



# Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending February 28, 2018 (Japanese GAAP)

January 10, 2018

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 Scheduled submission of statutory quarterly financial report January 12, 2018  
 Scheduled 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 Nine Months Ended November 30, 2017 (March 1, 2017 to November 30, 2017)

(1) Consolidated Operating Results (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 the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended November 30, 2017	211,797	6.8	33,256	11.2	32,988	9.4	19,676	18.7
November 30, 2016	198,403	18.3	29,893	0.2	30,153	7.3	16,572	10.9

(Note) Comprehensive income Nine months ended November 30, 2017 17,395 million yen (–%)  
 Nine months ended November 30, 2016 -14,622 million yen (–%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Nine months ended November 30, 2017	86.51	86.48
November 30, 2016	72.88	72.85

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended November 30, 2017	1,154,310	371,957	31.2
Year ended February 28, 2017	1,012,758	356,203	34.6

(Note) Equity Nine months ended November 30, 2017: 359,918 million yen Year ended February 28, 2017: 350,073 million yen

## 2. Dividends

	Annual dividend				
(Record date)	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2017	—	13.50	—	13.50	27.00
Year ending February 28, 2018	—	16.00	—		
Year ending February 28, 2018 (Projection)				16.00	32.00

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

## 3. Consolidated Earnings Projections for the Year Ending February 28, 2018 (March 1, 2017 to February 28, 2018)

(Percentage figures represent year-on-year changes.)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	295,000	9.3	50,000	11.3	48,500	4.5	29,500	3.4	129.71

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

[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, 2017:	227,428,989 shares	February 28, 2017:	227,414,699 shares
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[2] Treasury stock at period-end

November 30, 2017:	1,347 shares	February 28, 2017:	366 shares
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[3] Average number of shares issued (cumulative three quarters)

Ended November 30, 2017:	227,419,604 shares	Ended November 30, 2016:	227,389,363 shares
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\* The quarterly consolidated financial statements are excluded from quarterly review procedures based on the Financial Instruments and Exchange 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) Commentary on the Consolidated Forecast of Results and Other Forward-Looking Information” under “1. Qualitative Information on Quarterly Consolidated Operating Results,” on page 8 of the Accompanying Materials for the assumptions of the earnings projections and points to note in the use of earnings projections.

(Procedure for obtaining supplementary information on financial results)

The Company is scheduled to hold a financial briefing for institutional investors and analysts on January 11, 2018. The materials handed out at this briefing will be posted on the Company’s web page on January 10, 2018, and the audio recording will be made available on the Company’s web page as soon as possible after the briefing.

## Accompanying Materials — Contents

1. Qualitative Information on Quarterly Consolidated Operating Results	
(1) Commentary on Operating Results .....	2
(2) Commentary on Financial Position .....	8
(3) Commentary on the Consolidated Forecast of Results and Other Forward-Looking Information .....	8
2. Quarterly Consolidated Financial Statements	
(1) Quarterly Consolidated Balance Sheet .....	9
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income ....	11
Quarterly Consolidated Statement of Income	
For the nine months ended November 30, 2016 and November 30, 2017 .....	11
Quarterly Consolidated Statement of Comprehensive Income	
For the nine months ended November 30, 2016 and November 30, 2017 .....	12
(3) Quarterly Consolidated Statement of Cash Flows .....	13
(4) Notes on Quarterly Consolidated Financial Statements	
Notes on the going concern assumption .....	14
Notes on significant changes in shareholders' equity .....	14
Changes in major consolidated subsidiaries during the period under review .....	14
Additional information .....	14
Segment information, etc. ....	14
Significant subsequent events .....	15

# 1. Qualitative Information on Quarterly Financial Results

## (1) Commentary on Operating Results

The Company has drawn up a Medium-Term Management Plan (FY2017 – FY2019), with the fiscal year ending February 28, 2018 (FY2017) as the first year, and is working both to revamp its existing business models and establish new growth business models. The Company will achieve sustained growth and improved profitability through five growth initiatives, specifically (1) capturing Asian growth opportunities, (2) development of latent sources of domestic demand, (3) becoming the overwhelmingly dominant mall in each region, (4) capturing urban growth opportunities, and (5) implementation of the optimal financing mix and organizational structures to support growth.

For the nine months ended November 30, 2017, operating revenue was ¥211,797 million (+6.8% year on year).

