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1. Qualitative information on financial performance during the period under review

(1) Explanation of Operating Results

The Company has drawn up a three year (FY2017 – FY2019) Medium Term Business Plan, of which FY2017 is the first year, and is working both to reform its existing business models and establish new growth business models. Through 5 growth initiatives, concretely ①Capturing Asian growth opportunities, ②Development of new domestic demand, ③ Becoming the overwhelmingly No.1 mall per region, ④Capturing urban growth opportunities, and ⑤Building an organizational structure and finance mix that supports growth, the Company shall deliver sustained growth and improved profitability.

Operating revenue in the period under review was 71,095 million yen (+6.1% YoY).

While operating costs rose to 52,448 million yen (+5.5% YoY) due to expansion in the scale of business, earnings rose with gross operating profit coming in at 18,647 million yen (+7.9% YoY). Selling, general and administrative expenses were 6,542 million yen (+9.5%), translating into operating profit of 12,104 million yen.

Non-operating income fell slightly in comparison to the previous financial year's first consolidated cumulative quarter to 580 million yen. This is because subsidy income of 796 million yen was booked in the previous first quarter (compared to 238 million yen this first quarter).

As a result, ordinary income was 12,004 million yen (+1.8% YoY) and net income for the quarter before taxes and other adjustments was 10,716 million yen (+1.2% YoY).

Net income attributable to parent shareholders rose to 6,948 million yen (+22.9% YoY), thanks in part to a lower effective tax rate, a result of corporation tax rates being lowered in the FY2016 tax revisions.

Consolidated earnings and earnings by segment in the period under review were as follows:

◆Consolidated Earnings

(Unit: Million yen)

	FY2/2017 Q1	FY2/2018 Q1	Change (YoY)
Operating revenue	66,983	71,095	+4,111 (106.1%)
Operating income	11,310	12,104	+794 (107.0%)
Ordinary income	11,790	12,004	+214 (101.8%)
Quarterly net income attributable to parent shareholders	5,655	6,948	+1,293 (122.9%)

◆Earnings by Segment

(Unit: Million yen)

	Operating Revenue			Segment Profit or loss (-)		
	FY2/2017 Q1	FY2/2018 Q1	Change (YoY)	FY2/2017 Q1	FY2/2018 Q1	Change (YoY)
Japan	60,573	63,596	+3,023 (105.0%)	12,380	12,261	-118 (99.0%)
China	4,960	5,534	+573 (111.6%)	-970	-220	+750 (-)
ASEAN	1,450	1,964	+514 (135.5%)	-104	59	+163 (-)
Overseas	6,410	7,498	+1,087 (117.0%)	-1,074	-161	+913 (-)
Adjustment	—	—	— (-)	4	4	— (100.0%)
Total	66,983	71,095	+4,111 (106.1%)	11,310	12,104	+794 (107.0%)

① Overseas (China, ASEAN)

The Company enjoyed increased branding merit owing to area-dominant store openings in China and the ASEAN region. This resulted in operating revenue climbing to 7,498 million yen (+17% YoY). There was further improvement in profitability, with operating income improving by 913 million yen, resulting in an operating loss of 161 million yen (operating loss was 1,074 million yen in the previous first quarter).

◆Capturing Asian Growth Opportunities

(China)

Operating revenue came in at 5,534 million yen (+11.6% YoY) with an operating loss of 220 million yen (operating loss was 970 million yen in the previous first quarter).

At the end of the period under review, the Company had 13 malls in China, 9 of which are now profitable. Compared with the previous first quarter, this has translated into an improvement in operating profit of 750 million yen.

In China, the Company is continuing its area-dominant store openings, mainly in the four areas of Beijing/Tianjin, Jiangsu/Zhejiang, Hubei and Guangdong. As a result of the area-dominant store openings, the brand power of the Company's malls has increased, which translates into a stronger draw for customers, which in turn makes it possible to attract quality tenants and enter into leasing agreements on more favorable terms.

The medium-term business plan calls for 9 new malls to be opened in China, and the Company is making preparations accordingly.

