Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended February 28, 2013

April 9, 2013

Company name	Aeon Mall Co., Ltd.	Listings	The First Section of the Tokyo Stock Exchange
Securities code	8905	URL	http://www.aeonmall.com/
Representative	Soichi Okazaki, President and CEO		
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Scheduled dates:

General shareholder's meeting	May 23, 2013
Commencement of dividend payments	May 7, 2013
Submission of statutory financial report	May 24, 2013
Supplementary documents for financial results	Yes
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 Year Ended February 28, 2013
(February 21, 2012 to February 28, 2013)

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

	Operating revenue		Operating income		Ordinary income		Net income	
Years ended	million yen	%	million yen	%	million yen	%	million yen	%
February 28, 2013	161,427	7.0	41,743	2.7	39,784	1.9	21,865	7.4
February 20, 2012	150,886	4.0	40,656	2.5	39,048	2.2	20,355	(9.0)

(Note) Comprehensive income Year ended February 2013 25,408 million yen (24.2%)
Year ended February 2012 20,453 million yen (—%)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income/ total assets	Operating income/ operating revenue
Years ended	yen	yen	%	%	%
February 28, 2013	120.70	120.65	10.7	6.8	25.9
February 20, 2012	112.37	112.33	11.0	7.4	26.9

(Note) Investment profit on equity method February 28, 2013: — million yen
February 20, 2012: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2013	630,887	217,776	34.1	1,187.14
February 20, 2012	543,761	194,474	35.6	1,069.25

(Note) Equity February 28, 2013: 215,046 million yen
February 20, 2012: 193,683 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
Years ended	million yen	million yen	million yen	million yen
February 28, 2013	63,226	(69,751)	35,493	39,292
February 20, 2012	23,248	(68,323)	25,889	8,440

2. Dividends

(Record date)	Dividend per share					Total dividend	Payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Annual			
Year ended	yen	yen	yen	yen	yen	Million yen	%	%
February 20, 2012	−	10.00	−	11.00	21.00	3,803	18.7	2.0
February 28, 2013	−	11.00	−	11.00	22.00	3,985	18.2	1.9
Year ending February 28, 2014 (Projection)	−	11.00	−	11.00	22.00		17.7	

3. Consolidated Earnings Projections for the Year Ending February 28, 2014 (March 1, 2013 to February 28, 2014)

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

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	87,000	12.9	20,000	5.8	19,000	7.0	10,700	13.8	59.06
Full year	180,000	11.5	43,000	3.0	41,000	3.1	22,500	2.9	124.20

* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): Not applicable

(2) 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

(Note) See “Important matters concerning the basis for preparing the consolidated financial statements” on page 16 for details.

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

[1] Number of shares issued at period-end (including treasury stock)
February 28, 2013: 181,156,907 shares February 20, 2012: 181,148,807 shares
[2] Treasury stock at period-end
February 28, 2013: 10,710 shares February 20, 2012: 10,270 shares
[3] Average number of shares issued
February 28, 2013: 181,139,860 shares February 20, 2012: 181,132,013 shares

(Note) See “Per-share information” on page 43 for the number of shares as the basics of the calculation of net income per share (consolidated).

* Disclosure on implementation of audit procedures

The audit procedures of financial statements as provided in the Financial Instruments and Exchange Law were in the process of being implemented as of the issue date of this report.

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

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 “(1) Analysis of Operating Results” under “1. Analysis of Operating Results and Financial Position” on page 2 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 April 10, 2013, and plans to upload the presentation materials distributed in this meeting on April 9, 2013 to its website.

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Accompanying Materials

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Overview of the consolidated fiscal year under review

During the fiscal year under review, the Aeon Mall Group opened two malls in Japan and one in China, and centralized the Aeon Group's marketing and development functions at the Company through the integration of redundant functions in the mall business of the Aeon Group to increase mall competitiveness by, for instance, launching promotional activities using more than 120 malls of the Aeon Group and strengthening ties with mall tenants. For further growth, we continued developing new properties in Japan and building the foundation for our mall business development in China and the ASEAN region.

The Group successfully absorbed the advance costs associated with these growth measures during the year and achieved increased revenues and profits, which resulted in record operating revenue, operating income, and ordinary income.

Domestic Businesses

Two new malls were opened: ÆON Mall Fukutsu (Fukuoka Prefecture), in April, and Shopping Center Soyoca Fujimino (Saitama Prefecture), which opened in June as a property management business. This makes 59 malls in Japan.

Among the existing malls, four were renewed and, in November, ÆON Mall Mito Uchihara (Ibaraki Prefecture) was expanded and reformed. We also took steps to attract customers using our brand power, including sales campaigns held uniformly at approximately 120 malls (the names of all mall-type shopping centers of the Aeon Group in Japan were unified to "ÆON Mall") across Japan. This resulted in an increase in both the number of visitors and sales at the existing 54 malls compared to the results of the previous fiscal year.

Overseas Businesses

In China, the third Aeon mall in China, ÆON Mall Tianjin TEDA (Tianjin), opened in April, and we continue to acquire new development projects.

In the ASEAN region, the groundbreaking ceremony of ÆON Mall Phnom Penh, the first Aeon mall in Cambodia, was held in December and the construction started for the opening in 2014. In Indonesia, ÆON Mall BSD (tentative name) will open in the city of Tangerang in the province of Banten (outskirts of Jakarta) in 2014, and in Vietnam, ÆON Mall Long Bien (Hanoi) will open in 2015.

Financial Status

Operating revenue for the year totaled 161,427 million yen (107.0% year on year). Operating cost amounted to 105,831 million yen (106.5% year on year) as a result of cost structure reform amid business expansion, and gross profit was 55,596 million yen (107.9% year on year).

While selling, general and administrative expenses rose to 13,852 million yen (127.4% year on year) due to an increase in overseas business locations for the accelerated expansion in China and ASEAN region and the advance cost of securing more development projects both in and outside Japan, operating income also increased to 41,743 million yen (102.7% year on year).

Ordinary income included non-operating profits of 958 million yen (69.3% year on year) and non-operating expenses of 2,918 million yen (97.6% year on year), which resulted in 39,784 million yen (101.9% year on year).

In extraordinary items, extraordinary gains decreased 1,982 million yen after the payment of 2,037 million yen for earthquake insurance in the previous fiscal year. Extraordinary losses decreased 3,256 million yen from the previous fiscal year, because 4,949 million yen was posted in the previous fiscal year, including 2,296 million yen in expenses for the reconstruction of buildings and structures damaged in the Great East Japan Earthquake and 1,761 million yen in the loss on adjustment for changes in the accounting standard for asset retirement obligations, despite extraordinary losses of 1,693 million yen, including 1,045 million yen (745 million yen in impairment losses and 300 million yen in the provision for store closing expenses) incurred for the closing of ÆON Mall Fujiidera, for which scrap and build are planned, in the fiscal year under review.

As a result, net income was 21,865 million yen (107.4% year on year).

Beginning the fiscal year under review, the Aeon Mall Group has moved the fiscal year end for the Company and domestic consolidated subsidiaries from February 20th to the last day of February.

2) Outlook for the Fiscal Year Ending February 28, 2014

In the fiscal year ending February 28, 2014, we will continue to work on increasing the domestic locations and earnings strength of the malls and will continue our efforts to build business bases in the new growth markets of China and ASEAN region. On April 1, 2013, we executed structural reform in preparation for the improvement of our marketing skills and accelerated openings of domestic and overseas shopping malls in the future.

As new domestic locations, five new malls are planned. New domestic malls include ÆON Mall Kasukabe (Saitama Prefecture) and ÆON Mall Tsukuba (Ibaraki Prefecture) opening in March, ÆON Mall Toin (Mie Prefecture) opening in the fall, and then in December, ÆON Mall Makuharishintoshin (Chiba Prefecture), which will be a flagship mall that harnesses all of the expertise of the Aeon Group. In our property management business, Kobe Harborland umie in Chuo-ku, Kobe, for which we are handling the property renewal and management operation under contract, will have its grand opening in April.

We will strive to increase the customer appeal and earnings of our malls by renewing 13 existing malls and undertaking promotional activities using the infrastructure of the Aeon Group, such as nationwide simultaneous campaigns and Aeon cards and the electronic money WAON.

In China, we will open two new malls, ÆON Mall Tianjin You Yi Nan Lu (Tianjin) (tentative name) and ÆON Mall Guangdong Qing He (Guangzhou), and seek the early opening of malls by executing plans and developing new properties. In the ASEAN region, too, we are working to open our first malls and develop new properties and start our new business development project in Myanmar.

In addition, we will establish a holding company in China that will centralize the functions of business investment and management (a holding company under Chinese law) and increase employment for our local subsidiaries in Cambodia, Indonesia, and Vietnam to strengthen the management system for business expansion.

As our consolidated financial forecast, we are projecting 180 billion yen in operating revenue, 43 billion yen in operating income, 41 billion yen in ordinary income, and 22.5 billion yen in net income for the year ending February 28, 2014.

New Malls in the Fiscal Year Ending February 28, 2014

	Name of Mall	Location	Opening Date
Japan	ÆON Mall Kasukabe	Saitama Prefecture	March 3013
	ÆON Mall Tsukuba	Ibaraki Prefecture	March 2013
	Kobe Harborland umie*	Hyogo Prefecture	April 2013
	ÆON Mall Toin	Mie Prefecture	Fall of 2013
	ÆON Mall Makuharishintoshin	Chiba Prefecture	December 2013
China	ÆON Mall Tianjin You Yi Nan Lu (tentative name)	Tianjin City	2013
	ÆON Mall Guangdong Qing He (tentative name)	Guangzhou City	2013

* Property under management contract

(2) Environmental Conservation and Social Contribution Activities

The Group considers harmony with the environment and local communities in its mall development activities to be a social responsibility and a contributing factor to sustainable growth of community shopping malls. Based on this recognition, we hold an ÆON Mall CSR (Corporate Social Responsibility) Meeting, which is chaired by the president, every month to develop social, environmental, and ethical policies for corporate activities, and to make quick decisions for managing the progress of CSR activities and resolving any issues.

The Group has been undertaking energy conservation activities such as photovoltaic power generation using solar panels (at 20 malls as of February 28, 2013), LED installation (at 34 malls as of February 28, 2013), and the use of high-efficiency lighting to help reduce CO2 emissions. We have also been installing charging stations for electric vehicle at 16 malls as of February 28, 2013 in the hope that our malls will play a role in the local social infrastructure in the future low-carbon society. We will install charging stations at 20 malls in the fiscal year ending February 28, 2014 and will continue in the fiscal year ending February 28, 2015 and beyond. We run the Aeon Hometown Forests Program when opening a new mall, in which we plant seedlings suited to the local area on the premises of the mall together with local residents, and strive to achieve zero emissions to protect local ecosystems around its shopping malls.

