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Financial Results for the Nine Months ended November 30, 2014

January 9, 2015

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

Submission of statutory quarterly financial report	January 13, 2015
Commencement of dividend payments	-

Supplementary materials to the quarterly results	Available
Quarterly earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Nine Months ended November 30, 2014 (March 1, 2014 to November 30, 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	%
Nine months ended November 30, 2014	5,077,044	9.9	49,374	(47.9)	56,959	(42.2)	29,364	47.4
Nine months ended November 30, 2013	4,621,112	11.8	94,843	(4.1)	98,513	(15.7)	19,927	(46.8)

Note: Comprehensive income: Nine months ended November 30, 2014: 82,396 million yen (19.2%)
Nine months ended November 30, 2013: 69,148 million yen (3.6%)

	Net income per share	Net income per share – fully diluted
	yen	yen
Nine months ended November 30, 2014	35.03	34.27
Nine months ended November 30, 2013	24.66	18.30

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
November 30, 2014	7,740,192	1,747,582	14.8	1,377.77
February 28, 2014	6,815,241	1,684,569	16.4	1,336.83

Note: Total equity: November 30, 2014: 1,147,576 million yen February 28, 2014: 1,120,095 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.

2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
	yen	yen	yen	yen	yen
Year ended February 28, 2014	-	13.00	-	13.00	26.00
Year ending February 28, 2015	-	14.00	-		
Year ending February 28, 2015 (forecast)				14.00	28.00

Note: No changes were made to the latest release of dividend forecasts

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		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
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	48,000	5.3	57.29

Note: No changes were made to the latest release of earnings forecasts

***Notes**

(1) Changes affecting the consolidation status of significant subsidiaries during the period: None

(2) Use of accounting methods specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:

1) Changes in accordance with amendments to accounting standards: None
2) Changes other than the above 1): None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Number of shares issued (common stock)

1) Number of shares issued at end of period (treasury stock included):
November 30, 2014: 846,396,786 shares
February 28, 2014: 846,396,786 shares

2) Number of shares held in treasury at end of period:
November 30, 2014: 13,476,490 shares
February 28, 2014: 8,522,055 shares

3) Average number of shares outstanding during the period:
Nine months ended November 30, 2014: 838,174,466 shares
Nine months ended November 30, 2013: 808,266,103 shares

* The Company's stock held by Employee Stock Ownership Plan Trust (November 30, 2014: 6,621,000 shares, February 28, 2014: 8,100,700 shares) is included in the number of shares held in treasury.

***Quarterly review status**

This report is exempt from the quarterly review of accounts requirements of Japan's Financial Instruments and Exchange Act. As of this report's publication, the quarterly review of the quarterly 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 assumptions underlying the forecasts herein and other information on the use of earnings forecasts, refer to "(3) Consolidated Earnings Forecast" on page 6 in 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) Consolidated Operating Results

Summary of Operating Results

During the first nine months of the fiscal year ending February 28, 2015 (March 1, 2014 ~ November 30, 2014), manufacturing and a limited number of other sectors of the Japanese economy showed earnings recovery, supported by the economic and fiscal policies of the government and the Bank of Japan. Employment conditions also demonstrated moderate improvement. In regard to personal consumption, however, real disposable incomes turned sluggish due to the impact of the consumption tax hike, increased electricity and other fuel prices, and rising goods prices caused by yen depreciation. As a result, consumers showed a stronger inclination to economize on food and other daily necessities, and the outlook for personal consumption remained unclear.

In this environment, Aeon Group stores throughout Japan maximized the Group's management resources to enhance price competitiveness and customer-drawing power. These initiatives included unified sales promotions featuring low prices for frequently purchased food items and daily necessities, as well as "SURPRISE! 10 WEEKS" promotions offering new products and services each week around the New Year's holiday, the biggest annual sales period in Japan. In order to improve earnings and generate new growth over the medium and long term, Aeon also executed its common Group strategy of promoting an accelerated shift to Asian markets, urban markets, senior-oriented markets, and digital markets, as well as product-oriented reforms. Concurrently, Aeon took measures to reorganize its subsidiaries and affiliates in order to strengthen the Group structure.

