Consolidated Financial Results (Japanese Accounting Standards) for the First Half of the Fiscal Year Ending February 28, 2015

October 3, 2014

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

Submission of statutory quarterly financial report	October 8, 2014
Commencement of dividend payments	November 12, 2014
Supplementary documents for quarterly results	Yes
Quarterly results briefing	Yes (for institutional investors and analysts)

(Amounts in millions of yen rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Year Ending February 28, 2015 (March 1, 2014 to August 31, 2014)

(1) Consolidated Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income	
Six months ended	million yen	%	million yen	%	million yen	%	million yen	%
August 31, 2014	97,692	14.2	18,420	(9.6)	18,047	(8.3)	10,275	(9.2)
August 31, 2013	85,540	11.0	20,387	7.8	19,673	10.8	11,319	20.4

(Note) Comprehensive income Six months ended August 31, 2014 6,378 million yen (-61.7 %)
Six months ended August 31, 2013 16,669 million yen (75.2 %)

	Net income per share	Net income per share (diluted)
Six months ended	yen	yen
August 31, 2014	45.09	45.07
August 31, 2013	53.79	53.77

(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
	million yen	million yen	%
August 31, 2014	822,285	303,632	36.4
February 28, 2014	759,245	298,526	38.9

(Note) Equity August 31, 2014: 298,940 million yen February 28, 2014: 295,124 million yen

2. Dividends

	Dividend per share				
(Record date)	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Year ended February 28, 2014	–	11.00	–	11.00	22.00
Year ending February 28, 2015	–	11.00			
Year ending February 28, 2015 (Projection)			–	11.00	22.00

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

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
Full year	208,000	17.6	46,000	8.9	43,500	6.0	25,000	6.7	109.72

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

* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes to accounting policies, changes of accounting estimates, and revisions and restatements

[1] Changes in accounting policies in accordance with changes in accounting principles: None
[2] Changes in accounting policies other than the above: None
[3] Changes in accounting estimates: None
[4] Revisions and restatements: None

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

[1] Number of shares issued at period-end (including treasury stock)

August 31, 2014:	227,887,117 shares	February 28, 2014:	227,876,667 shares

[2] Treasury stock at period-end

August 31, 2014:	36,769 shares	February 28, 2014:	35,585 shares

[3] Average number of shares issued

August 31, 2014:	227,847,650 shares	August 31, 2013:	210,418,447 shares

(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. The number of shares in the fiscal year ended February 28, 2014 and the first half of the fiscal year ended February 28, 2014 is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year.

* Status of a quarterly review

The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been reviewed at the time of the announcement of these consolidated financial results, as these results are excluded from quarterly review procedures based on said Act.

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

(Notes concerning statements about the future, etc.)

The statements about the future, including earnings projections, included in this report are based on information currently available to the Company and certain assumptions considered reasonable, which do not guarantee the achievement of such projected results. Actual results may vary considerably from these projections due to a range of factors. See “(3) Explanation of information on future forecasts such as the consolidated operating results forecast” of “1. Qualitative Information on Quarterly Consolidated Operating Results,” on page 5 of the Accompanying Materials for the assumptions of the earnings forecasts and points to note in the use of earnings forecasts.

(Procedure for obtaining supplementary information on financial results)

Aeon Mall is scheduled to hold a financial briefing for institutional investors and analysts on October 6, 2014. The materials handed out at this briefing will be posted on the Company’s web page on October 3, 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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1. Qualitative Information on Quarterly Consolidated Operating Results

(1) Explanation of operating results

During the first half of the fiscal year ending February 28, 2015 (March 1, 2014 - August 31, 2014), the Japanese economy followed a moderate recovery path backed by positive factors such as government stimulus and improved employment conditions. Nonetheless, the outlook remained uncertain, reflecting concerns about the economic slowdown due to the consumption tax hike and rising raw material and energy prices attributable to the weaker yen, among other factors.

In the retail industry, the business environment was severe, given the impact of unseasonable weather such as record rainfall, in addition to intensified competition beyond business categories associated with diversified consumer behaviour. This latter was observed in stronger demand for high-end products and a growing customer saving orientation following the consumption tax hike in April.

In the shopping center (SC) industry, fierce competition among SCs accelerated, as indicated by lower industry-wide sales on a year-on-year same-store basis.