These activities have been recognized and Aeon Mall was selected as an advanced company in the Asian commercial facility category of the 2012 survey on real estate companies' environmental measures, conducted by

Global Real Estate Sustainability Benchmark (GRESB) for the purpose of raising the shareholder value of real estate companies and real estate funds.
GRESB was founded primarily by European pension fund group companies and supported by worldwide institutional investors (36 companies as of December 31, 2012, with total committed investment capital of 3,500 billion U.S. dollars) and international organizations, including major industrial associations in each country such as European Public Real Estate Association (EPRA), National Association of Real Estate Investment Trusts (NAREIT), and the Asia Pacific Real Estate Association (APREA), and the United Nations Principles for Responsible Investment (UNPRI). Aeon Mall was recognized particularly for the positive environmental effect it achieved through the reduction of its energy consumption and efforts undertaken together with the employees of our tenants.
We have also adopted a new construction method for malls opened in 2012 and thereafter that ensures higher earthquake resistance, improving their function as a reconstruction base in the event of disaster.
ÆON 1% Club, in which leading Aeon Group companies donate 1% of their pre-tax income for various activities in the spheres of environmental protection, international culture and people exchange, human resource development, and the promotion of local culture and communities, has been actively supporting the construction of schools and disaster recovery in the Asian region since 2001. As part of these efforts, we will continue fund-raising activities involving our customers and employees of our shopping mall tenants.
As part of the ASEAN University Students Environmental Forums held by ÆON 1% Club since 2010 for the purpose of developing friendship among university students from Japan and ASEAN countries, university students from Thailand, Vietnam, Indonesia, and Japan collaborated in a tree-planting program held at ÆON Mall Kusatsu in November 2012. This is an example of support activities that make use of our malls.

(3) Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets stood at 630,887 million yen, up 87,125 million yen from February 20, 2012.
This reflected the acquisition of property, plant and equipment of 57,397 million yen, mainly for the opening of new shopping malls and acquisition of land for future development, an increase of 24,711 million yen in cash and cash equivalents due mainly to the accelerated procurement of funds for capital investment, an increase of 13,490 million yen in long-term prepaid expenses mainly due to the purchase of land-use rights in China, an increase of 8,000 million yen in deposits to associated companies, and a decrease of 21,621 million yen in fixed assets due to depreciation.

Liabilities

Total liabilities stood at 413,110 million yen, up 63,822 million yen from February 20, 2012.
This increase primarily reflected a 27,689 million yen increase in long-term debt, including the current portion of long-term debt, 25,200 million yen increase in straight bonds, including bonds due within one year, a 12,330 million yen increase in deposits from tenants, and a 12,655 million yen net decrease in short-term borrowings and commercial paper.

Net assets

Net assets stood at 217,776 million yen, up 23,302 million yen from February 20, 2012. This reflected mainly an increase in retained earnings due to the 21,865 million yen in net income.

2) Cash Flows

Cash and cash equivalents (“cash”) as of February 28, 2013 amounted to 39,292 million yen, up 30,852 million yen from February 20, 2012.
Cash flows in the fiscal year under review were as follows:

Cash flows from operating activities

Net cash provided by operating activities was 63,226 million yen (compared with 23,248 million yen in the previous fiscal year).
The major contributors to this outcome were income before income taxes and minority interests of 38,325 million yen (compared with 36,316 million yen in the previous fiscal year), depreciation and amortization of 21,621 million yen (compared with 20,739 million yen in the previous fiscal year), an increase in deposits from tenants of 12,153 million yen (compared with 15,947 million yen decrease in the previous fiscal year), and income taxes paid of 15,270 million yen (compared with 19,377 million yen in the previous fiscal year).

Cash flows from investing activities

Net cash used in investing activities amounted to 69,751 million yen (compared with 68,323 million yen in the previous fiscal year).

Major contributors included the payment of 53,536 million yen (73,044 million yen in the previous fiscal year) for the purchase of property, plant and equipment associated with facilities at ÆON Mall Kurashiki (Okayama Prefecture), which reopened in the previous fiscal year, and ÆON Mall Fukutsu, which opened in the fiscal year under review, and the purchase of land for future development, as well as the payment of 14,424 million yen (944 million yen in the previous fiscal year) for the purchase of long-term prepaid expenses, such as land-use rights in China and ASEAN countries.

Cash flows from financing activities

Net cash provided by financing activities was 35,493 million yen (compared with 25,889 million in the previous fiscal year).

This was largely the result of proceeds from long-term debt of 54,934 million yen (39,200 million the previous fiscal year), proceeds from the issue of bonds of 25,000 million yen (no issue in the previous fiscal year), a net decrease of 12,655 million yen in short-term borrowings and commercial paper (a net increase of 12,455 million yen in the previous fiscal year), repayment of long-term debt of 29,457 million yen (22,135 million in the previous fiscal year), and 3,985 million yen used for dividends paid (3,622 million yen in the previous fiscal year).

(For reference) Changes in Cash Flow Indicators

	Fiscal year ended February 20, 2012	Fiscal year ended February 28, 2013
Equity ratio (%)	35.6	34.1
Equity ratio based on market capitalization (%)	61.3	66.0
Ratio of interest-bearing debt to cash flow (annual)	7.7	3.5
Interest coverage ratio (times)	8.5	23.6

Notes

Equity ratio: Equity/total assets

Equity ratio based on market capitalization: Market capitalization/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flow

Interest coverage ratio: Cash flow/interest payments

1. All indicators were calculated using consolidated financial data.
2. Interest-bearing debt consists of short-term debt, current portion of long-term debt, commercial paper, bonds and long-term debt, within liabilities shown on the Consolidated Balance Sheet.
3. Cash flow and interest payments are based on the corresponding items shown in the Consolidated Statements of Cash Flows.

(4) Basic Policy on Income Distribution, Dividends for Fiscal Years Ended February 28, 2013 and Ending February 28, 2014

Aeon Mall recognizes that returning profits to shareholders through the expansion of its earnings power is a key management priority. The Company's basic policy on income distribution emphasizes the maintenance of steady dividend payments to shareholders, while using retained earnings to invest in business structure enhancements, including investments in growth businesses, new businesses and other areas to strengthen the operating base. The Company targets an annual dividend payout ratio of 15%.

At a meeting held on April 9, 2013, the Board of Directors resolved to maintain the year-end dividend at 11 yen per share, as initially forecasted. As a result, the annual dividend for the fiscal year ended February 28, 2013, becomes 22 yen per share, in combination with an interim dividend of 11 yen per share.

The Company's basic policy is to issue dividends twice a year. Under the provisions of Article 459, Paragraph 1 of the Companies Act, the Company has stipulated in its Articles of Incorporation that a dividend may be paid from the surplus subject to resolution of the Board of Directors.

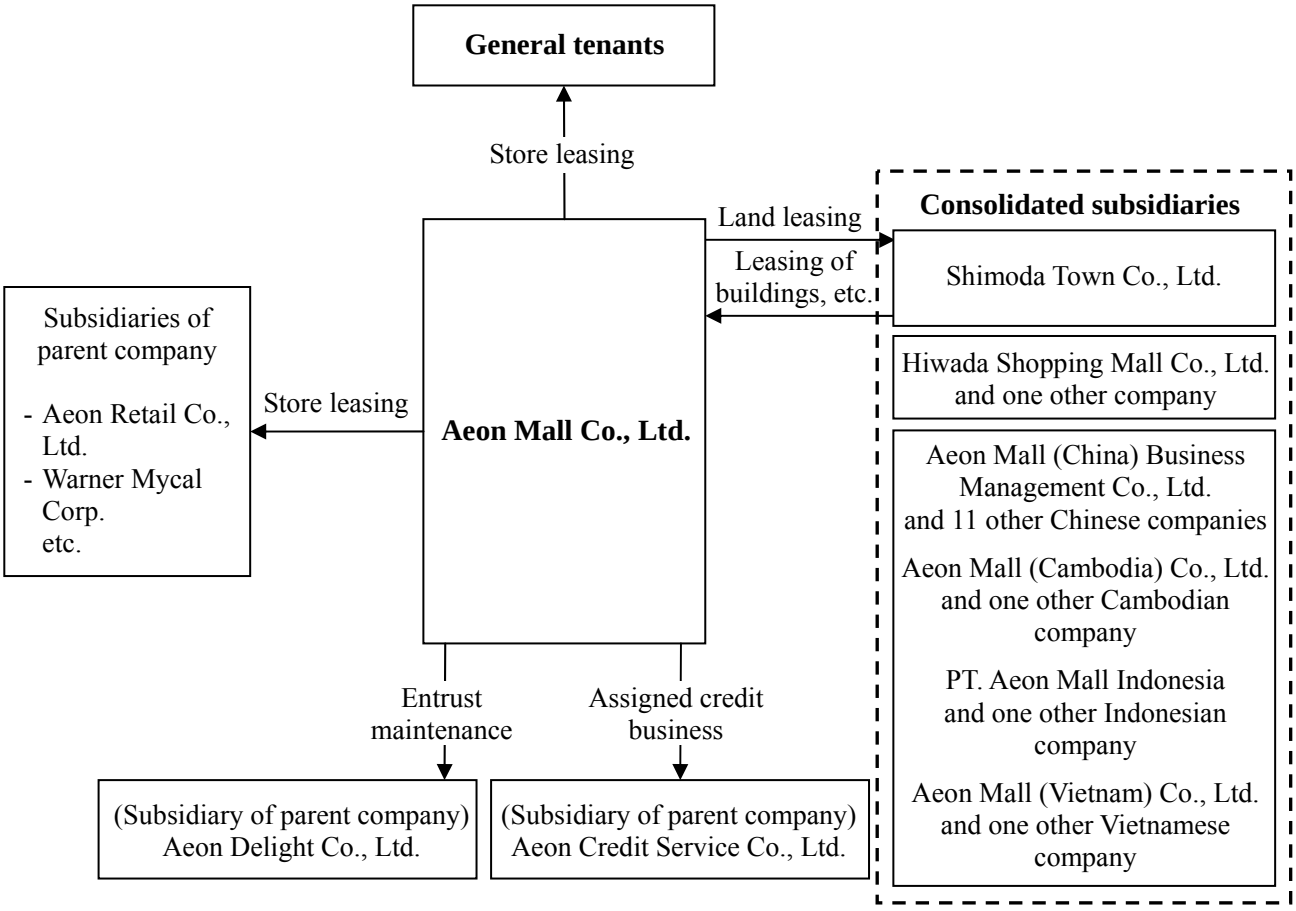
Aeon Mall plans to pay a dividend of 22 yen per share for the fiscal year ending February 28, 2014.