Although operating costs totaled ¥158,048 million (+6.0% year on year) due to expansion of the scale of business, gross profit was ¥53,748 million (+9.1% year on year). Selling, general and administrative expenses were ¥20,492 million (+5.9% year on year), and operating income increased to ¥33,256 million (+11.2% year on year).

As a result of a ¥527 million decrease in non-operating income compared with the same period of the previous year, ordinary income was ¥32,988 million (+9.4% year on year) and income before income taxes and non-controlling interests was ¥30,146 million (+9.5% year on year).

Net income attributable to owners of the parent was ¥19,676 million (+18.7% year on year) due to a lower effective tax rate associated with a corporate tax rate reduction in the fiscal 2016 tax revisions, among other factors.

Consolidated earnings and earnings by segment for the nine months ended November 30, 2017 were as follows:

### ◆ Consolidated Earnings (Million yen)

	Nine months ended November 30, 2016	Nine months ended November 30, 2017	Change [Year on year]
Operating revenue	198,403	211,797	+13,393 [+6.8%]
Operating income	29,893	33,256	+3,362 [+11.2%]
Ordinary income	30,153	32,988	+2,834 [+9.4%]
Net income attributable to owners of the parent	16,572	19,676	+3,103 [+18.7%]

### ◆ Earnings by Segment (Million yen)

		Operating Revenue			Segment Profit (Loss)		
		Nine months ended November 30, 2016	Nine months ended November 30, 2017	Change [Year on year]	Nine months ended November 30, 2016	Nine months ended November 30, 2017	Change [Year on year]
Japan		179,744	189,237	+9,492 [+5.3%]	32,837	34,188	+1,350 [+4.1%]
	China	13,792	16,581	+2,788 [+20.2%]	(2,676)	(1,115)	+1,561 [+]
	ASEAN	4,866	5,978	+1,112 [+22.9%]	(281)	169	+450 [+]
Overseas		18,659	22,559	+3,900 [+20.9%]	(2,957)	(946)	+2,011 [+]
Reconciliations		—	—	— [—]	14	14	— [0.0%]
Total		198,403	211,797	+13,393 [+6.8%]	29,893	33,256	+3,362 [+11.2%]

(i) Overseas (China, ASEAN)

The Company enjoyed increased branding advantages from area-dominant store openings in China and the ASEAN region, resulting in growth in operating revenue to ¥22,559 million (+20.9% year on year), and operating loss totaled ¥946 million (compared with operating loss of ¥2,957 million in the same period of the previous year). Profits from overseas business are improving at an accelerated rate, with an improvement of ¥2,011 million in segment loss during the nine months ended November 30, 2017 (compared with an improvement of ¥1,662 million for the full year ended February 28, 2017), and a turn to profitability is within range.

◆ Capturing Asian Growth Opportunities

(China)

Operating revenue was ¥16,581 million (+20.2% year on year) with an operating loss of ¥1,115 million (compared with operating loss of ¥2,676 million in the same period of the previous year).

During the nine months ended November 30, 2017, eight of the 13 malls\* in China become profitable. Operating loss improved by ¥1,561 million compared with the same period of the previous year.

The Company is conducting area-dominant store openings in China, mainly in the four areas of Beijing/Tianjin, Jiangsu/Zhejiang, Hubei and Guangdong. The effects of these store openings have increased the brand power of the Company's malls, raising their ability to attract customers. This in turn is allowing the Company to enjoy branding advantages including the ability to attract quality tenants and enter into leasing agreements on more favorable terms.

As for new malls, the Company opened Aeon Mall Tianjin Jinnan (Jinnan, Tianjin City), its fourth mall in Tianjin City, in October 2017.

Under the Medium-Term Management Plan (FY2017 – FY2019), the Company plans to open nine new malls in China.

(ASEAN)

Operating revenue was ¥5,978 million (+22.9% year on year) and operating income was ¥169 million (compared with operating loss of ¥281 million in the same period of the previous year).

During the nine months ended November 30, 2017, five of the six malls\* in the ASEAN region become profitable. Profit improved by ¥450 million compared with the same period of the previous year.

Under the Medium-Term Management Plan (FY2017 – FY2019), the Company plans to open six new malls in the ASEAN region.