Regarding the reorganization of subsidiaries and affiliates, since becoming a consolidated subsidiary in August 2013, Daiei, Inc. has implemented a series of business reform measures. In September 2014, Aeon and Daiei concluded a share exchange agreement to make Daiei a wholly owned subsidiary in order to enhance and accelerate the reforms while facilitating the mutual sustainable growth of both Aeon and Daiei. Moving forward, Daiei will focus on the Tokyo and Kyoto-Osaka-Kobe metropolitan areas, where 90% of its stores are located, and concentrate its management resources into the food business, its main competitive strength, with the aim of becoming Japan's No. 1 comprehensive food retailer. Aeon also made a tender offer bid for the common shares of Welcia Holdings Co., Ltd. to convert the company from an equity-method affiliate into consolidated subsidiary in November 2014. The importance of drugstores is increasing as Japan transforms into a "super-aging society." Welcia Holdings will play a central role in Aeon's shift towards urban and senior-oriented markets. At the same time, the Drugstore and Pharmacy Business will serve as an earnings pillar for Aeon. Additionally, Aeon made an agreement with the three supermarket operators Maruetsu, Inc., Kasumi Co., Ltd., Maxvalu Kanto Co., Ltd., along with Marubeni Corp., to merge them into a joint stockholding company United Super Markets Holdings Inc. in March 2015. Through the merger, Aeon aims to expand its market share in the Tokyo metropolitan area supermarket business, which is expected to continue growing.

Regarding product-oriented reforms, approximately 2,000 Group stores began "Jimono-no-hi" local products fairs from October 2014 in an effort to better promote local products through local production for local or regional consumption. Regarding private brand Topvalu, Aeon marked its 40th anniversary with brand renewal initiatives focused on the development and offering of new products meeting consumers' current needs. In the expanding organic products market, Aeon increased its Topvalu Gurinai product line to 120 items, making it one of the largest private brand product lines among major retailers in Japan. The expansion responds to consumers' heightened health-consciousness and interest in safe and secure food products. As a result, sales of Topvalu brand products totaled 579,300 million yen in the period (up 6.0% year on year).

As a result of these activities, for the first nine months of the fiscal year ending February 28, 2015, Aeon earned consolidated operating income of 49,374 million yen (down 47.9% year on year), consolidated ordinary income of 56,959 million yen (down 42.2% year on year), and

consolidated net income of 29,364 million yen (up 47.4% year on year) on consolidated operating revenue of 5,077,044 million yen (up 9.9% year on year).

Business Segment Information

GMS Business

The GMS Business posted an operating loss of 28,924 million yen (a year-on-year decline of 35,446 million yen) on operating revenue of 2,474,330 million yen (up 15.3% year on year) for the first nine months of the fiscal year ending February 28, 2015.

Following the consumption tax hike, the GMS Business responded to a changing business environment by enhancing the price competitiveness of frequently purchased products and expanding promotions of local products. The business also strove to improve earnings by maximizing the Group's management resources through such initiatives as integrated sales promotions between Aeon and Daiei which leveraged their economies of scale. In addition, measures were taken to enhance customer convenience and offer new products. As a way to better serve foreign tourists visiting Japan, the number of duty-free Aeon stores was expanded to 97 nationwide from October in conjunction with reforms to Japan's export product selling system (duty-free system). In November, the GMS business also teamed up with Picard, France's largest frozen foods supermarket, to offer the company's products for the first time in Japan. Reflecting the evolution of the GMS business model, we promoted the "Aeon Style Store" in order to offer new lifestyles through innovative sales floors and services. In the Daiei chain, the Daiei Ichikawa Colton Plaza Store was renovated in November 2014 as part of the initiative to establish comprehensive specialty food outlets under the name "Food Style Store."