2. The State of Corporate Group

The Aeon Mall Group consists of Aeon Mall Co., Ltd., of which Aeon Co., Ltd. is the parent company, with its 21 consolidated subsidiaries, Shimoda Town Co., Ltd., Hiwada Shopping Mall Co., Ltd., Aeon Mall (China) Business Management Co., Ltd. and 11 other China-based companies, two Cambodia-based companies, two Vietnam-based companies, and two Indonesia-based companies. Aeon Mall Co., Ltd. is engaged in the shopping mall business, as are its 21 consolidated subsidiaries.

Aeon Mall Co., Ltd. is the core company for the development activities of the Aeon Group. It leases stores to general tenants, and also to Aeon Retail Co., Ltd., which is an operator of general merchandising stores, and other Aeon Group companies.

Positioning of business activities of Aeon Mall Co., Ltd. and its group companies as shown below.



3. Management Policies

(1) Basic Corporate Management Policies

Our basic philosophy is expressed in the words “Customers First.” We are committed to harmonious coexistence with local communities, and our goal is to contribute to the development of vital communities filed with surprise, excitement, and fun.

We will continue to contribute to the creation of vibrant communities and the enrichment of life for local residents by working with consumers and people involved in local business and government, as well as with our business partners, including tenant companies.

(2) Target Financial Indicators

To enhance profitability and strengthen its financial base, the Aeon Mall Group emphasizes asset efficiency. Our priority financial indicators are a return on assets (ROA) of 8% or higher, an equity ratio of 30% or higher, and a debt equity ratio of 1.0 or lower.

(3) Medium-Term Corporate Management Strategies and Priorities

The Aeon Mall Group developed a three-year medium-term management plan (fiscal 2011 to fiscal 2013) starting in the fiscal year ended February 20, 2012 (fiscal 2011) for the purpose of building a management base capable of supporting dramatic growth in preparation for new growth opportunities.

The Group has begun strengthening its business competitiveness and streamlining the operation by integrating redundant functions in the Aeon Group’s mall business. It continues to expand its business foundations in Japan by increasing new business sites and improving earnings from existing shopping malls. At the same time, it is building the foundation for expanding its shopping mall business in China and the ASEAN region.

The Group also seeks to accelerate the development of new shopping malls and new locations in Japan, while creating new mall functions to service demand for service consumption and to meet the needs of diverse customer segments, including the growing senior segment.

Moreover, we will actively renovate our existing malls as we enhance our tenant recruitment capabilities to accelerate the process of introducing specialty stores that match market needs. At the same time, we will upgrade efforts to improve our specialty store support and raise customer satisfaction levels. In this manner, we aim to strengthen our ability to attract customers and expand sales at our shopping malls. We are working to increase our earnings using the management resources of the Aeon Group and marketing capabilities based on more than 120 Aeon Group malls.

We seek to raise the profitability of shopping malls by investing efficiently in their development and promoting cost structure reforms, while further enhancing shopping mall operation and management through energy conservation.

In the China, we expect to open new shopping malls at an accelerated pace from the fiscal year ending February 2015 (fiscal 2014) by stepping up property development. In the ASEAN region, we have also made faster-than-anticipated progress with initiatives to develop the shopping mall business. We are pursuing further property development, while laying a business foundation for amassing the operating and management expertise needed to develop multiple shopping malls. At the same time, we will establish a system in each area that will ensure rapid decision-making and growth.

To address business risks related to disasters, the environment and compliance, the Aeon Mall Group has established the Risk Management Committee, along with identifying and assessing risk, and developing and revising plans to mitigate them. Under this framework, the Group will increase its efforts to establish risk management. Under the Aeon Mall regulations on curbing global warming established in 2008, we will strive to mitigate global warming through Group-wide projects to reduce CO2 emissions in cooperation with business partners, particularly specialty store tenants.

To support the timely implementation of the above initiatives, we are reforming our organizational structure, human resource management and other systems, and securing and developing human resources. At the same time, we are working to enhance our governance functions. In this manner, the Aeon Mall Group aims to lay a business foundation capable of achieving sustainable growth and profitability.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of February 20, 2012	As of February 28, 2013
Assets		
Current assets:		
Cash and deposits	8,600	33,312
Notes and accounts receivable—trade	3,254	2,261
Inventories	29	49
Deferred tax assets	819	993
Prepaid expenses	803	1,819
Deposits to associated companies	–	*2 8,000
Other current assets	15,461	16,657
Allowance for doubtful receivables	(7)	–
Total current assets	28,962	63,095
Fixed assets:		
Property, plant and equipment:		
Building and structures	406,263	429,853
Accumulated depreciation	(132,090)	(152,906)
Building and structures, net	274,173	276,947
Machinery and transportation equipment	1,105	1,149
Accumulated depreciation	(584)	(650)
Machinery and transportation equipment, net	521	499
Furniture and fixtures	19,336	20,084
Accumulated depreciation	(14,595)	(15,974)
Furniture and fixtures, net	4,741	4,110
Land	144,992	177,065
Construction in progress	9,147	13,746
Total property, plant and equipment	*1 433,577	*1 472,369
Intangible assets:	3,018	3,326
Investments and other assets:		
Investment securities	792	1,165
Long-term loans	473	394
Deferred tax assets	4,272	5,015
Long-term prepaid expenses	17,219	30,709
Lease deposits paid	54,403	52,792
Other	1,159	2,112
Allowance for doubtful receivables	(117)	(94)
Total investments and other assets	78,203	92,095
Total fixed assets	514,799	567,791
Total assets	543,761	630,887

(Million yen)

	As of February 20, 2012	As of February 28, 2013
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	5,112	4,432
Short-term borrowings	5,655	–
Bonds due within one year	–	10,000
Current portion of long-term debt	*1 28,364	*1 31,397
Commercial paper	7,000	–
Income taxes payable	7,310	9,501
Allowance for employee bonus	538	608
Allowance for director and auditor performance-based remuneration	108	48
Deposits from tenants	24,811	37,142
Deposits received	4,163	9,019
Notes payable—construction	9,134	10,879
Other current liabilities	*1 8,772	*1 10,585
Total current liabilities	100,973	123,614
Long-term liabilities:		
Straight bonds	33,000	48,200
Long-term debt	*1 105,891	*1 130,548
Deferred tax liabilities	–	136
Accrued retirement benefits to employees	165	199
Provision for store closing expenses	–	300
Asset retirement obligations	6,114	6,235
Lease deposits from lessees	*1 102,877	*1 103,633
Other long-term liabilities	264	241
Total long-term liabilities	248,314	289,495
Total liabilities	349,287	413,110
Net assets		
Shareholders' equity:		
Common stock	16,683	16,691
Capital surplus	16,992	17,000
Retained earnings	159,910	177,790
Treasury stock, at cost	(27)	(28)
Total shareholders' equity	193,559	211,454
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	264	329
Foreign currency translation adjustment	(140)	3,261
Total accumulated other comprehensive income	124	3,591
Stock acquisition rights	124	141
Minority interests	665	2,588
Total net assets	194,474	217,776
Total liabilities and net assets	543,761	630,887

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

Year ended	February 20, 2012	February 28, 2013
Operating revenue		
Rental income	150,886	161,427
Total operating revenue	150,886	161,427
Operating costs		
Cost of rental income	99,354	105,831
Gross profit	51,532	55,596
Selling, general and administrative expenses:		
Employees' salaries and bonuses	2,514	3,295
Provision for employees' bonuses	252	297
Provision for director and auditor performance-based remuneration	108	48
Retirement benefit expenses	117	128
Statutory welfare benefit expense	797	1,052
Travel expenses	691	905
Rent	490	735
Sales commission	1,096	1,123
Depreciation and amortization	528	684
Others	4,278	5,580
Total selling, general and administrative expenses	10,875	13,852
Operating income	40,656	41,743
Non-operating profits:		
Interest income	467	481
Dividend income	18	18
Compensation paid by departing tenants	504	202
Gain on negative goodwill	–	106
Foreign exchange gains	281	–
Other non-operating profits	113	149
Total non-operating profits	1,383	958
Non-operating expenses:		
Interest expenses	2,637	2,655
Other non-operating expenses	353	262
Total non-operating expenses	2,991	2,918
Ordinary income	39,048	39,784
Extraordinary gains:		
Gain on sale of fixed assets	*1 34	*1 234
Insurance income	*2 2,037	–
Other extraordinary gains	145	–
Total extraordinary gains	2,217	234
Extraordinary losses:		
Impairment losses	–	*3 745
Loss on disaster	*4 2,296	–
Provision for store closing expenses	–	300
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,761	–
Loss on disposal of fixed assets	*5 813	*5 369
Other extraordinary losses	78	278
Total extraordinary losses	4,949	1,693
Income before income taxes and minority interests	36,316	38,325
Income taxes		
—Current	15,826	17,338
—Deferred	67	(953)
Total income taxes	15,893	16,384
Income before minority interests	20,422	21,940
Minority interests in net income	67	75
Net income	20,355	21,865

(Consolidated Statements of Comprehensive Income)

(Million yen)

Year ended	February 20, 2012	February 28, 2013
Income before minority interests	20,422	21,940
Other comprehensive income		
Net unrealized gain on available-for-sale securities	38	65
Foreign currency translation adjustment	(7)	3,402
Total other comprehensive income	30	*1 3,467
Comprehensive income	20,453	25,408
Comprehensive income attributable to:		
Owners of the Company	20,385	25,143
Minority interests	67	265

(3) Statements of Changes in Shareholders' Equity

(Million yen)

Year ended	February 20, 2012	February 28, 2013
Shareholders' equity		
Common stock		
Balance at beginning of fiscal year	16,670	16,683
Changes during period		
Issue of new shares	12	7
Total of changes	12	7
Balance at end of fiscal year	16,683	16,691
Capital surplus		
Balance at beginning of fiscal year	16,979	16,992
Changes during period		
Issue of new shares	12	7
Total of changes	12	7
Balance at end of fiscal year	16,992	17,000
Retained earnings		
Balance at beginning of fiscal year	143,177	159,910
Changes during period		
Cash dividends	(3,622)	(3,985)
Net income	20,355	21,865
Total of changes	16,732	17,880
Balance at end of fiscal year	159,910	177,790
Treasury stock		
Balance at beginning of fiscal year	(25)	(27)
Changes during period		
Purchase of treasury stock	(1)	(0)
Total of changes	(1)	(0)
Balance at end of fiscal year	(27)	(28)
Total Shareholders' equity		
Balance at beginning of fiscal year	176,802	193,559
Changes during period		
Issue of new shares	25	15
Cash dividends	(3,622)	(3,985)
Net income	20,355	21,865
Purchase of treasury stock	(1)	(0)
Total of changes	16,756	17,894
Balance at end of fiscal year	193,559	211,454

