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Financial Results for the Fiscal Year ended February 28, 2014

April 10, 2014

Company name	**Aeon Co., Ltd.**
Listings	The First Section of Tokyo Stock Exchange
Security code	8267
URL	http://www.aeon.info/
Representative	Motoya Okada, President
Contact	Takeharu Takahashi Head of Secretary Office
Telephone	+81 43-212-6042

Scheduled dates:

Ordinary general meeting of shareholders	May 28, 2014
Commencement of dividend payments	April 30, 2014
Submission of statutory financial report	May 29, 2014

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

(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, 2014	6,395,142	12.5	171,432	(10.1)	176,854	(16.8)	45,600	(38.8)
Year ended February 28, 2013	5,685,303	8.8	190,626	-	212,535	-	74,511	-

Note: Comprehensive income: Year ended February 28, 2014: 119,069 million yen (-21.6 %)
Year ended February 28, 2013: 151,971 million yen (- %)

	Net income per share	Net income per share – fully diluted	Return on equity	Ordinary income to total assets
	yen	yen	%	%
Year ended February 28, 2014	55.92	50.13	4.2	2.8
Year ended February 28, 2013	95.49	87.42	7.6	4.3

Reference: Equity in gains (losses) of equity-method affiliates:
Year ended February 28, 2014: 5,819 million yen
Year ended February 28, 2013: 7,764 million yen

Note: Year-on-year changes of the results for the year ended February 28, 2013 are not presented herein, because retroactive adjustments were made in line with change in the accounting policies.

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2014	6,815,241	1,684,569	16.4	1,336.83
February 28, 2013	5,724,835	1,446,676	18.0	1,305.14

Note: Total equity: February 28, 2014: 1,120,095 million yen February 28, 2013: 1,032,586 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, 2014	482,765	(221,621)	(67,806)	633,123
Year ended February 28, 2013	142,289	(324,869)	223,234	424,701

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. 28, 2013	-	12.00	-	12.00	24.00	18,975	25.1	1.9
Year ended Feb. 28, 2014	-	13.00	-	13.00	26.00	21,780	46.5	2.0
Year ending Feb. 28, 2015 (forecast)	-	14.00	-	14.00	28.00		48.9	

Dividend for the year ending February 28, 2015:
End-second quarter: ordinary dividend of 13 yen and commemorative dividend of 1 yen
Fiscal year-end: ordinary dividend of 13 yen and commemorative dividend of 1 yen

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2015 (March 1, 2014 to February 28, 2015)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ending August 31, 2014	-	-	-	-	-	-
Full year	7,000,000	9.5	200,000 to 210,000	16.7 to 22.5	200,000 to 210,000	13.1 to 18.7

	Net income		Net income per share
	million yen	%	yen
Six months ending August 31, 2013	-	-	-
Full year	48,000	5.3	57.29

Note: Aeon does not disclose earnings forecasts for the first six months of the fiscal year ending February 28, 2015.

***Notes**

(1) Changes affecting the consolidation status of significant subsidiaries during the period: Yes
Newly consolidated: one (Daiei Inc.)

(2) Changes in accounting principles, accounting estimates, and retrospective restatement, etc. :
1) Changes in accordance with amendments to accounting standards: None
2) Changes other than the above 1): Yes
3) Changes in accounting estimates: None
4) Retrospective restatement: None
*For details, see "Material Changes to the Basis of Preparation of Consolidated Financial Statements" on page 22 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, 2014: 846,396,786 shares
February 28, 2013: 800,446,214 shares
2) Number of shares held in treasury at end of period:
February 28, 2014: 8,522,055 shares
February 28, 2013: 9,275,079 shares
3) Average number of shares outstanding during the period:
Year ended February 28, 2014: 815,505,407 shares
Year ended February 28, 2013: 780,316,477 shares
* For number of shares serving as basis for calculation of net income per share (consolidated), see "Per Share Information" on page 33.

For Reference

1. Non-consolidated Financial Results for the Fiscal Year ended February 28, 2014
(March 1, 2013 to February 28, 2014)

(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, 2014	53,188	21.1	36,561	38.8	32,008	27.7	25,788	(10.8)
Year ended February 28, 2013	43,935	(14.1)	26,332	(27.7)	25,064	(33.1)	28,915	62.7

	Net income per share	Net income per share – fully diluted
	yen	yen
Year ended February 28, 2014	31.62	30.70
Year ended February 28, 2013	37.05	34.06

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2014	1,180,540	639,329	54.1	762.10
February 28, 2013	1,174,960	589,531	50.1	744.17

Note: Total equity: February 28, 2014: 638,604 million yen February 28, 2013: 588,824 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**

(Note on the forward-looking statements)

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 28,2015" on page 6 in "(1) Analysis of Operating Results: Outlook for the Fiscal Year ending February 28, 2015" 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, 2014, amid yen depreciation and rising stock prices accompanying economic stimulus measures by the Japanese government and large-scale monetary easing by the Bank of Japan, the Japanese economy staged a moderate recovery highlighted by higher capital spending, corporate profit growth, mainly among export-oriented companies, and an improved employment environment. In terms of personal consumption, spending on luxury goods and some other items rose due to a last-minute demand surge prior to the April increase in consumption tax. Overall, however, consumers remained thrifty on spending for daily necessities due to persistent concerns over lower disposable income. Additionally, unseasonable weather during the second half of the fiscal year led to lower sales of seasonal goods, primarily clothing. As a result of these factors, the economic environment surrounding the Aeon Group remained severe during the fiscal year.

In the final year of the current Medium-term Management Plan (FY2011-FY2013), Aeon strove to expand its business by executing a common Group strategy prioritizing Asian markets, urban markets, senior-oriented markets, and digital markets in order to capture business opportunities in new growth areas.

Regarding the shift to Asian markets, Aeon Vietnam Co., LTD. and Aeon Mall Co., Ltd. opened Aeon Mall Tân Phú Celadon in January 2014 as their first commercial facility ranking as one of the largest shopping centers in the country. Additionally, Aeon Financial Service Co., Ltd. obtained a business license in Myanmar in July 2013 to become the first Japanese company to offer full-fledged consumer credit card services in the country. Through these and other initiatives, the Aeon Group strove to strengthen its unified business foundation in newly emerging Asian markets with promising growth prospects.

Regarding the shift to urban markets, Aeon made Daiei Inc. a consolidated subsidiary in August 2013 to promote a dominant Group position in urban markets, primarily in the Tokyo metropolitan area. Aeon also acquired all shares in Peacock Store Ltd. (currently Aeon Market Co., Ltd.) in March 2013 from J. Front Retailing Co., Ltd. to bolster its business foundation in Japan's three largest urban areas.

Regarding the shift to senior markets, Aeon completed a comprehensive renovation of the Aeon Kasai Store (Tokyo) in May 2013 to include a new G.G. Mall which combines Group companies' know-how in serving the "Grand Generation (G.G.) " of senior citizen customers. Aeon will continue to enhance its services, product line-up and sales floors to satisfy G.G. customers.

Regarding the shift to digital markets, on the Group comprehensive portal website AEON SQUARE, the Group's first e-commerce sites were opened for Oyacom, Aeon Bike, and Sports Authority. Additionally, Aeon Mall Makuhari New City, the Aeon Group's flagship shopping center in Chiba Prefecture, began to develop a new business model which promotes mutual customer traffic between brick-and-mortar and Internet retailing services. These initiatives are part of Aeon's omni-channel strategy which combines experience, product, and internet at each sales floor to further enhance customer convenience.

