Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended February 28, 2014

April 8, 2014

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

General shareholder's meeting	May 22, 2014
Commencement of dividend payments	May 7, 2014
Submission of statutory financial report	May 23, 2014
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, 2014 (March 1, 2013 to February 28, 2014)

(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, 2014	176,931	9.6	42,227	1.2	41,046	3.2	23,430	7.2
February 28, 2013	161,427	7.0	41,743	2.7	39,784	1.9	21,865	7.4

(Note) Comprehensive income Year ended February 2014 33,462 million yen (31.7%)
Year ended February 2013 25,408 million yen (24.2%)

	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, 2014	106.96	106.91	9.2	5.9	23.9
February 28, 2013	109.73	109.68	10.7	6.8	25.9

(Note) Investment profit on equity method February 28, 2014: — million yen
February 28, 2013: — million yen

(Note) The Company issued 23,500,000 shares of common stock through a public offering with a payment date of June 19, 2013 and issued 2,500,000 shares of common stock through a private placement with a payment date of July 12, 2013. The Company also split one share of common stock into 1.1 shares effective August 1, 2013. "Net income per share" and "Net income per share (diluted)" are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2014	759,245	298,526	38.9	1,295.30
February 28, 2013	630,887	217,776	34.1	1,079.22

(Note) Equity February 28, 2014: 295,124 million yen
February 28, 2013: 215,046 million yen

(Note) The Company issued 23,500,000 shares of common stock through a public offering with a payment date of June 19, 2013 and issued 2,500,000 shares of common stock through a private placement with a payment date of July 12, 2013. The Company also split one share of common stock into 1.1 shares effective August 1, 2013. "Net assets per share" are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(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, 2014	44,382	(47,143)	17,232	59,096
February 28, 2013	63,226	(69,751)	35,493	39,292

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 28, 2013	−	11.00	−	11.00	22.00	3,985	18.2	1.9
February 28, 2014	−	11.00	−	11.00	22.00	5,012	20.6	1.8
Year ending February 28, 2015 (Projection)	−	11.00	−	11.00	22.00		20.1	

(Note) The Company split one share of common stock into 1.1 shares on August 1, 2013. Dividend per share for the year ended February 28, 2013 is the actual amount of dividend before the stock split. Since the dividend per share for the year ended February 28, 2014 is unchanged from the initial forecast, dividends will effectively increase.

3. Consolidated Earnings Projections for the Year Ending February 28, 2015 (March 1, 2014 to February 28, 2015)

(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	100,000	16.9	21,000	3.0	20,000	1.7	11,800	4.2	51.79
Full year	208,000	17.6	46,000	8.9	43,500	6.0	25,000	6.7	109.72

* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): Yes

New: 3 companies

Company name HANGZHOU YUHANG LIANGZHU MALL REAL ESTATE DEVELOPMENT CO., LTD.
PT. AMSL DELTA MAS
AEON MALL (CHINA) CO., LTD.

Excluded: – companies

Company name –

(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

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

[1] Number of shares issued at period-end (including treasury stock)
February 28, 2014: 227,876,667 shares February 28, 2013: 199,272,597 shares

[2] Treasury stock at period-end
February 28, 2014: 35,585 shares February 28, 2013: 11,781 shares

[3] Average number of shares issued
February 28, 2014: 219,057,659 shares February 28, 2013: 199,253,846 shares

(Note) The Company split one share of common stock into 1.1 shares effective August 1, 2013. Number of shares above is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Disclosure on implementation of audit procedures

This financial summary falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of said Act were not completed at the time this financial summary was disclosed.

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

(Notes concerning statements about the future, etc.)

The statements about the future, including earnings projections, included in this report are based on information currently available to the Company and certain assumptions considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See “(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 9, 2014. The materials handed out at this briefing will be posted on the Company’s web page on April 8, 2014, and the audio recording will be made available on the Company’s web page as soon as possible after the briefing.

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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 Japanese economy remained on a moderate recovery path, largely due to large-scale monetary easing by the government and the Bank of Japan and the depreciation of the yen against major currencies. In the retail industry, operating conditions remained challenging, reflecting the persistent economizing trend among customers and the effect of unseasonable weather, despite solid demand for certain high-end products. However, the number of new shopping centers opened in 2013 doubled from 2012, resulting in an increase from the previous fiscal year for the first time in six years.

Aeon Mall, the core operator in the Aeon Group's development business, took steps to establish a management base that is able to ensure continuous growth, with the aim of becoming the top shopping mall developer in Asia. Under its three-year, medium-term business plan (FY2011-2013), Aeon Mall promoted the merger of overlapping functions in its development business, increasing its business units and expanding its domestic business base, and created a base for business development in new growth markets in China and the ASEAN region.

As part of the functional integration in the development business, the names of the mall-type commercial facilities of the Aeon Group were unified in November 2011, and in 2012, overlapping market and development functions were merged and tenant associations comprising 8,000 companies were amalgamated into one (Aeon Doyutenkai (the association of tenants of Aeon facilities)). Building on these initiatives, the Company integrated its leasing functions in April 2013 and signed a contract to undertake the management and operations of commercial facilities of Aeon Retail Co., Ltd. in 69 locations on November 1, 2013, as a result of which, management and operations of large-scale commercial facilities were integrated into Aeon Mall.

To secure the funds necessary for accelerated growth, the Company conducted a public offering with a payment date of June 19, 2013 and a private placement with a payment date of July 12, 2013, and on November 22, 2013, it also transferred the land and buildings of six malls owned by the Company to Aeon REIT Investment Corporation (the Company continues to use the property following the transfer under a lease agreement).

As a result of these initiatives, in the fiscal year under review, the Group posted its highest ever consolidated operating revenues, absorbed costs through the deployment of growth measures, and its operating income, ordinary income and net income also reached new highs.

Domestic Businesses

During the fiscal year under review, the Company opened five malls in new locations, including one mall as a property under a management contract.

New Domestic Malls in the Fiscal Year Ended February 28, 2014

Name of Mall	Location	Opening Date
ÆON Mall Kasukabe	Saitama Prefecture	March 2013
ÆON Mall Tsukuba	Ibaraki Prefecture	March 2013
Kobe Harborland umie*	Hyogo Prefecture	April 2013
ÆON Mall Toin	Mie Prefecture	November 2013
ÆON Mall Makuhari Shintoshin	Chiba Prefecture	December 2013

* Property under management contract

In addition to a wide array of specialty stores selling products, Aeon Mall Kasukabe has service functions such as clinics, and Kurashi-no Money Plaza offering banking, credit, insurance, and housing services, as well as an area for hobbies and interests.