In Indonesia, the Company opened Aeon Mall Jakarta Garden City (East Jakarta City), its second mall in the country, in September 2017. The mall has expanded entertainment functions, with the country's largest Ferris wheel installed on the rooftop as well as complete amusement facilities that include a skating rink, cinema and an amusement space for kids, together with the number-one dining space in the East Jakarta area, with more than 100 restaurants.

In Vietnam, the Hanoi People's Committee and Aeon Co., Ltd. entered into a "Comprehensive Memorandum of Understanding regarding Investment and Business Promotion in Hanoi City" in June 2017 (hereafter, the "Memorandum of Understanding"). In accordance with the Memorandum of Understanding, the Company will conduct development of large-scale shopping malls in Hanoi City, including Aeon Mall Ha Dong (Hanoi City), the Company's second mall in Hanoi, which is scheduled to open in 2019, and will also be proactively involved in the development of new properties in Ho Chi Minh City.

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, the Company plans to open a second mall, Aeon Mall Sen Sok City (Phnom Penh City), in fiscal 2018. Preparations for the opening are ongoing, with leasing progressing in line with the plan.

\* Malls open as of February 28, 2017.

#### New Business Locations (Malls) Overseas during the Nine Months Ended November 30, 2017

	Name	Location	Opening date (Note)	Number of tenants	Total rentable area (m <sup>2</sup> )
China	Aeon Mall Tianjin Jinnan	Jinnan, Tianjin City	October 2017	210	70,000
Indonesia	Aeon Mall Jakarta Garden City	East Jakarta City	September 2017	220	63,000

Note: The fiscal year of the opening date is the fiscal year in Japan. The accounting period for companies outside Japan is the year ending December 31.

#### New Business Locations (Malls) Opening Overseas during the Fourth Quarter

	Name	Location	Opening date (Note)
China	Aeon Mall Nantong Xinghu	Nantong City, Jiangsu	December 2017
	Aeon Mall Wuhan Jinqiao	Wuhan City, Hubei	December 2017
	Aeon Mall Foshan Dali	Foshan City, Guangdong	December 2017

Note: The fiscal year of the opening date is the fiscal year in Japan. The accounting period for companies outside Japan is the year ending December 31.

#### (ii) Japan

Operating revenue was ¥189,237 million (+5.3% year on year) and operating income was ¥34,188 million (+4.1% year on year).

In the mall business, the Company expanded the sales floor area at two existing malls and conducted renewals at 12 existing malls. Due to these proactive expansions and renewals of existing malls, along with implementation of an “Aeon Black Friday” sale throughout the Aeon Group and execution of sales policies to attract new customer groups including senior citizens and to promote localization, customer drawing power increased, leading to year-on-year increases of 1.0% in customer traffic and 2.8% in specialty store sales at the 72 existing malls. In addition, the Company opened seven new malls (including two facilities in the OPA format) to expand its business locations.

#### ◆ Development of Latent Sources of Domestic Demand

To stimulate consumer demand in Japan, the Company held “Aeon Black Friday” at Aeon Malls nationwide for four days from November 23-26, 2017. Continuing from 2016, the Company held a campaign refunding 20% of WAON Points used, in addition to offering high-priced brand products, home appliances, fashion items and other deals. Results during the period were favorable, with year-on-year increases of 6.7% in customer traffic and 9.6% in sales.

The Aeon Group has been strengthening its “Health and Wellness” initiatives to contribute to rich and varied lifestyles for its customers with healthy bodies and minds. The Company is rolling out “Happiness Mall” initiatives at each mall to establish a place for area residents to meet and interact. In November 2017, the Company held “Opera de Aeon Mall: Enjoying Opera,” a cultural event that makes use of the mall’s cinema complex, at Aeon Mall Nagakute (Aichi Prefecture) and Aeon Mall Tokoname (Aichi Prefecture) in cooperation with The Japan Opera Foundation. During the period from October 2017 to February 2018, the Company is presenting “Opera de Aeon Mall” opera concerts at 10 malls in and around the Kanto area. At Aeon Mall Tokoname, the Company also presented “Tokoname Comedy Expo 2017 in Chita Peninsula,” an initiative of the “Chita Cat Project” launched by Aeon Mall Tokoname, Tokoname City and Chubu Centrair International Airport to revitalize the Chita Peninsula region. By expanding its “Happiness Mall” initiatives to also include “Mall Walking,” which is held in the safety of indoor mall premises irrespective of weather, and genuine cultural events such as variety shows and photography exhibitions, the Company intends to enhance its customer drawing power by expanding the target age group to include senior citizens in addition to its usual main target group of families.