With regard to structural reform, in the financial services business, the bank holding company Aeon Financial Service Co., Ltd. was launched in April 2013 as a retail-based financial services group merging retail with finance. In the shopping center development business, in November 2013, Aeon Retail Co., Ltd. transferred its shopping center operation and management business to Aeon Mall Co., Ltd. The consolidation of these business functions is aimed at establishing a business structure to support higher profitability and growth.

As a result of these activities, for the fiscal year ended February 28, 2014, Aeon and its 263 consolidated subsidiaries earned consolidated operating income of 171,432 million yen (down 10.1% year on year), consolidated ordinary income of 176,854 million yen (down 16.8% year on

year) which includes the results of 31 equity-method affiliates, and consolidated net income of 45,600 million yen (down 38.8% year on year) on consolidated operating revenue of 6,395,142 million yen (up 12.5% year on year), representing the highest annual operating revenue in Aeon's history.

Business Segment Information

GMS Business

The GMS Business earned operating income of 35,038 million yen (down 24.5% year on year) on operating revenue of 3,053,484 million yen (up 14.6% year on year) for the fiscal year ended February 28, 2014.

The GMS business opened eight new stores and closed 9 stores during the fiscal year.

The GMS business continued to implement reforms designed to establish a new high-growth, high-profit business model. The initiatives focused on strengthening sales of Aeon private brand (PB) Topvalu, the refurbishment of existing stores to raise store competitiveness, and the promotion of sales floor specialization through highly specialized products and services. Through these measures, the business strove to improve earnings power by enhancing sales floor competitiveness. The business held "Topvalu Week" in Japan from the first to seventh day of every month to promote new and seasonal product and enhance brand awareness of Topvalu merchandise. Regarding sales floor specialization, Aeon Retail Co., Ltd. spun off its liquor operations to start Aeon Liquor Co., Ltd. in March 2013, following a similar initiative in September 2012 to establish Aeon Bike Co., Ltd. In collaboration with Aeon Retail, Aeon Liquor promoted the expansion of specialized liquor stores while also establishing a new style of sales floor at Aeon Mall Makuhari New City shopping center which uses the omni-channel strategy to combine experience, product, and internet to offer one of Japan's largest wine shops. Through these measures, the business succeeded in developing new business models.

Supermarket Business

The Supermarket Business earned operating income of 12,208 million yen (down 44.2% year on year) on operating revenues of 1,553,856 million yen (up 4.9% year on year) for the fiscal year ended February 28, 2014.

The Supermarket Business opened 69 new stores and closed 70 existing stores during the fiscal year (excluding equity-method affiliates, the business opened 47 and closed 60 stores).

The Supermarket Business strengthened competiveness by expanding operations through continued store openings and promoting business and capital alliances with other supermarket businesses in our operating territory along with regional mergers of Group companies. The business also leveraged its No. 1 position in Japan's supermarket industry, with a network of more than 1,000 stores, to attract customers through unified sales promotions, while making steady progress refurbishing existing stores by responding to changing customer lifestyles such as growing demand for quick and easy meals. These initiatives contributed to bolstering operating revenues.

In December 2013, Maxvalu Hokkaido Co., Ltd. concluded a business and capital alliance agreement with Hokkaido supermarket operator ichimaru Co., Ltd. to further boost its competitiveness in the region.

In July 2013, Maxvalu Tohoku Co., Ltd. acquired seven supermarkets from Powers Fujimi Co., Ltd. in Niigata Prefecture to expand its business and launch full-scale supermarket operations in the region. In March 2014, Maxvalu Tohoku Co., Ltd. merged its operations with Maxvalu Kitatohoku Co., Ltd., which is based in the Tohoku region, to fortify the business foundation through the consolidation of business resources and enhanced efficiency.

In March 2013, Maxvalu Tokai Co., Ltd. and Aeon Kimisawa Co., Ltd., which both do business in the Shizuoka area, conducted a merger to share their store operation and product lineup know-how and establish a robust, unified business foundation. Maxvalu Tokai Co., Ltd. is the surviving company.

Strategic Small-size Store Business

The Strategic Small-size Store Business recorded operating income of 4,461 million yen (up 9.1% year on year) on operating revenues of 280,155 million yen (up 15.8% year on year) for the fiscal year ended February 28, 2014.

The Strategic Small-size Store Business opened 614 new stores and closed 297 existing stores during the fiscal year (excluding equity-method affiliates, the business opened 555 and closed 287 stores).

To promote the shift to urban markets, the business bolstered its foundation in urban markets by accelerating the expansion of small-scale urban-type supermarket chain My Basket and small-scale discount store chain Acolle in the Tokyo metropolitan area and striving to establish a dominant presence. As of February 28, 2014, the My Basket chain totaled 450 stores and achieved profitability for the fiscal year. Group company Origin Toshu Co., Ltd. gradually introduced its delicatessen know-how to the small-scale store chains as well as to Daiei Inc. in order to generate Group synergy and boost earnings.

In Japan, Ministop Co., Ltd. expanded its desert lineup, one of its competitive strengths, and bolstered sales of in-store-prepared fast-foods. Overseas, the company opened five new stores in Indonesia, which marks its sixth overseas market. Through this initiative, the company expanded its store network and fortified its business foundations in the region.

Origin Toshu Co., Ltd. opened a new chain, Kitchen Origin, which features a range of healthy foods, noodles, and deserts. This and other initiatives were aimed at establishing a business model responsive to changes in Japan’s social structure, including the increase in female workers and single-person households.

Specialty Store Business

The Specialty Store Business posted operating income of 3,546 million yen (down 38.3% year on year) on operating revenue of 341,572 million yen (down 2.5% year on year) in fiscal year ended February 28, 2014.

The Specialty Store Business actively expanded the number of stores within Group shopping centers, promoted sales events utilizing Aeon Credit Card and WAON card, and strove to develop and expand sales of PB products. Through these initiatives, the business endeavored to maximize the use of Group strengths and improve earnings.

G Foot Co., Ltd. improved profitability by consolidating its store brands for each business type and promoting higher brand awareness, while developing new PB products for each business type and bolstering sales to increase profit.

Other Operations

While most national brands in Japan raised prices to contend with a weaker yen and soaring raw materials costs, Aeon Topvalu Co., Ltd. responded to customers’ heightened desire to protect their quality of life by freezing prices on the Topvalu lineup of some 5,000 products through improved efficiencies in procurement, manufacturing, and logistics operations. Additionally, to commemorate the 40th anniversary of Aeon’ s private brand, measures were taken to refresh the Topvalu brand lineup. The company consolidated the Topvalu brand into four-part structure and strengthened its three-tier price structure approach to respond to customers’ diversified tastes and budgets while continually improving quality based on customer feedback and renewing the packaging designs. As a result, total sales of Topvalu merchandise throughout the Group in the fiscal year ended February 28, 2014 increased 8.7% year on year to 741,000 million yen.

Finance

Financial Services Business

The Financial Services Business earned operating income of 40,884 million yen (up 20.7% year on year) on operating revenue of 285,690 million yen (up 47.1% year on year) for the fiscal year ended February 28, 2014.