Aeon Mall Tsukuba comprises a large leisure zone that offers the opportunity to experience enjoyment in its two outer wing: the West Village, which is home to a bakery restaurant with an attached dog run and dog café, an integrated sports center equipped with futsal court designed by the local soccer club, a camping car store, and an

outdoor clothing and equipment store; and the East Village, which is home to a farmers' market and restaurant, garden and exterior exhibition space, bicycle store, Harley Davidson distributor and other specialty stores on the theme of lifestyle.
Kobe Harborland umie is a mall for which the Company signed a contract with the owner to undertake its renewal, management, and operation, including tenant leasing and construction planning, following the withdrawal in March 2012 of a department store then constituting the anchor tenant. Kobe Harborland umie is located in Kobe Harborland, one of Kobe's top tourist destinations, and features 225 speciality stores, including 13 stores opening in Kansai for the first time and 40 stores opening in Kobe for the first time, in addition to a collection of hot overseas fast fashion. .To enhance its accessibility, "Kobe Harborland umie" adds new cross structures between the main buildings NORTH MALL and SOUTH MALL, and, together with the "MOSAIC" entertainment complex, it creates a unified whole with open spaces leading to the sea that customers can stroll around freely. It is an urban mall in which customers can enjoy beautiful landscapes and scenes as they shop. As a result of these initiatives, both customer numbers and sales have been high since the renewal, exceeding forecasts.

Aeon Mall Toin houses 155 speciality stores, 40% of which are the first of their brand in the region. In addition to a variety of dining options, the Mall has an enhanced entertainment area, offering one of the largest cinemas in Mie Prefecture, a large pet store with an attached dog run, and an all-weather event area.
Aeon Mall Makuhari Shintoshin is a next-generation shopping mall with a mall concept "A place where you will find new fascinations". It is Aeon's "omni-channel" flagship mall, proposing a new shopping style to customers that combines products, activities and the Internet. The mall is comprised of four separate malls: the "Grand Mall," the "Family Mall," the "Active Mall" and the "Pet Mall," and features 360 specialty stores, half of which are new stores and new formats, opening in Japan, in the Kanto region and in Chiba Prefecture for the first time. They are offering a variety of interactive, experience-type services on a large scale in addition to product sales. The general merchandise store "Aeon" has launched an initiative to offer a new shopping style that links physical and online stores by using information and communications technology (ICT) for the creation of the "Products, activities, and Internet: Aeon Omni-channel."

The Group renewed 11 of its existing malls, transforming them entirely by introducing new tenants and changing the retail format of existing tenants or relocating them.

Malls renewed in the Fiscal Year Ended February 28, 2014

Name of Mall	Location	Date reopened	Tenants	New tenants (1) (See Note)	Relocations& refurbishments (2)	No. of tenants on reopening (1) + (2)
ÆON Mall Takasaki	Gunma Prefecture	March 15	170	43 (41)	76	119
ÆON Mall Musashimurayama	Tokyo Metropolis	March 19	180	35 (7)	46	81
ÆON Mall Tsurumi Ryokuchi	Osaka Prefecture	March 20	160	25 (7)	43	68
ÆON Mall Kobe Kita	Hyogo Prefecture	March 22	165	14 (4)	47	61
ÆON Mall Natori	Miyagi Prefecture	April 19	170	24 (12)	36	60
ÆON Mall Ota	Gunma Prefecture	April 19	170	18 (10)	38	56
ÆON Mall Kochi	Kochi Prefecture	April 26	140	30 (26)	52	82
ÆON Mall Shimoda	Aomori Prefecture	June 7	120	16 (1)	5	21
ÆON Mall Fukuoka	Fukuoka Prefecture	September 13	200	17 (7)	8	25
ÆON Mall Hamamatsu Shitoro	Shizuoka Prefecture	September 13	150	5 (2)	9	14
ÆON Mall Hanyu	Saitama Prefecture	November 29	210	54 (20)	91	145

(Note) Figures in brackets represent new tenants opening for the first time in the prefecture.

Aeon Mall Fujiidera temporarily suspended operations with effect February 28, 2014 for reconstruction. The Group decided to apply its scrap and build strategy to better respond to changes in land use such as more housing in the surrounding area and diversifying computer needs.

Overseas Businesses

In China business, Aeon Mall Tianjin Meijiang, the fourth Aeon Mall in China (and the third in Tianjin) opened in January 2014. This mall is located in the Tianjin Xiqing Economic Development Area (XEDA), which is one of the fastest growing districts in China. It is also adjacent to the largest first-class residential area in Tianjin and the Outer Ring Expressway, providing both a good living environment and accessibility.

At the already opened Aeon Mall Beijing International Mall (Beijing), Aeon Mall Tianjin TEDA (Tianjin) and Aeon Mall Tianjin Zhongbei (Tianjin), customers and sales exceed the previous year's level, and the Group is focusing on further expansion in results.

In ASEAN business, Aeon Mall Tan Phu Celadon, the first Aeon Group mall in Ho Chi Minh City, Vietnam, opened in January 2014. This mall is located in Celadon City, Tan Phu District, approximately 9km west of the center of Ho Chi Minh City. Celadon City is implementing "comprehensive town development" under the joint development plan covering housing, international schools, medical facilities, sport facilities, etc. as the "new township project" for a total area of 82 ha. Aeon Vietnam and Aeon Mall Vietnam worked together on the opening of the mall, and Aeon Mall Vietnam took charge of management and operation after the opening.

In Vietnam, following the success of the first mall, preparations for the opening of a second mall are underway, and, also in Cambodia and Indonesia, progress is being made towards opening a first Aeon Group mall in the fiscal year ending February 28, 2015.

New Malls Overseas in the Fiscal Year Ended February 28, 2014

Name of Mall	Location	Opening Date
Aeon Mall Tianjin Meijiang*	Tianjin	January 2014
Aeon Mall Tan Phu Celadon*	Ho Chi Minh City	January 2014

* The Group's Chinese subsidiary and Vietnamese subsidiary have their fiscal year end on December 31.

Financial Status

Operating revenue for the year totalled 176,931 million yen (109.6% year on year). However, operating costs increased to 117,117 million yen (110.7% year on year) due to business expansion, and gross profit came to 59,814 million yen (107.6% year on year).

Selling, general and administrative expenses increased to 17,586 million yen (127.0% year on year) due to factors such as organizational reform to increase malls in Japan, an increase in overseas Aeon Malls to accelerate business development in China and ASEAN region, and a rise in prior costs as a result of progress in the acquisition of development projects in Japan and overseas. Operating income nevertheless rose to 42,227 million yen (101.2% year on year).

Ordinary income was 41,046 million yen (103.2% year on year) as a result of non-operating profit of 1,570 million yen (163.9% year on year) and non-operating expenses of 2,751 million yen (94.3% year on year).

In extraordinary items, a gain on sales of fixed assets through transfer to Aeon REIT Investment Corporation (a net gain of 1,271 million yen) and other factors resulted in an increase of 941 million yen from the previous fiscal year.

As a result, net income was 23,430 million yen (107.2% year on year).

2) Outlook for the Fiscal Year Ending February 28, 2015

Domestic Businesses

In the fiscal year ending February 28, 2015, we plan to open three malls in the first half and four malls in the second half, including Aeon Mall Wakayama (Wakayama Prefecture) and Aeon Mall Tendo (Yamagata Prefecture) opened in March.

Aeon Mall Wakayama is situated in the "Gakuen Jyokaku-toshi (Academic Walled Town) Fujitodai" commercial zone currently under development in the northern part of Wakayama-shi. It features around 210 stores, 60% of which are the first stores of their kind in the area, with 19 stores that have not been opened in the Kinki District before and 113 stores that have not been opened in Wakayama Prefecture before. Making use of an extensive site

of around 155,000 m^2 and the height difference of the hills, the mall has an exterior building area called the "Outer Mall," which is composed of restaurants, the outdoor commodity zone and the interior decoration commodity zone, and the "Auto Mall" on the roof, which makes it easy for customers to access the mall by car from its east side.
Aeon Mall Tendo is sightseeing shopping mall that takes full advantage of the characteristics of Tendo City with its abundant sightseeing resources and can be enjoyed by customers from both inside and outside the prefecture. The mall design integrates traditional regional features with simple fashionable modern elements. The mall has around 130 tenants, including 68 stores opening for the first time in Yamagata Prefecture. The outdoor shopping center on the east side of the mall will be an integrated beautiful block introducing specialties and famous produce of Tendo City.