(ASEAN)

Operating revenue climbed to 1,964 million yen (+35.5% YoY), and operating income rose to 59 million yen (in the previous first quarter, the ASEAN business posted operating losses of 104 million yen).

At the end of the period under review, the Company's ASEAN business constituted 6 malls, 5 of which have become profitable. The operating profit recorded in the period under review represents a 163 million yen improvement over the previous first quarter.

The medium-term business plan calls for 6 new malls to be opened in the ASEAN region, and the Company is making preparations accordingly.

In Vietnam, in June Aeon Mall Co., Ltd and the Hanoi People's Committee signed a "Comprehensive Memorandum of Understanding on Investment and Business Advancement in Hanoi City" (hereafter, "The MOU"). In accordance with The MOU, the Company is proactively involved in the development of large shopping malls in Hanoi City, including Aeon Mall Ha Dong (Hanoi City), which is expected to open in FY2019.

In Cambodia, given the strong performance of Aeon Mall Phnom Penh (Phnom Penh City), the Company's first mall in the country which opened in June 2014, preparations are underway towards the opening in FY2018 of a second mall in Phnom Penh, Aeon Mall Sen Sok City.

In Indonesia, Aeon Mall BSD City (Tangerang, Banten Province), which opened in May 2015 against a backdrop of suburban new town developments, has been performing well. Construction of 3 new malls is underway, including Aeon Mall Jakarta Garden City (Jakarta City), which is expected to open in FY2017.

The overseas business, which is regarded as a driver for future growth, is moving in line with plan. Profitability has been improving since the second quarter of last term and the outlook is for an operating profit to be posted this fiscal year.

Given that the fast spread of motorization and a burgeoning middle-income group has translated into continuous double digit sales growth in specialty stores in the Company's existing malls, the Company will continue to proactively develop its business in China and the ASEAN region.

② Japan

Operating revenue rose to ¥63,596mn (+5.0% YoY) while operating income came in at ¥12,261mn (-1% YOY).

In the mall business, increased customer pulling power resulting from the opening of 3 new malls and the aggressive refurbishment of existing malls led to a 1.9% YoY increase in footfall at the existing 72 malls and 3.4% YoY growth in specialty store sales.

Earnings declined at OPA Co., Ltd., which is involved in the urban fashion building business, due to opportunity losses and increased costs, etc., stemming from the refurbishment of 5 stores to strengthen operations. The plan is for profits to increase over the full year.

◆Development of New Domestic Demand

Against a backdrop of ongoing natural selection among shopping facilities, the Company has bolstered initiatives to create new consumer markets, initiatives that have delivered growth in sales at existing malls. Business is healthy at Aeon Mall Asahikawa Ekimae (Hokkaido), where the closure of large nearby shopping facility has allowed the solicitation of well-known tenants and greater breadth and depth in the brands handled by existing tenants. These and other factors have led to a more than double-digit YoY growth rate in specialty store sales.

The Company is also involved in the developing latent demand through the creation of new categories, such as the development of its “Mall in Mall” category-based zoning. “Kyoto Katsuragawa Blooming” a new zone with a lobby feel aimed at adult women, opened on April 22 in Aeon Mall Kyoto Katsuragawa (Kyoto Prefecture). Developed as a concept zone with fashion, travel and café themes, it is proving very popular.

The company has also been proactively soliciting local tenants as part of an initiative to build new merchandising (MD). At Aeon Mall Shinkomatsu (Ishikawa Prefecture), which opened in March, a local perspective in the cultivation and nurturing of tenants resulted in 49 shops being opened by corporate tenants who have their headquarters in three Hokuriku Prefectures (Ishikawa, Fukui and Toyama).

The Aeon Group is strengthening its “Health and Wellness” initiatives that are aimed at contributing to the creation of a rich and varied lifestyle for its customers, and their health in mind and body. The Company is promoting “Mall Walking” which can be done in the safety of a mall, without regard for what the weather is like outside. As at the end of the period under review, Mall Walking has been rolled out in 40 domestic malls. Also, by staging proper cultural and artistic events, such as opera performances, entertainment, and photography exhibitions, the Company is looking to increase its customer pulling power by expanding its target age group to include senior citizens as well as its traditional main target of families.

