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Financial Results for the Fiscal Year ended February 28, 2013

April 11, 2013

Company name	**Aeon Co., Ltd.**
Listings	The First Section of Tokyo Stock Exchange
Security code	8267
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Scheduled dates:

Ordinary general meeting of shareholders	May 16, 2013
Commencement of dividend payments	April 25, 2013
Submission of statutory financial report	May 17, 2013

Supplementary materials to the financial results	Available
Fiscal year-end earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Fiscal Year ended February 28, 2013 (March 1, 2012 to February 28, 2013)

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended February 28, 2013	5,685,303	8.8	190,999	(3.8)	212,907	0.3	74,697	11.9
Year ended February 29, 2012	5,223,344	2.1	198,638	13.3	212,260	16.6	66,750	11.8

Note: Comprehensive income: Year ended February 28, 2013: 152,203 million yen (90.3%)
Year ended February 29, 2012: 79,994 million yen (-11.3%)

	Net income per share	Net income per share - fully diluted	Return on equity	Ordinary income to total assets
	yen	yen	%	
Year ended February 28, 2013	95.73	87.64	7.6	4.4
Year ended February 29, 2012	87.23	76.30	7.3	5.4

Note: Equity in gains (losses) of equity-method affiliates:
Year ended February 28, 2013: 7,764 million yen
Year ended February 29, 2012: 5,190 million yen

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2013	5,725,862	1,447,703	18.0	1,306.22
February 29, 2012	4,048,937	1,282,066	23.1	1,216.22

Note: Total equity: February 28, 2013: 1,033,446 million yen February 29, 2012: 935,737 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income

(3) Cash Flow Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended February 28, 2013	142,289	(324,869)	223,234	424,701
Year ended February 29, 2012	203,382	(327,865)	(13,061)	166,277

2. Dividends

Record date or period	Dividend per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended Feb. 29, 2012	-	-	-	23.00	23.00	17,697	26.4	1.9
Year ended Feb. 28, 2013	-	12.00	-	12.00	24.00	18,975	25.1	1.9
Year ending Feb. 28, 2014 (forecast)	-	13.00	-	13.00	26.00		27.4	

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2014
(March 1, 2013 to February 28, 2014)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ending August 31, 2013	-	-	-	-	-	-
Full year	6,000,000	5.5	200,000 to 210,000	4.7 to 9.9	215,000 to 225,000	1.0 to 5.7

	Net income		Net income per share
	million yen	%	yen
Six months ending August 31, 2013	-	-	-
Full year	75,000	0.4	94.80

Note: Aeon did not disclose earnings forecasts for the first six months of the fiscal year ending February 28, 2014.

4. Other Information

(1) Changes affecting the consolidation status of significant subsidiaries during the period: Yes
Consolidated: one (Aeon Bank, Ltd.)

(2) Changes in accounting principles, procedures, and method of presentation, etc.
1) Changes in accordance with amendments to accounting standards: Yes
2) Changes other than the above 1): Yes

* For details, see "Material Changes to the Basis of Preparation of Consolidated Financial Statements" on page 26 in the Accompanying Materials.

(3) Number of shares issued (common stock)
1) Number of shares issued at end of period (treasury stock included):
February 28, 2013: 800,446,214 shares
February 29, 2012: 800,446,214 shares
2) Number of shares held in treasury at end of period:
February 28, 2013: 9,275,079 shares
February 29, 2012: 31,065,617 shares
3) Average number of shares outstanding during the period:
Year ended February 28, 2013: 780,316,477 shares
Year ended February 29, 2012: 765,223,095 shares

For Reference

1. Non-consolidated Financial Results for the Fiscal Year ended February 28, 2013 (March 1, 2012 to February 28, 2013)

(Percentage figures represent year-on-year changes)

(1) Operating Results

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended February 28, 2013	43,935	(14.1)	26,332	(27.7)	25,064	(33.1)	28,915	62.7
Year ended February 29, 2012	51,128	7.6	36,438	0.9	37,489	0.2	17,769	291.0

	Net income per share	Net income per share - fully diluted
	yen	yen
Year ended February 28, 2013	37.5	34.6
Year ended February 29, 2012	23.22	20.41

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2013	1,174,960	589,531	50.1	744.17
February 29, 2012	1,045,669	553,047	52.8	717.89

Note: Total equity: February 28, 2013: 588,824 million yen February 29, 2012: 552,387 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income

***Audit status**

This report is exempt from the audit requirements of Japan's Financial Instruments and Exchange Act. As of this report's publication, the audit of the fiscal year-end financial results had not been completed.

Appropriate Use of Earnings Forecasts and Other Important Information

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.

For the forecasts herein, refer to “Outlook for the Fiscal Year ending February 28, 2014” on page 6 in “(1) Analysis of Operating Results” in the section “1. Review of Operating Results and Financial Statements” in the Accompanying Materials.

Accompanying Materials

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1. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

Summary of Operating Results

In the fiscal year ended February 28, 2013, despite rising stock prices at the end of 2012 and other positive signs of economic improvement, the recovery in Japan remained moderate due to such factors as the impact of the European debt crisis and slowing growth in China and other emerging economies. The retail industry remained challenging, as personal consumption was dampened by concerns over lower future disposable income stemming from a planned consumption tax hike in April 2014. Amid this business environment, Aeon established a new management structure by appointing a CEO responsible for overall Group management and a Group COO responsible for execution of the businesses. With this structure, the Aeon Group made steady progress executing a Group-wide strategy to shift to Asian markets, urban markets, senior-oriented markets, and digital markets during the second year of the current Medium-term Management Plan (FY2011-FY2013).

With regard to the shift to Asian markets, a new organizational structure featuring three headquarters for Japan, China, and ASEAN was established with the launch of full-fledged operations by the Aeon Group's China Headquarters (AEON (CHINA) CO., LTD.) in March 2012 and the ASEAN Headquarters (AEON ASIA SDN. BHD.) in November 2012. Additionally in November, Aeon expanded the business foundation in Malaysia by acquiring all outstanding shares in hypermarket operator Magnificient Diagraph Sdn. Bhd. (currently AEON BIG (M) SDN. BHD.) and Carrefour Malaysia Sdn. Bhd. (currently AEON SOUTH EAST ASIA SDN.BHD.), which were both subsidiaries of France-based company Carrefour S.A. The combination of the new operations with Aeon Malaysia (AEON Co. (M) Bhd.) have made Aeon the second-largest retailer in the Malaysia, trailing the nation's top retailer by a small margin. With regard to the shift to urban markets, the Group accelerated the expansion of My Basket small-scale urban supermarkets and Acolle small-scale discount stores in the Tokyo metropolitan area, to 330 and 40 outlets, respectively, by the end of the fiscal year. In January 2013, the Group acquired 50% of the outstanding shares of Tesco Japan Co., Ltd. (currently AEON EVERY CO., LTD.), a subsidiary of Tesco PLC of the U.K. which operates 117 supermarkets primarily in the Tokyo metropolitan area, and made the company an equity-method affiliate. With regard to the shift to senior-oriented markets, Aeon continued to support the lifestyles of the "Grand Generation (G.G)" of senior citizen customers through such initiatives as designating the 15th of each month "G.G Appreciation Day" starting September 2012 and issuing the "G.G Aeon Card" credit card and launching the "G.G WAON" e-money service for senior customers aged 55 and over. With regard to the shift to digital markets, the Group comprehensive portal website AEON SQUARE was launched in August 2012 and the Aeon Mall Online website was also launched to sell products offered by tenants of Aeon shopping centers.

As part of the Group's structural reforms, Aeon made progress in the financial services business by integrating the management of Aeon Credit Service Co., Ltd., a consolidated subsidiary, and Aeon Bank, Ltd., an equity-method affiliate, in January and establishing the bank holding company Aeon Financial Service Co., Ltd. on April 1, 2013. Created through an integration of retail and financial services, the new company will seek to maximize customer satisfaction by leveraging its position as part of a retail-oriented financial services business focused on providing credit cards, banking, insurance, and e-money services.

In the General Merchandise Stores (GMS) business, a key revenue driver, Aeon strove to achieve high profitability and high growth by reforming its GMS model around the core strategies of strengthening private brands (PB), promoting store specialization, and refurbishing existing stores. With regard to strengthening PB, the business sought to enhance brand awareness of Aeon's TOPVALU merchandise by holding "TOPVALU Week" in Japan from the first to seventh day of every month. Additionally, in response to customers seeking to economize, the business expanded the lineup of TOPVALU BESTPRICE merchandise which feature simplified functions at lower prices without sacrificing quality. At the same time, the business also enhanced the TOPVALU Select lineup of top-quality merchandise to offer customers three distinct ranges of TOPVALU merchandise. Amid the increase in the number of dual-income families and population ageing in Japan, the GMS business also bolstered its lineup of TOPVALU Ready Meals in response to the demand for safe, delicious cuisine with short preparation times that relieves the burden of household chores. With regard to store

specialization, Aeon Bike Co., Ltd. was split off from Aeon Retail Co., Ltd. in September 2012 as part of efforts to enhance specialization and meet the needs and tastes of local customers. With regard to existing store refurbishment, a total of 65 GMS stores were refurbished in response to changing customer lifestyles and changes in population trends, including Aeon Kumiyama (Kyoto) and Aeon Itabashi (Tokyo) stores.