New Domestic Malls in the Fiscal Year Ending February 28, 2015

Name of Mall	Location	Opening Date
ÆON Mall Wakayama	Wakayama Prefecture	March 2014
ÆON Mall Tendo	Yamagata Prefecture	March 2014
ÆON Mall Nagoya Chaya	Aichi Prefecture	June 2014
ÆON Mall Kyoto Katsuragawa	Kyoto Prefecture	October 2014
ÆON Mall Kisarazu	Chiba Prefecture	October 2014
ÆON Mall Okayama	Okayama Prefecture	November 2014
ÆON Mall Tamadairanomori	Tokyo Metropolis	November 2014

We plan to renew at least 10 of our existing malls. We will also improve customer appeal and efficiency by increasing our competitiveness through promotional activities using the Aeon Group infrastructure, such as nationwide simultaneous campaigns and Aeon cards and the electronic money WAON, and functional integration in the development business, and we will strive to create synergy.

Overseas Businesses
In China, we currently manage and operate four malls in Tianjin and Beijing, and we plan to open four malls in new areas (Jiangsu Province, Guangdong Province and Hubei Province) in 2014. Development contracts starting in 2015 and beyond are also steadily being secured, and we plan to develop 15 malls in the coming three years.
Turning to ASEAN business, in Cambodia, we plan to open Aeon Mall Phnom Penh, which will be the first Aeon Mall in the center of the capital Phnom Penh. The planned site is an area where further growth can be expected in the future, as it is surrounded by luxury housing and hotels, and is occupied predominantly by middle-to-high income households. Construction began in December 2012, and tenant acquisition has been progressing very smoothly in the run-up to the opening.
Likewise in Indonesia, we will open Aeon Mall BSD City (BSD City, Tangerang, Banten Province), which will be the first Aeon Mall in the suburbs southwest of Jakarta. The full-scale development of the site for the mall began in 2003. With the planned extension of highways and the construction of housing, industrial facilities, schools, hospitals, golf courses, sports facilities, etc., the area offers significant potential for future development.
In Vietnam, we plan to open Aeon Mall Binh Duong Canary in Binh Duong Province as the second Aeon Mall in Vietnam. As with the first mall, Aeon Vietnam and Aeon Mall Vietnam will work together on the opening of the mall, and Aeon Mall Vietnam will take charge of its management and operation.

New Malls Overseas in the Fiscal Year Ending February 28, 2015

	Name of Mall	Location	Planned Opening
China	Aeon Mall Suzhou Wuzhong	Suzhou City, Jiangsu Province	2014
	Aeon Mall Guangzhou Qing He	Guangzhou City, Guangdong Province	2014
	Aeon Mall Suzhou Yuanqu hudong	Suzhou City, Jiangsu Province	2014
	Aeon Mall Wuhan Jinyintan	Wuhan City, Hubei Province	2014
Vietnam	Aeon Mall Binh Duong Canary	Binh Duong Province	2014
Cambodia	Aeon Mall Phnom Penh	Phnom Penh	2014
Indonesia	Aeon Mall BSD City	Tangerang	2014

Also, in Vietnam, we plan to open Aeon Mall Long Bien in Hanoi in the fiscal year ending February 29, 2016. Likewise, in Indonesia, we are planning several other projects, mainly in the suburbs of Jakarta City, including Aeon Mall JGC (Jakarta Garden City) (tentative name; Cakung, Jakarta Timur, scheduled to open in 2015) and Aeon Mall Deltamas (tentative name: Bakasi, Jawa Barat, scheduled to open in or after 2015), and are pushing ahead with property development.

Financial Forecast

As our consolidated financial forecast, we are projecting 208 billion yen in operating revenue, 46 billion yen in operating income, 43.5 billion yen in ordinary income, and 25 billion yen in net income for the year ending February 28, 2015.

(2) Environmental Conservation and Social Contribution Activities

Aeon Mall 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.

As part of its environmental conservation initiatives, the Group has been undertaking energy conservation activities such as photovoltaic power generation (at 61 malls as of February 28, 2014) and LED installation (at 73 malls as of February 28, 2014) to help reduce CO_2 emissions. We have also been installing charging stations for electric vehicle in anticipation of the future low-carbon society, and, in the fiscal year ending February 28, 2014, installed charging stations at 15 malls, bringing the total number of malls with charging stations to 32 as of February 28, 2014. We intend to install charging stations at our new malls in the future and to step up introduction at our existing malls, aiming for installation in a further 75 malls in the fiscal year ending February 28, 2015.

We are also actively pursuing a number of other initiatives including the Aeon Hometown Forests Program, in which we plant seedlings suited to the local area on the premises of the mall together with local residents, and efforts to achieve zero emissions by recycling all waste generated by our malls Aeon Mall was recognized for these activities, 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, in the 2013 survey on real estate companies' environmental measures conducted by GRESB (Global Real Estate Sustainability Benchmark). We were awarded a Green Star, given to companies that excel in both formulating/disclosing and implementing/measuring environmental policies, as an advanced company in the Asian commercial facility category. GRESB is an indicator for measuring the environmental performance of real estate companies and operating agencies, which was founded primarily by European pension fund group companies. Its activities are supported by more than 50 worldwide institutional investors and the major real estate associations, etc. in each country.

Moreover, Aeon Mall Toin was the first mall to acquire the ABINC Certificate (for urban areas and shopping centers), which is awarded by the Association for Business Initiative in Harmony with Nature and Community to shopping malls that give high consideration for biodiversity in their operation. At the AEON Mall Toin, we undertake a range of environmental activities, including Aeon Hometown Forests Program, where customers and employees plant trees together, the Rain Garden project to recycle rain water, and the Fureai Park projects to save spaces for local fauna and flora. The certificate is believed to be in recognition of such high consideration for the local ecosystem. We will continue working to create environmentally friendly malls in the interests of preserving ecodiversity and sustainability in the future.

In addition, Aeon 1% Club, in which leading Aeon Group companies donate 1% of their pre-tax income for various activities in spheres such as the environment, and international and local culture, has been actively supporting the construction of schools and disaster recovery in the Asia region since 2001. As part of these efforts, we will continue fund-raising activities involving our customers and employees of our shopping mall tenants.

* The number of malls shown above includes 69 malls managed and operated by Aeon Mall under PM contracts with Aeon Retail.

(3) Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets stood at 759,245 million yen, up 128,358 million yen from February 28, 2013. This reflected the acquisition of property, plant and equipment of 169,054 million yen primarily for the opening of new shopping malls, the acquisition of land for future development, and the purchase of Aeon Mall Kyoto, which had previously been managed under a PM contract, the acquisition of long-term prepaid expenses of 16,025 million yen due mainly to the purchase of a land-use right in China, an increase of 14,254 million yen in cash and cash equivalents, a rise of 9,000 million yen in deposits to associated companies, and a decrease of 23, 945 million yen in fixed assets due to depreciation and 63,342 million yen due to sales of fixed assets to Aeon REIT Investment Corporation.