By responding to the needs of a broad customer age-group and regional characteristics, the Company is taking the initiative to acquire new customers, dig out underlying consumer demand and create new domestic demand.

◆ Becoming the Overwhelmingly No.1 Mall per Region

By increasing the number of regional No.1 malls that enjoy the most support in their respective areas, the Company will increase its competitive advantage in the domestic mall market.

As a means to achieve this, the Company is aggressively increasing the floorspace of, and renovating, existing malls. In the period under review, renovation to reinvigorate whole malls through the introduction of new tenants and the format change/relocation of existing tenants took place at 8 malls. Specialty store sales in the existing 28 malls that underwent renovation during the previous fiscal year and the period under review are trending well at +5.7% YoY.

The medium-term business plan calls for the opening of 11 new malls, the renovation through extra floor space of 8 malls and the refurbishment of 35 other malls.

Malls refurbished in the quarter under review

Name	Location	Date reopened	No. Tenants	No. New Tenants ① (See Note ①)	Relocated/ Remodeled ②	No. Tenants after refurb ①+②
Aeon Mall Kisogawa	Aichi	March 3	170	23 (5)	64	87
Aeon Mall Hamamatsushitoro	Shizuoka	March 17	160	26 (13)	34	60
Aeon Mall Niihama	Ehime	March 17	120	5 (4)	27	32
Aeon Mall Yamato	Kanagawa	March 18	90	13 (7)	25	38
Aeon Mall Kawaguchimaekawa	Saitama	March 24	170	5 (1)	10	15
Aeon Mall Rinkusennan	Osaka	April 6	170	57 (14)	75	132
Aeon Mall Hinode	Tokyo	April 21	160	18 (4)	39	57

Aeon Mall Nogata	Fukuoka	April 28	140	6 (6)	43	49
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(Note) Numbers in parentheses () indicate the number of new tenants who are opening a shop in that region for the first time.

New business premises (malls) that opened during the quarter under review

Name	Location	Date opened	No. Tenants	GLA (m ²)
Aeon Mall Shinkomatsu	Ishikawa	March 2017	160	63,000
Aeon SENRITO Senmonkan	Osaka	April 2017	35	9,100
Aeon Mall Tokushima	Tokushima	April 2017	160	50,000

◆Capturing Urban Growth Opportunities

In March, OPA Co., Ltd, a developer of urban fashion buildings, opened its first new store in four years, Mito OPA (Ibaraki Prefecture).

OPA has made progress with initiatives to improve the profitability of its existing stores, carrying out refurbishment to improve shopping flow by, for example, changing tenants and zoning in Yokohama Vivre (Kanagawa Prefecture), World Porters Vivre (Kanagawa Prefecture), Akashi Vivre (Hyogo Prefecture), Canal City OPA (Fukuoka Prefecture) and Tenjin Vivre (Fukuoka Prefecture).

New domestic business premises (Fashion Buildings) that opened during the period under review

Name	Location	Date opened
Mito OPA	Ibaraki	March 2017

Regarding OPA, along with advancement of new store openings, the Co will improve earnings through renovations that include scrap & build and by maximizing the synergy effect of integrating Aeon Mall's mall business knowhow with its own expertise.

(2) Explanation of Financial Position

① Assets, Liabilities and Net Assets

Assets

Total assets stood at 1,019,534 million yen, up 6,775 million yen from the end of the previous fiscal year. This was due to factors such as the acquisition of 29,645 million yen of tangible fixed assets (the result of new mall openings and the advance acquisition of land for future development), cash and deposits of 3,740 million yen, deposits from affiliates (including Current Asset “Others”) of 8,000 million yen, and fixed assets reduced through depreciation by 9,204 million yen.

Liabilities

Total liabilities stood at 665,835 million yen, up 9,280 million yen from the end of the previous fiscal year. This was due to factors such as an increase in specialty store deposits of 12,153 million yen and a 3,581 million yen decrease in unpaid income tax.