In this environment, Aeon Mall Co.., Ltd. opened three malls in Japan. Speciality store sales in 58 existing malls of the Company also remained unchanged from the previous fiscal year, after they took steps to bolster their ability to attract more customers. In addition, five malls were renovated.

Overseas, the Company opened its first mall in Jiangsu, China in April and a full-scale shopping mall for the first time in Cambodia in June. The Company also moved forward with preparations for the opening of its first mall in Indonesia and its second mall in Vietnam.

Domestic Businesses

With respect to new malls in the first half under review, the Company opened ÆON Mall Nagoya Chaya in June, following the opening of ÆON Mall Wakayama and ÆON Mall Tendo in the first quarter.

Positioned as the core project of the Nagoya Municipal Chaya Shinden Land Readjustment Program, which is being developed as a community exchange base in the southwest area of Nagoya City, ÆON Mall Nagoya Chaya will become a new landmark in the area. As this mall consists of 200 tenants, including 34 tenants that were opening their first store in Aichi Prefecture (of which, 28 tenants were opening a store for the first time in the Tokai area) and introduces many very refined, popular fashion brands, sales remained firm.

New domestic malls in the first half under review

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

Malls renewed in the first half under review

Name of Mall	Location	Date reopened	Tenants	New tenants (1) (See Note)	Relocations & refurbishments (2)	No. of tenants on reopening (1) + (2)
ÆON Mall Nogata	Fukuoka Prefecture	March 7	140	6 (3)	10	16
ÆON Mall Kawaguchi Maekawa	Saitama Prefecture	March 14	170	15 (4)	20	35
ÆON Mall Kisogawa	Aichi Prefecture	March 14	160	15 (7)	6	21
ÆON Mall Hinode	Tokyo Metropolis	March 20	160	29 (6)	39	68
ÆON Mall Yamato	Kanagawa Prefecture	March 20	90	5 (0)	20	25

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

Overseas Businesses

In the China Business, the Company opened Aeon Mall Suzhou Wuzhong (Suzhou) in April, and both customer numbers and sales have remained very strong.

In three existing malls, Aeon Mall Beijing International Mall (Beijing), Aeon Mall Tianjin TEDA (Tianjin) and Aeon Mall Tianjin Zhongbei (Tianjin), both customer numbers and sales exceeded the previous year's level. In Aeon Mall Tianjin Meijiang (Tianjin), which opened in January 2014, sales also remained firm.

The Company will proceed with preparations for the opening of Aeon Mall Wuhan Jinyintan (Wuhan), which will be its first mall in Hubei, to be opened in the second half of the current fiscal year. It will also move ahead with the development of shopping centers in Hubei, Hebei, Zheijiang, Shandong and Guangdong, in addition to Beijing, Tianjin and Jiangsu where the Company has already opened a mall.

In the ASEAN Business, the Company opened Aeon Mall Phnom Penh (Phnom Penh), its first mall in Cambodia, in June. This mall is situated in an area where further growth is expected in the future, given its location in central Phnom Penh, the capital of Cambodia, with high-class residential districts and hotels concentrated in surrounding areas dominated by high and middle income residents. The mall consists of 190 tenants, including highly refined local brands, with 107 tenants opening a store for the first time in Cambodia. It features an enhanced entertainment function, with a full-scale ice skating rink, in addition to the country's largest cinema complex operated by the Major Group, one of the largest cinema chains in ASEAN, and a bowling alley. A popular local TV station has also opened an operation in the mall, for which it broadcasts the latest information to the whole of Cambodia. The drinking and eating zone features a large food court based on the two concepts of "Japan Dining" and "World Dining." In addition, the mall has also focused on facilities, paying attention to people and the environment by introducing a universal design, solar power generation and LED lightning.

This mall is one of the largest shopping malls in Cambodia, and both customer traffic and sales have been extremely firm since it opened.

The Company is meanwhile moving forward with preparations to open its first mall in Indonesia and its second mall in Vietnam.