As a result of these activities, for the fiscal year ended February 28, 2013, Aeon and its 227 consolidated subsidiaries earned consolidated operating income of 190,999 million yen (down 3.8% year on year), consolidated ordinary income of 212,907 million yen (up 0.3% year on year) which includes the results of 24 equity-method affiliates, and consolidated net income of 74,697 million yen (up 11.9% year on year) on consolidated operating revenue of 5,685,303 million yen (up 8.8% year on year), representing the highest annual operating revenue, ordinary income, and net income in Aeon's history.

Business Segment Information

GMS Business

Aeon's GMS Business opened six new stores and closed five existing stores during the fiscal year ended February 28, 2013 (excluding equity-method affiliates, Aeon opened five new GMS stores and closed one existing store).

Each GMS company strove to expand the range of merchandise meeting the needs of customers and refurbish existing stores to suit the local demographics of each neighborhood. The business also implemented unified Group-wide sales campaigns and rolled out sales promotions featuring WAON e-money. As a new initiative, the business leveraged the Group's financial services strengths to launch sales campaigns by waiving fees on credit card installment payments, which drew strong customer support. Sales floors were also renovated to serve the needs of the growing number of senior citizen customers, while new TOPVALU and other products were introduced in smaller, convenient portions which one person can easily consume.

Aeon Retail Co., Ltd. expanded the number of stores with the earlier opening time of 7 a.m. while bolstering joint promotions with the Aeon credit card and WAON e-money services. However, Aeon Retail's comparable-store sales in the fiscal year ended February 28, 2013 declined 1.4% versus the previous fiscal year (apparel sales declined 2.2%, food sales declined 1.1%, and housing and recreational product sales declined 1.6% year on year), on account of efforts to adjust pricing and merchandise to meet customer demand for lower-priced goods, as well as lower sales of clothing and other seasonal goods due to unfavorable weather. Despite efforts made to expand sales of TOPVALU brand merchandise and strengthen inventory controls, directly-operated stores' gross profit margin declined 0.2 points from the previous year due mainly to fiercer price competition, mainly for food products. SG&A expenses for existing stores decreased by 1.0% year on year as although steady measures were taken to refurbish existing stores and raise competitiveness, these costs were offset by efforts to reduce personnel costs and facilities' expenses. (Please note that through the second quarter, Aeon Retail's year-on-year comparable-store sales and expense figures are in comparison with stores of the former Aeon Retail Co., Ltd and the former Aeon Marche Co., Ltd., while figures from the third quarter also include results from the former Mycal Corporation.)

Aeon Hokkaido Corporation actively invested in the refurbishment of its stores to enhance profitability. The company focused on revitalizing food sales areas by offering simple, individual-sized offerings to meet the diversifying needs of customers, while also streamlining store operations to raise productivity and inventory efficiency. As a result, financial performance improved compared with the previous year.

As a result, the GMS Business earned operating income of 46,423 million yen (down 16.6% year on year) on operating revenue of 2,664,349 million yen (up 1.9% year on year) for the fiscal year ended February 28, 2013.

Supermarket Business

Aeon's Supermarket Business opened 71 new stores and closed 31 existing stores during the fiscal year ended February 28, 2013 (excluding equity-method affiliates, the Supermarket Business opened 43 and closed 22 stores).

The supermarket business continued to open new stores and expand its store network in each geographic area as the number of stores exceeded a 1,000 by the end of the fiscal year. The business maximized its economies of scale by holding such unified sales promotions as the “Customer Thank You Sale at 1,000 Group supermarkets.” Store competitiveness was enhanced by expanding the sales areas of key merchandise and transforming some stores into The Big discount stores in response to changing demographics and customers’ increasing price awareness. Marunaka Co., Ltd. and Sanyo Marunaka Co., Ltd., which became consolidated subsidiaries in November 2011, began offering TOPVALU brand merchandise and utilized Group infrastructure to hold sales promotions featuring WAON and Aeon credit cards. These efforts generated Group synergy and helped drive revenue increases.

As a result, the Supermarket Business earned operating income of 21,862 million yen (up 0.1% year on year) on operating revenues of 1,480,717 million yen (up 21.1% year on year) for the fiscal year ended February 28, 2013.

Strategic Small-size Store Business

Ministop Co., Ltd. expanded its domestic store network to 2,168 stores at the end of the fiscal year, while the overseas network grew to 2,294 stores, outstripping the number of stores in the domestic business. Domestically, Ministop responded to changing customer lifestyles by bolstering its coffee sales, expanding the number of outlets offering handmade *onigiri* (rice balls) and ready-to-eat food items, and increasing the lineup of TOPVALU brand merchandise. Overseas, Ministop opened its first outlet in Kazakhstan and continued to expand its network of stores in Korea, China, the Philippines, and Vietnam. Additionally, the business steadily expanded the RECODS combined drug and convenience store chain by opening seven new stores during the fiscal year ended February 28, 2013, for a total of 24 stores.

My Basket CO., LTD. continued to work towards establishing a dominant presence in the Tokyo metropolitan area by strengthening its store development structure and opening new outlets as its network totaled 330 stores by the end of the fiscal year. The business also enhanced its merchandising to better meet the needs of urban customers, including an expanded lineup of TOPVALU brand merchandise, and raised the efficiency of logistics operations.

Origin Toshu Co., Ltd. posted strong results through the active expansion of its Origin Bento store network as well as the expansion of ready-to-eat items at Aeon Group GMS stores’ delicatessen areas.

As a result, the Strategic Small-size Store Business earned operating income of 4,088 million yen (down 37.8% year on year) on operating revenues of 241,894 million yen (up 13.4% year on year) for the fiscal year ended February 28, 2013.

Financial Services Business

In the credit services business, Aeon Credit Service Co., Ltd. (currently Aeon Financial Service Co., Ltd.) issued the Aeon Card Select, which combines credit card, cash card, and WAON e-money functionality and cardholder benefits in a single card, as well as G.G Aeon Card to customers aged 55 and over. Other promotions included immediate issuance of new cards and cardholder solicitation campaigns through its website. As a result of these and other initiatives, the company had 22.14 million active cardholders as of February 28, 2013, a net increase of 1.13 million cardholders from the beginning of the fiscal year under review. Domestic credit card shopping transaction volume surged 14.0% over the previous fiscal year, to 3,149,600 million yen, driven by special sales campaigns for Aeon cardholders as well as active joint promotions with partner companies.

In the e-money business, issuance of the Aeon Select card was expanded, regional WAON cards were promoted, and efforts were strengthened to develop partner stores outside the Aeon Group. As a result, cumulative issuance of WAON cards grew to approximately 31 million cards as of February 28, 2013, with the number of participating locations rising to 158,000. WAON e-money transaction volume in the fiscal year under review totaled 1.2 trillion yen, a 19.7% year-on-year increase.

Overseas, the business was expanded mainly through listed subsidiaries in Hong Kong, Thailand, and Malaysia. As a new initiative, the installment payment business is being started in China (Tianjin), India, and the Philippines. Representative offices were also opened in Myanmar and Laos, areas where steady economic growth is expected.

In the banking business, efforts were made to expand the business through a broader business network. As a result, the number of accounts at Aeon Bank, Ltd. surpassed 3 million and including stores that provide bank agency services the number of in-store branches rose to above 100. (Please note that the consolidated financial statements for the fiscal year from March 1, 2012 to February 28, 2013 treat Aeon Bank, Ltd. as an equity-method affiliate from January 1, 2012 through December 31, 2012, and a consolidated subsidiary from January 1, 2013 through February 28, 2013.)

As a result of the above, the Financial Services Business earned operating income of 33,867 million yen (up 53.6% year on year) on operating revenue of 194,230 million yen (up 15.9% year on year) for the fiscal year ended February 28, 2013 (to align the results of the major financial services companies with the company's financial year-end date, the consolidated results reflect the financial services companies' results for the period February 21, 2012 to February 28, 2013.)