Launched in April 2013, bank holding company Aeon Financial Service Co., Ltd. promoted the credit card, banking, insurance, and e-money businesses with the aim of fortifying the earnings foundation. In May 2013, the company made Toshiba Finance Corporation (currently Aeon Product Finance Co., Ltd.) a consolidated subsidiary to promote the installment sales business, including car loans and home reform loans, as a new profit pillar by leveraging Toshiba Finance's expertise in the areas.

In the e-money business, cumulative issuance of WAON cards as of the end of the fiscal year rose to approximately 39 million cards, and transaction volume in the period totaled 1,577,900 million yen, an increase of 31.8% over the previous fiscal year. The growth was mainly due to the expansion of the WAON card at Aeon Market Co., Ltd. and other companies newly joining the Group in the period.

In the banking business, in-store branches were opened and Aeon Bank ATM machine installations expanded. A strategic ATM partnership was also concluded with Mizuho Bank, expanding the number of financial institution cards which customers can use to complete transactions to approximately 600. Aeon Financial Service also improved customer convenience through such measures as starting yen withdrawals in Japan using credit cards and cash cards issued by foreign financial institutions, which helps serve the increasing number of foreign visitors.

Overseas, Aeon Big (M) Sdn. Bhd. began credit cardholder solicitation campaigns in Malaysia, while implementing joint sales promotions with Group retailing companies in Hong Kong, Thailand, and Malaysia in order to further expand business.

Shopping Center Development

Shopping Center Development Business

The Shopping Center Development Business earned operating income of 43,384 million yen (up 1.0% year on year) on operating revenue of 219,797 million yen (up 8.1% year on year) in the fiscal year ended February 28, 2014.

Aeon Mall Co., Ltd. strengthened its financial foundation through a public offering of new shares in June 2013 and a third-party allotment of shares in July 2013. In November 2013, the company transferred the property and buildings of six domestic shopping centers to Aeon Reit Investment Corporation to create a new fund procurement method to support future growth and improved capital efficiency.

In Japan, Aeon Mall Co., Ltd. opened five shopping centers during the fiscal year, including a property management contract for one center, while completely refurbishing 11 existing shopping centers by introducing new tenants and making changes to tenant business types. In China, the company opened Aeon Mall Tianjin Meijiang in January 2014 as its third shopping center in Tianjin. In ASEAN, the company opened its first shopping center in Vietnam in January 2014 and started preparations to open its first shopping centers in Cambodia and Indonesia to expand business in growth markets.

Services

Service Business

The Service Business earned operating income of 19,889 million yen (up 0.6% year on year) on operating revenue of 387,360 million yen (up 12.7% year on year) in the fiscal year ended February 28, 2014.

Aeon Delight Co., Ltd. (Aeon Delight) continued to take measures in the business support field, one of its earnings pillars, to bolster earnings through the establishment of a comprehensive facilities management services (FMS) business designed to lower customers' total building costs. Aeon Delight also leveraged its know-how in providing high-quality management services for the Aeon Group's large-scale facilities to actively provide facilities management services for drugstores,

logistics centers and other businesses outside the Group. Kajitaku Co., Ltd., an Aeon Delight Group company, strove to nurture new business by strengthening lifestyle support services to meet growing demand for housework and other services. In China, Aeon Delight expanded its business by making Wuhan Xiaozhu Comprehensive Facility Management Service Co., Ltd., the largest building maintenance company in Wuhan, a consolidated subsidiary in July 2013.

Aeon Fantasy Co., Ltd. consolidated the name of indoor amusement centers in and outside Japan to “Mollyfantasy” in order to raise brand awareness. To expand market share in overseas markets, the company opened 25 amusement centers in China, 16 in Malaysia, and 11 in Thailand during the fiscal year.

ASEAN and China

ASEAN Business

(Aeon’s consolidated financial statements for ASEAN Business for the fiscal year reflect results mainly for January through December.)

The ASEAN Business earned operating income of 6,602 million yen (down 1.2% year on year) on operating revenue of 181,671 million yen (up 75.9% year on year).

The ASEAN Business opened one GMS store (Malaysia), 13 supermarkets (Thailand), and one discount store (Malaysia), while closing two supermarkets (Thailand) in the year.

In September 2013, Aeon Co. (M) Bhd. (Aeon Malaysia) concluded a strategic partnership with Index Living Mall Co., Ltd., which sells furniture, interior goods and other home products in Thailand, and established the joint venture Aeon Index Living Sdn. Bhd. in February 2014. Aeon Malaysia began planning and developing local TOPVALU products and launched the new products in September 2013 in order to strengthen profitability. Additionally, Aeon Malaysia and Aeon Big (M) Sdn. Bhd. began jointly procuring products to lower costs. Aeon (Thailand) Co., Ltd. opened its first store in the Bangkok suburbs to further expand business.

China Business

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

The China Business posted an operating loss of 1,765 million yen (a year-on-year increase of 69 million yen) on operating revenue of 145,463 million yen (up 28.8% year on year).

The China Business opened six GMS stores and one supermarket, while closing one supermarket in the year.

In order to continue steady growth in China and capture new growth opportunities, Aeon (Hubei) Co., Ltd. (Wuhan City, Hubei Province) and Aeon East China (Suzhou) Co., Ltd. (Suzhou City, Jiangsu Province) were established in June 2013 and relevant business licenses have been obtained allowing us to open shopping centers in 2014. The business strove to improve the earnings of existing stores and respond to growing awareness of product safety and security by expanding the sale of Topvalu brand merchandise. The business also leveraged Aeon Group infrastructure to offer Tuesday sales and special promotions for member cardholders. As a result, the business posted robust growth at existing store.

Outlook for the Fiscal Year ending February 28, 2015

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

	Fiscal year to end-February,	
	2015 (forecast)	2014 (actual)
Operating revenue	7,000,000	6,395,142
Operating income	200,000~210,000	171,432
Ordinary income	200,000~210,000	176,854
Net income	48,000	45,600
Net income per share (yen)	57.29	55.92
ROE (%)	4.3	4.2

In the past three fiscal years, the Aeon Group has pursued a common strategy of prioritizing business in Asian markets, urban markets, senior markets, and digital markets by shifting management resources into these four growth areas. For the next three years starting with the fiscal year ending February 28, 2015, Aeon will use the management foundation created under the previous medium-term management plan to execute the "Aeon Group Medium-term Management Plan (FY2014~2016)" as the second phase of its effort to achieve a major leap in growth towards 2020. In the new plan, dedicated executives and organizations will be assigned for each of the four growth markets to accelerate the shift to these areas. In addition, product-oriented reforms will be implemented as a new initiative to promote profit growth in the retail businesses by executing product development that rapidly responds to customer needs. To ensure sustainable growth, Aeon will also promote a financial strategy prioritizing efficiency. The strategy will aim to improve capital efficiency and establish rigorous investment standards to ensure that priority investment allocations are smoothly towards growth areas.

On March 1, 2014, organizational reforms were implemented at Aeon Retail Co., Ltd. in conjunction with the start of the second phase of business reforms in the core GMS business from the fiscal year ending February 2015. The new organizational structure promotes integrated sales and product management to enhance GMS reforms, a unified digital organization to accelerate the omni-channel strategy, and store earnings structure reforms to achieve a high earnings structure. Through these initiatives, the GMS business will aim to create new business models merging experience, product, and internet to better respond to the changing lifestyles and values of customers.