Net assets

Net assets totaled 353,698 million yen, down 2,504 million yen from the end of the previous fiscal year. This was due to factors such as an increase in retained earnings resulting from the booking of 6,948 million yen of quarterly net profit attributable to parent shareholders, and a decrease in the foreign currency translation adjustment account of 6,469 million yen.

② Cash flow

Cash and cash equivalents (hereafter “cash”) at the end of the quarter under review amounted to 58,221 million yen, down 11,371 million yen from the end of the previous fiscal year.

Cash flows in the first quarter were as follows:

Cash flow from operating activities

Net cash from operating activities totaled 20,633 million yen (was 16,183 million yen in the previous first quarter). Main factors included net income before taxes and other adjustments of 10,716 million yen (10,591 million yen), an increase in specialty store deposits of 12,231 million yen (11,966 million yen), depreciation and amortization of 9,204 million yen (9,401 million yen), and income and other taxes paid of 7,219 million yen (10,333 million yen).

Cash flow from investing activities

Net cash used in investing activities declined to 28,042 million yen (40,695 million yen). Main factors included the payment of equipment charges at Aeon Mall SAKAITEPPOCHO (Osaka Prefecture), Aeon Mall Nagakute (Aichi Prefecture), and others which opened during the previous fiscal year, 29,525 million yen (40,678 million yen) spent on the acquisition of tangible fixed assets (for example the advance acquisition of land for development), and revenue of 5,295 million yen (4,279 million yen) from lease deposits received.

Cash flow from financing activities

Net cash from financing activities declined to 2,784 million yen (19,538 million yen). Main factors included proceeds from long-term loans payable of 26,636 million yen (50 million), the repayment of long-term debt of 26,344 million yen (2,153 million yen), and dividend payments of 3,070 million yen (2,476 million yen).

(3) Explanation of forward-looking projections such as consolidated earnings forecasts

① Overseas (China/ASEAN)

In China, the Company is engaged in property development chiefly in the four areas of Beijing/Tianjin, Jiangsu/Zhejiang, Hubei and Guangdong, and plans to open 4 malls in this fiscal year (FY2017). The Company is also working to increase profitability at its existing malls through initiatives to improve management and operational know how.

In the ASEAN region, 1 mall opening is planned in Indonesia. The Company will press on with initiatives towards opening new malls and expanding earnings at existing malls in Vietnam, Cambodia, and Indonesia.

New overseas premises (malls) planned after the second quarter of the fiscal year under review

	Name	Location	Opening Date (Note)
China	Aeon Mall Foshan Dali	Foshan City, Guangdong	FY2017
	Aeon Mall Tianjin Jinnan	Jinnan, Tianjin City	FY2017
	Aeon Mall Wuhan Jinqiao	Wuhan City, Hubei	FY2017
	Aeon Mall Nantong Xinghu	Nantong City, Jiangsu	FY2017
Indonesia	Aeon Mall Jakarta Garden City	Jakarta City	FY2017

(Note) Fiscal year of opening given is Japanese accounting fiscal year. Overseas local offices close their books at the end of December.

② Japan

Existing malls: in July a new cinema block is to be added to increase floor space at Aeon Mall Tokoname and renovation to increase floor space is planned in the Autumn at Aeon Mall Kofushowa (Yamanashi Prefecture). Renovation through tenant change will take also take place at 7 existing malls.

New malls: in addition to Aeon Mall Kobe Minami (Hyogo Prefecture), which opened in June 2016, Aeon Mall Matsumoto (Nagano Prefecture) will open in the Autumn.

With the aim of beefing up the promotion of “Health and Wellness”, “Happiness Mall Projects”, which feature a variety of initiatives relating to health, art and culture, will be rolled out independently by each mall. The Company will be rolling out regionally focused sales promotions and working to expand sales and increase customer draw by further bolstering initiatives designed to improve both tenant support and customer satisfaction. It will also be making the most of the economies of scale that come from having 150 malls in Japan to expand mall earnings through low-cost operations that it will endeavor to achieve through the setting up of even more effective operation systems and the like.