Liabilities

Total liabilities stood at 460,718 million yen, up 47,608 million yen from February 28, 2013. This increase primarily reflected a 68,465 million yen increase in accounts payable-construction mainly associated with the opening of new shopping malls, a 12,239 million decrease in deposits from tenants, a 19,780 million yen decrease in long-term debt (including the current portion of long-term debt), and a 10,000 million yen reduction in straight bonds (including bonds due within one year).

Net assets

Net assets stood at 298,526 million yen, up 80,749 million yen from February 28, 2013. This primarily reflected a 25,504 million yen increase in common stock and a 25,504 million yen rise in the capital surplus associated with the issuance of shares and an increase in retained earnings due to net income of 23,430 million yen.

2) Cash Flows

Cash and cash equivalents (“cash”) as of February 28, 2014 amounted to 59,096 million yen, up 19,803 million yen from February 28, 2013.

Cash flows in the fiscal year under review were as follows:

Cash flows from operating activities

Net cash provided by operating activities was 44,382 million yen (compared with 63,226 million yen in the previous fiscal year). The major contributors to this outcome were income before income taxes and minority interests of 40,529 million yen (38,325 million yen the previous fiscal year), depreciation and amortization of 23,945 million yen (21,621 million yen in the previous fiscal year), a decrease in deposits from tenants of 12,305 million yen (increase of 12,153 million yen in the previous fiscal year) associated with a change in the schedule of reimbursement of deposits from tenants as a result of the change in the fiscal year end made the previous fiscal year, and income taxes paid of 10,343 million yen (15,270 million yen in the previous fiscal year).

Cash flows from investing activities

Net cash used in investing activities amounted to 47,143 million yen (compared with 69,751 million yen in the previous fiscal year). Major contributors included the payment of 102,821 million yen (53,536 million yen in the previous fiscal year) for the purchase of property, plant and equipment, including the facilities of Aeon Mall Fukutsu that opened in the previous fiscal year, land for future development, Aeon Mall Kyoto, which had previously been operated under a PM contract, and the facilities of Aeon Mall Kasukabe and Aeon Mall Tsukuba that opened in the fiscal year under review, and long-term prepaid expenses of 12,037 million yen (14,424 million yen in the previous fiscal year) associated primarily with the purchase of a land-use right in China, which was offset by a gain on sales of fixed assets of 64,570 million yen (2,139 million yen in the previous fiscal year), including sales to Aeon REIT Investment Corporation.

Cash flows from financing activities

Net cash provided by financing activities was 17,232 million yen (compared with 35,493 million in the previous fiscal year). This was largely a result of proceeds from the issuance of common stock of 50,759 million yen, proceeds from long-term debt of 15,498 million yen (54,934 million yen in the previous fiscal year), repayment of long-term debt of 35,278 million yen (29,457 million yen in the previous fiscal year), redemption of bonds of 10,000 million yen, and dividends paid of 4,498 million yen (3,985 million yen in the previous fiscal year).

(For reference) Changes in Cash Flow Indicators

	Fiscal year ended February 28, 2013	Fiscal year ended February 28, 2014
Equity ratio (%)	34.1	38.9
Equity ratio based on market capitalization (%)	66.0	84.5
Ratio of interest-bearing debt to cash flow (annual)	3.5	4.3
Interest coverage ratio (times)	23.6	18.2

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, 2014 and Ending February 28, 2015

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 previously targeted an annual dividend payout ratio of 15% but, at a meeting held on June 3, 2013, the Board of Directors resolved to raise its target annual dividend payout ratio to 20% or higher to increase the return of profits to shareholders.

Regarding the annual dividend per share for the fiscal year ended February 28, 2014, at a meeting held on April 8, 2014, the Board of Directors resolved to maintain the year-end dividend at 11 yen per share, as initially forecasted, which combined with an interim dividend of 11 yen per share, brings the annual dividend for the fiscal year ended February 2014 to 22 yen per share. The Company split one share of its common stock held by shareholders as of July 31, 2013 into 1.1 shares (effective August 1, 2013), causing dividend per share to effectively increase by 10%.

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.

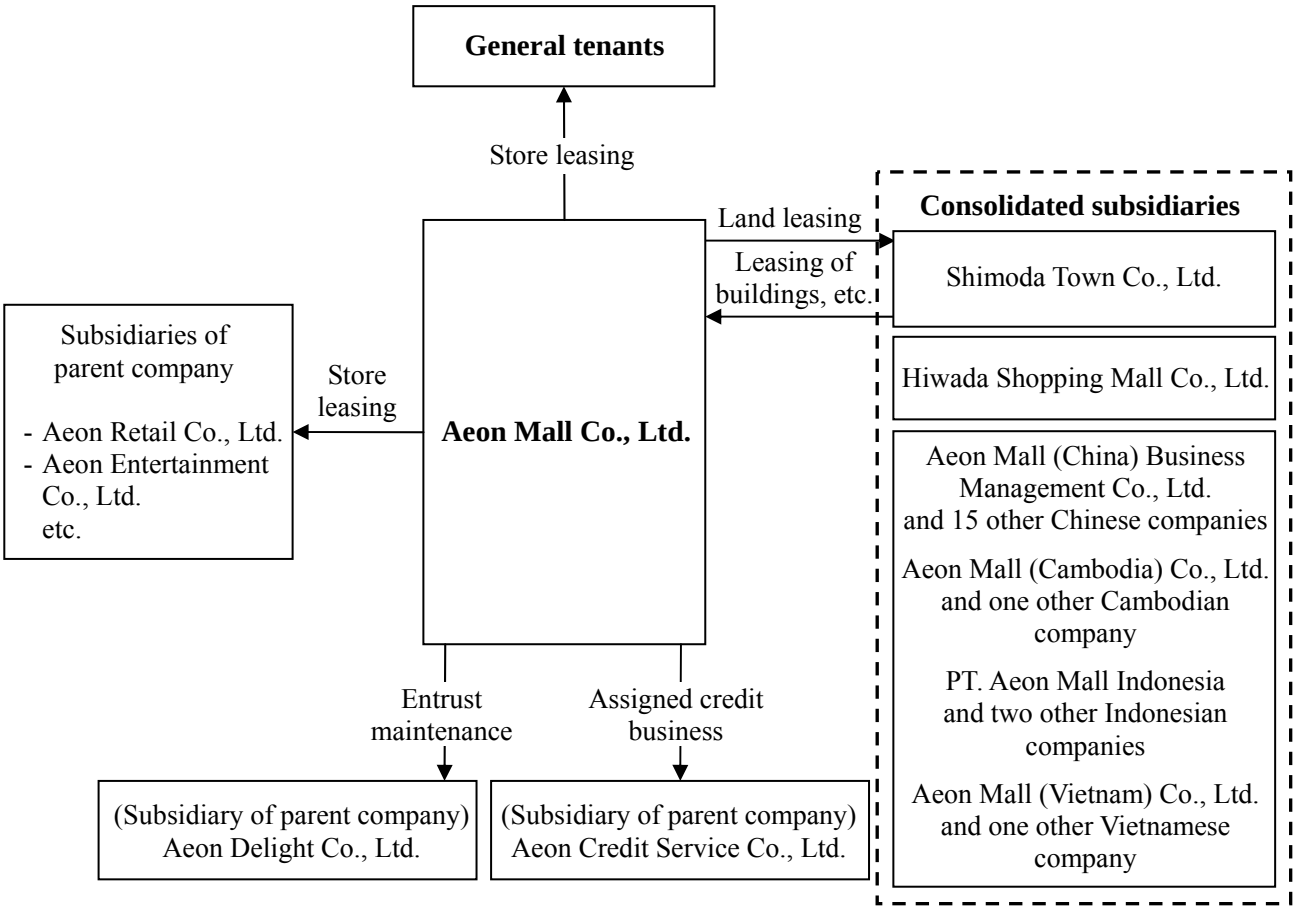
Aeon Mall plans to pay a dividend of 22 yen per share for the fiscal year ending February 28, 2015.