Aeon Retail Co., Ltd. opened six new GMS stores during the nine-month period and continued to refurbish existing stores, strengthen sales of Aeon's private brand products, and promote sales floor specialization to enhance competitiveness. The company also strove to improve its customer-drawing power through nationwide sales promotions among Group stores for Aeon credit cardholders and users of Aeon's WAON e-money. Despite these efforts, Aeon Retail's same-store sales in the first nine months of the fiscal year declined 2.4% year on year (apparel sales declined 4.1%, food sales declined 2.3%, and housing and recreational product sales declined 1.4% year on year). The main reasons were the prolonged delay in the recovery from the consumption tax hike and unfavorable weather patterns such as torrential rains and typhoons. Directly-operated stores' gross profit margin declined 0.6 points from the same period of the previous year due mainly to slow sales of seasonal apparel and initiatives to boost price competitiveness in response to consumer thriftiness. As a result of steady progress in controlling store costs, SG&A expenses for existing stores declined by 0.3% year on year for the third quarter alone. For the cumulative nine-month period, however, SG&A expenses increased by 0.8% year on year due to active sales promotions to support customer-drawing initiatives.

Supermarket, Discount Store, and Small-size Store Business

The Supermarket, Discount Store and Small-size Store Business posted an operating loss of 197 million yen (a decline of 7,613 million yen year on year) on operating revenues of 1,536,437 million yen (up 5.0% year on year) in the first nine months of the fiscal year ending February 28, 2015.

Amid a severe business environment characterized by intensified competition among different businesses and retail formats, the business strove to develop local product lines and sales floors, while using customer appreciation days and "Kayo-ichi" (Tuesday Sale) to bolster sales promotions and expand sales of key products.

In September, Aeon concluded a capital and business alliance agreement with Red Cabbage Co., Ltd., an operator of 41 supermarkets mainly in western Yamaguchi Prefecture and northern Kyushu, and made the company a consolidated subsidiary.

Maxvalu Hokkaido Co., Ltd. enhanced its delicatessen products based on the concept of easy, convenient, and quick foods, while promoting recommended products on a weekly basis. Through these measures, the company increased its earnings.

Maxvalu Tokai Co., Ltd. enhanced customer convenience by holding special campaigns featuring Aeon WAON e-money. The company also responded to changing lifestyles by enhancing its lineup of local products and small-portion items. As a result of these activities, the company achieved a steady increase in revenue.

Financial Services Business

The Financial Services Business earned an operating income of 28,942 million yen (up 15.3% year on year) on operating revenue of 231,693 million yen (up 12.4% year on year) for the first nine months of the fiscal year ending February 28, 2015.

Aeon Financial Service Co., Ltd. increased the number of credit cardholders in Japan by issuing newly designed cards with images of popular animated characters and continuing to solicit new customers through Internet campaigns.

In the banking business, the company enhanced customer convenience by expanding the number of *Kurashi no Money Plaza* financial plazas as well as ATM installations. Aeon Bank, Ltd. steadily increased the number of banking accounts and expanded its customer base by offering Aeon Card Select cardholders preferential interest rates on ordinary bank deposits.

In the e-money business, Welcia Holdings Co., Ltd. began offering WAON card settlement, which increased the WAON network of participating partners. As a result of this and other initiatives, cumulative issuance of WAON cards grew to approximately 46.1 million cards as of November 30, 2014, with WAON e-money transaction volume in the first nine months of the fiscal year totaling approximately 1,401.9 billion yen, a 24.2% year-on-year increase.

Overseas, the business expanded steadily, primarily as the result of efforts by three subsidiaries in Hong Kong, Thailand, and Malaysia to strengthen credit cardholder solicitation programs and expand the participating retailer network in the countries. Additionally, a full-scale launch of the credit card business began in Indonesia and campaigns were started to expand cardholders. Preliminary steps were also taken in Cambodia to launch the credit card business. Through these measures, Aeon Financial Service strove to expand the geographical scope of its business.

Shopping Center Development Business

The Shopping Center Development Business earned an operating income of 28,950 million yen (down 2.5% year on year) on operating revenue of 181,553 million yen (up 13.7% year on year) in the first nine months of the fiscal year ending February 28, 2015.