(Million yen)

Year ended	February 20, 2012	February 28, 2013
Accumulated other comprehensive income		
Net unrealized gain for available-for-sale securities		
Balance at beginning of fiscal year	226	264
Changes during period		
Net change in items other than shareholders' equity	38	65
Total of changes	38	65
Balance at end of fiscal year	264	329
Foreign currency translation adjustments		
Balance at beginning of fiscal year	(132)	(140)
Changes during period		
Net change in items other than shareholders' equity	(7)	3,402
Total of changes	(7)	3,402
Balance at end of fiscal year	(140)	3,261
Total accumulated other comprehensive income		
Balance at beginning of fiscal year	93	124
Changes during period		
Net change in items other than shareholders' equity	30	3,467
Total of changes	30	3,467
Balance at end of fiscal year	124	3,591
Stock acquisition rights		
Balance at beginning of fiscal year	116	124
Changes during period		
Net change in items other than shareholders' equity	7	17
Total of changes	7	17
Balance at end of fiscal year	124	141
Minority interests		
Balance at beginning of fiscal year	603	665
Changes during period		
Net change in items other than shareholders' equity	61	1,923
Total of changes	61	1,923
Balance at end of fiscal year	665	2,588
Total net assets		
Balance at beginning of fiscal year	177,617	194,474
Changes during period		
Issue of new shares	25	15
Cash dividends	(3,622)	(3,985)
Net income	20,355	21,865
Purchase of treasury stock	(1)	(0)
Net change in items other than shareholders' equity	100	5,407
Total of changes	16,857	23,302
Balance at end of fiscal year	194,474	217,776

(4) Consolidated Statements of Cash Flows

(Million yen)

Year ended	February 20, 2012	February 28, 2013
Cash flows from operating activities:		
Income before income taxes and minority interests	36,316	38,325
Depreciation and amortization	20,739	21,621
Loss on disaster	2,296	–
Insurance income	(2,037)	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,761	–
Impairment losses	–	745
Increase (decrease) in provision for store closing expenses	–	300
Increase (decrease) in allowance for doubtful accounts	(29)	(30)
Increase (decrease) in provision for employees' bonus	32	69
Increase (decrease) in provision for director and auditor performance-based remuneration	5	(60)
Increase (decrease) in liabilities for retirement benefits	54	33
Interest and dividend income	(485)	(500)
Interest expenses	2,637	2,655
Loss on disposal of fixed assets	813	395
Loss (gain) on sales of fixed assets	(33)	(234)
Decrease (increase) in receivable—trade accounts	(538)	1,088
Decrease (increase) in other current assets	(984)	(2,384)
Increase (decrease) in payable—trade accounts	(490)	(791)
Increase (decrease) in consumption tax payable	(101)	966
Increase (decrease) in deposits from tenants	(15,947)	12,153
Increase (decrease) in other current liabilities	(1,442)	5,531
Other, net	1,156	2,678
Subtotal	43,723	82,562
Interest and dividends received	52	104
Interest paid	(2,744)	(2,675)
Payments for loss on disaster	(443)	(1,493)
Insurance payment received	2,037	–
Income taxes paid	(19,377)	(15,270)
Net cash provided by operating activities	23,248	63,226

(Million yen)

Year ended	February 20, 2012	February 28, 2013
Cash flows from investing activities:		
Purchase of property, plant and equipment	(73,044)	(53,536)
Proceeds from sales of property, plant and equipment	162	2,139
Purchase of intangible assets	(1,152)	(958)
Purchase of long-term prepaid expenses	–	(14,424)
Purchase of investment securities	–	(280)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(927)
Collection of loans	30	81
Payment of lease deposits to lessors	(1,517)	(1,261)
Reimbursement of lease deposits to lessors	2,574	2,324
Proceeds from sale of lease deposits	5,519	–
Repayment of lease deposits from lessees	(5,999)	(6,133)
Proceeds from lease deposits from lessees	6,028	5,063
Time deposits	(160)	(1,999)
Withdrawal of time deposits	180	160
Other payments	(944)	–
Net cash used in investing activities	(68,323)	(69,751)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial paper	12,455	(12,655)
Proceeds from long-term debt	39,200	54,934
Repayment of long-term debt	(22,135)	(29,457)
Proceeds from issue of bonds	–	25,000
Proceeds from stock issuance to minority shareholders	–	1,663
Purchase of treasury stock	(1)	(0)
Dividends paid	(3,622)	(3,985)
Dividends paid to minority shareholders	(6)	(6)
Other	0	0
Net cash provided by financing activities	25,889	35,493
Foreign currency translation adjustments on cash and cash equivalents	(4)	1,883
Net increase (decrease) in cash and cash equivalents	(19,190)	30,852
Cash and cash equivalents at beginning of the period	27,631	8,440
Cash and cash equivalents at end of the period	*1 8,440	*1 39,292

Notes on the going concern assumption

Not applicable

Important matters concerning the basis for preparing the consolidated financial statements

1. Matters concerning scope of consolidation

The Aeon Mall Group includes all of its subsidiaries in the scope of consolidation, with details as follows:

Number of consolidated subsidiaries: 21

Shimoda Town Co., Ltd.
AEON MALL (CHINA) BUSINESS MANAGEMENT CO., LTD.
AEON MALL (TIANJIN) BUSINESS CO., LTD.
AEON MALL INVESTMENT (CAMBODIA) CO., LTD.
AEON MALL (CAMBODIA) CO., LTD.
Suzhou Industrial Park MALL Investment Limited
AEON MALL YOUYA (TIANJIN) BUSINESS MANAGEMENT CO., LTD.
SUZHOU MALL REAL ESTATE DEVELOPMENT CO., LTD.
AEON MALL (SUZHOU) BUSINESS MANAGEMENT CO., LTD.
PT.AEON MALL INDONESIA
WEDZ MALL Investment Limited
AEON MALL (GUANGDONG) BUSINESS MANAGEMENT CO., LTD.
Hangzhou Yuhang Liangzhu MALL Investment Limited
PT. AMSL INDONESIA
Hiwada Shopping Mall Co., Ltd.
HMJ Co., Ltd.
WUHAN MALL REAL ESTATE DEVELOPMENT CO., LTD.
AEON MALL HIMLAM Company LIMITED
AEON MALL (HUBEI) BUSINESS MANAGEMENT CO., LTD.
AEON MALL VIETNAM CO., LTD.
AEON MALL (JIANGSU) BUSINESS MANAGEMENT CO., LTD.

Suzhou Industrial Park MALL Investment Limited, AEON MALL YOUYA (TIANJIN) BUSINESS MANAGEMENT CO., LTD., SUZHOU MALL REAL ESTATE DEVELOPMENT CO., LTD., AEON MALL (SUZHOU) BUSINESS MANAGEMENT CO., LTD., PT. AEON MALL INDONESIA, WEDZ MALL Investment Limited, AEON MALL (GUANGDONG) BUSINESS MANAGEMENT CO., LTD., Hangzhou Yuhang Liangzhu MALL Investment Limited, PT. AMSL INDONESIA, WUHAN MALL REAL ESTATE DEVELOPMENT CO., LTD., AEON MALL HIMLAM Company LIMITED, AEON MALL (HUBEI) BUSINESS MANAGEMENT CO., LTD., AEON MALL VIETNAM CO., LTD., and AEON MALL (JIANGSU) BUSINESS MANAGEMENT CO., LTD. were included in the scope of consolidation as these companies were established during the fiscal year under review.

For your information, the Company included two subsidiaries it acquired in the course of the fiscal year under review—Hiwada Shopping Mall Co., Ltd. and HMJ Co., Ltd.,—in its scope of consolidation.

2. Matters concerning application of the equity method

Not applicable

3. Matters concerning fiscal years of consolidated subsidiaries

The fiscal years of consolidated subsidiaries AEON MALL (CHINA) BUSINESS MANAGEMENT CO., LTD., AEON MALL (TIANJIN) BUSINESS CO., LTD., AEON MALL INVESTMENT (CAMBODIA) CO., LTD., AEON MALL (CAMBODIA) CO., LTD., Suzhou Industrial Park MALL Investment Limited, AEON MALL YOUYA (TIANJIN) BUSINESS MANAGEMENT CO., LTD., SUZHOU MALL REAL ESTATE DEVELOPMENT CO., LTD., AEON MALL (SUZHOU) BUSINESS MANAGEMENT CO., LTD., WEDZ MALL Investment Limited, AEON MALL (GUANGDONG) BUSINESS MANAGEMENT CO., LTD., Hangzhou Yuhang Liangzhu MALL Investment Limited, WUHAN MALL REAL ESTATE DEVELOPMENT CO., LTD., AEON MALL HIMLAM Company LIMITED, AEON MALL (HUBEI) BUSINESS MANAGEMENT CO., LTD., AEON MALL VIETNAM CO., LTD. and AEON MALL (JIANGSU) BUSINESS MANAGEMENT CO., LTD. end on December 31.

The consolidated financial statements of the Company are prepared using the financial statements of the subsidiaries at their respective fiscal year-ends. For consolidation purposes, the Company makes necessary adjustments to reflect any significant transactions occurring between the fiscal year-ends of the subsidiaries and the consolidated balance sheet date.

4. Matters concerning the basis for accounting

(1) Valuation criteria and method for significant assets

1) Available-for-sale securities

Available-for-sale securities classified as other securities

Available-for-sale securities with market value

Stated at market value, determined by the market price as of the fiscal year-end and other means, with all valuation gains and losses reported in net assets and the cost of securities sold is determined by the moving-average method.

Available-for-sale securities without market value

Stated at cost determined by the moving-average method

2) Inventories

Supplies

Stated at cost based on the last purchase price method. (Calculated using a method where the book value is reduced to reflect decreased profitability)

(2) Method for depreciating and amortizing significant depreciable and amortizable assets

1) Property, plant and equipment

Depreciated using the straight-line method based on the economic useful life

The Company has adopted the following ranges of economic useful life for each asset category:

Buildings and structures: 3 to 39 years

Furniture and fixtures: 2 to 20 years

2) Intangible assets

Amortized using the straight-line method

Software used in-house is amortized using the straight-line method based on an internally estimated useful life of five years.

3) Long-term prepaid expenses

Amortized in equal installments based on the contract period and other factors: 4 to 50 years

(3) Accounting method for deferred assets

Bond issue expenses are treated as an expense when paid.