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 25 consolidated subsidiaries, Shimoda Town Co., Ltd., Hiwada Shopping Mall Co., Ltd., Aeon Mall (China) Business Management Co., Ltd. and 15 other China-based companies, two Cambodia-based companies, two Vietnam-based companies, and three Indonesia-based companies. Aeon Mall Co., Ltd. is engaged in the shopping mall business, as are its 25 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, we consider a return on invested capital (ROIC) of 6% or higher, an equity ratio of 30% or higher, and a debt equity ratio of 1.0 or lower to be its priority financial indicators.

(3) Medium-Term Corporate Management Strategies and Priorities

We will formulate a new medium-term management plan starting in the fiscal year ending February 28, 2015 (fiscal 2014), and will focus on building a robust corporate structure that achieves both sustainable growth and high profitability.

Specific strategies are as follows:

(i) Expansion of new business locations in Japan

When developing malls, we have proposed mall functions and roles to local residents from a town planning perspective and worked with local communities to develop and manage/operate the malls. Under our medium-term management plan, we will create malls that meet the needs of diverse customer segments, including the growing senior segment, and we will develop malls with new mall concepts compatible with local characteristics. We expect to open new malls in Japan twice as quickly as in the past, and to further accelerate site development.

(ii) Enhancement of earnings capacity

We will strive to increase our competiveness through measures such as adding new mall functions at existing malls, adopting zoning compatible with local needs, and introducing new tenants. We will also work to strengthen our ability to attract customers and expand sales by improving our specialty store support. We will also make full use of the economies of scale of more than 130 malls to conduct further sales promotions, etc. and to pursue initiatives such as continuing to reduce operating costs by establishing more efficient operation systems and reducing investment costs, and we will focus on improving cash flows.

(iii) Establishment of business base in China and ASEAN

In China, we will pursue development contracts in Beijing and Tianjin, where we have already opened malls, as well as in Hebei Province, Zhejiang Province, Jiangsu Province, Hubei Province, Shandong Province and Guangdong Province, and we expect to open new shopping malls at an accelerated pace from the fiscal year ending February 28, 2015 (fiscal 2014).

Similarly, in the ASEAN region, we will push ahead with the opening of new malls in Vietnam, Cambodia and Indonesia from the fiscal year ending February 28, 2015 (fiscal 2014).

Meanwhile, we will lay a business foundation for amassing the operation and management expertise needed to develop multiple shopping malls overseas, and establish a business system in each area that will ensure rapid decision making and growth.

(iv) Response to the “omni-channel” trend

We launched Aeon Mall Online services in September 2012 and will focus on establishing the e-commerce business in anticipation of the advent of the omni-channel era. We will also proceed with the expansion of mall business from a new perspective, leveraging our unique strengths, and will take steps to realize the “Experiences, Products and the Internet-Aeon Omni-channel Retailing” that offers a new style of shopping to customers, combining, products, activities and the Internet.

(v) Enforcement of financial discipline

We will focus on improving cash flows by expanding mall earnings. At the same time, we will use various fundraising methods to pursue flexible growth strategies and work to build a strong financial base to support medium- and long-term growth, while striving to improve asset efficiency.

To implement the above initiatives rapidly, we plan to strengthen the management system and governance functions, including sharing business expertise in Japan and overseas and speeding up decision making, while seeking the development and diversification of human resources and structural and personnel system reforms, with the aim of creating a management system for incorporating innovative business models.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of February 28, 2013	As of February 28, 2014
Assets		
Current assets:		
Cash and deposits	33,312	47,566
Notes and accounts receivable—trade	2,261	2,907
Inventories	49	45
Prepaid expenses	1,819	2,907
Deferred tax assets	993	2,228
Deposits to associated companies	*2 8,000	*2 17,000
Other current assets	16,657	17,377
Total current assets	63,095	90,033
Fixed assets:		
Property, plant and equipment:		
Building and structures	429,853	474,320
Accumulated depreciation	(152,906)	(148,056)
Building and structures, net	276,947	326,264
Machinery and transportation equipment	1,149	2,863
Accumulated depreciation	(650)	(643)
Machinery and transportation equipment, net	499	2,219
Furniture and fixtures	20,084	22,380
Accumulated depreciation	(15,974)	(16,906)
Furniture and fixtures, net	4,110	5,473
Land	177,065	185,905
Construction in progress	13,746	37,697
Total property, plant and equipment	*1 472,369	*1 557,559
Intangible assets:	3,326	3,570
Investments and other assets:		
Investment securities	1,165	1,348
Long-term loans	394	314
Long-term prepaid expenses	30,709	46,734
Deferred tax assets	5,015	5,097
Lease deposits paid	52,792	50,687
Other	2,112	3,977
Allowance for doubtful receivables	(94)	(80)
Total investments and other assets	92,095	108,081
Total fixed assets	567,791	669,211
Total assets	630,887	759,245

(Million yen)

	As of February 28, 2013	As of February 28, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	4,432	11,024
Bonds due within one year	10,000	23,000
Current portion of long-term debt	*1 31,397	*1 10,566
Income taxes payable	9,501	17,782
Deposits from tenants	37,142	24,903
Deposits received	9,019	6,901
Allowance for employee bonus	608	710
Allowance for director and auditor performance-based remuneration	48	108
Provision for store closing expenses	–	659
Notes payable—construction	10,879	28,046
Electronically recorded obligations—construction	–	11,698
Accounts payable—construction	1,518	41,117
Other current liabilities	*1 9,067	*1 7,850
Total current liabilities	123,614	184,370
Long-term liabilities:		
Straight bonds	48,200	25,200
Long-term debt	*1 130,548	*1 131,599
Deferred tax liabilities	136	130
Accrued retirement benefits to employees	199	199
Provision for store closing expenses	300	–
Asset retirement obligations	6,235	7,704
Lease deposits from lessees	*1 103,633	*1 109,325
Other long-term liabilities	241	2,188
Total long-term liabilities	289,495	276,348
Total liabilities	413,110	460,718
Net assets		
Shareholders' equity:		
Common stock	16,691	42,195
Capital surplus	17,000	42,504
Retained earnings	177,790	196,722
Treasury stock, at cost	(28)	(92)
Total shareholders' equity	211,454	281,330
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	329	429
Foreign currency translation adjustment	3,261	13,364
Total accumulated other comprehensive income	3,591	13,793
Stock acquisition rights	141	164
Minority interests	2,588	3,237
Total net assets	217,776	298,526
Total liabilities and net assets	630,887	759,245