To help preserve the global environment and achieve a sustainable society, the Company has been promoting the installation of charging stations for electric vehicles. The Company plans to complete installation at all of its 143 malls<sup>1</sup> in Japan by the end of the current fiscal year, and has announced that it will be the first Japanese company to participate in EV100.<sup>2</sup> Going forward, the Company will promote community development in harmony with nature by introducing new technologies to minimize environmental load, including the installation of electric vehicle charging stations, and developing mechanisms to protect local ecosystems.

For regional development and contribution together with communities, the Company is promoting the creation of new retail formats that convey a region’s appeal both inside and outside the local community and contribute to the vitalization of the local economy. The Company has created “THE OUTLETS,” a retail space for community origination with a new format unlike its previous retail spaces, and will open its first such space, THE OUTLETS

HIROSHIMA (Hiroshima Prefecture), in spring 2018. The Company is preparing for the opening with the aim of creating a facility capable of attracting customers from a broad area, targeting tourists from other parts of Japan and overseas in addition to people in Hiroshima Prefecture as a retail space that can contribute to improving Hiroshima's appeal under the concept of cross-fertilizing the elements of a full-fledged outlet, entertainment facilities and harmony with the local community.

With these retail spaces, the Company will address the needs of a broad range of customer age groups and regional characteristics, attract new customer groups and unearth potential demand as it works to create new demand in Japan.

Notes: 1. Excludes some malls under property management (building management and operation consigned by the owner).

2. An initiative to promote electric vehicles. Its launch was announced by The Climate Group, an international environmental non-governmental organization working to reduce greenhouse gas emissions, during Climate Week NYC, held from September 18-24, 2017 in New York. EV100 is an international business initiative for corporate promotion of the use of electric vehicles and environmental improvement. The Company has been an official member since November 10, 2017.

#### ◆ Becoming the Overwhelmingly Dominant Mall in Each Region

Amid an accelerating weeding out process among retail facilities, the Company will enhance its competitive advantages in the domestic mall market by increasing the number of dominant regional malls that command the highest customer support in any given area.

Under the Medium-Term Management Plan (FY2017 – FY2019), the Company plans to open 11 new malls, expand floor space at eight malls, and conduct renewals at 35 malls.

The Company is proactively conducting floor space expansions and renewals at existing malls. During the nine months ended November 30, 2017, the Company opened a newly expanded cinema complex at Aeon Mall Tokoname (Aichi Prefecture) in July and expanded floor space at Aeon Mall Kofu Showa (Yamanashi Prefecture) in November 2017.

At Aeon Mall Kofu Showa, the Company built a new wing that connects with the existing building in a site located on its south side that had been used as a parking lot, and also renewed 146 stores, or approximately 80% of the entire mall, in the existing building. As a result, the mall has a total rentable area of 70,000 m<sup>2</sup> (an increase of 22,000 m<sup>2</sup>) and 180 specialty stores (an increase of 50 stores), and will establish a position as the overwhelmingly dominant mall in its region.

In addition, the Company conducted renewals at 12 malls (excluding floor space expansions at 2 malls) during the nine months ended November 30, 2017. Specialty store sales were firm at the 33 existing malls where floor space expansions or renewals were conducted in the previous fiscal year and during the nine months ended November 30, 2017, increasing 5.4% compared with the same period of the previous year.

Malls Renewed during the Nine Months Ended November 30, 2017

Name	Location	Date reopened	Number of tenants	Number of new tenants (A) (Note 1)	Relocated/ remodeled (B)	Number of renewal tenants (A) + (B)
Aeon Mall Kisogawa	Aichi	March 3	170	23 (5)	64	87
		June 9		9 (1)	9	18
Aeon Mall Hamamatsu Shitoro	Shizuoka	March 17	160	26 (13)	34	60
Aeon Mall Niihama	Ehime	March 17	120	5 (4)	27	32
		July 25		6 (2)	9	15
Aeon Mall Yamato	Kanagawa	March 18	90	13 (7)	25	38
Aeon Mall Kawaguchi Maekawa	Saitama	March 24	170	5 (1)	10	15
Aeon Mall Rinku Sennan	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
		July 14		13 (10)	22	35
Aeon Mall Tokoname (Note 2)	Aichi	July 12	180	1 (0)	—	1
Aeon Mall Omuta	Fukuoka	July 14	130	7 (5)	9	16
Aeon Mall Tamadaira-no-mori	Tokyo	October 19	130	14 (1)	13	27
Aeon Mall Kurashiki	Okayama	November 17	240	39 (12)	53	102
Aeon Mall Kofu Showa (Note 3)	Yamanashi	November 23	180	82 (55)	64	146
Aeon Mall Suzuka	Mie	November 23	180	23 (16)	39	62