(4) Accounting standards for significant allowances

1) Allowance for doubtful accounts

The allowance for doubtful accounts provides for possible losses arising from default on receivables such as operating accounts receivable. An allowance is provided for the estimated credit loss for ordinary receivables based on historical default rates, and for specific receivables such as doubtful receivables based on an individual assessment of the recoverability of each account.

2) Allowance for employees' bonus

The Company provides an allowance for employees' bonus to cover the amount of bonuses to be paid to employees and part-timers, based on the estimated portion to be paid in the fiscal year under review.

3) Allowance for directors' performance-based remuneration

The Company provides an allowance for directors' performance-based remuneration, based on the estimated portion to be paid in the fiscal year under review.

4) Accrued retirement benefits to employees

The Company records accrued retirement benefits for employees as of the fiscal year-end, based on the projected retirement benefit liabilities and pension assets at the fiscal year-end, to provide for retirement benefits for employees.

Past service liabilities are expensed in a lump sum in the fiscal year in which they accrue, while actuarial differences are expensed from the following fiscal year using the straight line method within a fixed period (10 years) of the estimated average remaining life of service of employees at the time of accrual.

5) Provision for store closing expenses

The Company records the estimated loss for the store closing expenses (such as penalty charges for canceling contracts mid-term) reasonably assumed to result from the closing of stores in preparation for the accrual of such loss.

(5) Standards for translating significant foreign currency-denominated assets and liabilities into Japanese yen

Assets and liabilities of overseas subsidiaries are translated into yen amounts at the rates of exchange in effect at the balance sheet dates of each of the subsidiaries. Revenues and expenses of subsidiaries are translated into yen amounts at the average exchange rate for the fiscal year under review, and translation differences are included in the foreign currency translation adjustment account under net assets.

(6) Accounting treatment for significant lease transactions

The Company accounts for finance leases that do not transfer ownership of leased assets to the lessee that commenced on or before February 20, 2009 in the same way as for ordinary rental transactions.

(7) Accounting policies for significant hedging activities

1) Hedge accounting methods

Deferred hedge accounting is used in principle. Special hedge accounting is applied to interest rate swaps that meet the criteria for qualification for special hedge accounting.

2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Borrowings

3) Hedging policy

Interest rate swaps are conducted for the purpose of hedging against the risk of fluctuations in interest rates.

4) Evaluation of hedging effectiveness

Changes in the market prices and cash flows from hedged items and hedging instruments over their respective periods from the start of hedging to the measurement of effectiveness are compared on a cumulative basis, and the amount of change in both of these parameters is used as a benchmark for evaluating hedging effectiveness. However, the evaluation of hedging effectiveness for interest rate swaps accounted for using special hedge accounting has been omitted.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprise cash in hand, deposits repayable on demand, and short-term investments with a maturity of three months or less from the acquisition date that can be readily converted into cash and carry little risk of fluctuation in value.

(9) Other important matters concerning the preparation of the consolidated financial statements

1) Accounting treatment of consumption taxes

Financial statements are prepared exclusive of consumption taxes.

2) Matters relating to changes in the balance sheet date

The Company had maintained February 20 of each year as its balance sheet date. However, the Company changed its balance sheet date to the last day of February in the course of the fiscal year under review, based on a resolution at a general shareholders' meeting held on May 15, 2012, so as to execute its businesses more efficiently by adopting the same fiscal year as its parent company, Aeon Co., Ltd., whose consolidated fiscal year ends on the last day of February.

As a result of this change, the period of the fiscal year under review became 12 months and eight days, which started on February 21, 2012, and ended on February 28, 2013.

Changes in presentation methods

Consolidated Statements of Cash Flows

In the fiscal year under review, the "purchase of deferred charges" is shown as a separate presentation item, as it became more important. In the previous fiscal year, the "purchase of long-term prepaid expenses" was included in "other payments" under cash flows from investing activities. The "purchase of long-term prepaid expenses" was -944 million yen in the previous fiscal year.

Additional information

Application of accounting principles concerning accounting changes and error corrections

In the fiscal year under review, the Company started applying the "Accounting Standards for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on December 4, 2009) and the "Guidance on Accounting Standards for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) to accounting changes and corrections of past errors made in the period after the beginning of the fiscal year under review.

Notes

Consolidated balance sheets

*1. Assets pledged as collateral and collateral-backed liabilities

(Assets pledged as collateral) (Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Buildings and structures	67,645	48,772
Land	27,670	19,232
Total	95,315	68,005

(Liabilities backed by above collateral) (Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Current portion of long-term debt	1,863	2,143
Other current liabilities (Current portion of lease deposits from lessees)	109	109
Long-term debt	12,080	9,709
Lease deposits from lessees	2,665	2,556
Total	16,718	14,517

*2 Deposits to associated companies

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)

Management trust deposits based on depositary agreements with Aeon Co., Ltd.

There were no applicable deposits in the previous fiscal year.

Consolidated statements of income

*1. Gains on sale of fixed assets consist of the following items (Million yen)

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)		Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)	
Land	34	Land	233
		Furniture and fixtures	1
Total	34		234

*2. Insurance income

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)

The Company has recorded insurance income of 2,037 million yen as a result of the application of earthquake insurance.

*3. Impairment losses

The Aeon Mall Group incurred impairment losses in the following asset groups in the fiscal year under review.

Location	Use	Type
Osaka Prefecture	Shopping mall	Buildings, etc.

The Aeon Mall Group has defined individual shopping malls as its smallest unit for asset grouping. Idle assets are grouped individually.

To reflect their reduced earning power, the book value of the above asset groups was reduced to the recoverable value, and the resulting impairment losses were recorded as extraordinary losses. These losses consisted of 743 million yen for buildings and structures and 2 million yen for fixtures. The recoverable value is estimated based on the use value and by discounting the future cash flows 7%.

There were no applicable items in the previous fiscal year.

*4. Loss on disaster

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)

In the fiscal year under review, the Aeon Mall Group posted losses due to the Great East Japan Earthquake. The components of these losses were as follows:

Demolition and restoration costs	2,059	million yen
Others	237	
Total	2,296	

Some of the Company's and its domestic subsidiaries' shopping centers in the Tohoku and Kanto regions were damaged as a result of the Great East Japan Earthquake that struck on March 11, 2011. The main asset category that sustained damaged was building and structures.

*5. Losses on disposal of fixed assets consist of the following items (Million yen)

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)		Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)	
Building and structures	776	Building and structures	343
Furniture and fixtures	33	Furniture and fixtures	24
Other	2	Other	1
Total	813		369

Consolidated statements of comprehensive income

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)

*1. Rearrangements, adjustments and tax effects concerning other comprehensive income

Net unrealized gain on available-for-sale securities	
Amount accrued in the fiscal year	101 million yen
Amount rearranged or adjusted	–
Before tax effect adjustment	101
Tax effect	(36)
Net unrealized gain on available-for-sale securities	65
Foreign currency translation adjustment	
Amount accrued in the fiscal year	3,402
Total other comprehensive income	3,467

Statements of changes in shareholders' equity

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)

1. Matters concerning the type and total number of shares issued and outstanding, and the type and number of treasury stock

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in shares (shares)	Decrease in shares (shares)	Number of shares at the end of the fiscal year under review (shares)
Shares issued and outstanding				
Common stock	181,134,407	14,400	–	181,148,807
Total	181,134,407	14,400	–	181,148,807
Treasury stock				
Common stock	9,470	800	–	10,270
Total	9,470	800	–	10,270

(Notes) 1. An increase of 14,400 shares issued and outstanding resulted from the exercise of stock acquisition rights.
2. An increase of 800 shares of treasury stock resulted from the purchase of odd-lot shares.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Components of stock acquisition rights	Type of shares that comprise the objective of stock acquisition rights	Number of shares that comprise the objective of stock acquisition rights (shares)				Balance of stock acquisition rights at the end of the fiscal year under review (million yen)
			Number at the beginning of the fiscal year under review	Increase in their number in the fiscal year under review	Decrease in their number in the fiscal year under review	Number at the end of the fiscal year under review	
The Company	Stock acquisition rights as stock options	–	–	–	–	–	124
Total		–	–	–	–	–	124

3. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 5, 2011	Common stock	1,811	10.00	February 20, 2011	April 25, 2011
Board of Directors meeting on September 29, 2011	Common stock	1,811	10.00	August 20, 2011	October 31, 2011

(2) Dividends whose record dates are in the fiscal year under review and whose effective dates are in the following fiscal year

Resolution	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 5, 2012	Common stock	1,992	Retained earnings	11.00	February 20, 2012	April 27, 2012

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)

1. Matters concerning the type and total number of shares issued and outstanding, and the type and number of treasury stock

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in shares (shares)	Decrease in shares (shares)	Number of shares at the end of the fiscal year under review (shares)
Shares issued and outstanding				
Common stock	181,148,807	8,100	–	181,156,907
Total	181,148,807	8,100	–	181,156,907
Treasury stock				
Common stock	10,270	440	–	10,710
Total	10,270	440	–	10,710

(Notes) 1. An increase of 8,100 shares issued and outstanding resulted from the exercise of stock acquisition rights.
2. An increase of 440 shares of treasury stock resulted from the purchase of odd-lot shares.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Components of stock acquisition rights	Type of shares that comprise the objective of stock acquisition rights	Number of shares that comprise the objective of stock acquisition rights (shares)				Balance of stock acquisition rights at the end of the fiscal year under review (million yen)
			Number at the beginning of the fiscal year under review	Increase in their number in the fiscal year under review	Decrease in their number in the fiscal year under review	Number at the end of the fiscal year under review	
The Company	Stock acquisition rights as stock options	–	–	–	–	–	141
Total		–	–	–	–	–	141

3. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 5, 2012	Common stock	1,992	11.00	February 20, 2012	April 27, 2012
Board of Directors meeting on September 27, 2012	Common stock	1,992	11.00	August 20, 2012	October 31, 2012

(2) Dividends whose record dates are in the fiscal year under review and whose effective dates are in the following fiscal year

Resolution	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 9, 2013	Common stock	1,992	Retained earnings	11.00	February 28, 2013	May 7, 2013

Consolidated statements of cash flows

*1. Relationship between cash and cash equivalents at the end of the period and the itemized amounts stated in consolidated balance sheets

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Cash and deposits	8,600	33,312
Deposits to associated companies	–	8,000
Time deposits with a deposit term longer than three months	(160)	(2,019)
Cash and cash equivalents	8,440	39,292

2. Important non-fund transactions

Re-recorded asset retirement obligations

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Asset retirement obligations	6,114	–

Lease transactions

As lessee

1. Finance leases

Finance leases for which ownership of the leased assets does not transfer to the lessee

Of finance lease transactions without the transfer of ownership, lease transactions that started by February 20, 2009 were accounted for in a manner similar to accounting for ordinary rental transactions. Details are shown below.