Shopping Center Development Business

In Japan, Aeon Mall Co., Ltd., opened one shopping center and signed a management contract for another during the fiscal year under review. The company also renovated five shopping centers in Japan and raised the appeal of shopping centers by adding tenants that meet the needs of customers in each region. Customer traffic and sales at shopping centers increased year on year as a result of holding nationwide sales promotions throughout Group shopping centers and leveraging the Group's comprehensive strengths by rolling out joint campaigns in conjunction with the Aeon Card promotions. In China, the business opened its third shopping center, AEON MALL Tianjin Zhongbei, and made steady progress on developing new shopping centers in Jiangsu, Hubei, and Guangdong provinces to supplement existing centers in Beijing and Tianjin. In ASEAN, the business established local subsidiaries in Vietnam, Cambodia, and Indonesia to prepare for the gradual opening of shopping malls starting from 2014.

Aeon Town Co., Ltd., which operates the neighborhood shopping center (NSC) business, opened one new shopping center in the fiscal year under review and refurbished two existing centers. The company strengthened Group-wide sales campaigns such as nationwide promotions, and increased efforts to attract customers through special event promotions, leading to a steady increase in the specialty retailer revenues.

As a result, the Shopping Center Development Business earned operating income of 42,972 million yen (up 5.1% year on year) on operating revenue of 203,277 million yen (up 18.5% year on year) in the fiscal year ended February 28, 2013.

Service Business

In Japan, Aeon Delight Co., Ltd. met increasing demand for capital investment in power-conserving equipment, both in and outside the Group. The company posted a steady increase in orders and execution of LED lighting installations and other power-conserving equipment installation projects, as well as facility repairment projects. To expand its service lineup in the comprehensive facilities management services (FMS) business, which includes business process outsourcing (BPO) and business travel management (BTM), Aeon Delight made General Services, Inc. and Aeon Compass Co., Ltd. consolidated subsidiaries in October 2012. In China, the company made preparations in Tianjin and Suzhou to expand operations in the cities and build the Chinese FMS business. In ASEAN, the company launched business in Malaysia and Vietnam by establishing local subsidiaries.

Aeon Fantasy Co., Ltd. increased revenues in Japan by developing and introducing original game machines at its centers. Outside Japan, Aeon Fantasy opened nine amusement centers in China, seven in Malaysia, and two in Thailand, bringing the total number of overseas centers at the end of the fiscal year under review to 40 centers.

As a result, the Service Business earned operating income of 19,765 million yen (up 2.8% year on year) on operating revenue of 343,648 million yen (up 9.9% year on year) for the fiscal year ended February 28, 2013.

Specialty Store Business

The business bolstered store attraction through active new openings and the refurbishment of existing stores.

G Foot Co., Ltd. consolidated multiple store brands into three main brands in order to bolster its brand image among customers, while expanding development and sales of private brands (PB). These efforts resulted in improved earnings.

MegaSports Co., Ltd. opened six new outlets and expanded its lineup of private-brand apparel and other goods, leading to improved profitability.

Miraiya Shoten Co., Ltd. expanded its cultural education business by opening four MIRAIYA CULTURE CLUBS, while also opening new bookstores and refurbishing existing ones to generate a steady increase in revenues.

As Japan's largest specialty pet business, Aeon Pet Co., Ltd. bolstered collaboration among its product sales, medical services, and trimming services while expanding the product lineup to meet the wide needs of customers, leading to a steady improvement in results.

As a result, the Specialty Store Business posted operating income of 6,119 million yen (up 2.3% year on year) on operating revenue of 350,234 million yen (up 10.0% year on year) in the fiscal year ended February 28, 2013.

ASEAN Business

(Aeon's consolidated financial statements for the fiscal year ended February 28, 2013 reflect ASEAN results mainly for January through December.)

The ASEAN Business opened two GMS stores in Malaysia, 29 supermarkets in Thailand, and one supermarket in Malaysia during the fiscal year under review.

Aeon Malaysia (AEON Co. (M) Bhd.) posted revenue increases by ascribing the "AEON" name to all shopping centers and holding special sales campaigns to commemorate the branding unification. In October, Aeon acquired all outstanding shares in a hypermarket subsidiary of Carrefour S.A. of France (company name changed to Aeon Big Malaysia (AEON BIG (M) SDN. BHD.) in order to expand the business foundation in the country through a multi-format business model. This has made Aeon the second-largest retailer in the Malaysia, trailing the nation's top retailer by a small margin.

Aeon Thailand (AEON（Thailand）CO., LTD.) opened four new Maxvalu food supermarkets as well as 25 Maxvalu Tanjai small-scale urban supermarkets in order to expand the business foundation in urban markets, particularly in the growing population center of Bangkok.

As a result, the ASEAN Business earned operating income of 6,684 million yen (down 4.1% year on year) on operating revenue of 103,273 million yen (up 18.6% year on year) in the fiscal year under review.

China Business

(Aeon's consolidated financial statements for the fiscal year reflect China results for January through December.)

The China Business opened seven GMS and three supermarkets in the fiscal year under review.

The business steadily expanded the store network and boosted competitiveness through the development and sale of local TOPVALU brand merchandise meeting customer needs for safe and secure products. AEON (CHINA) CO., LTD., the Aeon Group's China Headquarters which began full-scale operations in March 2012, relocated its vice president to Guangdong to accelerate growth through Group-wide collaboration in the region. Although anti-Japanese demonstrations forced the temporary closure of the Jusco Huangdao Store in Qingdao City in September 2012, the store reopened on November 24, 2012 thanks to the collaborative efforts of local employees to restore operations. The China Business posted an operating loss due to upfront store expansion costs as well as the impact of the demonstrations.

AEON Stores (Hong Kong) Co., Ltd. posted higher revenues in the fiscal year as a result of strong results at newly opened stores, the refurbishment of existing stores to meet local customer needs, and special sales campaigns, including special promotions around customer appreciation days on the 25th of each month to commemorate the company's 25th year of business.

As a result, the China Business posted an operating loss of 1,835 million yen (a year-on-year decline of 4,699 million yen) on operating revenue of 112,963 million yen (up 10.0% year on year).

Other Operations

Aeon Topvalu Co., Ltd. bolstered efforts to contribute to Group earnings by developing TOPVALU products with annual sales in excess of 1 billion yen and increasing the ratio of TOPVALU products sold by Group companies. The company also sought to strengthen its unified value chain, from raw materials procurement to product logistics and sales. In terms of merchandising, the company enhanced its lineup of TOPVALU HeatFact and TOPVALU CoolishFact innerwear products that use materials with increased functionality while expanding its range of TOPVALU BESTPRICE merchandise which feature simplified functions and packaging at lower prices without sacrificing quality. The company also introduced TOPVALU Ready Meal as a new brand featuring simple but delicious ready-to-eat cuisine, along with TOPVALU Beaujolais Nouveau wine as its first private-brand Beaujolais Nouveau wine and a variety of other products to meet customer needs.

As a result, total sales of TOPVALU merchandise throughout the Group in the fiscal year surged 29.3% year on year to 681,600 million yen.

Outlook for the Fiscal Year ending February 28, 2014

Consolidated Operating Results Forecast (millions of yen, except per-share data and percentages)

	Fiscal year to end-February,	
	2014 (forecast)	2013 (actual)
Operating revenue	6,000,000	5,685,303
Operating income	200,000~210,000	190,999
Ordinary income	215,000~225,000	212,907
Net income	75,000	74,697
Net income per share (yen)	94.80	95.73
ROE (%)	7.3	7.6

Aeon has positioned the three years from March 2011 as the first step of a new growth stage geared towards 2020. The fiscal year ending February 28, 2014 marks the final year of the first step. During this year, in order to enhance profitablity, the Group will continue to channel management resources into the major growth areas represented by these 4 megatrends: a shift to Asian markets, a shift to urban markets, a shift to senior-oriented markets, and a shift to digital markets.

In the core GMS Business, the Aeon Retail Co., Ltd. management structure was strengthened on March 1, 2013 to accelerate profit structure reforms to ensure sustainable profit growth. In the fiscal year ending February 28, 2014, the GMS business will aim to enhance profitability by expanding the range of TOPVALU merchandise, raising the competitiveness of specialty liquor, bicycle, and other businesses, and generating and implementing sales promotion plans to capture an increase in demand prior to the planned consumption tax increase in April 2014. At the same time, the GMS business will implement measures to raise operational efficiency and tighten inventory controls. The Supermarket Business will aim to rapidly establish a China business model to support full-fledged expansion, while expanding sales of TOPVALU merchandise and improving product lineups and sales areas in Japan so as to contend with the changing competitive environment. The Financial Services Business will aim to generate synergy through the integration of Aeon Credit Service Co., Ltd. and Aeon Bank Co., Ltd. under the bank holding company Aeon Financial Service Co., Ltd. The business will also aim to improve its profitability by strengthening the credit card business and further expanding the overseas business. The Shopping Center Development Business will seek to leverage the Group's full capabilities to promote sales campaigns while raising the efficiency of operations by utilizing integrated Group functions. The business will also accelerate the opening of shopping centers in new areas of China and ASEAN. The Specialty Store Business will expand the networks of each specialty store and actively promote refurbishment of existing stores to raise their appeal.