(2) Analysis of Financial Condition

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

	Fiscal year to end-February,			
	2014	2013	2012	2011
Total assets	6,815,241	5,724,835	4,048,937	3,774,628
Interest-bearing debt	1,574,892	1,639,048	1,335,186	1,161,854
Breakdown:				
Interest-bearing debt of financial subsidiaries	633,369	718,075	523,050	518,739
Interest-bearing debt excluding that of financial subsidiaries	941,522	920,972	812,136	643,115
Net assets	1,684,569	1,446,676	1,282,066	1,219,236
Cash and cash equivalents, ending balance	633,123	424,701	166,277	306,820
Cash flow from operating activities	482,765	142,289	203,382	261,132
Cash flow from investing activities	(221,621)	(324,869)	(327,865)	(105,517)
Cash flow from financing activities	(67,806)	223,234	(13,061)	(121,847)

*As stated on page 22, "Material Changes to the Basis of Preparation of Consolidated Financial Statements," the method for inventory valuation used in some consolidated subsidiaries has changed beginning with the fiscal year under review. The above figures for the fiscal year ended February 28, 2013 have been retrospectively adjusted to reflect the change in accounting policy. In terms of the impact for the fiscal year ended February 29, 2012 and prior years, the cumulative impact is reflected in the net assets at the start of the fiscal year ended February 28, 2013.

Consolidated Assets, Liabilities, and Net Assets as of February 28, 2014

Consolidated assets at February 28, 2014 totaled 6,815,241 million yen, an increase of 1,090,406 million yen, or 19.0%, from the end of the previous fiscal year (February 28, 2013). The increase

was chiefly attributable to a 376,187 million yen increase in notes and accounts receivable-trade, which consists mostly of installment plan accounts receivable at financial subsidiaries, along with increases of 232,027 million yen in loans and bills discounted for banking business, 196,809 million yen in cash and time deposits, and 241,106 million yen in property, buildings and equipment, which includes the assets of newly consolidated Daiei, Inc. and its subsidiaries.

Consolidated liabilities at February 28, 2014 totaled 5,130,672 million yen, an increase of 852,513 million yen, or 19.9%, from February 28, 2013. The increase was chiefly attributable to increases of 546,006 million yen in deposits for banking business and 109,720 million yen in notes and accounts payable-trade.

Consolidated net assets at February 28, 2014 totaled 1,684,569 million yen, an increase of 237,893 million yen, or 16.4%, from February 28, 2013. The increase was chiefly attributable to an increase of 20,953 million yen in both common stock and capital surplus from the conversion of unsecured convertible bonds with stock acquisition rights, as well as an increase of 150,227 million yen in minority interests.

Consolidated Cash flows

Cash and cash equivalents

The balance of cash and cash equivalents at February 28, 2014 was 633,123 million yen, an increase of 208,422 million yen, or 49.1%, from February 28, 2013.

Cash flow from operating activities

Net cash provided by operating activities in the fiscal year ended February 28, 2014 was 482,765 million yen (up 239.3% year on year). The 340,476 million yen increase from the previous fiscal year reflects increases of 234,812 million yen in notes and accounts receivable-trade and 106,617 million yen in loans in banking business, which were offset by increases of 525,993 million yen in deposits received in banking business, and 29,408 million yen in income before income taxes and minority interests, excluding depreciation and amortization and other non-cash expenses.

Cash flow from investing activities

Net cash used in investing activities during the fiscal year ended February 28, 2014, was 221,621 million yen (down 31.8% year on year). This 103,248 million yen decrease from the previous year reflects a 143,350 million yen increase in purchase of marketable securities in banking business, which was offset by an increase of 158,188 million yen in proceeds from sale of fixed assets, including sale of assets by Aeon Retail Co., Ltd. and Aeon Mall Co., Ltd. to Aeon Reit Investment Corporation, and an increase of 126,825 million yen in proceeds from sale and redemption of marketable securities in banking business.

Cash flow from financing activities

Net cash used in financing activities during the fiscal year ended February 28, 2014, was 67,806 million yen (compared with net cash provided of 223,234 million yen in the previous fiscal year). This 291,041 million yen decrease mainly reflects a 244,163 million yen net decrease in short-term borrowings and commercial paper.

(3) Dividend Policy and Dividends for the Fiscal Year ended February 28, 2014, and the Fiscal Year ending February 28, 2015

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, 2014, and Starting Date for Dividend Payments
Pursuant to a resolution by the Board of Directors at its meeting on April 10, 2014, the year-end dividend payment from retained earnings for the fiscal year ended February 28, 2014 will be 13 yen a share. The total annual dividend for the fiscal year will therefore be 26 yen a share, including the interim payment of 13 yen a share. The starting date for dividend payments (effective date) is Wednesday, April 30, 2014.

3) Dividend Forecast for the Fiscal Year ending February 28, 2015
Based on the basic policy outlined above, and in consideration of the 40th anniversary of Aeon's stock exchange listing, the forecast for dividend payments for the fiscal year ending February 28, 2015 is 28 yen per share, consisting of an interim payment of 13 yen per share and 1 yen per share commemorative payment, and a year-end payment of 13 yen per share and 1 yen per share commemorative payment.

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 formulated the "Aeon Group Medium-term Management Plan (FY2014~2016)" as the second phase of its effort to achieve a major leap in growth towards 2020. The new Medium-term Management Plan will accelerate the shift to four growth markets, a strategic goal of the previous plan, as well as promote product-oriented reforms. The execution of these two innovations will enable the Aeon Group to rapidly respond to customer change and achieve a leap in growth.

1) Shift to Asian Markets
In the previous Medium-term Management Plan, Aeon prepared for the opening of shopping centers in new geographic and business areas. In January 2014, Aeon opened its first shopping center in Vietnam. Under the new Medium-term Management Plan, Aeon will accelerate the expansion of

shopping centers in other geographic and business areas. In fiscal 2014, the second shopping center will open in Vietnam, while the first centers for Cambodia and Indonesia are scheduled to open. In China, the Group's first shopping centers are scheduled to open in the new regions of Jiangsu and Hubei provinces in fiscal 2014. These shopping centers will be platforms for driving Group growth and unifying Group businesses to promote the shift to Asian markets. In existing markets providing robust growth opportunities, such as Malaysia and China, Aeon will strive to enhance competitiveness by maximizing Group synergy through such measures as sharing know-how accumulated in Japan and deploying infrastructure to achieve global merchandising.

2) Shift to urban markets
Aeon will accelerate the expansion of small-scale urban-type supermarket chain My Basket, which achieved profitability in fiscal 2013, as well as small-scale discount store chain Acolle. Aeon will also seek to increase its market share in urban markets and raise profits by expanding Daiei, Inc. and Aeon Market Co., Ltd., which have been made consolidated subsidiaries.

3) Shift to senior-oriented markets
Aeon recognizes active senior citizen customers with a passion for shopping as the "Grand Generation (G.G.)" and is establishing new business models to meet the needs of this consumer group through such initiatives as the G.G. Mall and G.G. Card. Under the new Medium-term Management Plan, Aeon will strengthen the development of successful business models throughout Group businesses, while accelerating the shift in merchandising for seniors by developing new products to meet their needs and bolstering product lineups.

4) Shift to digital markets
Aeon will promote full-fledged expansion of digital business by leveraging AEON SQUARE, AEON Net Super and other platforms developed under the previous Medium-term Management Plan. Aeon will not only bolster e-commerce services in which shopping can be completed over the Internet, but promote an omni-channel strategy which combines Internet and brick-and-mortar shopping services. These services will include a multi-format approach to leverage the store network by enabling customers to pick up goods ordered over the Internet, or have goods purchased at a store delivered to their homes. The advancement of omni-channel strategy combining experience, product, and internet will help to accelerate the Group's growth.