- Notes: 1. Numbers in parentheses indicate the number of new tenants opening a shop in that Prefecture for the first time.
2. At Aeon Mall Tokoname, the Company expanded the floor space of the cinema complex and opened it as Aeon Cinema Tokoname.
3. Aeon Mall Kofu Showa conducted a floor space expansion and renewal.

New Business Locations (Malls) in Japan during the Nine Months Ended November 30, 2017

Name	Location	Date opened	Number of tenants	Total rentable area (m <sup>2</sup> )
Aeon Mall Shin Komatsu	Ishikawa	March 2017	160	63,000
Aeon SENRITO Specialty Hall	Osaka	April 2017	35	9,100
Aeon Mall Tokushima	Tokushima	April 2017	160	50,000
Aeon Mall Kobe Minami	Hyogo	September 2017	130	39,000
Aeon Mall Matsumoto	Nagano	September 2017	170	49,000



#### ◆ Capturing Urban Growth Opportunities

OPA Co., Ltd., a developer of urban fashion buildings, opened Mito OPA (Ibaraki Prefecture), its first new facility in four years, in March 2017 and Takasaki OPA (Gunma Prefecture), the flagship for the reborn OPA, as well as the renewed Akita OPA (Akita Prefecture) in October 2017.

Takasaki OPA is an urban commercial facility directly connected to the West Exit of JR Takasaki Station, which is a terminal station for the Joetsu and Hokuriku (Nagano) Shinkansen lines and multiple conventional railroad lines. It opened as a fashion building that offers a sophisticated lifestyle with a collection of prestigious boutiques carrying a wide selection of fashionable goods, and restaurants and cafés with specialty menus.

Akita OPA was reopened after a renewal equivalent to new construction that reused most of the building of Akita FORUS, which closed in February 2017, with seismic retrofitting that substantially improved earthquake resistance. In addition to introducing highly trend-conscious brand shops, the facility will cooperate with the local government to revitalize the area around Akita Station as a landmark where locals gather.

New Business Locations (Fashion Buildings) in Japan during the Nine Months Ended November 30, 2017

Name	Location	Date opened	Number of tenants	Total rentable area (m <sup>2</sup> )
Mito OPA	Ibaraki	March 2017	61	12,500
Takasaki OPA	Gunma	October 2017	160	26,000

The Company intends to maximize synergy with OPA Co., Ltd. by integrating its expertise in the mall business in areas such as improving profitability through new openings and renewals, including scrap and build measures at existing facilities.

## **(2) Commentary on Financial Position**

### **i) Assets, Liabilities and Equity**

#### **Assets**

Total assets were ¥1,154,310 million, up ¥141,551 million from February 28, 2017. This was mainly due to acquisition of property, plant and equipment totaling ¥178,152 million for the opening of new malls, acquisition of land for development and other purposes, which offset ¥11,000 million in deposit paid in subsidiaries and affiliates (included in “Other current assets”) and a decrease of ¥28,738 million in fixed assets due to depreciation, among other factors.

#### **Liabilities**

Total liabilities were ¥782,352 million, up ¥125,797 million from February 28, 2017. This was mainly due to an increase of ¥47,949 million in accounts payable related to equipment associated with new mall openings and other factors (included in “Other current liabilities”) and net increases of ¥40,000 million in corporate bonds (included in “Current portion of corporate bonds”) and ¥11,000 million in short-term bank loans, which offset a ¥5,320 million decrease in income taxes payable, among other factors.

#### **Equity**

Total equity was ¥371,957 million, up ¥15,754 million from February 28, 2017. This was mainly due to an increase in retained earnings from recording ¥19,676 million in net income attributable to owners of the parent, which offset a decrease of ¥2,113 million in foreign currency translation adjustments, among other factors.

### **ii) Cash Flows**

Cash and cash equivalents (“cash”) as of November 30, 2017 totaled ¥50,551 million, down ¥19,041 million from February 28, 2017.