(1) Amounts equivalent to the acquisition cost, accumulated depreciation, accumulated impairment losses and balance at fiscal year-end

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)		
	Acquisition cost	Accumulated depreciation	Year-end balance
Machinery and transportation equipment	42	37	4
Furniture and fixtures	1,191	985	206
Total	1,233	1,022	210

(Million yen)

	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)		
	Acquisition cost	Accumulated depreciation	Year-end balance
Machinery and transportation equipment	42	41	0
Furniture and fixtures	458	428	29
Total	500	469	30

(2) Amounts equivalent to balance of future lease obligations at fiscal year-end

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Amounts equivalent to balance of future lease obligations at fiscal year-end		
Due within 1 year	192	15
Due after 1 year	32	17
Total	225	32

(3) Lease payments, reversal of the loss account for the impairment of leased assets, amounts equivalent to depreciation expenses and interest payments, and impairment losses

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Lease payments	282	196
Depreciation expense	259	180
Interest payment	11	4

(4) Method for calculating depreciation equivalent

Depreciation equivalent is computed on the straight-line method, with the lease period counted as the service life of the property and residual value assumed to be zero.

(5) Method for calculating interest equivalent

The difference between the acquisition cost equivalent and total lease payments is deemed to represent the equivalent of interest payments and is allocated across the periods using the interest method.

Impairment losses

No impairment loss was allocated to leased assets.

2. Operating leases

Future lease payment obligations

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Due within 1 year	24,471	25,182
Due after 1 year	156,736	140,717
Total	181,207	165,900

(Note) Regarding future lease obligations of 165,900 million yen, 4,963 million yen (125 million yen of which is due within one year) has already been paid for land-use rights in China. This amount is recorded in consolidated balance sheets under "long-term prepaid expenses."

As lessor

Operating leases

Future lease payment obligations

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Due within 1 year	493	511
Due after 1 year	5,416	5,753
Total	5,910	6,264

Financial products

1. Matters related to the condition of financial products

(1) Policies regarding financial products

The Group's shopping mall business constitutes the core of its development operations. The Group leases stores at the shopping malls it manages to Aeon Retail Co., Ltd., a general merchandise store operator, and other Group companies, in addition to general tenants. The Group limits the funds for operating its shopping mall business mainly to highly secure financial assets, such as time and savings deposits, and the funds deposited with Aeon Co., Ltd. The Group is relying on direct financing, such as the issuance of corporate bonds, commercial paper and shares, and the securitization of receivables, in addition to indirect financing, such as bank loans, for fund procurement. The Group trades in derivatives to avoid the risk of the interest rate fluctuations involved in these financing activities. The Group has a policy of refraining from speculative trading.

(2) Details of financial products and the risks involved in them

As operating receivables, notes and accounts receivable–trade are exposed to the credit risk of customers.

Investment securities are primarily shares in companies with which the Group has a business relationship. As such, they are exposed to the risk of fluctuations in market prices and credit risks.

Loans receivable are exposed to the credit risk of borrowers.

Lease deposits paid are mainly for renting stores. They are exposed to the credit risk of payees.

Notes and accounts payable–trade are operating payables. The majority of these have due dates within one year.

Short-term borrowings, commercial paper, long-term debts and straight bonds are primarily funds raised for business transactions, capital investment, and the like. These involve liquidity risk, which may make payment impossible on their due dates. The Group avoids this liquidity risk by spreading out their payment or redemption periods. A portion of these payables are exposed to the risk of interest rate fluctuations because their interest rates are variable. The Group uses interest rate swaps to hedge the risk of interest rate fluctuations.

The Group uses interest rate swaps when trading in derivatives in an effort to avoid the risk of the interest rate fluctuations involved in long-term debt. For your information, the Group applies hedge accounting to these interest rate swaps.

(3) Systems for managing the risk involved in financial products

(i) Management of credit risk

The Group's sales and finance and accounting divisions regularly monitor the status of notes and accounts receivable–trade and other operating receivables from customers, and manage customer due dates and balances in accordance with Group regulations. At the same time, these divisions endeavor to reduce default risk and detect early on possible sources of concern regarding collection, such as deteriorating financial conditions.

With regard to investment securities, the Group determines the market price of shares with market values on a quarterly basis. The Group periodically monitors the financial and other conditions of the organizations issuing shares with no market value.

With regard to loans receivable, the Group's sales and finance and accounting divisions regularly monitor the status of borrowers and manage borrower due dates and balances. At the same time, these divisions endeavor to reduce default risk and detect early on possible sources of concern regarding collection, such as deteriorating financial conditions.

The Group has taken preventive measures, such as establishing mortgage rights and rights of pledge, for a portion of its lease deposits paid.

The Group believes that the credit risk involved in its use of derivatives is insignificant, as all counterparties are Japanese financial institutions with high credit ratings.

(ii) Management of market risk

The Group is using interest rate swaps to control the risk of interest rate fluctuations in connection with its loan payments. Related derivatives transactions are determined on a case by case at management meetings together with the execution of large borrowings and the like. The Group section in charge of finance executes and manages these transactions.

With regard to investment securities and the like, the Group section in charge of finance periodically monitors market trends, market prices, the financial condition of issuing bodies (business partners) and the like, and reports these matters to the management. At the same time, this section regularly reviews the status of ownership.

(iii) Management of liquidity risk relating to funding

The Group manages liquidity risk mainly by maintaining liquidity in hand, while the finance and accounting division prepares and updates financing plans at appropriate times based on reports from other divisions.

(4) Supplementary explanation about matters relating to fair values of financial products and other matters

Fair values of financial products include values based on market prices, and, if market prices are not available, they include values that are calculated through a reasonable method. Because certain preconditions and other factors are used in calculating these values, they may differ if different preconditions and other factors are used.

2. Matters related to fair values of financial products and other matters

The consolidated balance sheet amounts, fair value and difference are shown as follows. Products for which it is deemed to be extremely difficult to determine fair values have not been included. (Refer to (Note) 2.)

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)

(Million yen)

	Balance sheet amount	Fair value	Difference
(1) Cash and deposits	8,600	8,600	–
(2) Notes and accounts receivable—trade	3,254	3,254	–
(3) Investment securities	746	746	–
(4) Long term loans (including other current assets [current portion of long-term loans receivable])	555	549	(5)
(5) Lease deposits paid (including other current assets [current portion of lease deposits paid])	56,589	53,269	(3,319)
Assets	69,746	66,420	(3,325)
(1) Notes and accounts payable—trade	5,112	5,112	–
(2) Short-term borrowings	5,655	5,655	–
(3) Commercial paper	7,000	7,000	–
(4) Income taxes payable	7,310	7,310	–
(5) Deposits from tenants	24,811	24,811	–
(6) Deposits received	4,163	4,163	–
(7) Notes payable—construction	9,134	9,134	–
(8) Straight bonds	33,000	33,609	609
(9) Long-term debt (including the current portion of long-term debt)	134,256	135,732	1,475
(10) Lease deposits from lessees (including other current liabilities [current portion of lease deposits from lessees])	104,341	103,394	(946)
Liabilities	334,786	335,924	1,137
Derivative transactions (*1)	–	–	–

(*1) Interest rate swaps with special hedge accounting have been included in long-term debt that is subject to hedging. As a result, their fair values have been included in the fair value of the relevant long-term debt and stated accordingly.

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)

(Million yen)

	Balance sheet amount	Fair value	Difference
(1) Cash and deposits	33,312	33,312	–
(2) Notes and accounts receivable—trade	2,261	2,261	–
(3) Deposits to associated companies	8,000	8,000	–
(4) Investment securities	839	839	–
(5) Long term loans (including other current assets [current portion of long-term loans receivable])	473	472	(1)
(6) Lease deposits paid (including other current assets [current portion of lease deposits paid])	54,978	53,595	(1,382)
Assets	99,865	98,481	(1,383)
(1) Notes and accounts payable—trade	4,432	4,432	–
(2) Income taxes payable	9,501	9,501	–
(3) Deposits from tenants	37,142	37,142	–
(4) Deposits received	9,019	9,019	–
(5) Notes payable—construction	10,879	10,879	–
(6) Straight bonds (including bonds due within one year)	58,200	58,996	796
(7) Long-term debt (including the current portion of long-term debt)	161,946	163,776	1,830
(8) Lease deposits from lessees (including other current liabilities [current portion of lease deposits from lessees])	104,647	104,559	(87)
Liabilities	395,769	398,308	2,539
Derivative transactions (*1)	–	–	–

(*1) Interest rate swaps with special hedge accounting have been included in long-term debt that is subject to hedging. As a result, their fair values have been included in the fair value of the relevant long-term debt and stated accordingly.

(Note) 1. Method for calculating the fair value of financial products and matters relating to securities and derivatives transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable—trade, and (3) Deposits to associated companies

Because these items are settled in a short period, their fair values are similar to book value. As a result, the fair values of these items are stated based on the relevant book values.

(4) Investment securities

Fair values of stocks and other products are prices quoted in the exchanges, and those of bonds are prices quoted at the exchanges or those presented by the relevant financial institutions and other organizations.

(5) Long term loans

Fair values of loans are determined through a method in which the total principal amounts are discounted by using interest rates that would be applied to similar loans if they are newly extended.

(6) Lease deposits paid

Fair values of lease deposits paid are based on current values that are calculated by discounting the deposits by risk free rates in accordance with a reasonably estimated planned repayment period by certain credit categories.

Liabilities

(1) Notes and accounts payable—trade, (2) Income taxes payable, (3) Deposits from tenants , (4) Deposits received, and (5) Notes payable—construction

Because these items are settled within the short term, their fair values are similar to book value. As a result, the fair values of these items are stated based on the relevant book values.

(6) Straight bonds

Fair values of straight bonds issued by the Company are calculated based on market prices.

(7) Long-term debt

Fair values of long-term debt are determined through a method in which the total principal amounts are discounted by using risk free rates as well as credit spreads.

(8) Lease deposits from lessees

Fair values of lease deposits from lessees are calculated by discounting the deposits by rates that take into account risk free rates as well as credit risks in accordance with a reasonably estimated planned repayment period by certain credit categories.

Derivative transactions

Interest rate swaps with special hedge accounting have been included in long-term debt that is subject to hedging. As a result, their fair values have been included in the fair value of the relevant long-term debt and stated accordingly.