Earnings forecasts incorporate the potential impact of weather conditions, seasonal trends, and other variables to the extent that Aeon can currently determine. Because the Group manages earnings on an annual basis, it does not disclose forecasts for the first six months of the fiscal year. To keep stakeholders informed, the Group provides progress updates through monthly results reports.

Since Aeon Co., Ltd. is a pure holding company, non-consolidated forecasts are not disclosed.

(2) Analysis of Financial Condition

Consolidated Assets, Liabilities, Net Assets, and Cash Flows (millions of yen)

	Fiscal year to end-February,			
	2013	2012	2011	2010
Total assets	5,725,862	4,048,937	3,774,628	3,785,288
Interest-bearing debt	1,639,048	1,335,186	1,161,854	1,250,735
Breakdown:				
Interest-bearing debt of financial subsidiaries	718,075	523,050	518,739	518,910
Interest-bearing debt excluding that of financial subsidiaries	920,972	812,136	643,115	731,825
Net assets	1,447,703	1,282,066	1,219,236	1,144,434
Cash and cash equivalents, ending balance	424,701	166,277	306,820	280,521
Cash flow from operating activities	142,289	203,382	261,132	361,096
Cash flow from investing activities	(324,869)	(327,865)	(105,517)	(324,573)
Cash flow from financing activities	223,234	(13,061)	(121,847)	11,179

Consolidated Assets, Liabilities, and Net Assets as of February 28, 2013

Consolidated assets at the end of the fiscal year under review totaled 5,725,862 million yen, an increase of 1,676,924 million yen (41.4%) from the end of the previous fiscal year (February 29, 2012). The increase was chiefly attributable to a 1,245,935 million yen increase in assets stemming from the inclusion of newly consolidated Aeon Bank, Ltd. and other companies in Aeon's consolidated accounts, along with increases of 164,455 million yen in financial loans, 148,521 million yen in property, buildings and equipment due mainly to the opening of new shopping centers, 96,766 million yen in notes and accounts receivable-trade, which consists mostly of installment plan accounts receivable at financial subsidiaries, and 37,588 million yen in merchandise inventories.

Consolidated liabilities at the end of the fiscal year under review totaled 4,278,159 million yen, an increase of 1,511,287 million yen (54.6%) from February 29, 2012. The increase was chiefly attributable to the inclusion of Aeon Bank, Ltd. and other companies' combined liabilities of 1,209,206 million yen in Aeon's consolidated accounts, a 165,855 million yen increase in short-term borrowings, an 82,447 million yen increase in long-term debt, and a 39,021 million yen increase in commercial paper.

Consolidated net assets at February 28, 2013 totaled 1,447,703 million yen, an increase of 165,636 million yen (12.9%) from February 29, 2012.

Consolidated Cash flows

Cash and cash equivalents

The balance of cash and cash equivalents at February 28, 2013 was 424,701 million yen, an increase of 258,423 million yen, or 155.4%, from February 29, 2012.

Cash flow from operating activities

Net cash provided by operating activities in the fiscal year ended February 28, 2013 was 142,289 million yen (down 30.0% year on year). The 61,092 million yen decrease from the previous fiscal year partially reflects the fact that 30,494 million yen in income before income taxes and minority interests, excluding depreciation and other non-cash items, and an increase of 20,013 million yen in deposits received in banking business, were offset by an increase of 41,822 million yen in financial loan receivables and an increase of 29,305 million yen in loans in banking business.

Cash flow from investing activities

Net cash used in investing activities during the fiscal year ended February 28, 2013, was 324,869 million yen (down 0.9% year on year). This 2,996 million yen decrease from the previous year reflects a 16,107 million yen increase in the purchase of fixed assets, which was offset by an increase of 18,809 million yen in proceeds from sales of subsidiaries' stock.

Cash flow from financing activities
Net cash provided by financing activities during the fiscal year ended February 28, 2013, was 223,234 million yen (compared with net cash used of 13,061 million yen in the previous fiscal year). This 236,296 million yen increase mainly reflects a 213,790 million yen net increase in short-term borrowings and commercial paper.

As a result of a share exchange in which Aeon Credit Service Co., Ltd. was the wholly owning parent company and Aeon Bank, Ltd. was the wholly owned subsidiary company, consolidated cash and cash equivalents increased by 205,028 million yen.

(3) Dividend Policy and Dividends for the Fiscal Year ended February 28, 2013, and the Fiscal Year ending February 28, 2014

1) Basic Medium- to Long-Term Policy
Aeon Co., Ltd. strives to maintain an optimal balance between paying dividends and improving corporate value through medium- to long-term growth as a key management priority. It believes in returning profits to shareholders, whom it considers partners in business management.

(Dividends)
Aeon Co., Ltd. sets dividends in consideration of its consolidated earnings results and strives to reward shareholders appropriately for capital invested. Specifically, Aeon has set a target of maintaining its annual dividend payment at or above the previous year's payment and implementing a dividend payout ratio of 30% as the Aeon Group endeavors to increase earnings and return even more to shareholders in coming years.

(Use of internal reserves)
Internal reserves are essential for funding investments in future growth. Aeon Co., Ltd. strives to meet shareholder expectations by improving corporate value through medium- to long-term growth.

2) Dividends for the Fiscal Year ended February 28, 2013, and Starting Date for Dividend Payments
Pursuant to a resolution by the Board of Directors at its meeting on April 11, 2013, the year-end dividend payment from retained earnings for the fiscal year ended February 28, 2013 will be 12 yen a share. The total annual dividend for the fiscal year will therefore be 24 yen a share, including the interim payment of 12 yen a share. The starting date for dividend payments (effective date) is Thursday, April 25, 2013.

3) Dividend Forecast for the Fiscal Year ending February 28, 2014
Based on the basic policy outlined above, the forecast for dividend payments for the fiscal year ending February 28, 2014 is 26 yen per share, consisting of an interim payment of 13 yen per share and a year-end payment of 13 yen per share.

2. Management Strategies and Policies

(1) Basic Policy on Management
Aeon's fundamental management principles are the pursuit of peace, respect for humanity, and contributions to local communities—with the customer's point of view as the core. On the basis of this unchanging philosophy, the Aeon Group focuses first and foremost on its customers and ensuring customer satisfaction, constantly innovating to promptly and precisely respond to changes in the external environment and customer needs.

Aeon aims to be a "glocal" company, meaning that management must both meet global quality standards and at the same time remain rooted in local communities.

From the viewpoint of corporate social responsibility (CSR), the company has instituted the Aeon Code of Conduct, a set of behavior guidelines and standards for decision-making for all Group employees to follow in their daily work activities. Aeon is instilling this code throughout the Group.

On the basis of this code, Aeon is striving to achieve long-term prosperity and growth by building excellent relationships with its customers, shareholders, business partners, local communities, and employees, while continuing to offer products and services that satisfy customers.

(2) Medium-term Management Strategy

Response to Four Megatrends

Aeon has positioned the three years from March 1, 2011 to February 28, 2014 as the first step of a new growth stage geared towards 2020. The Group has formed a common strategy to respond to major changes in the operating environment, based on the recognition of four emerging megatrends: a shift to Asian markets, a shift to urban markets, a shift to senior-oriented markets, and a shift to digital markets. The Group is prioritizing strategic investment into these four areas. In the fiscal year ending February 28, 2014, the final year of the current Medium-term Management Plan, the Group will continue to take a unified approach to promoting business in these four growth areas, as it strives to establish a business foundation for growth for the fiscal year ending February 28, 2015 and beyond.

1) Shift to Asian Markets

In the fiscal year ending February 28, 2014, Aeon will promote a unified expansion strategy in China and ASEAN by strengthening the functions of the China Headquarters and ASEAN Headquarters, which began full-scale operations in the fiscal year ended February 28, 2013. In China, Aeon will bolster the business foundation in existing geographic areas, while preparing for new business in such areas as Jiangsu and Hubei provinces. Aeon will expand the lineup of TOPVALU merchandise developed specifically for China, sales of which began in March 2012, with the aim of expanding the lineup to 1,000 products by February 28, 2014. In ASEAN, Aeon will make progress on the opening of its first shopping center in Vietnam, Cambodia, and Indonesia beginning in 2014. In Malaysia, Aeon will take measures to generate synergy between Aeon Malaysia (AEON Co. (M) Bhd.) and Aeon Big Malaysia (AEON BIG (M) SDN. BHD.), which joined the Group in the year under review.

2) Shift to urban markets

In the year ending February 28, 2014, Aeon will accelerate the expansion of urban chains Maxvalu Express, My Basket, and Acolle. The foundation for the urban business will also be bolstered by integrating Tesco Japan Co., Ltd. (currently AEON EVERY CO., LTD.), an operator of small-scale urban supermarkets which has recently joined the Group, and the know-how of Peacock Store Ltd., which has strong capabilities in imported foods and value-added merchandising. Aeon will also promote the opening of flagship shopping centers, such as the Aeon Mall Makuhari Shintoshin to open in December 2013, and create new services through the fusion of online and in-store shopping channels.