Product-oriented Reforms
1)Promoting product, sales areas responsive to new customer needs
In modern society, customers have less time to prepare meals at home, and this trend is expected to accelerate in the future. Aeon will strengthen its ability to innovate its products to respond to these kinds of lifestyle changes. In regard to food products, Aeon will develop new products and sales areas based on such concepts of "pre-prepared" and "healthy organic" instead of the traditional sales area concepts of fresh foods and food ingredients. These initiatives will be promoted throughout all product lines to achieve product-oriented reforms.

2)Further promotion of TOPVALU private brand
Aeon is renewing its Topvalu product lineup in the spring of 2014 in order to use the April 2014 consumption tax increase as a Group growth opportunity. Additionally, Aeon will further promote product development based on a three-tier brand structure featuring Topvalu SELECT, Topvalu, and Topvalu BESTPRICE merchandise as a way to respond to the diversifying needs of customers. Through these initiatives, Aeon will aim to become Japan's No. 1 private brand in terms of size, quality, and safety and security.

Financial Reforms to Support Growth

Aeon will strive to establish a robust financial foundation to support the leap in growth towards 2020, including maximizing cash flows through improved investment and capital efficiency, as well as diversifying the capital procurement methods.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	457,174	653,984
Call loans	10,000	-
Notes and accounts receivable - trade	518,695	894,882
Marketable securities	241,523	169,628
Merchandise inventories	377,027	468,499
Deferred tax assets	46,566	47,894
Financial loan	420,160	302,471
Loans and bills discounted for banking business	668,971	900,998
Other	203,437	222,948
Allowance for doubtful accounts	(39,998)	(48,529)
Total current assets	2,903,558	3,612,778
Fixed assets		
Property, buildings and equipment		
Buildings and structures, net	1,117,272	1,189,183
Tools, furniture and fixtures, net	141,141	169,321
Land	628,613	726,035
Lease assets, net	20,307	28,395
Construction in progress	29,569	63,028
Other, net	4,797	6,845
Total property, buildings and equipment	1,941,702	2,182,809
Intangible fixed assets		
Goodwill	140,852	142,406
Software	40,160	53,364
Lease assets	898	556
Other	23,203	34,140
Total intangible fixed assets	205,115	230,467
Investments and other assets		
Investment securities	191,497	200,269
Deferred tax assets	62,875	71,192
Fixed leasehold deposits to lessors	321,606	401,045
Deposits for stores in progress	4,410	6,045
Other	109,658	139,826
Allowance for doubtful accounts	(15,588)	(29,193)
Total investments and other assets	674,458	789,186
Total fixed assets	2,821,277	3,202,463
Total assets	5,724,835	6,815,241

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	633,246	742,967
Deposits for banking business	1,155,319	1,701,326
Short-term borrowings	262,858	259,064
Current portion of long-term debt	234,229	197,868
Bonds due within one year	36,942	57,862
Convertible bonds with stock acquisition rights due within one year	49,958	-
Commercial paper	48,942	10,000
Lease obligations	3,248	9,074
Income taxes payable	40,616	53,414
Provision for bonuses	19,199	24,362
Provision for store closing expenses	1,353	4,770
Allowance for point program	15,334	22,251
Notes payable, construction	45,193	67,160
Other	396,036	515,124
Total current liabilities	2,942,480	3,665,246
Long-term liabilities		
Bonds	244,895	188,390
Convertible bonds with stock acquisition rights	30,000	3,910
Long-term debt	702,572	814,393
Lease obligations	19,850	26,079
Deferred tax liabilities	17,837	26,365
Liability for employees’ retirement benefits	9,506	47,020
Liability for directors' retirement benefits	1,297	969
Provision for store closing expenses	2,010	10,093
Provision for contingent liabilities	514	597
Allowance for loss on refund of interest received	4,133	3,084
Allowance for loss on redemption of gift coupons	3,190	4,545
Asset retirement obligations	45,654	61,760
Lease deposits from lessees	229,276	250,810
Other	24,936	27,404
Total long-term liabilities	1,335,678	1,465,426
Total liabilities	4,278,159	5,130,672

(Millions of yen)

	As of February 28, 2013	As of February 28, 2014
	Amount	Amount
Net assets		
Shareholders' equity		
Common stock	199,054	220,007
Capital surplus	264,963	285,917
Retained earnings	571,960	589,943
Treasury stock	(16,091)	(10,933)
Total shareholders' equity	1,019,887	1,084,935
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	17,909	23,318
Deferred gain (loss) on derivatives under hedge accounting	(1,383)	(2,122)
Foreign currency translation adjustments	(3,827)	13,964
Total accumulated other comprehensive income	12,699	35,160
Stock acquisition rights	1,514	1,670
Minority interests	412,575	562,802
Total net assets	1,446,676	1,684,569
Total net assets and liabilities	5,724,835	6,815,241

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

Consolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2013	Year ended February 28, 2014
	Amount	Amount
Operating revenue		
Net sales	5,061,929	5,619,270
Operating revenue in the financial services business	168,171	256,445
Other operating revenue	455,201	519,426
Total operating revenue	5,685,303	6,395,142
Operating costs		
Cost of sales	3,695,896	4,101,766
Operating costs in the financial services business	14,700	24,863
Total operating costs	3,710,596	4,126,630
Gross profit on sales	1,366,033	1,517,503
Gross profit from operations	1,974,707	2,268,512
Selling, general and administrative expenses		
Advertising expense	115,652	146,813
Provision of allowance for doubtful accounts	18,603	28,078
Employees' salaries and bonuses	625,395	716,160
Provision for bonuses	19,199	24,362
Statutory welfare benefit expense	99,310	114,591
Utilities expense	97,092	122,961
Depreciation and amortization	141,767	162,467
Repairs and maintenance expense	95,905	108,696
Rent expense	283,132	326,462
Amortization of goodwill	9,196	11,300
Other	278,826	335,184
Total selling, general and administrative expenses	1,784,080	2,097,079
Operating income	190,626	171,432
Other income		
Interest income	2,767	3,367
Dividend income	1,800	2,201
Equity in gains of equity-method affiliates	7,764	5,819
Amortization of negative goodwill	8,238	192
Penalty income from leaving tenants	1,232	1,560
Reversal of allowance for doubtful accounts	4,912	332
Gain on collection of fixed leasehold deposits	2,234	1,793
Other	8,316	10,051
Total other income	37,265	25,317
Other expenses		
Interest expense	10,975	13,056
Other	4,381	6,838
Total other expenses	15,356	19,895
Ordinary income	212,535	176,854

(Millions of yen)

	Year ended February 28, 2013	Year ended February 28, 2014
	Amount	Amount
Extraordinary gains		
Gain on sale of fixed assets	946	7,308
Gain on negative goodwill	332	14,182
Gain on sale of subsidiaries' stock	7,336	462
Gain on change in equity interest	1,609	10,990
Gain on step acquisition	8,355	-
Other	1,362	1,553
Total extraordinary gains	19,943	34,498
Extraordinary losses		
Loss on disposal of fixed assets	2,018	1,544
Impairment loss	31,934	35,216
Loss related to store closing	2,198	1,132
Provision for store closing expenses	514	2,226
Loss on sale of fixed assets	405	8,069
Loss on step acquisition	-	9,760
Management integration expenses in the financial services business	-	1,820
Other	3,542	4,041
Total extraordinary losses	40,613	63,812
Income before income taxes and minority interests	191,865	147,540
Income taxes		
Current	71,423	73,574
Deferred	11,921	(9,128)
Total income taxes	83,345	64,445
Income before minority interests	108,520	83,094
Minority interests	34,009	37,493
Net income	74,511	45,600