In Japan, Aeon Mall Co., Ltd. opened six shopping centers during the period, while refurbishing eight existing shopping centers. The company held nationwide sales campaigns utilizing the Group's infrastructure, including Aeon Card and WAON e-money, as part of its customer-drawing initiatives. In China, the company launched its first outlet in Jiangsu Province in April with the opening of Aeon Mall Suzhou Wuzhong in Suzhou City. The mall's customer traffic and revenues were strong during the period. Additionally, Aeon Mall made preparations to open Aeon Mall Wuhan Jinyintan in the inland city of Wuhan, Hubei Province, in December. In Cambodia, the company opened Aeon Mall Phnom Penh in June as its first shopping center in the country. In Vietnam, the company opened Aeon Mall Binh Duong Canary, Aeon's second shopping center in Vietnam, in November. Aeonmall Binh Duong Co., Ltd., established in July 2014 as a local subsidiary, became the first Japanese company to acquire a master lease license in Vietnam and signed a contract with the mall owner, Aeon Vietnam Co., Ltd., to operate the mall.

Services and Specialty Store Business

The Services and Specialty Store Business posted an operating income of 16,458 million yen (down 11.3% year on year) on operating revenue of 525,698 million yen (up 1.8% year on year) in the first nine months of the fiscal year ending February 28, 2015.

Aeon Delight Co., Ltd. performed well by strengthening its sales capabilities with the development of new customers in and outside Japan, expanding sales of energy-efficient equipment, and bolstering orders for solar power generation system maintenance and inspection.

Aeon Fantasy Co., Ltd. opened 11 amusement facilities in Aeon Group and other commercial facilities in Japan. The company actively expanded its amusement facilities in China, Malaysia, and Thailand, established Aeon Fantasy Group Philippines, Inc. to open its first outlet in the country in November, and established PT. Aeon Fantasy Indonesia to prepare for the launch of business in that country.

G Foot Co., Ltd. opened new stores in GMS and shopping centers while developing new product proposals to meet the diversifying needs of customers. The company also implemented active sales promotions leveraging mass media. Sales of sports and children shoes were robust during the period and sales of in-house developed products were also expanded, leading to record earnings for the company.

Cox Co., Ltd. strove to restore the earnings of core brand ikka, which is celebrating its 10th anniversary, by strengthening the product lineup with a focus on men's sundries and other products, as well as with the release of special anniversary products from October featuring an expanded range of imported outerwear and sundries from Europe. The company's profitability rebounded by improving the stock turnover period and taking other measures to raise profit margins and control expenses.

ASEAN Business

(Aeon's consolidated financial statements for the ASEAN Business for the first nine months reflect results mainly for January through September.)

The ASEAN Business earned an operating income of 4,067 million yen (down 12.9% year on year) on operating revenue of 150,702 million yen (up 15.1% year on year).

Aeon Co. (M) Bhd. celebrated its 30th anniversary in Malaysia by holding commemorative sales in September, while strengthening product lines related to social events and developing new sales campaigns utilizing Group infrastructure to improve customer-drawing power. As a result, the company steadily improved its performance.

Aeon Big (M) Sdn. Bhd. leveraged the know-how of Aeon Co. (M) Bhd. and generated synergy with it to steadily improve management efficiency, including starting joint operation of logistics facilities. As a result of this, Aeon Big (M) raised its earnings.

In June 2014, Aeon (Cambodia) Co., Ltd. opened the first store in the country, Aeon Phnom Penh, while Aeon Vietnam Co., Ltd. made preparations to open Aeon Binh Duong Canary in November 2014. These openings reflected steady efforts to expand into new regions.

China Business

(Aeon's consolidated financial statements for China Business for the first nine months reflect results for January through September.)

The China Business posted an operating loss of 2,109 million yen (a year-on-year improvement of 427 million yen) on operating revenue of 121,146 million yen (up 14.6% year on year).