New overseas Malls in the first half under review

	Name of Mall	Location	Opening Date
China	Aeon Mall Suzhou Wuzhong	Suzhou, Jiangsu	April 2014
Cambodia	Aeon Mall Phnom Penh	Phnom Penh	June 2014

Financial Status

Operating revenue for the first half totaled 97,692 million yen (114.2% year on year). Operating costs amounted to 68,282 million yen (120.8% year on year), reflecting business expansion and promotions to increase sales. As a result, gross profit came to 29,410 million yen (101.3% year on year).

Selling, general and administrative expenses increased to 10,990 million yen (127.2% year on year) on factors such as strengthening the system to increase the opening of malls in Japan as well as higher costs due to the enhancement of overseas business sites to accelerate operations in China and ASEAN countries. As a consequence, operating income declined to 18,420 million yen (90.4% year on year).

Ordinary income was 18,047 million yen (91.7% year on year) as a result of non-operating profits of 914 million yen (122.4% year on year) and non-operating expenses of 1,287 million yen (88.1% year on year). Net income was 10,275 million yen (90.8% year on year).

(2) Explanation of financial position

i) Assets, Liabilities and Net Assets

Assets

Total assets stood at 822,285 million yen, up 63,040 million yen from February 28, 2014. This was chiefly attributable to the acquisition of property, buildings and equipment of 85,445 million yen due to the opening of new malls and the advance acquisition of land for development in the future, which offset a decline primarily due to the depreciation of fixed assets of 13,999 million yen and a decline in lease deposits paid of 11,104 million yen due to the sale, etc. of construction assistance fund receivables through securitization.

Liabilities

Total liabilities stood at 518,653 million yen, up 57,934 million yen from February 28, 2014. This was mainly due to increases in bonds of 20,000 million yen, long-term debt (including the current portion of long-term debt) of 4,265 million yen and deposits received from specialty stores of 35,583 million yen.

Net assets

Net assets totaled 303,632 million yen, up 5,106 million yen from February 28, 2014. This was primarily attributable to an increase in retained earnings due to the recording of net income of 10,275 million yen.

ii) Cash Flows

Cash and cash equivalents ("cash") as of August 31, 2014 amounted to 59,398 million yen, up 302 million yen from February 28, 2014.

Cash flows in the first quarter were as follows:

Cash flows from operating activities

Net cash provided by operating activities in the first half of the fiscal year ending February 28, 2015 was 55,114 million yen (net cash provided of 38,922 million yen in the first half of the fiscal year ended February 28, 2014). The primary factors included an increase in deposits received from specialty stores of 35,610 million yen (an increase of 16,769 million yen in the first half of the fiscal year ended February 28, 2014) due to the postponement of the return of deposits received from specialty stores to the third quarter of the current fiscal year, reflecting the fact that the last day of the second quarter under review was a non-business day for banks, and an increase in depreciation and amortization of 13,999 million yen (11,939 million yen), as well as income taxes paid of 17,385 million yen (9,343 million yen).

Cash flows from investing activities

Net cash used in investing activities amounted to 75,757 million yen (compared with 60,431 million yen in the first half of the previous fiscal year). The major factors were the purchase of property, plant and equipment of 90,430 million yen (53,171 million yen in the first half of the fiscal year ended February 28, 2014) due to payments for equipment at ÆON Mall Toin and ÆON Mall Makuhari Shintoshin, etc. that opened in the previous fiscal year and payment for equipment at ÆON Mall Tendo and ÆON Mall Wakayama that opened in the first half under review, as well as proceeds from the sale of guarantee deposits of 8,077 million yen (4,593 million yen) (included in "Other proceeds") and proceeds from the collection of guarantee deposits of 4,440 million yen (1,075 million yen), among other factors.

Cash flows from financing activities

Net cash provided by financing activities was 22,507 million yen (compared with 28,793 million yen in the first half of the previous fiscal year). This was chiefly attributable to proceeds from the issuance of bonds of 20,000 million yen and proceeds from long-term debt of 11,064 million yen (6,000 million yen in the first half of the fiscal year ended February 28, 2014), as well as the repayment of long-term debt of 7,148 million yen (16,736 million yen) and dividends paid to shareholders of 2,506 million yen (1,992 million yen).

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

Sales at malls of the Company have been on track to recovery since August.