3) Shift to senior-oriented markets

Aeon aims to meet the needs of a growing population of senior citizen customers in light of the rapid population ageing trend in Japan. Aeon recognizes active senior citizen customers with a passion for shopping as the “Grand Generation (G.G.)” and is changing its business model to serve their needs. In the fiscal year ending February 28, 2014, Group companies will jointly promote sales campaigns and develop stores, merchandise, and services to better meet the needs of the Grand Generation of senior citizen customers.

4) Shift to digital markets

The e-commerce market is rapidly expanding thanks to advances in information communications technology, the rapid spread of smartphones, and other social trends. To respond to the digital shift in retailing and create new business in the e-commerce realm, Aeon launched comprehensive portal sites such as AEON SQUARE and Aeon Mall Online for the Group during the fiscal year ended February 28, 2013. Aeon also made strides launching its Internet supermarket by establishing distribution structures for all areas of 29 prefectures by the end of February 2013. In the year ending February 28, 2014, Aeon will leverage its strengths in retailing, shopping center development, financial services, and other areas to develop new business models in the e-commerce area.

Group Structural Reforms

Aeon transitioned to a pure holding company in 2008 in order to establish a management structure that could facilitate both autonomous growth and Group synergy. Since then, Aeon has integrated and reorganized businesses and functions while promoting the “a single brand for a single business” policy and the specialization of operations. Moving forward, Aeon will strive to establish a business model that can facilitate high earnings and growth by maximizing the full capabilities of the Group.

To achieve this, Aeon will promote further Group structural reforms, including reforms in the GMS Business, Financial Services Business, and Shopping Center Development Business, all of which are engines for Group growth.

1) GMS Reforms
Aeon has endeavored to transition to a GMS business model promising high profitability and high growth through initiatives to reform its cost structure, integrate its three businesses, strengthen private brands, promote store specialization, and refurbish existing stores. Phase two of the GMS reforms begins in the year ending February 28, 2014. Aeon will continue to promote its initiatives as well as launch new ones aimed at establishing GMS as "Comprehensive stores which combine highly specialized sales areas and services in which local customers can place their trust."

2) Reorganization of Financial Services Business
Until recently, the Group had operated independent credit card, banking, and insurance companies. From April 2013, however, the Group has adopted a new structure to promote the integration of these businesses under the bank holding company Aeon Financial Service Co., Ltd.

In the fiscal year ending February 28, 2014, under this new structure, Aeon will pursue further growth by developing unique financial services available only from Aeon which serve the lifecycle financial needs of customers visiting Group stores.

3) Reorganization of Shopping Center Development Business
In the fiscal year ended February 29, 2012, Aeon successfully unified the branding of mall-style shopping centers in Japan under the "Aeon Mall" name. In the fiscal year ended February 28, 2013, Aeon further promoted integration of the functions of the business, including sales, store development and a *Doyuten* Assembly for Aeon Shopping Center tenants. These initiatives enabled some 120 shopping centers in Japan to roll out unified sales campaigns and generate higher sales. Moving forward, Aeon will further leverage its economies of scale to accelerate growth.

The Daiei, Inc. to Become a Consolidated Subsidiary
Aeon plans to make The Daiei, Inc. a consolidated subsidiary through a tender offer. Daiei operates a large number of stores in the Tokyo, Chukyo, and Kansai metropolitan regions of Japan. The conversion of the company into a consolidated subsidiary will spur Aeon's shift to urban markets. Daiei will adopt and utilize the Aeon Group's infrastructure, such as logistics networks, the WAON e-money service, and TOPVALU merchandise, and the shared economies of scale will generate synergies for both companies and boost their results.

Aeon will integrate the personnel and other management resources of Daiei with its own to facilitate richer lifestyles for customers, raise Group competitiveness, and increase shareholder value.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	184,324	457,174
Call loans	-	10,000
Notes and accounts receivable - trade	421,929	518,695
Marketable securities	2,198	241,523
Merchandise inventories	340,971	378,559
Deferred tax assets	47,784	46,061
Financial loan	255,704	420,160
Loans and bills discounted for banking business	-	668,971
Other	163,299	203,437
Allowance for doubtful accounts	(43,681)	(39,998)
Total current assets	1,372,530	2,904,585
Fixed assets		
Property, buildings and equipment		
Buildings and structures, net	1,058,073	1,117,272
Tools, furniture and fixtures, net	118,515	141,141
Land	531,954	628,613
Leased property, net	16,007	20,307
Construction in progress	21,544	29,569
Other, net	3,808	4,797
Total property, buildings and equipment	1,749,903	1,941,702
Intangible fixed assets		
Goodwill	101,720	140,852
Software	30,141	40,160
Leased property	1,457	898
Other	11,668	23,203
Total intangible fixed assets	144,987	205,115
Investments and other assets		
Investment securities	296,724	191,497
Deferred tax assets	73,774	62,875
Fixed leasehold deposits to lessors	322,395	321,606
Deposits for stores in progress	3,331	4,410
Other	100,716	109,658
Allowance for doubtful accounts	(15,427)	(15,588)
Total investments and other assets	781,515	674,458
Total fixed assets	2,676,406	2,821,277
Total assets	4,048,937	5,725,862

(Millions of yen)

	As of February 29, 2012	As of February 28, 2013
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	644,059	633,246
Deposits for banking business	-	1,155,319
Short-term borrowings	97,003	262,858
Current portion of long-term debt	223,159	234,229
Bonds due within one year	54,793	36,942
Convertible bonds with stock acquisition rights due within one year	46,185	49,958
Commercial paper	9,921	48,942
Lease obligations	2,460	3,248
Income taxes payable	35,757	40,616
Provision for bonuses	19,138	19,199
Provision for store closing expenses	1,810	1,353
Allowance for point program	16,052	15,334
Notes payable, construction	46,045	45,193
Other	342,945	396,036
Total current liabilities	1,539,334	2,942,480
Long-term liabilities		
Bonds	204,319	244,895
Convertible bonds with stock acquisition rights	49,988	30,000
Long-term debt	631,196	702,572
Lease obligations	16,159	19,850
Deferred tax liabilities	8,877	17,837
Liability for employees' retirement benefits	8,735	9,506
Liability for directors' retirement benefits	1,216	1,297
Provision for store closing expenses	2,238	2,010
Provision for contingent liabilities	479	514
Allowance for loss on refund of interest received	9,250	4,133
Allowance for loss on redemption of gift coupons	2,723	3,190
Asset retirement obligations	41,975	45,654
Lease deposits from lessees	232,254	229,276
Other	18,124	24,936
Total long-term liabilities	1,227,537	1,335,678
Total liabilities	2,766,871	4,278,159
Net assets		
Shareholders' equity		
Common stock	199,054	199,054
Capital surplus	264,963	264,963
Retained earnings	543,771	572,820
Treasury stock	(54,087)	(16,091)
Total shareholders' equity	953,701	1,020,747
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,853	17,909
Deferred gain (loss) on derivatives under hedge accounting	(1,923)	(1,383)
Foreign currency translation adjustments	(17,893)	(3,827)
Total accumulated other comprehensive income	(17,964)	12,699
Stock acquisition rights	1,313	1,514
Minority interests	345,015	412,742
Total net assets	1,282,066	1,447,703
Total net assets and liabilities	4,048,937	5,725,862

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

Consolidated Statements of Income

(Millions of yen)

	Year ended February 29, 2012	Year ended February 28, 2013
	Amount	Amount
Operating revenue		
Net sales	4,650,792	5,061,929
Operating revenue in the financial services business	144,196	168,171
Other operating revenue	428,355	455,201
Total operating revenue	5,223,344	5,685,303
Operating costs		
Cost of sales	3,393,772	3,695,523
Operating costs in the financial services business	14,264	14,700
Total operating costs	3,408,036	3,710,223
Gross profit on sales	1,257,020	1,366,406
Gross profit from operations	1,815,307	1,975,079
Selling, general and administrative expenses		
Advertising expense	100,825	115,652
Provision of allowance for doubtful accounts	23,736	18,603
Employees' salaries and bonuses	566,225	625,395
Provision for bonuses	19,138	19,199
Statutory welfare benefit expense	88,082	99,310
Utilities expense	84,630	97,092
Depreciation and amortization	127,459	141,767
Repairs and maintenance expense	87,580	95,905
Rent expense	268,138	283,132
Amortization of goodwill	7,418	9,196
Other	243,431	278,826
Total selling, general and administrative expenses	1,616,668	1,784,080
Operating income	198,638	190,999
Other income		
Interest income	2,828	2,767
Dividend income	1,526	1,800
Equity in gains of equity-method affiliates	5,190	7,764
Amortization of negative goodwill	11,100	8,238
Penalty income from leaving tenants	1,796	1,232
Reversal of allowance for doubtful accounts	-	4,912
Gain on collection of fixed leasehold deposits	-	2,234
Other	5,370	8,316
Total other income	27,813	37,265
Other expenses		
Interest expense	10,334	10,975
Other	3,857	4,381
Total other expenses	14,191	15,356
Ordinary income	212,260	212,907
Extraordinary gains		
Gain on sales of fixed assets	379	946
Gain on negative goodwill	2,665	332
Gain on sales of subsidiaries' stock	-	7,336
Gain on change in equity interest	352	1,609
Reversal of allowance for doubtful accounts	542	-
Gain on collection of fixed leasehold deposits	3,713	-
Insurance income	7,000	261
Gain on step acquisition	-	8,355
Other	6,791	1,101
Total extraordinary gains	21,445	19,943