New domestic premises (malls) planned after the second quarter of the fiscal year under review

Name	Location	Open date	No. Tenants	GLA (m ²)
Aeon Mall Kobe Minami (See note)	Hyogo Pref.	June 2017	140	39,000
Aeon Mall Matsumoto	Nagano Pref.	Autumn 2017	170	49,000

(Note) As an initial phase a Marche Zone that includes Aeon Style Kobe Minami will open in June. As Phase 2, the whole store will open mid-September.

As well as opening Takasaki OPA (tentative name) in Gunma Prefecture in Autumn 2017, OPA Co., Ltd will be pressing ahead with the renovation of existing stores. It will also be pressing ahead with initiatives to expand earnings by integrating the knowhow it has in developing the urban fashion building business in city centers with Aeon Mall’s mall business knowhow.

New domestic premises (Fashion Buildings) planned after the second quarter of the fiscal year under review

Name	Location	Open date
(Tentative) Takasaki OPA	Gunma Pref.	Autumn 2017

As regards consolidated earnings forecasts for the full year, there are no changes to the forecasts that were publically announced on April 12, 2017.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	As of February 28, 2017	As of May 31, 2017
Assets		
Current Assets		
Cash and deposits	59,921	56,181
Notes and accounts receivable - trade	5,850	5,798
Other current assets	44,597	40,596
Bad debt reserve	-23	-22
Total current assets	110,346	102,554
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	498,219	511,286
Land	201,052	205,702
Other (net)	62,965	61,662
Total tangible fixed assets	762,237	778,651
Intangible fixed assets	4,077	4,030
Investments and other assets		
Lease deposits paid	55,467	55,140
Other	81,855	79,183
Bad debt reserve	-1,226	-26
Total investments and other assets	136,096	134,297
Total fixed assets	902,412	916,980
Total assets	1,012,758	1,019,534

	As of February 28, 2017	As of May 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,155	16,591
Corporate bonds due within one year	10,000	10,000
Long term debt to be repaid within one year	52,563	30,505
Unpaid corporation and other taxes	7,897	4,315
Specialty store deposits	35,483	47,637
Reserve for bonuses	1,393	819
Reserve for director performance-based remuneration	75	23
Reserve for losses from store closures	928	775
Other	88,620	86,531
Total current liabilities	212,117	197,198
Fixed liabilities		
Corporate bonds	120,000	120,000
Long term borrowing	177,728	199,721
Retirement benefit liabilities	998	963
Asser retirement obligations	11,489	11,546
Long-term lease deposits	130,096	132,222
Other	4,123	4,183
Total fixed liabilities	444,437	468,636
Total liabilities	656,555	665,835
Net assets		
Shareholders' equity		
Capital	42,256	42,256
Capital surplus	42,030	42,030
Retained earnings	257,643	261,522
Treasury stock	-0	-0
Total shareholders' equity	341,930	345,809
Accumulated other comprehensive income		
Net unrealized gain on marketable securities	1,165	1,381
Foreign currency translation adjustment account	7,858	1,388
Remeasurements of defined benefit plans	-881	-855
Total accumulated other comprehensive income	8,142	1,914
Stock Acquisition rights	135	170
Non-controlling interests	5,994	5,804
Total net assets	356,203	353,698
Total liabilities and net assets	1,012,758	1,019,534

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Quarterly consolidated statements of income)
(For the three months ended May 31, 2016 and May 31, 2017)

(Unit: Million yen)

	FY2/2017 Q1 March 1 - May 31, 2016	FY2/2018 Q1 March 1 - May 31, 2017
Operating revenue	66,983	71,095
Operating costs	49,699	52,448
Gross profit	17,283	18,647
Selling, general and administrative expenses	5,973	6,542
Operating income	11,310	12,104
Non-operating profits		
Interest income	84	182
Compensation paid by departing tenants	329	370
Foreign exchange gains	267	—
Subsidy income	796	238
Other non-operating profits	95	116
Total non-operating profits	1,572	908
Non-operating expenses:		
Interest paid	625	632
Foreign exchange losses	—	114
Loss on valuation of derivatives	341	78
Other non-operating expenses	125	183
Total non-operating expenses	1,092	1,008
Ordinary income	11,790	12,004
Extraordinary gains		
Gains on sales of fixed assets	41	—
Total extraordinary gains	41	—
Extraordinary losses		
Loss on sales of fixed assets	3	—
Loss on retirement of fixed assets	561	228
Loss on cancellation of lease agreements	—	948
Provision for bad debt reserve	675	—
Other extraordinary losses	—	111
Total extraordinary losses	1,239	1,288
Net income before income taxes and other adjustments	10,591	10,716
Income tax - Current	3,738	3,872
Income tax - Deferred	1,012	-105
Total income taxes	4,750	3,767
Net income	5,840	6,949
Net income attributable to non-controlling interests	185	0
Net income attributable to parent shareholders	5,655	6,948