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended February 28, 2013	Year ended February 28, 2014
	Amount	Amount
Income before minority interests	108,520	83,094
Other comprehensive income		
Unrealized gain on available-for-sale securities	16,239	6,099
Deferred gain (loss) on derivatives under hedge accounting	384	(1,634)
Foreign currency translation adjustments	26,594	31,304
Share of other comprehensive income of equity-method affiliates	231	206
Total other comprehensive income	43,450	35,975
Comprehensive income	151,971	119,069
(Breakdown)		
Comprehensive income attributable to owners of the parent	105,174	68,061
Comprehensive income attributable to minority interests	46,796	51,008

(3) Consolidated Statements of Changes in Shareholders' Equity

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

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	199,054	264,963	543,771	(54,087)	953,701
Cumulative effect of changes in accounting policies			(673)		(673)
Restated balance	199,054	264,963	543,097	(54,087)	953,028
Changes during period					
Cash dividends			(27,177)		(27,177)
Net income			74,511		74,511
Repurchase of stock				(5)	(5)
Disposal of treasury stock			(18,470)	38,001	19,531
Net change in items other than shareholders' equity during period					
Total changes during period	-	-	28,862	37,996	66,859
Balance at end of period	199,054	264,963	571,960	(16,091)	1,019,887

(Millions of yen)

	Accumulated other comprehensive income				Stock acquisition rights	Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of period	1,853	(1,923)	(17,893)	(17,964)	1,313	345,015	1,282,066
Cumulative effect of changes in accounting policies						(120)	(794)
Restated balance	1,853	(1,923)	(17,893)	(17,964)	1,313	344,894	1,281,271
Changes during period							
Cash dividends							(27,177)
Net income							74,511
Repurchase of stock							(5)
Disposal of treasury stock							19,531
Net change in items other than shareholders' equity during period	16,056	540	14,066	30,663	200	67,681	98,545
Total changes during period	16,056	540	14,066	30,663	200	67,681	165,404
Balance at end of period	17,909	(1,383)	(3,827)	12,699	1,514	412,575	1,446,676

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

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	199,054	264,963	571,960	(16,091)	1,019,887
Changes during period					
Issuance of new shares	20,953	20,953			41,907
Cash dividends			(20,276)		(20,276)
Net income			45,600		45,600
Repurchase of stock				(12,010)	(12,010)
Disposal of treasury stock			(7,340)	17,168	9,827
Net change in items other than shareholders' equity during period					
Total changes during period	20,953	20,953	17,983	5,157	65,047
Balance at end of period	220,007	285,917	589,943	(10,933)	1,084,935

(Millions of yen)

	Accumulated other comprehensive income				Stock acquisition rights	Minority interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at beginning of period	17,909	(1,383)	(3,827)	12,699	1,514	412,575	1,446,676
Changes during period							
Issuance of new shares							41,907
Cash dividends							(20,276)
Net income							45,600
Repurchase of stock							(12,010)
Disposal of treasury stock							9,827
Net change in items other than shareholders' equity during period	5,408	(739)	17,791	22,461	156	150,227	172,845
Total changes during period	5,408	(739)	17,791	22,461	156	150,227	237,893
Balance at end of period	23,318	(2,122)	13,964	35,160	1,670	562,802	1,684,569

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 28, 2013	Year ended February 28, 2014
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	191,865	147,540
Depreciation and amortization	151,498	172,562
Amortization of goodwill	9,196	11,300
Amortization of negative goodwill	(8,238)	(192)
Gain on negative goodwill	(332)	(14,182)
Increase (decrease) in allowance for doubtful accounts	(7,930)	4,692
Increase (decrease) in allowance for loss on refund of interest received	(5,116)	(1,048)
Increase (decrease) in provision for bonuses	(943)	3,623
Increase (decrease) in liabilities for retirement benefits	450	(593)
Interest and dividend income	(4,567)	(5,568)
Interest expense	10,975	13,056
Foreign exchange (gains) losses - net	(5,179)	7,410
Equity in (gains) losses of equity-method affiliates	(7,764)	(5,819)
Gain on sale of fixed assets	(946)	(7,308)
Loss on disposal and sale of fixed assets	3,528	10,833
Impairment losses	31,934	35,216
(Gain) loss on change in equity interest	(1,609)	(10,375)
(Gain) loss on sale of subsidiaries' stock	(7,336)	(462)
(Gain) loss on step acquisition	(8,355)	9,760
(Increase) decrease in notes and accounts receivable - trade	(31,818)	(266,630)
(Increase) decrease in merchandise inventories	(26,819)	(42,094)
(Increase) decrease in financial loan receivable	(2,732)	22,206
(Increase) decrease in loans in banking business	(29,305)	(135,923)
Increase (decrease) in notes and accounts payable - trade	(27,551)	33,726
Increase (decrease) in deposits received in banking business	20,013	546,006
Other assets and liabilities	(25,003)	30,361
Other - net	(1,138)	(5,930)
Sub total	216,770	552,167
Interest and dividends received	4,222	5,760
Interest paid	(10,792)	(13,282)
Income taxes paid	(68,172)	(61,879)
Insurance income	261	-
Net cash provided by (used in) operating activities	142,289	482,765

(Millions of yen)

	Year ended February 28, 2013	Year ended February 28, 2014
	Amount	Amount
Cash flows from investing activities		
Purchase of marketable securities	(1,000)	(224)
Proceeds from sale and redemption of marketable securities	3,200	224
Purchase of marketable securities in banking business	(34,197)	(177,547)
Proceeds from sale and redemption of marketable securities in banking business	42,878	180,786
Purchase of fixed assets	(328,011)	(375,331)
Proceeds from sale of fixed assets	4,158	162,346
Purchase of investment securities	(6,633)	(23,272)
Proceeds from sale of investment securities	399	2,194
Proceeds from sale of subsidiaries' stock	18,809	478
Cash paid in conjunction with the purchases of consolidated subsidiaries' stock	(35,769)	(30,480)
Cash received in conjunction with the purchases of consolidated subsidiaries' stock	612	27,247
Collection of loan receivables	446	540
Payments for fixed leasehold deposits to lessors	(15,229)	(29,900)
Collection of fixed leasehold deposits to lessors	28,397	35,852
Proceeds from lease deposits from lessees	15,287	28,415
Repayments of lease deposits from lessees	(19,831)	(24,555)
Other - net	1,612	1,604
Net cash provided by (used in) investing activities	(324,869)	(221,621)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	190,446	(53,716)
Proceeds from long-term debt	298,147	316,864
Repayments of long-term debt	(238,142)	(304,384)
Proceeds from issuance of bonds	105,225	4,775
Payments for redemption of bonds	(82,840)	(41,694)
Purchase of treasury stock	(2)	(12,010)
Proceeds from issuance of subsidiaries' stock to minority shareholders	3,099	54,962
Repurchase of subsidiaries' stock from minority shareholders	(15,007)	(76)
Dividends paid to shareholders	(27,177)	(20,276)
Dividends paid to minority shareholders	(10,356)	(14,134)
Other - net	(156)	1,882
Net cash provided by (used in) financing activities	223,234	(67,806)
Foreign currency translation adjustments on cash and cash equivalents	11,156	15,401
Net increase (decrease) in cash and cash equivalents	51,810	208,738
Cash and cash equivalents, beginning of period	166,277	424,701
Increase in cash and cash equivalents resulting from merger	1,584	-
Increase in cash and cash equivalents resulting from share exchange	205,028	-
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	(316)
Cash and cash equivalents, end of period	424,701	633,123

(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

(Change in inventory valuation method)

Effective from the fiscal year ended February 28, 2014, the method for inventory valuation used in some consolidated subsidiaries operating specialty store business changed from the retail method to the moving-average method.