Cash flows were as follows.

#### **Cash flows from operating activities**

Net cash provided by operating activities was ¥55,901 million (compared with ¥49,971 million in the first three quarters of the previous fiscal year). The main factors providing cash were income before income taxes and non-controlling interests of ¥30,146 million (¥27,530 million in the same period a year earlier), depreciation and amortization of ¥28,738 million (¥28,482 million in the same period a year earlier) and an increase in deposits received from specialty stores of ¥19,950 million (¥16,318 million in the same period a year earlier), while factors that used cash included income taxes paid of ¥15,883 million (¥19,786 million in the same period a year earlier).

#### **Cash flows from investing activities**

Net cash used in investing activities was ¥131,876 million (compared with ¥123,070 million in the first three quarters of the previous fiscal year). The main factors that used cash were purchases of property, plant and equipment totaling ¥137,025 million (¥119,755 million in the same period a year earlier) for purchase of the land and building (trust beneficiary rights) for Aeon Mall Hiroshima Fuchu (Hiroshima Prefecture), payments for equipment at Aeon Mall Nagakute (Aichi Prefecture), which opened during the previous fiscal year, and at Aeon Mall Tokushima (Tokushima Prefecture), which opened during the nine months ended November 30, 2017, and acquisition of land for development, among other purposes, while factors providing cash included proceeds from lease deposits from lessees of ¥12,516 million (¥11,169 million in the same period a year earlier).

#### **Cash flows from financing activities**

Net cash provided by financing activities was ¥56,788 million (compared with ¥75,050 million in the first three quarters of the previous fiscal year). The main factors providing cash were proceeds from issuance of corporate bonds totaling ¥50,000 million (¥35,000 million in the same period a year earlier) and proceeds from long-term debt totaling ¥40,523 million (¥25,762 million in the same period a year earlier), while factors that used cash included repayment of long-term debt totaling ¥32,852 million (¥27,128 million in the same period a year earlier), repayment of corporate bonds totaling ¥10,000 million (¥200 million in the same period a year earlier) and dividends paid totaling ¥6,708 million (¥5,546 million in the same period a year earlier).

## **(3) Commentary on the Consolidated Forecast of Results and Other Forward-Looking Information**

The consolidated forecast of results for the year ending February 28, 2018 is unchanged from the forecast announced on April 12, 2017.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of February 28, 2017	As of November 30, 2017
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	59,921	52,579
Notes and accounts receivable—trade	5,850	5,537
Other current assets	44,597	49,503
Allowance for doubtful receivables	(23)	(23)
Total current assets	110,346	107,596
<b>Fixed assets:</b>		
<b>Property, plant and equipment:</b>		
Building and structures, net	498,219	586,999
Land	201,052	240,943
Other, net	62,965	83,965
Total property, plant and equipment	762,237	911,909
<b>Intangible assets:</b>	4,077	3,914
<b>Investments and other assets:</b>		
Lease deposits to lessors	55,467	51,588
Other	81,855	79,338
Allowance for doubtful receivables	(1,226)	(37)
Total investments and other assets	136,096	130,890
Total fixed assets	902,412	1,046,713
<b>Total assets</b>	<b>1,012,758</b>	<b>1,154,310</b>

(Million yen)

	As of February 28, 2017	As of November 30, 2017
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable—trade	15,155	17,688
Short-term bank loans	—	11,000
Current portion of corporate bonds	10,000	—
Current portion of long-term debt	52,563	45,282
Income taxes payable	7,897	2,576
Deposits received from specialty stores	35,483	55,417
Allowance for employee bonus	1,393	1,877
Allowance for director and auditor performance-based remuneration	75	79
Provision for store closing expenses	928	1,054
Other current liabilities	88,620	132,208
<b>Total current liabilities</b>	<b>212,117</b>	<b>267,183</b>
<b>Long-term liabilities:</b>		
Corporate bonds	120,000	170,000
Long-term debt	177,728	192,526
Liability for retirement benefits	998	898
Asset retirement obligations	11,489	11,732
Lease deposits from lessees	130,096	135,329
Other long-term liabilities	4,123	4,681
<b>Total long-term liabilities</b>	<b>444,437</b>	<b>515,168</b>
<b>Total liabilities</b>	<b>656,555</b>	<b>782,352</b>
<b>Equity</b>		
<b>Shareholders' equity:</b>		
Common stock	42,256	42,270
Capital surplus	42,030	40,554
Retained earnings	257,643	270,611
Treasury stock, at cost	(0)	(1)
<b>Total shareholders' equity</b>	<b>341,930</b>	<b>353,434</b>
<b>Accumulated other comprehensive income:</b>		
Net unrealized gain on available-for-sale securities	1,165	1,546
Foreign currency translation adjustments	7,858	5,744
Defined retirement benefit plans	(881)	(807)
<b>Total accumulated other comprehensive income</b>	<b>8,142</b>	<b>6,483</b>
<b>Stock acquisition rights</b>	<b>135</b>	<b>143</b>
<b>Non-controlling interests</b>	<b>5,994</b>	<b>11,895</b>
<b>Total equity</b>	<b>356,203</b>	<b>371,957</b>
<b>Total liabilities and equity</b>	<b>1,012,758</b>	<b>1,154,310</b>