(Quarterly Consolidated Statement of Comprehensive Income)
(For the three months ended May 31, 2015 and May 31, 2016)

(Unit: Million yen)

	FY2/2017 Q1 March 1 - May 31, 2016	FY2/2018 Q1 March 1 - May 31, 2017
Net income	5,840	6,949
Other comprehensive income		
Net unrealized gain on marketable securities	-81	215
Foreign currency translation adjustment account	-9,457	-6,654
Remeasurements of defined benefit plans	1	25
Total other comprehensive income	-9,537	-6,412
Comprehensive income	-3,696	536
(of which)		
Comprehensive income attributable to parent shareholders	-3,694	720
Comprehensive income attributable to non-controlling interests	-2	-183

(3) Quarterly Consolidated Statement of Cash Flows

(Unit: Million yen)

	FY2/2017 Q1 March 1 - May 31, 2016	FY2/2018 Q1 March 1 - May 31, 2017
Cash flow from operating activities		
Net income before taxes and other adjustments	10,591	10,716
Depreciation and amortization	9,401	9,204
Increase/decrease(-) in reserves for losses on store closures	—	-153
Interest and dividends received	-104	-201
Interest paid	625	632
Increase(-)/decrease in trade receivables	200	-113
Increase/decrease(-) in trade payables	1,420	1,775
Increase/decrease(-) in specialty store deposits	11,966	12,231
Other	-6,946	-5,585
Subtotal	27,154	28,506
Interest and dividends received	77	163
Interest paid	-714	-818
Income taxes paid	-10,333	-7,219
Cash flow from operating activities	16,183	20,633
Cash flow from investing activities		
Acquisition of tangible fixed assets	-40,678	-29,525
Proceeds from sale of tangible fixed assets	530	—
Payment of lease deposits	-813	-40
Proceeds from collection of lease deposits	703	314
Return of deposits received	-3,288	-3,076
Proceeds from deposits received	4,279	5,295
Other payments	-1,658	-2,003
Other proceeds	229	993
Cash flow from investing activities	-40,695	-28,042
Cash flow from financing activities		
Increase/decrease(-) in short-term loans and commercial papers	24,324	—
Proceeds from long-term borrowing	50	26,636
Repayment of long-term borrowing	-2,153	-26,344
Redemption of corporate bonds	-200	—
Purchase of treasury stock	-0	-0
Dividends paid	-2,476	-3,070
Dividends paid to non-controlling interests	-6	-6
Other	-0	-1
Cash flow from financing activities	19,538	-2,784
Translation adjustments on cash and cash equivalents	-2,254	-1,177
Increase/decrease(-) in cash and cash equivalents	-7,228	-11,371
Cash and cash equivalents at beginning of period	53,652	69,593
Increase in cash and cash equivalents from stock swaps	757	—
Cash and cash equivalents at end of quarter	47,182	58,221

(4) Notes on quarterly consolidated financial statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholder Equity

Not applicable

Significant changes in consolidated subsidiaries during the period under review

Not applicable

Application of special accounting methods in the preparation of quarterly consolidated financial statements

Not applicable

Changes in accounting policies or accounting-based estimates

Not applicable

Additional information

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

“Implementation Guidance on Recoverability of Deferred Tax Assets” (March 28, 2016 Accounting Standards Board of Japan Guidance No. 26) is being applied from this first quarter.