These consolidated subsidiaries have introduced a new inventory control system, which improves accuracy in controlling inflow and outflow of merchandise by each item. With the new system, the specialty store business changed their inventory valuation method so as to check inventory value more appropriately and swiftly and to calculate periodical profit and loss more precisely.

The change in accounting policy was retroactively applied, and the consolidated financial statements for the fiscal year ended February 28, 2013 have been adjusted to reflect the change.

As a result, for the year ended February 28, 2013, operating income, ordinary income, and income before income taxes and minority interests were each 372 million yen lower than what they were before the retroactive application. Retained earnings at the beginning of the fiscal year ended February 28, 2013 was 673 million yen lower because cumulative effects were reflected in the amount of net assets at the beginning of the fiscal year ended February 28, 2013.

Effects on segments and per share information are presented in the relevant sections of this document.

(Change in presentation method for consolidated statements of cash flows)

During the fiscal year ended February 28, 2013, consolidated subsidiaries operating financial service business changed their accounting treatment for “increase (decrease) in allowance for doubtful accounts,” “(increase) decrease in financial loan receivable,” and write-off of operating receivables which are held by these consolidated subsidiaries and not included in “(increase) decrease in financial loan receivable.” As a result, the Company has changed to include write-off of these operating receivables in said accounting titles under “cash flows from operating activities.”

The consolidated statements of cash flows for the fiscal year ended February 28, 2013 have been recast to reflect the change in presentation method, which has no effects on the amount of “net cash provided by (used in) operating activities” for the fiscal year ended February 28, 2013.

For reference, in the category of “cash flows from operating activities” for the fiscal year ended February 28, 2013, “increase (decrease) in allowance for doubtful accounts” was 24,093 million yen lower, “(increase) decrease in financial loan receivable” and “(increase) decrease in notes and accounts receivable – trade” were higher by 19,987 million yen and 4,105 million yen, respectively.

(7) Additional Information

(Accounting treatment for Employee Stock Ownership Plan Trust)

The Company’s representative executive officer decided on January 22, 2013 to introduce Employee Stock Ownership Plan Trust (“ESOP Trust”) from June 4, 2013. ESOP Trust is an incentive scheme that provides the Company’s workforce with ownership interest in the Company to further enhance the corporate value over the mid-to-long term.

ESOP Trust covers all Aeon employees who are members of the employees' stockholding association ("Association"). Under ESOP Trust, the Company sets up a trust account in a trust bank with beneficiaries being the employees who belong to the Association and satisfy certain requirements. ESOP Trust buys the Company's stock in advance in the volume expected to be acquired by the Association in the five years following the establishment of the ESOP Trust. It then sells the Company's stock at market price to the Association on a pre-determined day each month. If the Company's stock price rises and ESOP Trust holds a gain at the expiration of the trust, the gain will be distributed to the beneficiaries depending on their contribution ratio. ESOP Trust borrows the money needed to purchase Company stock and has its loans guaranteed by the Company. If ESOP Trust cannot pay off the debts at the expiration of the trust due to lower price of the Company's stock or other factors, the Company will perform the obligation on behalf of ESOP Trust.

In the non-consolidated financial statements, ESOP Trust is accounted for using the gross method with which the Company's stock held by ESOP Trust is included in treasury stock under nets assets. As of February 28, 2014, the book value of treasury stock recorded with the gross method was 10,279 million yen (8,100,700 shares) and the book value of debts recorded under the gross method was 10,800 million yen.

(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.

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

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	5,746
Segment assets	1,432,179	566,064	166,525	2,318,915	822,957	175,388	135,680
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)	179,576	857	180,434	10,192	190,626
Segment assets	129,609	85,917	5,833,238	116,568	5,949,807	(224,971)	5,724,835
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.

4. As stated in “Changes to accounting policy and presentation method” above, effective the fiscal year ended February 28, 2014, the method for inventory valuation has been changed in some consolidated subsidiaries operating specialty store business. Segment information for the fiscal year ended February 28, 2013 has been retrospectively adjusted to reflect the change in accounting policy. As a result, for the fiscal year ended February 28, 2013, in Specialty Store, segment income were 372 million yen lower and segment assets were 1,026 million yen lower, compared with what they were before the retroactive application.

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

(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	2,986,653	1,551,249	274,789	256,445	163,740	237,585	335,542
(2) Intersegment revenue or transfers	66,831	2,606	5,366	29,244	56,057	149,775	6,029
Total	3,053,484	1,553,856	280,155	285,690	219,797	387,360	341,572
Segment income (loss)	35,038	12,208	4,461	40,884	43,384	19,889	3,546
Segment assets	1,635,589	621,169	170,666	2,880,768	974,185	189,216	148,127
Segment interest-bearing debt	345,078	148,023	5,779	633,369	288,414	11,189	24,500
Other items:							
Depreciation and amortization	56,588	22,662	9,586	15,329	33,322	9,895	4,338
Equity in gains (losses) of equity-method affiliates	214	1,468	(26)	163	146	3	155
Impairment loss	17,007	6,480	3,872	-	1,285	370	1,988
Investment in equity-method affiliates	301	48,485	609	16,708	1,383	279	2,428
Increase in tangible and intangible fixed assets	80,050	31,911	14,177	28,600	217,036	14,408	7,670

	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	181,370	145,248	6,132,625	294,919	6,427,545	(32,402)	6,395,142
(2) Intersegment revenue or transfers	300	214	316,426	8,203	324,630	(324,630)	-
Total	181,671	145,463	6,449,052	303,123	6,752,175	(357,033)	6,395,142
Segment income (loss)	6,602	(1,765)	164,251	3,311	167,563	3,869	171,432
Segment assets	167,335	104,808	6,891,866	121,882	7,013,749	(198,507)	6,815,241
Segment interest-bearing debt	19,335	48	1,475,739	21,681	1,497,421	77,470	1,574,892
Other items:							
Depreciation and amortization	7,245	4,469	163,440	3,664	167,104	5,457	172,562
Equity in gains (losses) of equity-method affiliates	2	-	2,128	3,344	5,472	346	5,819
Impairment loss	243	2,729	33,976	1,239	35,216	-	35,216
Investment in equity-method affiliates	34	-	70,230	23,864	94,095	3,633	97,728
Increase in tangible and intangible fixed assets	26,198	3,426	423,480	5,700	429,180	12,982	442,163

Note: 1.Main components of the minus 32,402 million yen in adjustments for revenue attributable to customers are (a) minus 116,049 million yen in adjustments to transactions reported in the reportable segment information and (b) 83,460 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 3,869 million yen in adjustments for segment income are (a) 5,568 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 593 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 3,699 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 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.