The China Business strove to improve earnings of existing stores by bolstering marketing capabilities through the sharing of best practices related to customer services and sales floor development such as for day of week promotions. The business also promoted expanded sales of Topvalu brand products to meet heightened interest in safe and secure products.

In April, Aeon East China (Suzhou) Co., Ltd. opened Aeon Suzhou Wuzhong as Aeon's first GMS in Jiangsu Province.

Aeon (Hubei) Co., Ltd. made preparations to open Aeon Wuhan Jinyintan, the first outlet in Hubei Province, while Qingdao Aeon Dongtai Co., Ltd. took steps to open Aeon Hefei Road shopping center in Qingdao, Shandong Province, with both slated to open in December.

(2) Consolidated Financial Condition

Consolidated Assets, Liabilities, and Net Assets as of November 30, 2014

Consolidated assets at November 30, 2014 totaled 7,740,192 million yen, an increase of 924,950 million yen, or 13.6%, from the end of the previous fiscal year (February 28, 2014). The increase was chiefly attributable to an increase of 206,369 million yen in loans and bills discounted for banking business, an increase of 215,230 million yen in notes and accounts receivable-trade, which consists mostly of installment plan accounts receivable at financial

subsidiaries, along with an increase of 176,464 million yen in buildings and structures, mainly for the opening of shopping centers.

Consolidated liabilities at November 30, 2014 totaled 5,992,610 million yen, an increase of 861,937 million yen, or 16.8%, from February 28, 2014. The increase was chiefly attributable to increases of 240,819 million yen in notes and accounts payable-trade and 196,125 million yen in other current liabilities including deposits received, and 148,905 million yen in short-term borrowings, mainly related to the financial services business, all of which were caused by the final day of the third quarter falling on a bank holiday.

Consolidated net assets at November 30, 2014 totaled 1,747,582 million yen, an increase of 63,013 million yen, or 3.7%, from February 28, 2014.

(3) Consolidated Earnings Forecast

The earnings forecast for the year ending February 28, 2015 is unchanged from the forecast announced April 10, 2014.

*Earnings forecasts are expressed in ranges which take into consideration the potential impact of weather conditions, seasonal trends, and other variables to the extent that Aeon can currently determine. Since Aeon Co., Ltd. is a pure holding company, non-consolidated forecasts are not disclosed.

2. Other Information

(1) Changes affecting the status of significant subsidiaries during the period: None

(2) Use of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement: None

(4) Additional Information

(Accounting treatment for issuance cost of credit card by domestic consolidated subsidiaries)

The Company's domestic consolidated subsidiaries that operate financial services business previously applied the accounting treatment under which issuance cost of credit card is expensed in full when incurred. These subsidiaries, however, decided changeover of credit card to integrated-circuit card (ICC) that can accumulate more customer information and moved forward the timing of renewal to ICC. As the changeover to ICC undoubtedly pushes up the asset value of ICC-related assets, the accounting treatment was also changed for the issuance cost of ICC issued in or after July 2014. Under the new treatment, ICC issuance cost is recorded in assets and amortized over validity period of the cards.

As a result, for the nine months ended November 30,2014, operating income, ordinary income and income before income taxes and minority interests were each 1,041 million yen higher compared with what would have been under the previous accounting method.

(Accounting treatment for Employee Stock Ownership Plan Trust)

The Company has introduced Employee Stock Ownership Plan Trust ("ESOP Trust"), which is an incentive scheme that provides the Company's work force with ownership interest in the Company to further enhance the corporate value over the mid-to-long term.