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

(Million yen)

Year ended	February 28, 2013	February 28, 2014
Operating revenue		
Rental income	161,427	176,931
Total operating revenue	161,427	176,931
Operating costs		
Cost of rental income	105,831	117,117
Gross profit	55,596	59,814
Selling, general and administrative expenses:		
Employees' salaries and bonuses	3,295	4,428
Provision for employees' bonuses	297	379
Provision for director and auditor performance-based remuneration	48	108
Retirement benefit expenses	128	125
Statutory welfare benefit expense	1,052	1,408
Travel expenses	905	1,173
Rent	735	1,609
Sales commission	1,123	721
Depreciation and amortization	684	775
Others	5,580	6,856
Total selling, general and administrative expenses	13,852	17,586
Operating income	41,743	42,227
Non-operating profits:		
Interest income	481	641
Dividend income	18	21
Compensation paid by departing tenants	202	371
Gain on negative goodwill	106	–
Foreign exchange gains	–	273
Other non-operating profits	149	261
Total non-operating profits	958	1,570
Non-operating expenses:		
Interest expenses	2,655	2,421
Other non-operating expenses	262	330
Total non-operating expenses	2,918	2,751
Ordinary income	39,784	41,046
Extraordinary gains:		
Gain on sale of fixed assets	*1 234	*1 6,993
Total extraordinary gains	234	6,993
Extraordinary losses:		
Loss on sales of fixed assets	*2 –	*2 5,722
Loss on disposal of fixed assets	*3 369	*3 46
Impairment losses	*4 745	*4 1,071
Provision for store closing expenses	300	359
Other extraordinary losses	278	310
Total extraordinary losses	1,693	7,510
Income before income taxes and minority interests	38,325	40,529
Income taxes		
—Current	17,338	18,369
—Deferred	(953)	(1,376)
Total income taxes	16,384	16,992
Income before minority interests	21,940	23,536
Minority interests in net income	75	105
Net income	21,865	23,430

(Consolidated Statements of Comprehensive Income)

(Million yen)

Year ended	February 28, 2013	February 28, 2014
Income before minority interests	21,940	23,536
Other comprehensive income		
Net unrealized gain on available-for-sale securities	65	99
Foreign currency translation adjustment	3,402	9,826
Total other comprehensive income	*1 3,467	*1 9,926
Comprehensive income	25,408	33,462
Comprehensive income attributable to:		
Owners of the Company	25,143	33,632
Minority interests	265	(169)

(3) Statements of Changes in Shareholders' Equity

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

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of fiscal year	16,683	16,992	159,910	(27)	193,559
Changes during period					
Issue of new shares	7	7			15
Cash dividends			(3,985)		(3,985)
Net income			21,865		21,865
Purchase of treasury stock				(0)	(0)
Net change in items other than shareholders' equity					
Total of changes	7	7	17,880	(0)	17,894
Balance at end of fiscal year	16,691	17,000	177,790	(28)	211,454

	Accumulated other comprehensive income			Stock acquisition rights	Minority interests	Total net assets
	Net unrealized gain for available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	264	(140)	124	124	665	194,474
Changes during period						
Issue of new shares						15
Cash dividends						(3,985)
Net income						21,865
Purchase of treasury stock						(0)
Net change in items other than shareholders' equity	65	3,402	3,467	17	1,923	5,407
Total of changes	65	3,402	3,467	17	1,923	23,302
Balance at end of fiscal year	329	3,261	3,591	141	2,588	217,776

Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of fiscal year	16,691	17,000	177,790	(28)	211,454
Changes during period					
Issue of new shares	25,504	25,504			51,008
Cash dividends			(4,498)		(4,498)
Net income			23,430		23,430
Purchase of treasury stock				(63)	(63)
Net change in items other than shareholders' equity					
Total of changes	25,504	25,504	18,931	(63)	69,876
Balance at end of fiscal year	42,195	42,504	196,722	(92)	281,330

	Accumulated other comprehensive income			Stock acquisition rights	Minority interests	Total net assets
	Net unrealized gain for available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	329	3,261	3,591	141	2,588	217,776
Changes during period						
Issue of new shares						51,008
Cash dividends						(4,498)
Net income						23,430
Purchase of treasury stock						(63)
Net change in items other than shareholders' equity	99	10,102	10,201	23	648	10,873
Total of changes	99	10,102	10,201	23	648	80,749
Balance at end of fiscal year	429	13,364	13,793	164	3,237	298,526

(4) Consolidated Statements of Cash Flows

(Million yen)

Year ended	February 28, 2013	February 28, 2014
Cash flows from operating activities:		
Income before income taxes and minority interests	38,325	40,529
Depreciation and amortization	21,621	23,945
Impairment losses	745	1,071
Increase (decrease) in provision for store closing expenses	300	359
Increase (decrease) in allowance for doubtful accounts	(30)	(14)
Increase (decrease) in provision for employees' bonus	69	102
Increase (decrease) in provision for director and auditor performance-based remuneration	(60)	59
Increase (decrease) in liabilities for retirement benefits	33	0
Interest and dividend income	(500)	(663)
Interest expenses	2,655	2,421
Loss on disposal of fixed assets	395	194
Loss (gain) on sales of fixed assets	(234)	(1,271)
Decrease (increase) in receivable—trade accounts	1,088	(497)
Decrease (increase) in other current assets	(2,384)	(2,791)
Increase (decrease) in payable—trade accounts	(791)	6,324
Increase (decrease) in consumption tax payable	966	(1,080)
Increase (decrease) in deposits from tenants	12,153	(12,305)
Increase (decrease) in other current liabilities	5,531	(3,291)
Other, net	2,678	3,669
Subtotal	82,562	56,764
Interest and dividends received	104	404
Interest paid	(2,675)	(2,442)
Payments for loss on disaster	(1,493)	–
Income taxes paid	(15,270)	(10,343)
Net cash provided by operating activities	63,226	44,382

(Million yen)

Year ended	February 28, 2013	February 28, 2014
Cash flows from investing activities:		
Purchase of property, plant and equipment	(53,536)	(102,821)
Proceeds from sales of property, plant and equipment	2,139	64,570
Purchase of intangible assets	(958)	(1,158)
Proceeds from sales of intangible assets	–	53
Purchase of long-term prepaid expenses	(14,424)	(12,037)
Purchase of investment securities	(280)	(29)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(927)	–
Collection of loans	81	79
Payment of lease deposits to lessors	(1,261)	(6,855)
Reimbursement of lease deposits to lessors	2,324	3,745
Proceeds from sale of lease deposits	–	4,593
Repayment of lease deposits from lessees	(6,133)	(8,142)
Proceeds from lease deposits from lessees	5,063	13,683
Time deposits	(1,999)	(10,051)
Withdrawal of time deposits	160	7,229
Net cash used in investing activities	(69,751)	(47,143)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings and commercial paper	(12,655)	–
Proceeds from long-term debt	54,934	15,498
Repayment of long-term debt	(29,457)	(35,278)
Proceeds from issue of bonds	25,000	–
Redemption of bonds	–	(10,000)
Proceeds from issuance of common stock	–	50,759
Proceeds from stock issuance to minority shareholders	1,663	821
Purchase of treasury stock	(0)	(63)
Dividends paid	(3,985)	(4,498)
Dividends paid to minority shareholders	(6)	(6)
Other	0	0
Net cash provided by financing activities	35,493	17,232
Foreign currency translation adjustments on cash and cash equivalents	1,883	5,332
Net increase (decrease) in cash and cash equivalents	30,852	19,803
Cash and cash equivalents at beginning of the period	8,440	39,292
Cash and cash equivalents at end of the period	*1 39,292	*1 59,096

(5) Notes to the Consolidated Financial Statements

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: 25
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.
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.
HANGZHOU YUHANG LIANGZHU MALL REAL ESTATE DEVELOPMENT CO., LTD.
PT. AMSL DELTA MAS
AEON MALL (CHINA) CO., LTD.
AEON MALL (ZHEJIANG) BUSINESS MANAGEMENT CO., LTD.
AEON MALL (WUHAN) BUSINESS MANAGEMENT CO., LTD.