Extraordinary losses		
Loss on disposal of fixed assets	2,925	2,018
Impairment loss	28,177	31,934
Disaster-related losses	33,543	-
Loss related to store closing	2,135	2,198
Provision for store closing expenses	532	514
Effect of adoption of accounting standards for asset retirement obligations	17,773	-
Other	10,388	3,947
Total extraordinary losses	95,475	40,613
Income before income taxes and minority interests	138,230	192,238
Income taxes		
Current	59,503	71,423
Deferred	(11,756)	12,061
Total income taxes	47,746	83,485
Income before minority interests	90,483	108,752
Minority interests	23,733	34,055
Net income	66,750	74,697

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended February 29, 2012	Year ended February 28, 2013
	Amount	Amount
Income before minority interests	90,483	108,752
Other comprehensive income		
Unrealized gain on available-for-sale securities	194	16,239
Deferred gain (loss) on derivatives under hedge accounting	(1,822)	384
Foreign currency translation adjustments	(7,036)	26,594
Share of other comprehensive income of equity-method affiliates	(1,824)	231
Total other comprehensive income	(10,489)	43,450
Comprehensive income	79,994	152,203
(Breakdown)		
Comprehensive income attributable to owners of the parent	60,622	105,360
Comprehensive income attributable to minority interests	19,372	46,843

(3) Consolidated Statements of Changes in Shareholders' Equity

	Year ended February 29, 2012	(Millions of yen) Year ended February 28, 2013
	Amount	Amount
Shareholders' Equity		
Common stock		
Balance at beginning of period	199,054	199,054
Changes during period		
Total changes during period	-	-
Balance at end of period	199,054	199,054
Capital surplus		
Balance at beginning of period	264,963	264,963
Changes during period		
Total changes during period	-	-
Balance at end of period	264,963	264,963
Retained earnings		
Balance at beginning of period	496,648	543,771
Changes during period		
Cash dividends	(16,069)	(27,177)
Net income	66,750	74,697
Disposal of treasury stock	(3,557)	(18,470)
Total changes during period	47,122	29,049
Balance at end of period	543,771	572,820
Treasury stock		
Balance at beginning of period	(61,458)	(54,087)
Changes during period		
Repurchase of stock	(5)	(5)
Disposal of treasury stock	7,375	38,001
Total changes during period	7,370	37,996
Balance at end of period	(54,087)	(16,091)
Total shareholders' equity		
Balance at beginning of period	899,208	953,701
Changes during period		
Cash dividends	(16,069)	(27,177)
Net income	66,750	74,697
Repurchase of stock	(5)	(5)
Disposal of treasury stock	3,817	19,531
Total changes during period	54,493	67,045
Balance at end of period	953,701	1,020,747

Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities		
Balance at beginning of period	3,401	1,853
Changes during period		
Net change in items other than shareholders' equity during period	(1,547)	16,056
Total changes during period	(1,547)	16,056
Balance at end of period	1,853	17,909
Deferred gain (loss) on derivatives under hedge accounting		
Balance at beginning of period	(1,225)	(1,923)
Changes during period		
Net change in items other than shareholders' equity during period	(698)	540
Total changes during period	(698)	540
Balance at end of period	(1,923)	(1,383)
Foreign currency translation adjustments		
Balance at beginning of period	(14,012)	(17,893)
Changes during period		
Net change in items other than shareholders' equity during period	(3,881)	14,066
Total changes during period	(3,881)	14,066
Balance at end of period	(17,893)	(3,827)
Total accumulated other comprehensive income		
Balance at beginning of period	(11,836)	(17,964)
Changes during period		
Net change in items other than shareholders' equity during period	(6,127)	30,663
Total changes during period	(6,127)	30,663
Balance at end of period	(17,964)	12,699
Stock acquisition rights		
Balance at beginning of period	1,118	1,313
Changes during period		
Net change in items other than shareholders' equity during period	194	200
Total changes during period	194	200
Balance at end of period	1,313	1,514
Minority interests		
Balance at beginning of period	330,746	345,015
Changes during period		
Net change in items other than shareholders' equity during period	14,269	67,727
Total changes during period	14,269	67,727
Balance at end of period	345,015	412,742

Total net assets		
Balance at beginning of period	1,219,236	1,282,066
Changes during period		
Cash dividends	(16,069)	(27,177)
Net income	66,750	74,697
Repurchase of stock	(5)	(5)
Disposal of treasury stock	3,817	19,531
Net change in items other than shareholders' equity during period	8,336	98,591
Total changes during period	62,829	165,636
Balance at end of period	1,282,066	1,447,703

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 29, 2012	Year ended February 28, 2013
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	138,230	192,238
Depreciation and amortization	135,777	151,498
Amortization of goodwill	7,808	9,196
Amortization of negative goodwill	(11,100)	(8,238)
Increase (decrease) in allowance for doubtful accounts	22,290	16,162
Increase (decrease) in allowance for loss on refund of interest received	(6,766)	(5,116)
Increase (decrease) in provision for bonuses	328	(943)
Increase (decrease) in liabilities for retirement benefits	(3,120)	450
Interest and dividend income	(4,354)	(4,567)
Interest expense	10,334	10,975
Foreign exchange (gains) losses - net	(651)	(5,179)
Equity in (gains) losses of equity-method affiliates	(5,190)	(7,764)
Gain on sales of fixed assets	(379)	(946)
Loss on disposals and sales of fixed assets	3,156	3,528
Impairment losses	28,177	31,934
Disaster-related losses	33,543	-
Effect of adoption of accounting standards for asset retirement obligations	17,773	-
(Gain) loss on change in equity interest	(278)	(1,609)
(Gain) loss on sales of subsidiaries' stock	-	(7,336)
(Gain) loss on step acquisition	-	(8,355)
(Increase) decrease in notes and accounts receivable - trade	(23,773)	(35,924)
(Increase) decrease in merchandise inventories	(20,393)	(27,192)
(Increase) decrease in financial loan receivable	19,102	(22,719)
(Increase) decrease in loans in banking business	-	(29,305)
Increase (decrease) in notes and accounts payable - trade	(16,217)	(27,551)
Increase (decrease) in deposits received in banking business	-	20,013
Other assets and liabilities	(18,787)	(25,003)
Other - net	(13,108)	(1,470)
Sub total	292,400	216,770
Interest and dividends received	3,934	4,222
Interest paid	(10,109)	(10,792)
Income taxes paid	(69,166)	(68,172)
Insurance income	7,000	261
Payments for disaster-related losses	(20,676)	-
Net cash provided by (used in) operating activities	203,382	142,289

Cash flows from investing activities		
Purchase of marketable securities	-	(1,000)
Proceeds from sales and redemption of marketable securities	4,500	3,200
Purchase of marketable securities in banking business	-	(34,197)
Proceeds from redemption of marketable securities in banking business	-	42,878
Purchase of fixed assets	(311,904)	(328,011)
Proceeds from sales of fixed assets	2,974	4,158
Purchase of investment securities	(619)	(6,633)
Proceeds from sales of investment securities	82	399
Proceeds from sales of subsidiaries' stock	-	18,809
Cash paid in conjunction with the purchases of consolidated subsidiaries' stock	(36,129)	(35,769)
Cash received in conjunction with the purchases of consolidated subsidiaries' stock	365	612
Collection of loan receivables	544	446
Payments for fixed leasehold deposits to lessors	(14,476)	(15,229)
Collection of fixed leasehold deposits to lessors	33,649	28,397
Proceeds from lease deposits from lessees	14,275	15,287
Repayments of lease deposits from lessees	(15,369)	(19,831)
Other - net	(5,759)	1,612
Net cash provided by (used in) investing activities	(327,865)	(324,869)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	(23,343)	190,446
Proceeds from long-term debt	279,644	298,147
Repayments of long-term debt	(270,819)	(238,142)
Proceeds from issuance of bonds	42,883	105,225
Payments for redemption of bonds	(15,214)	(82,840)
Repayments of secured and unsecured obligations under reorganization proceedings of subsidiaries	(166)	(38)
Proceeds from issuance of subsidiaries' stock to minority shareholders	57	3,099
Repurchase of subsidiaries' stock from minority shareholders	(7)	(15,007)
Dividends paid to shareholders	(16,069)	(27,177)
Dividends paid to minority shareholders	(9,985)	(10,356)
Other - net	(39)	(120)
Net cash provided by (used in) financing activities	(13,061)	223,234
Foreign currency translation adjustments on cash and cash equivalents	(2,997)	11,156
Net increase (decrease) in cash and cash equivalents	(140,542)	51,810
Cash and cash equivalents, beginning of period	306,820	166,277
Increase in cash and cash equivalents resulting from merger	-	1,584
Increase in cash and cash equivalents resulting from share exchange	-	205,028
Cash and cash equivalents, end of period	166,277	424,701