2. Financial products for which it is deemed to be extremely difficult to determine fair values

(Million yen)

Category	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Unlisted stocks	46	326

These products do not have market prices so determining fair values is extremely difficult. As a result, they are not included in (4) Investment securities.

3. Planned repayment amounts of monetary claims and securities with a due date after the consolidated settlement date

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012) (Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Cash and deposits	8,600	–	–	–
Long term loans	81	314	159	–
Lease deposits paid (*)	2,185	12,030	8,686	206

(*) Only lease deposits paid whose repayment plan is fixed are stated, and those with uncertain repayment periods (33,480 million yen) are not included in planned repayment amounts.

(Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Straight bonds	–	33,000	–	–
Long-term debt	28,364	87,324	18,567	–
Lease deposits from lessees (*)	1,463	3,440	1,038	–

(*) Only lease deposits from lessees whose repayment plan is fixed are stated, and those with uncertain repayment periods (98,398 million yen) are not included in planned repayment amounts.

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)

(Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Cash and deposits	33,312	–	–	–
Long term loans	79	312	81	–
Lease deposits paid (*)	2,185	8,252	8,222	2,616

(*) Only lease deposits paid whose repayment plan is fixed are stated, and those with uncertain repayment periods (33,701 million yen) are not included in planned repayment amounts.

(Million yen)

	Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Straight bonds	10,000	33,200	15,000	–
Long-term debt	31,397	118,317	12,231	–
Lease deposits from lessees (*)	1,058	3,021	779	32

(*) Only lease deposits from lessees whose repayment plan is fixed are stated, and those with uncertain repayment periods (99,754 million yen) are not included in planned repayment amounts.

Available-for-sale securities

1. Available-for-sale securities classified as other securities

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012) (Million yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount is larger than acquisition cost	Company stocks	553	124	429
Consolidated balance sheet amount is smaller than acquisition cost	Company stocks	192	211	(19)
Total		746	336	409

(Note) Unlisted stocks (46 million yen on the consolidated balance sheet) are not included in the "Available-for-sale securities classified as other securities" in the above table as they have no market price and it is considered extremely difficult to determine the market value.

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013) (Million yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Difference
Consolidated balance sheet amount is larger than acquisition cost	Company stocks	815	303	512
Consolidated balance sheet amount is smaller than acquisition cost	Company stocks	23	24	(0)
Total		839	327	511

(Note) Unlisted stocks (236 million yen on the consolidated balance sheet) are not included in the "Available-for-sale securities classified as other securities" in the above table as they have no market price and it is considered extremely difficult to determine the market value.

2. Impaired securities

Impairment accounting was applied to available-for-sale securities for 8 million yen (8 million yen in stocks in "Available-for-sale securities classified as other securities") during the consolidated fiscal year under review.

Impairment accounting was applied to all available-for-sale securities whose market value at fiscal year-end was below 50% of the acquisition cost. Those available-for-sale securities with a fall in value of 30-50% were subject partially to impairment accounting as considered necessary, taking into account the possibility of recovery.

Derivative transactions

Derivative transactions to which hedge accounting is applied

Transactions related to interest rate

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012) (Million yen)

Hedge accounting method	Types of transaction	Contract amount, etc.	Contract amount longer than 1 year	Market value
Special treatment of interest rate swap	Interest rate swap transactions Fixed payment, variable receipt	34,937	25,687	(Note 2)

(Note) 1. Market value is calculated based on prices presented by the relevant financial institutions and other organizations

2. Interest rate swaps with special hedge accounting have been included in long-term debt that is subject to hedging. As a result, their fair values have been included in the fair value of the relevant long-term debt and stated accordingly.

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013) (Million yen)

Hedge accounting method	Types of transaction	Contract amount, etc.	Contract amount longer than 1 year	Market value
Special treatment of interest rate swap	Interest rate swap transactions Fixed payment, variable receipt	33,088	19,138	(Note 2)

(Note) 1. Market value is calculated based on prices presented by the relevant financial institutions and other organizations

2. Interest rate swaps with special hedge accounting have been included in long-term debt that is subject to hedging. As a result, their fair values have been included in the fair value of the relevant long-term debt and stated accordingly.

Retirement benefits

1. Outline of retirement benefit plans

The Company has established the defined benefit corporate pension fund system, defined contribution pension plan, and advance retirement benefit payment system adopted by the Group of its parent, Aeon Co., Ltd., and its major domestic affiliates.

The domestic consolidated subsidiaries are members of the Organization for Workers' Retirement Allowance Mutual Aid.

2. Retirement benefit obligation (Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
(1) Retirement benefit obligation	(1,465)	(1,510)
(2) Pension assets	1,006	1,120
(3) Unfunded retirement benefit obligation (1)+(2)	(459)	(389)
(4) Unrecognized net actuarial gains	293	190
(5) Unrecognized prior service costs (Debt reduction)	–	–
(6) Net amount on consolidated balance sheet (3)+(4)+(5)	(165)	(199)
(7) Prepaid pension cost	–	–
(8) Accrued retirement benefits to employees (6)-(7)	(165)	(199)

3. Retirement benefit expenses (Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Retirement benefit expenses	277	294
(1) Service costs	53	63
(2) Interest costs	31	27
(3) Expected return on plan assets (subtraction)	(11)	(13)
(4) Amortization of net actuarial gains	75	75
(4) Other (Note)	129	141

(Note) Premiums paid for the defined contribution pension plan and the amount of advance retirement benefits paid to employees under the advance retirement benefit payment system.

4. Basis of calculation of retirement benefit obligation

(1) Term distribution method of expected retirement benefits

Straight-line basis

(2) Discount rates

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
1.9%	1.9%

(3) Expected rate of return on assets

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
1.2%	1.33%

(4) Amortization period of unrecognized actuarial differences

Ten years (the amount proportionally divided through the straight-line method over a certain number of years within the average remaining years of service of employees at the time of each consolidated fiscal year is treated as cost from the following consolidated fiscal year.)

Stock options

1. Amount recognized as cost of stock options and item name

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Selling, general and administrative expenses	33	32

2. Description, size, and fluctuations of stock options

(1) Description of stock options

	1st stock acquisition rights	2nd stock acquisition rights	3rd stock acquisition rights	4th stock acquisition rights	5th stock acquisition rights
Category and number of persons eligible for the stock option	17 directors of the Company	16 directors of the Company	12 directors of the Company	11 directors of the Company	12 directors of the Company
Number of stock options by type of stock (note)	20,200 common stocks	29,400 common stocks	24,100 common stocks	18,900 common stocks	20,300 common stocks
Date of granting stock options	April 21, 2008	April 21, 2009	April 21, 2010	April 21, 2011	April 21, 2012
Conditions for confirmation of rights	No conditions for confirmation of rights are established	No conditions for confirmation of rights are established	No conditions for confirmation of rights are established	No conditions for confirmation of rights are established	No conditions for confirmation of rights are established
Eligible period of employment	1 year (Feb. 21, 2007 – Feb. 20, 2008)	1 year (Feb. 21, 2008 – Feb. 20, 2009)	1 year (Feb. 21, 2009 – Feb. 20, 2010)	1 year (Feb. 21, 2010 – Feb. 20, 2011)	1 year (Feb. 21, 2011 – Feb. 20, 2012)
Period for exercising rights	May 21, 2008 – May 20, 2023	May 21, 2009 – May 20, 2024	May 21, 2010 – May 20, 2025	May 21, 2011 – May 20, 2026	May 21, 2012 – May 20, 2027

(Note) Numbers are converted to the number of stocks.

(2) Size and fluctuations of stock options

This applies to stock options that existed during the consolidated fiscal year under review. The number of stock options is converted to the number of stocks

(i) Number of stock options

	1st stock acquisition rights	2nd stock acquisition rights	3rd stock acquisition rights	4th stock acquisition rights	5th stock acquisition rights
Before confirmation of rights (stock)					
End of the previous consolidated fiscal year	–	–	–	–	–
Granting	–	–	–	–	20,300
Lapse	–	–	–	–	–
Confirmation	–	–	–	–	20,300
Unconfirmed	–	–	–	–	–
After confirmation (stock)					
End of the previous consolidated fiscal year	11,700	21,800	20,000	17,800	–
Confirmation	–	–	–	–	20,300
Exercise	3,400	3,100	–	–	1,600
Lapse	–	–	–	–	–
Unexercised	8,300	18,700	20,000	17,800	18,700

(ii) Unit price information

	1st stock acquisition rights	2nd stock acquisition rights	3rd stock acquisition rights	4th stock acquisition rights	5th stock acquisition rights
Strike price (yen)	1	1	1	1	1
Avg. striking price (yen)	2,171	2,171	–	–	1,909
Fair value unit price on the granting day (yen)	2,750	1,197	1,741	1,769	1,620

3. How to estimate fair value unit price of stock options

The method of estimating the fair value unit price for the 5th stock acquisition rights granted in the consolidated fiscal year under review is as follows:

a. Valuation technique used　　Black–Scholes formula

b. Key basic numbers and estimation method

	5th stock acquisition rights
Stock price volatility (Note 1)	42.31%
Expected remaining period (Note 2)	7.5 years
Expected dividend (Note 3)	22 yen/share
Risk-free interest rate (Note 4)	0.59%

(Notes) 1. Calculated based on the actual stock prices between October 2004 and April 2012.
2. Estimated on the assumption that the right is exercised at the middle point during the exercise period due to a lack of adequate data accumulation and, thus, difficulty in performing reasonable estimation.
3. Based on dividends paid for the fiscal year ended February 20, 2012.
4. The yield on government bonds for the period corresponding to the expected remaining period.

Deferred tax accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Deferred tax (current) assets		
Accrued enterprise taxes	550	670
Other	269	323
Total	819	993
Deferred tax (fixed) assets		
Property, plant and equipment	4,668	4,876
Asset retirement obligations	2,170	2,213
Long-term prepaid expenses	442	542
Accrued retirement benefits to employees	62	72
Other	186	474
Total	7,530	8,179
Deferred tax (long-term) liabilities		
Construction assistance fund receivables, etc.	484	522
Removal cost corresponding to asset retirement obligations	1,433	1,365
Reserve for advanced depreciation of fixed assets	235	234
Reserve for special depreciation	959	859
Net unrealized gain on available-for-sale securities	145	181
Total	3,258	3,163
Net deferred tax assets	4,272	4,879

2. Breakdown of major items that caused any important difference between the normal effective statutory tax rate and the rate of income tax paid after the application of tax effect accounting.

Previous consolidated fiscal year (ended February 20, 2012)

The presentation is omitted as the difference between the normal effective statutory tax rate of 40.6% and the rate of income tax paid after the application of tax effect accounting of 43.8% is not significant.