In Japan, the Company will open four malls in the second half of the current fiscal year. At existing malls, the Company will continue to proceed with renovations and move its efforts into high gear for the year-end shopping season by strengthening its competitiveness, taking advantage of the economies of scale of running more than 135 malls in Japan. The Company will also strive to cut costs further by improving the efficiency of mall operation.

Malls to be opened in Japan in and after the third quarter

Name of Mall	Location	Due to open
ÆON Mall Kyoto Katsuragawa	Kyoto Prefecture	October 2014
ÆON Mall Kisarazu	Chiba Prefecture	October 2014
ÆON Mall Tamadaira woods	Tokyo Metropolis	November 2014
ÆON Mall Okayama	Okayama Prefecture	December 2014

With respect to the overseas business, the Company will open new malls in China and Vietnam and continue to focus on the development of shopping centers in China and ASEAN countries.

Malls to be opened overseas from the third quarter

	Name of Mall	Location	Due to open
Vietnam	Aeon Mall Binh Duong Canary	Tinh Binh Duong	November 2014
China	Aeon Mall Wuhan Jinyintan	Wuhan, Hubei	December 2014

* Store opening plans are stated according to the Japanese fiscal year. The fiscal year-end of local corporations in Vietnam and China is December 31.
* AEON MALL Fanyu Quangchang (Guangzhou, Guangdong) and AEON MALL Suzhou Yuanqu Hudong (Suzhou, Jiangsu), which were planned to be opened in China in fiscal 2014, have been changed to the opening in fiscal 2015.

As a result of the initiatives described above, the operating results forecast for the fiscal year ending February 28, 2015 remains unchanged from the forecast presented in the Financial Results for the Fiscal Year ended February 28, 2014 that were announced on April 8, 2014.

2. Matters Regarding Summary Information (Notes)

(1) Material changes in consolidated subsidiaries during the period

Not applicable

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements

Not applicable

(3) Changes to accounting policies, changes of accounting estimates, and revisions and restatements

Not applicable

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Million yen)

	As of February 28, 2014	As of August 31, 2014
Assets		
Current assets:		
Cash and deposits	47,566	44,649
Notes and accounts receivable—trade	2,907	3,240
Other current assets	39,559	45,992
Total current assets	90,033	93,882
Fixed assets:		
Property, plant and equipment:		
Building and structures, net	326,264	372,268
Land	185,905	203,517
Other, net	45,390	52,703
Total property, plant and equipment	557,559	628,489
Intangible assets:	3,570	3,614
Investments and other assets:		
Lease deposits paid	50,687	39,582
Other	57,474	56,754
Allowance for doubtful receivables	(80)	(37)
Total investments and other assets	108,081	96,299
Total fixed assets	669,211	728,403
Total assets	759,245	822,285

(Million yen)

	As of February 28, 2014	As of August 31, 2014
Liabilities		
Current liabilities:		
Notes and accounts payable—trade	11,024	13,325
Bonds due within one year	23,000	23,000
Current portion of long-term debt	10,566	24,077
Income taxes payable	17,782	7,927
Deposits received from specialty stores	24,903	60,487
Allowance for employee bonus	710	426
Allowance for director and auditor performance-based remuneration	108	47
Provision for store closing expenses	659	645
Other current liabilities	95,615	97,850
Total current liabilities	184,370	227,786
Long-term liabilities:		
Straight bonds	25,200	45,200
Long-term debt	131,599	122,353
Accrued retirement benefits to employees	199	199
Asset retirement obligations	7,704	8,395
Lease deposits from lessees	109,325	112,502
Other long-term liabilities	2,318	2,214
Total long-term liabilities	276,348	290,866
Total liabilities	460,718	518,653
Net assets		
Shareholders' equity:		
Common stock	42,195	42,204
Capital surplus	42,504	42,513
Retained earnings	196,722	204,491
Treasury stock, at cost	(92)	(95)
Total shareholders' equity	281,330	289,114
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	429	504
Foreign currency translation adjustment	13,364	9,321
Total accumulated other comprehensive income	13,793	9,825
Stock acquisition rights	164	175
Minority interests	3,237	4,516
Total net assets	298,526	303,632
Total liabilities and net assets	759,245	822,285

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(For the six months ended August 31, 2013 and August 31, 2014)

(Million yen)