(5) Notes on the Going-concern Assumption

Not applicable

(6) Material Changes to the Basis of Preparation of Consolidated Financial Statements

Changes to accounting policy and presentation method

1. Accounting Standards for Earnings Per Share

Effective the fiscal year ended February 28, 2013, the Company has adopted the *Accounting Standard for Earnings Per Share* (ASBJ Statement No.2, revised June 30, 2010), *Guidance on Accounting Standard for Earnings Per Share* (ASBJ Guidance No.4, revised June 30, 2010), and *Practical Solution on Accounting for Earnings Per Share* (ASBJ PITF No. 9, June 30, 2010).

In applying the above accounting standards, the method of calculating diluted net income per share has been changed so that the computation of the number of increased shares of common stock reflects the changes to the conversion price of convertible bonds with stock acquisition rights made during the fiscal year ended February 28, 2013.

Without application of the standard, guidance, and practical solution, diluted net income per share for the fiscal year ended February 29, 2012 would be ¥76.33.

2. Individual presentation of gross amount of operating revenue by the Financial Services Business

Since the Aeon Group's main line of business is retail business, until now, operating revenue by the Financial Services Business has not been individually presented. “gain on bad debts recovered” of the Financial Services Business was included in “other income,” and net operating revenue of the Financial Services Business exclusive of “gain on bad debts recovered” was included in “other revenues” after offsetting operating costs (financial expenses).

Effective the fiscal year ended February 28, 2013, however, operating revenue and operating cost of the Financial Services Business were individually presented at their gross amount as “operating revenue in the financial services business” and “operating cost in the financial services business,” respectively, while “gain on bad debts recovered” were included in “operating revenue in the financial services business.”

Furthermore, effective the fiscal year ended February 28, 2013, “net sales” and “cost of sales” that had been previously presented as category titles in the consolidated statements of income were presented as components of “operating revenue” and “operating cost.”

The aim of these changes is to present business results more precisely to reflect the fact that the Financial Services Business has increased its importance in the Aeon Group, with Aeon Bank, Ltd. becoming a consolidated subsidiary in conjunction with the reorganization of the Financial Services Business.

The consolidated financial statements for the fiscal year ended February 29, 2012 have been retroactively adjusted to reflect the change in accounting policy and recast to conform to the current presentation.

As a result, “operating revenue” for the fiscal year ended February 29, 2012 was 17,212 million yen higher, and “gross profit from operations” and “operating income” were each 2,947 million yen higher than they would have been under the previous method.

(7) Additional Information

(Accounting Standards for Accounting Changes and Error Corrections)

For accounting changes and error corrections made on or after the beginning of the fiscal year ended February 28, 2013, the Company has adopted the *Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Statement No.24, December 4, 2009) and its associated *Guidance on Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Guidance No.24, December 4, 2009).

In conjunction with the partial amendments made on March 29, 2011 on the *Practical Guidelines on Accounting Standards for Financial Instruments* (JICPA Accounting System Committee Report No. 14), “reversal of allowance for doubtful accounts” and “gain on collection of fixed leasehold deposits” that had been recorded in “extraordinary gains” were recorded in “other income” in the fiscal year ended February 28, 2013. Pursuant to the practical guidelines, retrospective accounting treatment was not applied.

(8) Notes on the Consolidated Financial Statements

Notes and other supplementary information for the consolidated balance sheets, the consolidated statements of income and consolidate statements of comprehensive income, the consolidated statements of changes in shareholders' equity, and the consolidated statements of cash flows are omitted from this report.

(Segment and Other Information)
[Segment Information]

1. Overview of Reportable Segments

Aeon has adopted the “committee system” as its governance model. Under the system, operational supervision and operational execution functions are explicitly divided and allocated to individual directors and executive officers. The system enables swift management decision-making by delegating significant authority to executive officers to enable them to achieve medium- and long-term targets.

Aeon’s reportable segments are components of its operations about which segment-specific financial statements are available. These segments are subject to periodic examinations to enable Aeon’s management to decide how to allocate resources and assess performance.

Led by Aeon Co., Ltd, a pure holding company, the Group companies conduct various business operations, including the Group’s core retail store operations, which primarily revolve around general merchandise stores, comprehensive financial services operations, shopping center development operations, and service operations.

The main operations in each reportable segment and other businesses are thus as follows.

The GMS Business includes general merchandise stores (GMS).

The Supermarket Business includes supermarkets (SM).

The Strategic Small-size Store Business includes convenience stores, small-scale supermarkets, and specialty stores that sell packaged lunches and household dishes.

The Financial Service Business includes credit card, fee-based services, and banking businesses

The Shopping Center Development Business includes development and leasing of shopping centers and malls.

The Service Business includes facilities management services, amusement services, and food services.

The Specialty Store Business includes specialty stores that sell family casual apparel, women’s apparel, footwear, and others.

The ASEAN Business includes retail stores in the ASEAN region.

The China Business includes retail stores in China.

Other Businesses include discount stores, drugstores, e-commerce, etc.

Effective the fiscal year ended February 28, 2013, some affiliates that had been included in the Specialty Stores Business were reclassified according to their “Function,” which serves to operate Aeon Group merchandise supply and does not fall into any of the business segments. As a result, these affiliates’ assets, equity in gains /losses of equity-method affiliates, and investment in equity-method affiliates that had previously been included in the “specialty store” segment were incorporated into “adjustments.” Segment information for the fiscal year ended February 29, 2012 has been recast to conform to the current period presentation for disclosure.

2. Operating revenue, income/loss, assets, liabilities and other items by reportable segment

Year ended February 29, 2012 (March 1, 2011 – February 29, 2012)

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Strategic Small-size Store	Financial Services	Shopping Center Development	Service	Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	2,556,999	1,220,741	212,640	143,960	129,801	199,468	311,499
(2) Intersegment revenue or transfers	57,489	1,708	704	23,668	41,766	113,202	6,859
Total	2,614,488	1,222,449	213,345	167,629	171,567	312,671	318,359
Segment income	55,693	21,846	6,576	22,056	40,883	19,228	5,981
Segment assets	1,358,666	551,535	160,031	943,249	715,225	143,921	132,454
Segment interest-bearing debts	359,422	137,000	2,770	523,050	233,896	6,310	17,367
Other items							
Depreciation and amortization	50,233	17,426	7,285	10,272	26,124	5,954	3,501
Equity in gains (losses) of equity-method affiliates	(2,059)	2,943	4	2,243	(42)	(141)	89
Impairment loss	15,104	8,060	1,591	-	714	162	1,042
Investment in equity-method affiliates	22,960	38,329	454	36,916	1,364	5,147	1,857
Increase in tangible and intangible fixed assets	164,294	20,762	8,211	11,055	71,902	6,659	5,068

	Reportable segment			Other	Total	Adjustments *1, 2	Reported in the consolidated statements of income*3
	ASEAN	China	Total				
Operating revenue:							
(1) Revenue attributable to customers	86,962	102,592	4,964,665	252,860	5,217,525	5,818	5,223,344
(2) Intersegment revenue or transfers	108	137	245,646	4,638	250,284	(250,284)	-
Total	87,070	102,729	5,210,311	257,498	5,467,810	(244,466)	5,223,344
Segment income	6,971	2,864	182,102	375	182,478	16,160	198,638
Segment assets	63,933	78,377	4,147,395	100,536	4,247,931	(198,993)	4,048,937
Segment interest-bearing debts	406	246	1,280,471	17,884	1,298,355	36,830	1,335,186
Other items							
Depreciation and amortization	3,998	2,839	127,637	2,649	130,287	5,490	135,777
Equity in gains (losses) of equity-method affiliates	(1)	-	3,034	1,908	4,943	247	5,190
Impairment loss	368	-	27,044	1,132	28,177	-	28,177
Investment in equity-method affiliates	35	-	107,065	14,652	121,718	2,919	124,638
Increase in tangible and intangible fixed assets	8,631	6,209	302,793	5,069	307,862	12,244	320,106

Note: 1.Main components of the 5,818 million yen in adjustments for revenue attributable to customers are (a) minus 99,790 million yen in adjustments to transactions reported in the reportable segment information and (b) 105,148 million yen in operating revenues of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments.