**(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**(Quarterly Consolidated Statement of Income)**  
**(For the nine months ended November 30, 2016 and November 30, 2017)**

(Million yen)

	Nine months ended	November 30, 2016	November 30, 2017
<b>Operating revenue</b>		198,403	211,797
<b>Operating costs</b>		149,152	158,048
<b>Gross profit</b>		49,250	53,748
<b>Selling, general and administrative expenses</b>		19,356	20,492
<b>Operating income</b>		29,893	33,256
<b>Non-operating income:</b>			
Interest income		269	481
Compensation paid by departing tenants		1,112	874
Gain on valuation of derivatives		—	73
Foreign exchange gains		445	—
Subsidy income		796	828
Other non-operating income		371	499
<b>Total non-operating income</b>		2,995	2,757
<b>Non-operating expenses:</b>			
Interest expenses		1,818	1,972
Loss on valuation of derivatives		381	—
Foreign exchange losses		—	305
Other non-operating expenses		535	747
<b>Total non-operating expenses</b>		2,735	3,026
<b>Ordinary income</b>		30,153	32,988
<b>Extraordinary gains:</b>			
Gain on sales of fixed assets		41	8
Compensation received		—	616
Other extraordinary gains		—	25
<b>Total extraordinary gains</b>		41	650
<b>Extraordinary losses:</b>			
Loss on sales of fixed assets		5	13
Loss on retirement of fixed assets		1,315	758
Impairment loss		309	888
Provision for store closing expenses		343	442
Provision for doubtful accounts		675	—
Loss on lease cancellation		—	948
<b>Other extraordinary losses</b>		15	440
<b>Total extraordinary losses</b>		2,664	3,491
<b>Income before income taxes and non-controlling interests</b>		27,530	30,146
<b>Income taxes:</b>			
—Current		10,675	10,570
—Deferred		96	90
<b>Total income taxes</b>		10,771	10,661
<b>Net income</b>		16,758	19,485
<b>Net income (loss) attributable to non-controlling interests</b>		185	(191)
<b>Net income attributable to owners of the parent</b>		16,572	19,676

**(Quarterly Consolidated Statement of Comprehensive Income)**  
**(For the nine months ended November 30, 2016 and November 30, 2017)**

(Million yen)

	Nine months ended	November 30, 2016	November 30, 2017
<b>Net income</b>		16,758	19,485
<b>Other comprehensive income (loss):</b>			
Net unrealized gain on available-for-sale securities		23	380
Foreign currency translation adjustments		(31,422)	(2,544)
Defined retirement benefit plans		18	74
Total other comprehensive income (loss)		(31,380)	(2,089)
<b>Comprehensive income (loss)</b>		(14,622)	17,395
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the parent		(14,158)	18,017
Non-controlling interests		(463)	(621)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Million yen)