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 net assets. As of November 30, 2014, the book value of treasury stock recorded with the gross method was 8,402 million yen (6,621,000 shares) and the book value of debts recorded under the gross method was 9,000 million yen.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2014	As of November 30, 2014
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	653,984	661,714
Notes and accounts receivable - trade	894,882	1,110,112
Marketable securities	169,628	176,611
Merchandise inventories	468,499	556,539
Deferred tax assets	47,894	62,283
Financial loan	302,471	328,884
Loans and bills discounted for banking business	900,998	1,107,368
Other	222,948	256,350
Allowance for doubtful accounts	(48,529)	(52,240)
Total current assets	3,612,778	4,207,624
Fixed assets		
Property, buildings and equipment		
Buildings and structures, net	1,189,183	1,365,648
Tools, furniture and fixtures, net	169,321	188,378
Land	726,035	752,561
Construction in progress	63,028	77,447
Other, net	35,241	49,064
Total property, buildings and equipment	2,182,809	2,433,100
Intangible fixed assets		
Goodwill	142,406	197,760
Software	53,364	57,188
Other	34,696	48,013
Total intangible fixed assets	230,467	302,963
Investments and other assets		
Investment securities	200,269	207,366
Deferred tax assets	71,192	75,176
Fixed leasehold deposits to lessors	401,045	395,274
Other	145,872	147,037
Allowance for doubtful accounts	(29,193)	(28,350)
Total investments and other assets	789,186	796,504
Total fixed assets	3,202,463	3,532,567
Total assets	6,815,241	7,740,192

(Millions of yen)

	As of February 28, 2014	As of November 30, 2014
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	742,967	983,786
Deposits for banking business	1,701,326	1,725,984
Short-term borrowings	259,064	407,969
Current portion of long-term debt	197,868	204,641
Bonds due within one year	57,862	43,119
Commercial paper	10,000	51,000
Income taxes payable	53,414	21,813
Provision for bonuses	24,362	38,055
Provision for store closing expenses	4,770	3,998
Allowance for point program	22,251	23,891
Other allowances	1,098	980
Notes payable, construction	67,160	71,641
Other	523,100	719,226
Total current liabilities	3,665,246	4,296,107
Long-term liabilities		
Bonds	188,390	295,214
Convertible bonds with stock acquisition rights	3,910	150
Long-term debt	814,393	891,791
Deferred tax liabilities	26,365	34,707
Liability for employees' retirement benefits	47,020	46,684
Provision for store closing expenses	10,093	7,573
Allowance for loss on refund of interest received	3,084	4,010
Other allowances	6,132	5,838
Asset retirement obligations	61,760	67,747
Lease deposits from lessees	250,810	259,003
Other	53,463	83,780
Total long-term liabilities	1,465,426	1,696,502
Total liabilities	5,130,672	5,992,610

(Millions of yen)

	As of February 28, 2014	As of November 30, 2014
	Amount	Amount
Net assets		
Shareholders' equity		
Common stock	220,007	220,007
Capital surplus	285,917	285,917
Retained earnings	589,943	596,443
Treasury stock	(10,933)	(16,497)
Total shareholders' equity	1,084,935	1,085,871
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	23,318	39,557
Deferred gain (loss) on derivatives under hedge accounting	(2,122)	(2,671)
Foreign currency translation adjustments	13,964	24,817
Total accumulated other comprehensive income	35,160	61,704
Stock acquisition rights	1,670	1,856
Minority interests	562,802	598,149
Total net assets	1,684,569	1,747,582
Total net assets and liabilities	6,815,241	7,740,192

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

Consolidated Statements of Income

(Millions of yen)