Segment and other Information

[Segment Information]

□. Previous consolidated cumulative first quarter (from March 1, 2016 to May 31, 2016)

1. Information pursuant to amounts of sales and profits or losses by each reporting segment

(Unit: Million yen)

	Japan	China	ASEAN	Total	Adjustments (see Note 1)	Amount booked in quarterly consolidated Income Statement (see Note 2)
Operating revenue						
Operating revenue to external customers	60,573	4,960	1,450	66,983	—	66,983
Internal operating revenue or amounts transferred between segments	—	—	—	—	—	—
Total	60,573	4,960	1,450	66,983	—	66,983
Segment profit or loss(-)	12,380	-970	-104	11,305	4	11,310

- (Notes)
1. Adjusted amounts of segment profit or loss(-) are adjustments for unrealized profits related to inter-segment transactions
 2. Segment profits or losses(-) have been adjusted to the operating income on the quarterly consolidated statement of income

2. Information pursuant to fixed asset impairment losses, goodwill and the like, by each reporting segment

Not applicable.

□. Consolidated Cumulative First Quarter under Review (from March 1, 2017 to May 31, 2017)

1. Information pursuant to amounts of sales and profits or losses by each reporting segment

(Unit: Million yen)

	Japan	China	ASEAN	Total	Adjustments (see Note 1)	Amount booked in quarterly consolidated Income Statement (see Note 2)
Operating revenue						
Operating revenue to external customers	63,596	5,534	1,964	71,095	—	71,095
Internal operating revenue or amounts transferred between segments	—	—	—	—	—	—
Total	63,596	5,534	1,964	71,095	—	71,095
Segment profit or loss(-)	12,261	-220	59	12,100	4	12,104

- (Notes)
1. Adjusted amounts of segment profit or loss(-) are adjustments for unrealized profits related to inter-segment transactions
 2. Segment profits or losses(-) have been adjusted to the operating income on the quarterly consolidated statement of income

2. Information pursuant to fixed asset impairment losses, goodwill and the like, by each reporting segment

Not applicable.

Important Subsequent Events

In accordance with a resolution made at a Board Meeting on June 12, 2017, the Company issued unsecured bonds on July 3, 2017, the main details of which are as follows:

Name of bond	Aeon Mall Co., Ltd Unsecured Bond Series 11 (with inter-bond pari passu clause)
Total value of bonds	15,000 million yen
Value of each bond	100 million yen
Coupon rate (%)	0.100%
Issue price	100 yen per 100 yen of the value of each bond
Date of issue	July 3, 2017
Redemption method and date of redemption	Single redemption payment on July 3, 2020
Details of collateral	There is no collateral or guarantee attached to these bonds, nor have any particular assets been reserved for them.
Use of funds	Policy is to partially allocate the funds to the redemption of commercial papers, the redemption of corporate bonds and the repayment of loans.

Name of bond	Aeon Mall Co., Ltd Unsecured Bond Series 12 (with inter-bond pari passu clause)
Total value of bonds	15,000 million yen
Value of each bond	100 milion yen
Coupon rate (%)	0.360%
Issue price	100 yen per 100 yen of the value of each bond
Date of issue	July 3, 2017
Redemption method and date of redemption	Single redemption payment on July 3, 2023
Details of collateral	There is no collateral or guarantee attached to these bonds, nor have any particular assets been reserved for them.
Use of funds	Policy is to partially allocate the funds to the redemption of commercial papers, the redemption of corporate bonds and the repayment of loans.

Name of bond	Aeon Mall Co., Ltd Unsecured Bond Series 13 (with inter-bond pari passu clause)
Total value of bonds	20,000 million yen
Value of each bond	100 million yen
Coupon rate (%)	0.600%
Issue price	100 yen per 100 yen of the value of each bond
Date of issue	July 3, 2017
Redemption method and date of redemption	Single redemption payment on July 2, 2027
Details of collateral	There is no collateral or guarantee attached to these bonds, nor have any particular assets been reserved for them.
Use of funds	Policy is to partially allocate the funds to the redemption of commercial papers, the redemption of corporate bonds and the repayment of loans.