2. Main components of the 16,160 million yen in adjustments for segment income are (a) 5,961 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 9,538 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and (c) minus 1,743 million yen in intersegment transaction eliminations.

3. Segment income adjustments are based on operating income reported in the consolidated statements of

income for the corresponding period.

4. As stated in “Changes to accounting policy” above, effective the fiscal year ended February 28, 2013, the accounting policy and presentation method for operating revenue by the Financial Service Business has been changed. Segment information for the fiscal year ended February 29, 2012 has been retroactively adjusted to reflect the change in accounting policy and recast to conform to the current presentation. As a result of this change, for the fiscal year ended February 29, 2012, “adjustments” and “reported in the consolidated statements of income” for operating revenue were each 17,212 million yen higher, and “adjustments” and “reported in the consolidated statements of income” for segment income were each 2,947 million yen higher.

Year ended February 28, 2013 (March 1, 2012 – February 28, 2013)

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Strategic Small-size Store	Financial Services	Shopping Center Development	Service	Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	2,610,613	1,478,384	238,793	168,051	152,651	198,342	343,488
(2) Intersegment revenue or transfers	53,735	2,332	3,100	26,179	50,625	145,305	6,745
Total	2,664,349	1,480,717	241,894	194,230	203,277	343,648	350,234
Segment income (loss)	46,423	21,862	4,088	33,867	42,972	19,765	6,119
Segment assets	1,432,179	566,064	166,525	2,318,915	822,957	175,388	136,707
Segment interest-bearing debt	405,550	138,550	4,505	718,075	298,191	8,772	16,935
Other items:							
Depreciation and amortization	51,472	21,262	8,817	11,586	30,017	6,933	4,295
Equity in gains (losses) of equity-method affiliates	(256)	1,478	(35)	2,405	56	438	395
Impairment loss	17,055	6,136	2,313	-	2,799	257	1,500
Investment in equity-method affiliates	23,000	39,165	533	-	1,305	-	2,340
Increase in tangible and intangible fixed assets	118,635	33,298	14,283	13,979	96,253	10,606	6,464

	Reportable segment			Other	Total	Adjustments *1, 2	Reported in the consolidated statements of income*3
	ASEAN	China	Total				
Operating revenue:							
(1) Revenue attributable to customers	103,054	112,832	5,406,213	268,095	5,674,309	10,994	5,685,303
(2) Intersegment revenue or transfers	219	131	288,375	6,549	294,924	(294,924)	-
Total	103,273	112,963	5,694,588	274,645	5,969,234	(283,930)	5,685,303
Segment income (loss)	6,684	(1,835)	179,949	857	180,807	10,192	190,999
Segment assets	129,609	85,917	5,834,265	116,568	5,950,834	(224,971)	5,725,862
Segment interest-bearing debt	13,128	47	1,603,757	23,305	1,627,062	11,985	1,639,048
Other items:							
Depreciation and amortization	4,555	3,274	142,215	3,573	145,788	5,709	151,498
Equity in gains (losses) of equity-method affiliates	(10)	-	4,471	2,891	7,362	401	7,764
Impairment loss	26	563	30,653	1,280	31,933	0	31,934
Investment in equity-method affiliates	26	-	66,372	17,555	83,928	3,469	87,397
Increase in tangible and intangible fixed assets	7,643	6,001	307,167	5,362	312,530	11,106	323,637

Note: 1.Main components of the 10,994 million yen in adjustments for revenue attributable to customers are (a) minus 96,464 million yen in adjustments to transactions reported in the reportable segment information and (b) 107,001 million yen in operating revenues of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments.

2. Main components of the 10,192 million yen in adjustments for segment income are (a) 2,874 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 7,526 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and (c) minus 2,267 million yen in intersegment transaction eliminations.

3. Segment income adjustments are based on operating income reported in the consolidated statements of income for the corresponding period.

[Related Information]

Year ended February 29, 2012 (March 1, 2011 – February 29, 2012)

1. Information by merchandise and service

The information is omitted here because the same information is presented in the "Segment Information" above.

2. Information by geographic area

(1) Operating revenue

(Millions of yen)

Japan	ASEAN	China	Other	Total
4,929,704	126,741	116,918	49,979	5,223,344

Notes: 1. Operating revenues are based on the location of customers and classified into countries or regions.

2. As stated in "Changes to accounting policy" above, effective the fiscal year ended February 28, 2013, the accounting policy and presentation method for operating revenue by financial service business has been changed. Information by geographic area for the fiscal year ended February 29, 2012 has been retroactively adjusted to reflect the change in accounting policy and recast to conform to the current presentation. Operating revenue for the fiscal year ended February 29, 2012 presented herein has been retroactively adjusted.

(2) Property, buildings and equipment

(Millions of yen)

Japan	ASEAN	China	Other	Total
1,677,162	48,528	18,857	5,354	1,749,903

3. Information by major customer

The information is omitted here because no customer accounts for more than 10% of the operating revenue on the consolidated statements of income.

Year ended February 28, 2013 (March 1, 2012 – February 28, 2013)

1. Information by merchandise and service

The information is omitted here because the same information is presented in the "Segment Information" above.

2. Information by geographic area

(1) Operating revenue

(Millions of yen)

Japan	ASEAN	China	Other	Total
5,349,788	151,872	128,774	54,868	5,685,303

Note: 1. Operating revenues are based on the location of customers and classified into countries or regions.

(2) Property, buildings and equipment

(Millions of yen)

Japan	ASEAN	China	Other	Total
1,817,423	94,015	23,195	7,068	1,941,702

3. Information by major customer

The information is omitted here because no customer accounts for more than 10% of the operating

revenue on the consolidated statements of income.

[Impairment loss on fixed assets by reportable segment]

Year ended February 29, 2012 (March 1, 2011 – February 29, 2012)

The information is omitted here because the same information is presented in the "Segment Information" above.

Year ended February 28, 2013 (March 1, 2012 – February 28, 2013)

The information is omitted here because the same information is presented in the "Segment Information" above.

[Amortization for and unamortized balance of goodwill by reportable segment]

Year ended February 29, 2012 (March 1, 2011 – February 29, 2012)

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Strategic Small-size Store	Financial Services	Shopping Center Development	Service	Specialty Store
(goodwill)							
Amortization for the fiscal year ended Feb. 29, 2012	215	1,370	2,123	0	2,699	673	22
Balance at Feb. 29, 2012	2,058	32,224	29,671	1,539	42,032	2,127	81
(negative goodwill)							
Amortization for the fiscal year ended Feb. 29, 2012	10,659	3	0	83	0	12	174
Balance at Feb. 29, 2012	7,980	11	-	47	-	27	367

	Reportable segment			Other	Adjustments	Total
	ASEAN	China	Total			
(goodwill)						
Amortization for the fiscal year ended Feb. 29, 2012	14	261	7,380	428	-	7,808
Balance at Feb. 29, 2012	13	435	110,183	42	-	110,225
(negative goodwill)						
Amortization for the fiscal year ended Feb. 29, 2012	96	71	11,100	-	-	11,100
Balance at Feb. 29, 2012	70	-	8,505	-	-	8,505

Year ended February 28, 2013 (March 1, 2012 – February 28, 2013)

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Strategic Small-size Store	Financial Services	Shopping Center Development	Service	Specialty Store
(goodwill)							
Amortization for the fiscal year ended Feb. 28, 2013	177	2,198	2,270	645	2,714	603	271
Balance at Feb. 28, 2013	1,882	30,107	27,401	26,110	39,329	9,958	2,248
(negative goodwill)							
Amortization for the fiscal year ended Feb. 28, 2013	7,980	3	-	28	-	11	173
Balance at Feb. 28, 2013	-	8	-	-	-	16	194

	Reportable segment			Other	Adjustments	Total
	ASEAN	China	Total			
(goodwill)						
Amortization for the fiscal year ended Feb. 28, 2013	38	261	9,180	15	-	9,196
Balance at Feb. 28, 2013	3,438	174	140,650	421	-	141,071
(negative goodwill)						
Amortization for the fiscal year ended Feb. 28, 2013	40	-	8,238	-	-	8,238
Balance at Feb. 28, 2013	-	-	218	-	-	218

[Gain on negative goodwill by reportable segment]

Year ended February 29, 2012 (March 1, 2011 – February 29, 2012)

Aeon consolidated Aeon Town Co., Ltd. as a subsidiary in the Shopping Center Development Business. In conjunction with the consolidation, gain on negative goodwill of 2,665 million yen was recorded in the fiscal year ended February 29, 2012.

Year ended February 28, 2013 (March 1, 2012 – February 28, 2013)

No gain on negative goodwill was recorded.