	Nine months ended November 30, 2013	Nine months ended November 30, 2014
	Amount	Amount
Operating revenue		
Net sales	4,058,476	4,445,357
Operating revenue in the financial services business	184,243	205,907
Other operating revenue	378,393	425,779
Total operating revenue	4,621,112	5,077,044
Operating costs		
Cost of sales	2,972,389	3,254,032
Operating costs in the financial services business	18,695	19,381
Total operating costs	2,991,084	3,273,413
Gross profit on sales	1,086,086	1,191,324
Gross profit from operations	1,630,028	1,803,630
Selling, general and administrative expenses	1,535,184	1,754,256
Operating income	94,843	49,374
Other income		
Interest income	2,480	2,520
Dividend income	1,594	1,553
Equity in gains of equity-method affiliates	3,781	6,051
Other	10,539	11,961
Total other income	18,396	22,086
Other expenses		
Interest expense	10,030	9,560
Other	4,695	4,941
Total other expenses	14,726	14,502
Ordinary income	98,513	56,959
Extraordinary gains		
Gain on sale of fixed assets	7,090	1,458
Gain on negative goodwill	14,028	2,464
Gain on step acquisition	-	31,677
Reversal of provision for store closing expenses	-	1,219
Gain on change in equity	8,193	746
Other	941	1,056
Total extraordinary gains	30,254	38,622
Extraordinary losses		
Loss on sale of fixed assets	7,874	288
Impairment loss	16,772	10,245
Provision for store closing expenses	819	1,961
Loss on step acquisitions	9,760	-
Management integration expenses in the financial services business	1,820	-
Other	4,866	3,433
Total extraordinary losses	41,913	15,929
Income before income taxes and minority interests	86,853	79,652
Income taxes		
Current	53,168	48,441
Deferred	(11,166)	(14,726)
Total income taxes	42,001	33,714
Income before minority interests	44,851	45,937
Minority interests	24,924	16,573
Net income	19,927	29,364

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2013	Nine months ended November 30, 2014
	Amount	Amount
Income before minority interests	44,851	45,937
Other comprehensive income		
Unrealized gain on available-for-sale securities	7,863	16,480
Deferred gain (loss) on derivatives under hedge accounting	292	(2,614)
Foreign currency translation adjustments	15,952	22,407
Share of other comprehensive income of equity-method affiliates	187	184
Total other comprehensive income	24,296	36,458
Comprehensive income	69,148	82,396
(Breakdown)		
Comprehensive income attributable to owners of the parent	35,984	55,908
Comprehensive income attributable to minority interests	33,163	26,488

(3) Notes on the Going-concern Assumption

Not applicable

(4) Segment Information

I. Nine Months ended November 30, 2013 (March 1 – November 30, 2013)

Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment					
	GMS	Supermarket, Discount Store, and Small-size Store	Financial Services	Shopping Center Development	Services and Specialty Store	ASEAN
Operating revenue						
(1) Revenue attributable to customers	2,097,990	1,456,336	184,681	119,514	397,446	130,714
(2) Intersegment revenue or transfers	48,609	6,683	21,502	40,227	119,203	231
Total	2,146,600	1,463,020	206,183	159,741	516,650	130,945
Segment income (loss)	6,521	7,416	25,097	29,697	18,562	4,672

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statements of income*4
	China	Total				
Operating revenue						
(1) Revenue attributable to customers	105,527	4,492,211	119,124	4,611,336	9,775	4,621,112
(2) Intersegment revenue or transfers	166	236,623	4,446	241,069	(241,069)	-
Total	105,693	4,728,835	123,571	4,852,406	(231,293)	4,621,112
Segment income (loss)	(2,537)	89,430	1,069	90,500	4,343	94,843

Note: 1. “Other” segment includes business segments not categorized as reportable segments, such as drugstore and pharmacy, E-commerce, etc.

2. Main components of the 9,775 million yen in adjustments for revenue attributable to customers are (a) minus 55,759 million yen in adjustments to transactions reported in the reportable segment information and (b) 65,370 million yen in operating revenues of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments.

3. Main components of the 4,343 million yen in adjustments for segment income are (a) 5,384 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 1,053 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 3,455 million yen in intersegment transaction eliminations.

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

II. Nine Months ended November 30, 2014 (March 1 – November 30, 2014)

1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment					
	GMS	Supermarket, Discount Store, and Small-size Store	Financial Services	Shopping Center Development	Services and Specialty Store	ASEAN
Operating revenue						
(1) Revenue attributable to customers	2,416,195	1,529,324	205,746	133,911	401,221	150,305
(2) Intersegment revenue or transfers	58,135	7,112	25,946	47,641	124,477	396
Total	2,474,330	1,536,437	231,693	181,553	525,698	150,702
Segment income (loss)	(28,924)	(197)	28,942	28,950	16,458	4,067

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statements of income*4
	China	Total				
Operating revenue						
(1) Revenue attributable to customers	120,947	4,957,653	123,769	5,081,422	(4,377)	5,077,044
(2) Intersegment revenue or transfers	199	263,909	4,597	268,507	(268,507)	-
Total	121,146	5,221,562	128,367	5,349,929	(272,884)	5,077,044
Segment income (loss)	(2,109)	47,188	128	47,317	2,057	49,374

Note: 1. “Other” segment includes business segments not categorized as reportable segments, such as drugstore and pharmacy, E-commerce, etc.