Six months ended	August 31, 2013	August 31, 2014
Operating revenue	85,540	97,692
Operating costs	56,511	68,282
Gross profit	29,028	29,410
Selling, general and administrative expenses	8,641	10,990
Operating income	20,387	18,420
Non-operating profits:		
Interest income	317	237
Compensation paid by departing tenants	225	358
Foreign exchange gains	16	186
Other non-operating profits	187	130
Total non-operating profits	746	914
Non-operating expenses:		
Interest expenses	1,285	1,130
Other non-operating expenses	175	157
Total non-operating expenses	1,460	1,287
Ordinary income	19,673	18,047
Extraordinary gains:		
Gain on sales of guarantee deposits	–	186
Other extraordinary gains	0	13
Total extraordinary gains	0	199
Extraordinary losses:		
Impairment loss	149	–
Loss on leasing contract cancellation	–	233
Loss on sales of non-current assets	1	3
Loss on retirement of non-current assets	45	–
Other extraordinary losses	135	29
Total extraordinary losses	331	267
Income before income taxes and minority interests	19,341	17,979
Income taxes		
—Current	8,218	7,726
—Deferred	(211)	(21)
Total income taxes	8,006	7,704
Income before minority interests	11,335	10,275
Minority interests in income (loss)	15	(0)
Net income	11,319	10,275

(Quarterly consolidated statements of comprehensive income)
(For the six months ended August 31, 2013 and August 31, 2014)

(Million yen)

Six months ended	August 31, 2013	August 31, 2014
Income before minority interests	11,335	10,275
Other comprehensive income		
Net unrealized gain on available-for-sale securities	65	75
Foreign currency translation adjustment	5,269	(3,972)
Total other comprehensive income	5,334	(3,896)
Comprehensive income	16,669	6,378
Comprehensive income attributable to:		
Owners of the Company	16,870	6,307
Minority interests	(200)	70

(3) Quarterly consolidated statements of cash flows

(Million yen)

Six months ended	August 31, 2013	August 31, 2014
Cash flows from operating activities:		
Income before income taxes and minority interests	19,341	17,979
Depreciation and amortization	11,939	13,999
Impairment loss	149	–
Interest and dividend income	(332)	(251)
Interest expenses	1,285	1,130
Decrease (increase) in receivable—trade accounts	(182)	(397)
Decrease (increase) in other current assets	(1,707)	(5,376)
Increase (decrease) in payable—trade accounts	4,422	2,514
Increase (decrease) in deposits received from specialty stores	16,769	35,610
Increase (decrease) in other current liabilities	(3,710)	1,620
Other, net	1,501	6,453
Subtotal	49,476	73,284
Interest and dividends received	116	225
Interest paid	(1,327)	(1,010)
Income taxes paid	(9,343)	(17,385)
Net cash provided by (used in) operating activities	38,922	55,114
Cash flows from investing activities:		
Purchase of property, plant and equipment	(53,171)	(90,430)
Payment of lease deposits to lessors	(1,609)	(761)
Reimbursement of lease deposits to lessors	1,075	4,440
Repayment of lease deposits from lessees	(3,312)	(2,771)
Proceeds from lease deposits from lessees	3,354	5,939
Other payments	(13,605)	(4,559)
Other proceeds	6,837	12,385
Net cash used in investing activities	(60,431)	(75,757)
Cash flows from financing activities:		
Proceeds from long-term debt	6,000	11,064
Repayment of long-term debt	(16,736)	(7,148)
Proceeds from issuance of bonds	–	20,000
Redemption of bonds	(10,000)	–
Proceeds from issuance of common shares	50,759	–
Purchase of treasury stock	(52)	(3)
Dividends paid	(1,992)	(2,506)
Dividends paid to minority shareholders	(6)	(6)
Other	821	1,106
Net cash provided by financing activities	28,793	22,507
Foreign currency translation adjustments on cash and cash equivalents	3,035	(1,561)
Net increase (decrease) in cash and cash equivalents	10,319	302
Cash and cash equivalents at beginning of the period	39,292	59,096
Cash and cash equivalents at end of the period	49,612	59,398

(4) Notes on quarterly consolidated financial statements

Notes on the going concern assumption

Not applicable

Notes on significant change in shareholders' equity, if any

Not applicable

Segment information

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