	Nine months ended	November 30, 2016	November 30, 2017
<b>Cash flows from operating activities:</b>			
Income before income taxes and non-controlling interests	27,530	30,146	
Depreciation and amortization	28,482	28,738	
Impairment loss	309	888	
Increase (decrease) in provision for store closing expenses	(841)	125	
Interest and dividend income	(300)	(512)	
Interest expenses	1,818	1,972	
Decrease (increase) in receivables — trade accounts	192	373	
Increase (decrease) in payables — trade accounts	1,792	2,372	
Increase (decrease) in deposits received from specialty stores	16,318	19,950	
Other, net	(3,884)	(10,660)	
Subtotal	71,417	73,395	
Interest and dividends received	209	470	
Interest paid	(1,869)	(2,079)	
Income taxes paid	(19,786)	(15,883)	
<b>Net cash provided by (used in) operating activities</b>	<b>49,971</b>	<b>55,901</b>	
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(119,755)	(137,025)	
Proceeds from sales of property, plant and equipment	559	57	
Payment of lease deposits to lessors	(2,656)	(291)	
Reimbursement of lease deposits to lessors	1,821	4,612	
Repayment of lease deposits from lessees	(10,956)	(7,415)	
Proceeds from lease deposits from lessees	11,169	12,516	
Other payments	(3,665)	(5,521)	
Other proceeds	412	1,191	
<b>Net cash provided by (used in) investing activities</b>	<b>(123,070)</b>	<b>(131,876)</b>	
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term bank loans and commercial paper	47,476	11,000	
Proceeds from long-term debt	25,762	40,523	
Repayment of long-term debt	(27,128)	(32,852)	
Proceeds from issuance of corporate bonds	35,000	50,000	
Repayment of corporate bonds	(200)	(10,000)	
Proceeds from issuance of subsidiaries' stock to non-controlling interests	—	5,039	
Purchase of treasury stock	(0)	(1)	
Dividends paid	(5,546)	(6,708)	
Dividends paid to non-controlling interests	(6)	(6)	
Other	(306)	(206)	
<b>Net cash provided by (used in) financing activities</b>	<b>75,050</b>	<b>56,788</b>	
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>(7,498)</b>	<b>144</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,546)</b>	<b>(19,041)</b>	
<b>Cash and cash equivalents at beginning of the period</b>	<b>53,652</b>	<b>69,593</b>	
<b>Increase in cash and cash equivalents from stock swaps</b>	<b>757</b>	<b>—</b>	
<b>Cash and cash equivalents at end of the period</b>	<b>48,864</b>	<b>50,551</b>	

#### (4) Notes on Quarterly Consolidated Financial Statements

##### Notes on the going concern assumption

Not applicable

##### Notes on significant changes in shareholders' equity

Not applicable

##### Changes in major consolidated subsidiaries during the period under review

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) has been applied from the first consolidated quarter of this financial year.

##### Segment information, etc.

[Segment information]

##### I. Nine months ended November 30, 2016 (March 1, 2016 to November 30, 2016)

##### 1. Information on revenues, profit and loss of each reporting segment

(Million yen)

	Japan	China	ASEAN	Total	Reconciliations (Note 1)	Amount on Quarterly Consolidated Statements of Income (Note 2)
Revenues:						
Revenues to external customers	179,744	13,792	4,866	198,403	—	198,403
Intersegment revenues or transfers	—	—	—	—	—	—
Total	179,744	13,792	4,866	198,403	—	198,403
Segment profit (loss)	32,837	(2,676)	(281)	29,879	14	29,893

Notes: 1. The reconciliation of segment profit or loss is the reconciliation of unrealized gains on intersegment trades.

2. The calculation of the segment profit or loss is based on the operating income in the consolidated statement of income.

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

(Significant impairment loss on fixed assets)

In the "Japan" segment, an impairment loss was recognized for an asset group of malls that are expected to close. The amount of this impairment loss recognized for the nine months ended November 30, 2016 was ¥309 million.

##### II. Nine months ended November 30, 2017 (March 1, 2017 to November 30, 2017)

##### 1. Information on revenues, profit and loss of each reporting segment

(Million yen)

	Japan	China	ASEAN	Total	Reconciliations (Note 1)	Amount on Quarterly Consolidated Statements of Income (Note 2)
Revenues:						
Revenues to external customers	189,237	16,581	5,978	211,797	—	211,797
Intersegment revenues or transfers	—	—	—	—	—	—
Total	189,237	16,581	5,978	211,797	—	211,797
Segment profit (loss)	34,188	(1,115)	169	33,242	14	33,256

Notes: 1. The reconciliation of segment profit or loss is the reconciliation of unrealized gains on intersegment trades.

2. The calculation of the segment profit or loss is based on the operating income in the consolidated statement of income.



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

In the “Japan” segment, an impairment loss has been recognized for an asset group of malls that are expected to close and an asset group of malls for which profitability has markedly declined. The amount of this impairment loss recognized for the nine months ended November 30, 2017 was ¥888 million.

**Significant subsequent events**

Not applicable