Consolidated fiscal year under review (ended February 28, 2013)

The presentation is omitted as the difference between the normal effective statutory tax rate of 40.6% and the rate of income tax paid after the application of tax effect accounting of 42.8% is not significant.

3. Changes in the rate of income tax or other taxes after fiscal-year end

Previous consolidated fiscal year (ended February 20, 2012)

In response to the introduction of the Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structure (Act No. 114, 2011) and the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake (Act No. 117, 2011) on December 2, 2011, the normal effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities for the consolidated fiscal year under review was changed from 40.6% to 37.9% for the temporary difference expected to be removed during the consolidated fiscal year that will start from April 1, 2012, and from 40.6% to 35.5% for the temporary difference expected to be removed during the consolidated fiscal year that will start from December 1, 2015.

As a result, the difference in the recalculation of deferred tax assets and deferred tax liabilities was 672 million yen, and the income tax adjustments (debit) and net unrealized gain on available-for-sale securities (credit) for the consolidated fiscal year under review increased by 693 million yen and 20 million yen, respectively.

Asset retirement obligations

Asset retirement obligations shown on the consolidated balance sheets

1) Outline of said asset retirement obligations

These are obligations for restoration to the original state associated with the real estate lease agreements for the land for malls.

2) Method of calculating the monetary amount of said asset retirement obligations

For the purpose of estimating asset retirement obligations, the Company has assumed an anticipated usage period of 20 to 39 years and a discount rate of 1.4% to 2.2%.

3) Changes in the aggregate value of said asset retirement obligations (Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Balance at the beginning of the fiscal year (Note)	5,991	6,114
Adjustments due to the lapse of time	122	120
Balance at the end of the fiscal year	6,114	6,235

(Note) The beginning balance of the previous fiscal year is the balance as of the beginning of the year resulted from the application of "Accounting Standard for Asset Retirement Obligation" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on the Accounting Standard for Asset Retirement Obligation" (ASBJ Guidance No. 21, March 31, 2008).

Rental property

The Company and some consolidated subsidiaries own commercial leasing buildings in various regions nationwide as well as overseas (ASEAN region) aimed at generating profits from property leasing. Leasing profit related to this property leasing, etc. stood at 31,918 million yen in the previous fiscal year (main leasing revenue was posted under operating revenue, while the main leasing expenses were posted under operating expenses). During the fiscal year under review, leasing profit was 35,299 million yen (main leasing revenue was posted under operating revenue, while main leasing expenses were posted under operating expenses) and impairment losses were 745 million yen (posted under extraordinary losses).

The consolidated balance sheet amounts, changes during the term under review and the fair value for the property leasing are as follows.

(Million yen)

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Balance sheet amount		
Balance at the beginning of the term under review	348,071	408,521
Change during term under review	60,450	33,426
At end of term under review	408,521	441,948
Fair value at end of term under review	634,888	701,632

(Notes) 1. The balance sheet amount is the acquisition price less the accumulated depreciation and accumulated impairment loss.

2. Of the changes during the term under review, the main increase during the previous fiscal year was property acquisition (74,206 million yen), while the main decline was depreciation expense (17,741 million yen). The main increase during the term under review was property acquisition (54,469 million yen), while the main decline was depreciation expense (18,446 million yen)

3. The fair value at the end of term under review is based on an appraisal report of an appraisal company.

Segment information

a. Segment information

Year ended February 20, 2012 (February 21, 2011 to February 20, 2012) and year ended February 28, 2013 (from February 21, 2012 to February 28, 2013)

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

b. Related information

Year ended February 20, 2012 (February 21, 2011 to February 20, 2012)

1. Information by product and service

Omitted since over 90% of sales in the consolidated statements of income consists of sales to external customers in a single products/services category.

2. Information by region

(1) Sales

Omitted since over 90% of sales in the consolidated statements of income consists of sales to external customers in Japan.

(2) Property, plant and equipment

Omitted since over 90% of property, plant and equipment in consolidated balance sheets consists of property, plant and equipment located in Japan.

3. Information per major customer

Customer title or name	Sales (million yen)	Name of related segment
Aeon Retail Co., Ltd.	19,281	Shopping mall business

Year ended February 28, 2013 (from February 21, 2012 to February 28, 2013)

1. Information by product and service

Omitted since over 90% of sales in the consolidated statements of income consists of sales to external customers in a single products/services category.

2. Information by region

(1) Sales

Omitted since over 90% of sales in the consolidated statements of income consists of sales to external customers in Japan.

(2) Property, plant and equipment

Omitted since over 90% of property, plant and equipment in consolidated balance sheets consists of property, plant and equipment located in Japan.

3. Information per major customer

Customer title or name	Sales (million yen)	Name of related segment
Aeon Retail Co., Ltd.	19,997	Shopping mall business

c. Information regarding impairment losses on fixed assets per reporting segment

Year ended February 20, 2012 (February 21, 2011 to February 20, 2012)

Not applicable.

Year ended February 28, 2013 (from February 21, 2012 to February 28, 2013)

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

d. Information on amortization of goodwill and balance of portion not amortized per reporting segment

Year ended February 20, 2012 (February 21, 2011 to February 20, 2012)

Not applicable.

Year ended February 28, 2013 (from February 21, 2012 to February 28, 2013)

Not applicable.

e. Information regarding gain on negative goodwill per reporting segment

Year ended February 20, 2012 (February 21, 2011 to February 20, 2012)

Not applicable.

Year ended February 28, 2013 (from February 21, 2012 to February 28, 2013)

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

Related party transactions

1. Related party transactions

(1) Transactions between the company submitting the consolidated financial statements and related parties

(A) Parent company, major shareholders (companies only), etc. of the company submitting the consolidated financial statements

Year ended February 20, 2012 (February 21, 2011 to February 20, 2012)

Type	Company name	Location	Capital or invested capital (million yen)	Business	Ownership of voting rights in percentage	Relationship	Transactions		Transaction amount (million yen)	Account	Balance at end of term (million yen)
Parent company	Aeon Co., Ltd	Mihama-ku, Chiba	199,054	Pure holding company	(Ownership) Direct 55.84% Indirect 1.59%	Concurrent posts by officers	Funds deposit	Depositing of funds (net amount)	(10,000)	Deposits to associated companies	–
								Receiving of interest	19	Other current assets (unearned profits)	4

Year ended February 28, 2013 (from February 21, 2012 to February 28, 2013)

Type	Company name	Location	Capital or invested capital (million yen)	Business	Ownership of voting rights in percentage	Relationship	Transactions		Transaction amount (million yen)	Account	Balance at end of term (million yen)
Parent company	Aeon Co., Ltd	Mihama-ku, Chiba	199,054	Pure holding company	(Ownership) Direct 55.84% Indirect 1.59%	Concurrent posts by officers	Funds deposit	Depositing of funds (net amount)	8,000	Deposits to associated companies	8,000
								Receiving of interest	20	Other current assets (unearned profits)	1

(C) Firms that have the same parent company as the company submitting the consolidated financial statements and subsidiaries of other firms related to company submitting the consolidated financial statements

Year ended February 20, 2012 (February 21, 2011 to February 20, 2012)

Type	Company name	Location	Capital or invested capital (million yen)	Business	Ownership of voting rights in percentage	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of term (million yen)
Firm with the same parent company	Aeon Retail Co., Ltd.	Mihama-ku, Chiba	48,970	General merchandise store	–	Store leasing Concurrent posts by officers	Earnings from property leasing	19,281	Unearned sales	1,015
									Lease deposits from lessees (Note 2)	15,921
	Aeon Credit Service Co., Ltd.	Chiyoda-ku, Tokyo	15,466	Financial services business	(Ownership) Direct 0.27%	Assigned credit business	Credit handling fees	2,247	Current assets and other (unearned profits)	6,352

Year ended February 28, 2013 (from February 21, 2012 to February 28, 2013)

Type	Company name	Location	Capital or invested capital (million yen)	Business	Ownership of voting rights in percentage	Relationship	Transactions	Transaction amount (million yen)	Account	Balance at end of term (million yen)
Firm with the same parent company	Aeon Retail Co., Ltd.	Mihama-ku, Chiba	48,970	General merchandise store	–	Store leasing Concurrent posts by officers	Earnings from property leasing	19,997	Unearned sales	430
									Lease deposits from lessees (Note 2)	14,873
	Aeon Credit Service Co., Ltd.	Chiyoda-ku, Tokyo	15,466	Financial services business	(Ownership) Direct 0.27%	Assigned credit business	Credit handling fees	2,809	Current assets and other (unearned profits)	5,616

(Notes) 1. For the amounts above, the transaction amounts do not include the consumption tax, etc.; for balances at the end of the term, the consumption tax, etc. is included except for Other current assets (unearned profits) and lease deposits from lessees.

2. The lease deposits from lessees above include Other current liabilities (lease deposits expected to be reimbursed within a year: previous fiscal year: 1,093 million yen; fiscal year under review: 646 million yen) and Other long-term liabilities) (long-term unearned revenue: previous fiscal year: 148 million yen; fiscal year under review: 131 million yen).

3. Transaction criteria and policies used to determine transaction criteria, etc.

Interest rates on funds deposited with Aeon Co., Ltd. are determined by taking market interest rates into consideration.

As for store leasing for Aeon Retail Co., Ltd., the rent is determined by taking into consideration changes in economic conditions as well as taxes and public dues and revising the lease contract every

three years.
Assigning of the credit business to Aeon Credit Service Co., Ltd. is determined based on general criteria used for transactions.

2. Note on parent company or important affiliates
(1) Parent company information
Aeon Co., Ltd. (stock company; listed on the Tokyo Stock Exchange)
(2) Summary of financial information on important affiliates
Not applicable

Per-share information

Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)		Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)	
Net assets per share	1,069.25 yen	Net assets per share	1,187.14 yen
Net income per share	112.37 yen	Net income per share	120.70 yen
Diluted net income per share	112.33 yen	Diluted net income per share	120.65 yen

(Note) The basis for the calculation of net income per share and diluted net income per share is shown in the table below.

	Year Ended February 20, 2012 (February 21, 2011 to February 20, 2012)	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)
Net income per share		
Net income (million yen)	20,355	21,865
Amounts not attributable to shareholders of common stock (million yen)	–	–
Net income attributable to common stock (million yen)	20,355	21,865
Average number of common shares outstanding during the fiscal year	181,132,013	181,139,860
Diluted net income per share		
Adjustment of net income (million yen)	–	–
Increase in number of common stock (shares)	75,037	86,812
(Stock acquisition rights included)	(75,037)	(86,812)
Outline of dilutive stock not included in calculation of diluted net income per share because it is anti-dilutive	—	—

Significant subsequent events

Not applicable