HANGZHOU YUHANG LIANGZHU MALL REAL ESTATE DEVELOPMENT CO., LTD., PT. AMSL DELTA MAS, AEON MALL (CHINA) CO., LTD., AEON MALL (ZHEJIANG) BUSINESS MANAGEMENT CO., LTD., and AEON MALL (WUHAN) BUSINESS MANAGEMENT CO., LTD. were included in the scope of consolidation as these companies were established during the fiscal year under review.
H.M.J. Co., Ltd. is excluded from the scope of consolidation due to its merger with Hiwada Shopping Mall Co., Ltd. on November 1, 2013

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., AEON MALL (JIANGSU) BUSINESS MANAGEMENT CO., LTD., HANGZHOU YUHANG LIANGZHU MALL REAL ESTATE DEVELOPMENT CO., LTD., AEON MALL (CHINA) CO., LTD., AEON MALL (ZHEJIANG) BUSINESS MANAGEMENT CO., LTD., and AEON MALL (WUHAN) 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 balance sheet dates. 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

Foreign currency-denominated assets and liabilities are translated into yen amounts at the rates of exchange in effect as of the consolidated balance sheet date, with the difference treated as a gain or loss. 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 and minority interests 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.

Unapplied accounting standards, etc.

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 issued on May 17, 2012)

(1) Overview

The accounting standards have been revised, mainly in terms of accounting methods of unrecognized actuarial gain or loss and unrecognized prior service cost, calculation methods of projected benefit obligation and service cost, and the enhancement of disclosure

(2) Scheduled date of adoption

The revised calculation methods of projected benefit obligation and service cost are scheduled for adoption from the beginning of the fiscal year commencing on or after March 1, 2015. Other revisions with respect to accounting methods of unrecognized actuarial gain or loss and unrecognized prior service cost and the enhancement of disclosure, etc. are scheduled for adoption from the consolidated financial statements relating to the end of the consolidated fiscal year commencing on or after March 1, 2014.

(3) Effects of adoption on the accounting standards, etc.

At the time of preparing consolidated financial statements, the effects of the adoption of the accounting standards on the consolidated financial statements were being evaluated.

Changes in presentation methods

Consolidated balance sheets

In the fiscal year under review, the "Accounts payable–construction," which was included in "Other current liabilities" under "Current Liabilities" in the previous fiscal year, is shown as a separate presentation item, as it became more important. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in presentation method.

As a result, 10,585 million yen, which was included in "Other current liabilities" under "Current Liabilities" in the consolidated financial statements of the previous fiscal year, is restated as "Accounts payable–construction" of 1,518 million yen and "Other current liabilities" of 9,067 million yen.

Notes

Consolidated balance sheets

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

(Assets pledged as collateral) (Million yen)

	Year Ended February 28, 2013 (As of February 28, 2013)	Year Ended February 28, 2014 (As of February 28, 2014)
Buildings and structures	48,772	41,618
Land	19,232	17,291
Total	68,005	58,909

(Liabilities backed by above collateral) (Million yen)

	Year Ended February 28, 2013 (As of February 28, 2013)	Year Ended February 28, 2014 (As of February 28, 2014)
Current portion of long-term debt	2,143	2,237
Other current liabilities (Current portion of lease deposits from lessees)	109	75
Long-term debt	9,709	7,471
Lease deposits from lessees	2,556	1,357
Total	14,517	11,141

*2 Deposits to associated companies (Million yen)

	Year Ended February 28, 2013 (As of February 28, 2013)	Year Ended February 28, 2014 (As of February 28, 2014)
Deposits to associated companies	8,000	17,000

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

Consolidated statements of income

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

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)		Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)	
Noda Funagata property (Land) (Noda City, Chiba Prefecture)	233	ÆON Mall Kumamoto (Kamimashiki-gun, Kumamoto Prefecture)	4,056
Other	1	ÆON Mall Kurashiki (Kurashiki City, Okayama Prefecture)	811
		ÆON Mall Mito Uchihara (Mito City, Ibaraki prefecture)	2,125
		Other	0
Total	234		6,993

(Note) Gains recorded in respect of ÆON Mall Kumamoto, ÆON Mall Kurashiki and ÆON Mall Mito Uchihara are gains on sales to AEON REIT Investment Corporation.

*2. Losses on sale of fixed assets consist of the following items (Million yen)

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)		Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)	
	–	ÆON Mall Suzuka (Suzuka City, Mie Prefecture)	3,799
		ÆON Mall Morioka (Morioka City, Iwate Prefecture)	1,264
		ÆON Mall Nogata (Nogata City, Fukuoka prefecture)	657
		Other	0
Total	–		5,722

(Note) Losses recorded in respect of ÆON Mall Suzuka, ÆON Mall Morioka and ÆON Mall Nogata are losses on sales to AEON REIT Investment Corporation.

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

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)		Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)	
Building and structures	343	Building and structures	35
Furniture and fixtures	24	Furniture and fixtures	10
Other	1		
Total	369		46

*4. Impairment losses

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

Location	Use	Type	Amount (million yen)
Osaka Prefecture	Shopping mall	Buildings, etc.	745

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

In line with the scrap-and-build strategy, 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%.

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

Location	Use	Type	Amount (million yen)
Chiba Prefecture	Mall multi-story car park	Buildings, etc.	886
Chiba Prefecture	Online store	Software, etc.	184

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

The book value of the multi-story car park in the abovementioned asset groups was reduced by the entire amount following a decision to demolish it and the reduction and removal expenses were stated as an impairment loss under extraordinary loss. These losses consisted of 736 million yen for buildings and structures, 0 million yen for tools, furniture and fixtures, and 150 million yen for removal expenses.

Also the book value of the online store in the abovementioned asset groups was reduced to the recoverable value, as there was no longer any prospect of the earnings initially anticipated, and the reduction was stated as an impairment loss under extraordinary loss. These losses consisted of 110 million yen for software and 73 million yen for long-term prepaid expenses. The recoverable value is estimated taking the net realizable value as zero.