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

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
5,896,124	257,904	168,986	72,127	6,395,142

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
1,997,734	140,673	36,603	7,798	2,182,809

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

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

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

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 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

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

(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, 2014	139	2,950	2,095	1,860	2,460	994	353
Balance at Feb. 28, 2014	1,740	42,683	25,306	25,820	31,968	9,377	2,654
(negative goodwill)							
Amortization for the fiscal year ended Feb. 28, 2014	-	8	-	-	-	11	173
Balance at Feb. 28, 2014	-	-	-	-	-	5	20

	Reportable segment			Other	Adjustments	Total
	ASEAN	China	Total			
(goodwill)						
Amortization for the fiscal year ended Feb. 28, 2014	177	174	11,206	94	-	11,300
Balance at Feb. 28, 2014	2,564	-	142,115	316	-	142,431
(negative goodwill)						
Amortization for the fiscal year ended Feb. 28, 2014	-	-	192	-	-	192
Balance at Feb. 28, 2014	-	-	25	-	-	25

[Gain on negative goodwill by reportable segment]

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

No gain on negative goodwill was recorded.

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

Daiei Inc. has been newly consolidated in GMS segment. Due to this, 13,820 million yen of gain on negative goodwill was recorded for the fiscal year ended February 28, 2014.

(Per Share Information)

	Year ended February 28, 2013 (March 1, 2012 – February 28, 2013)	Year ended February 28, 2014 (March 1, 2013 – February 28, 2014)
Net assets per share (yen)	1,305.14	1,336.83
Net income per share (yen)	95.49	55.92
Net income per share - fully diluted (yen)	87.42	50.13

(Note) Data for calculation

1. Net assets per share

	February 28, 2013	February 28, 2014
Total net assets on the consolidated balance sheets (millions of yen)	1,446,676	1,684,569
Net assets attributable to common stock (millions of yen)	1,032,586	1,120,095
Main component of difference Minority interests (millions of yen)	412,575	562,802
Number of common stock shares issued (thousands of shares)	800,446	846,396
Number of common stock shares in treasury (thousands of shares)	9,275	8,522
Number of common stock shares used for calculation of net assets per share (thousands of shares)	791,171	837,874

2. Net income per share and net income per share fully diluted

	Year ended February 28, 2013 (March 1, 2012 – February 28, 2013)	Year ended February 28, 2014 (March 1, 2013 – February 28, 2014)
Net income (millions of yen)	74,511	45,600
Amount not attributable to common stockholders (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	74,511	45,600
Average number of common stock shares outstanding (thousands of shares)	780,316	815,505
Main components of adjustment for net income used to calculate net income per share - diluted (millions of yen) Changes in equity interest resulted from stock acquisition rights issued by consolidated subsidiaries Interest expenses less tax	 (155) 89	 (3,487) 14
Adjustment for net income (millions of yen)	(65)	(3,473)
Increase in number of common stock shares used to calculate net income per share - diluted (thousands of shares) (Of which, convertible bonds with stock acquisition rights)	71,285 70,904	24,857 24,422
Residual securities not included in the calculation for net income per share diluted because they have no dilutive effect	Type of residual securities: The AEON Co., Ltd. #2 Stock Acquisition Rights Number of residual securities: 918	Type of residual securities: The AEON Co., Ltd. #2 Stock Acquisition Rights Number of residual securities: 918

Note. 1. As stated in “Changes to accounting policy and presentation method” above, effective the fiscal year ended February 28, 2014, the method for inventory valuation has been changed in some consolidated subsidiaries operating specialty store business. Net assets per share, net income per share, and net income per share - fully diluted for the fiscal year ended February 28, 2013, have been retrospectively adjusted to reflect the change in accounting policy. As a result, for the fiscal year ended February 28, 2013, net assets per share was 1.09 yen lower, net income per share was 0.24 yen lower, and net income per share - fully diluted was 0.22 yen lower, compared with what they were before the retroactive application.

2. Average number of common stock shares outstanding for the fiscal year ended February 28, 2014 does not include the Company’s common stock held by the Employee Stock Ownership Plan Trust (at February 28, 2014, the trust holds 8,100 thousand shares). The Average number of common stock shares held by the trust for the fiscal year ended February 28, 2014 was 5,964 thousand shares.

(Material Subsequent Events)

Material amounts of bonds issuance by consolidated subsidiaries

The Company's consolidated subsidiary Aeon Financial Service Co., Ltd. issued Unsecured Subordinated Callable Bonds, series 1 and 2 as well as Unsecured Bonds (with special pari passu conditions among bonds), series 1 and 2. Aeon Mall Co., Ltd. issued Unsecured Bonds (with special pari passu conditions among bonds), series 5.
These bonds issuance are summarized below.

1. Aeon Financial Service Co., Ltd.

(1)	Name of bonds	Aeon Financial Service Co., Ltd. Unsecured Subordinated Callable Bonds, series 1
(2)	Total amount of bonds	30,000 million yen
(3)	Interest rate	Up to 5 years and one month : 0.83% (fixed rate) After 5 years and one month : Six-months Euroyen LIBOR + 1.95% (floating rate)
(4)	Date of issuance	March 27, 2014
(5)	Date of maturity	April 26, 2024 Provided, however, that, after 5 years and one month from the due date for payment, the bonds may be called before maturity at every interest payment date.
(6)	Collateral	The bonds are not secured or guaranteed. No assets are reserved for the bonds.

(1)	Name of bonds	Aeon Financial Service Co., Ltd. Unsecured Subordinated Callable Bonds, series 2
(2)	Total amount of bonds	10,000 million yen
(3)	Interest rate	Up to 5 years and one month : 0.83% (fixed rate) After 5 years and one month : Six-months Euroyen LIBOR + 1.95% (floating rate)
(4)	Date of issuance	March 27, 2014
(5)	Date of maturity	April 26, 2024 Provided, however, that, after 5 years and one month from the due date for payment, the bonds may be called before maturity at every interest payment date.
(6)	Collateral	The bonds are not secured or guaranteed. No assets are reserved for the bonds.

(1)	Name of bonds	Aeon Financial Service Co., Ltd. Unsecured Bonds (with special pari passu conditions among bonds), series 1
(2)	Total amount of bonds	10,000 million yen
(3)	Interest rate	0.349%
(4)	Date of issuance	March 18, 2014
(5)	Date of maturity	March 18, 2019
(6)	Collateral	The bonds are not secured or guaranteed. No assets are reserved for the bonds.

(1)	Name of bonds	Aeon Financial Service Co., Ltd. Unsecured Bonds (with special pari passu conditions among bonds), series 2
(2)	Total amount of bonds	10,000 million yen
(3)	Interest rate	0.572%
(4)	Date of issuance	March 18, 2014
(5)	Date of maturity	March 18, 2021
(6)	Collateral	The bonds are not secured or guaranteed. No assets are reserved for the bonds.

2. Aeon Mall Co., Ltd.

(1)	Name of bonds	Aeon Mall Co., Ltd. Unsecured Bonds (with special pari passu conditions among bonds), series 5
(2)	Total amount of bonds	20,000 million yen
(3)	Interest rate	0.903%
(4)	Date of issuance	March 24, 2014
(5)	Date of maturity	March 22, 2024
(6)	Collateral	The bonds are not secured or guaranteed. No assets are reserved for the bonds.