2. Main components of the minus 4,377 million yen in adjustments for revenue attributable to customers are (a) minus 54,463 million yen in adjustments to transactions reported in the reportable segment information and (b) 49,957 million yen in operating revenues of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments.

3. Main components of the 2,057 million yen in adjustments for segment income are (a) 3,821 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) minus 1,275 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 1,221 million yen in intersegment transaction eliminations.

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

2. Change in reportable segment

In organizational reforms implemented on March 1, 2014, the Company shifted to the new system in which two or more business segments are unified and supervised collectively aiming at facilitating speedy decision-making, business model reform, and creation of more group synergies. In line with this, effective from the first three month of the fiscal year ending February 28, 2015, the Company's business segments have been reorganized: “Supermarket,” “Strategic Small-size Store,” and “Discount store” which was previously included in “Other,” are unified to “Supermarket, Discount Store and Small-size Store” business; “Services” and “Specialty Stores” are unified to “Services and Specialty Store” business. In addition, part of transactions in services business that had been presented in gross amount in reportable segment information was changed to be presented in net

amount. The segment amounts for the nine months ended November 30, 2013 have been recast to conform to the new segmentation.

(5) Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable

(6) Material Subsequent Events

Share Exchange between the Company and Daiei Inc.

Aeon Co., Ltd. (the Company) completed share exchange with its consolidated subsidiary Daiei Inc. ("Daiei") (the "Share Exchange") to make Daiei a wholly owned subsidiary of the Company on January 1, 2015. The Share Exchange is outlined below.

1) Overview of the Share Exchange

i) Reason for the Share Exchange

The Company and Daiei have been conducting each business to achieve further development by respecting the other party's goodwill and strengthening mutual collaboration under the management principle of "Customer-first" common to the both parties serving GMS business. However, as the Japanese business environment surrounding them has been changing at an unexpectedly rapid pace, the both parties recognized that concentration and optimization of management resources through drastic cross-company reforms is just required to enable both Aeon and Daiei groups' continued growth.

With a series of discussions on business restructuring that goes beyond the boundary of company and type and condition of business, both parties searched for their ideal collaboration system in the future, a policy for managing overlapping business and shops, and optimal arrangement of human resources. Since concentration and optimization of management resources is realized only through measures such as speed-up in decision-making, flexible capital strategy, and optimal arrangement of human resources, the both parties reached a conclusion that the best strategy for achieving these measures is to make Daiei a wholly owned subsidiary of the Company and completed the Share Exchange.

ii) Effective date of the Share Exchange

January 1, 2015

iii) Details of the allotment of shares pertaining to the Share Exchange

	Aeon Co., Ltd. (wholly owning parent company)	Daiei Inc. (wholly owned subsidiary company)
Share allocation ratio	1	0.115

The Daiei's common shares held by the Company will not receive any share allocation under the Share Exchange.

iv) Number of shares delivered: 25,527,786 shares

v) Amount of capital increased

Capital surplus: 30,977 million yen

2) Impact of the Share Exchange on the consolidated operating results

The Share Exchange is accounted for with the Accounting Standards for Business Combinations in Japan. Goodwill or negative goodwill is expected to be recognized, but the amount is yet to be determined. For the record, Daiei has been the Company's consolidated subsidiary even before the Share Exchange is completed, therefore, there will be no material impact on consolidated operating results except for the amortization of goodwill/negative goodwill, minority interests, and other related components.