Consolidated statements of comprehensive income

*1. Rearrangements, adjustments and tax effects concerning other comprehensive income (Million yen)

	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)	Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)
Net unrealized gain on available-for-sale securities		
Amount accrued in the fiscal year	93	153
Amount rearranged or adjusted	8	–
Before tax effect adjustment	101	153
Tax effect	(36)	(54)
Net unrealized gain on available-for-sale securities	65	99
Foreign currency translation adjustment		
Amount accrued in the fiscal year	3,402	9,826
Total other comprehensive income	3,467	9,926

Statements of changes in shareholders' equity

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 (Note 1)	181,148,807	8,100	–	181,156,907
Total	181,148,807	8,100	–	181,156,907
Treasury stock				
Common stock (Note 2)	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

Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)

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 (Note 1)	181,156,907	46,719,760	–	181,156,907
Total	181,156,907	46,719,760	–	181,156,907
Treasury stock				
Common stock (Note 2)	10,710	24,875	–	10,710
Total	10,710	24,875	–	10,710

(Notes) 1. An increase of 46,719,760 shares issued and outstanding resulted from an increase of 26,000,000 shares due to the issuance of new shares, an increase of 20,715,810 shares due to a stock split, and an increase of 3,950 shares due to the exercise of stock acquisition rights.

2. An increase of 24,875 shares of treasury stockresulted from an increase of 1,120 shares due to a stock split, and an increase of 23,755 shares due to the purchase of shares less than one unit.

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	–	–	–	–	–	164
Total		–	–	–	–	–	164

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 9, 2013	Common stock	1,992	11.00	February 28, 2013	May 7, 2013
Board of Directors meeting on October 2, 2013	Common stock	2,506	11.00	August 31, 2013	November 12, 2013

(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 8, 2014	Common stock	2,506	Retained earnings	11.00	February 28, 2014	May 7, 2014

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 28, 2013 (February 21, 2012 to February 28, 2013)	Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)
Cash and deposits	33,312	47,566
Deposits to associated companies	8,000	17,000
Time deposits with a deposit term longer than three months	(2,019)	(5,470)
Cash and cash equivalents	39,292	59,096

2. Important non-fund transactions

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

Not applicable.

Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)

Important asset retirement obligations recorded for the first time in the fiscal year ended February 28, 2014 amounted to 1,343 million yen.

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 and balance at fiscal year-end

(Million yen)

	Year Ended February 28, 2013 (As of 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

(Million yen)

	Year Ended February 28, 2014 (As of February 28, 2014)		
	Acquisition cost	Accumulated depreciation	Year-end balance
Furniture and fixtures	35	19	15
Total	35	19	15

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

(Million yen)

	Year Ended February 28, 2013 (As of February 28, 2013)	Year Ended February 28, 2014 (As of February 28, 2014)
Amounts equivalent to balance of future lease obligations at fiscal year-end		
Due within 1 year	15	3
Due after 1 year	17	13
Total	32	17

(3) Lease payments, amounts equivalent to depreciation expenses and interest payments

(Million yen)

	Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)	Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)
Lease payments	196	10
Depreciation expense	180	9
Interest payment	4	0

(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 28, 2013 (As of February 28, 2013)	Year Ended February 28, 2014 (As of February 28, 2014)
Due within 1 year	25,182	31,098
Due after 1 year	140,717	201,589
Total	165,900	232,687

(Note) Regarding future lease obligations of 232,687 million yen, 27,482 million yen (848 million yen of which is due within one year) has already been paid for land-use rights in China and Vietnam. This amount is recorded in consolidated balance sheets under “long-term prepaid expenses.”

As lessor

(Million yen)

	Year Ended February 28, 2013 (As of February 28, 2013)	Year Ended February 28, 2014 (As of February 28, 2014)
Due within 1 year	511	573
Due after 1 year	5,753	5,473
Total	6,264	6,046

Rental property

The Company and some consolidated subsidiaries own commercial leasing buildings in various regions nationwide as well as overseas (China and ASEAN region) aimed at generating profits from property leasing. Leasing profit related to this property leasing, etc. stood at 35,299 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) and impairment losses were 745 million yen (posted under extraordinary losses). During the fiscal year under review, leasing profit was 30,522 million yen (main leasing revenue was posted under operating revenue, while main leasing expenses were posted under operating expenses) and impairment losses were 736 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 28, 2013 (February 21, 2012 to February 28, 2013)	Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)
Balance sheet amount		
Balance at the beginning of the term under review	408,521	441,948
Change during term under review	33,426	95,917
At end of term under review	441,948	537,866
Fair value at end of term under review	701,632	747,618

(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 (54,469 million yen), while the main decline was depreciation expense (18,446 million yen). The main increase during the term under review was property acquisition (178,376 million yen), while the main decline was the disposal of fixed assets (65,929 million yen) and depreciation expense (18,384 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 28, 2013 (February 21, 2012 to February 28, 2013) and year ended February 28, 2014 (March 1, 2013 to February 28, 2014)

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

b. Related information

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

1. Information by product and service

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

2. Information by region

(1) Sales

Omitted since over 90% of operating revenue in the consolidated statements of income consists of operating revenue 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	Operating revenue (million yen)	Name of related segment
Aeon Retail Co., Ltd.	19,997	Shopping mall business

Year ended February 28, 2014 (March 1, 2013 to February 28, 2014)

1. Information by product and service

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

2. Information by region

(1) Sales

Omitted since over 90% of operating revenue in the consolidated statements of income consists of operating revenue 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	Operating revenue (million yen)	Name of related segment
Aeon Retail Co., Ltd.	22,419	Shopping mall business

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

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

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

Year ended February 28, 2014 (March 1, 2013 to February 28, 2014)

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

Not applicable.

Year ended February 28, 2014 (March 1, 2013 to February 28, 2014)

Not applicable.

e. Information regarding gain on negative goodwill per reporting segment

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

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

Year ended February 28, 2014 (March 1, 2013 to February 28, 2014)

Not applicable.

Per-share information

Year Ended February 28, 2013 (February 21, 2012 to February 28, 2013)		Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)	
Net assets per share	1,079.22 yen	Net assets per share	1,295.30 yen
Net income per share	109.73 yen	Net income per share	106.96 yen
Diluted net income per share	109.68 yen	Diluted net income per share	106.91 yen

(Notes) 1. The Company issued 23,500,000 new shares on June 19, 2013 and 2,500,000 new shares on July 12, 2013. The Company also split one share of common stock into 1.1 shares on August 1, 2013. As a result, net income per share and diluted net income per share are calculated based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. 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 28, 2013 (February 21, 2012 to February 28, 2013)	Year Ended February 28, 2014 (March 1, 2013 to February 28, 2014)
Net income per share		
Net income (million yen)	21,865	23,430
Amounts not attributable to shareholders of common stock (million yen)	–	–
Net income attributable to common stock (million yen)	21,865	23,430
Average number of common shares outstanding during the fiscal year	199,253,846	219,057,659
Diluted net income per share		
Adjustment of net income (million yen)	–	–
Increase in number of common stock (shares)	95,498	99,858
(Stock acquisition rights included)	(95,498)	(99,858)
Outline of dilutive stock not included in calculation of diluted net income per share because it is anti-dilutive	—	—

Significant subsequent events

The Company issued straight bonds on March 24, 2014, as follows.

Issue	Aeon Mall Co., Ltd. 5th Series Unsecured Bonds (with special provision concerning the same rank among bonds)
Issue date	March 24, 2014
Total amount of issue	20,000 million yen
Interest rate (%)	0.903%
Security	None
Maturity date	March 22, 2024