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Financial Results for the Fiscal Year ended February 28, 2015

April 9, 2015

Company name	**Aeon Co., Ltd.**
Listings	The First Section of Tokyo Stock Exchange
Security code	8267
URL	http://www.aeon.info/
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Scheduled dates:

Ordinary general meeting of shareholders	May 27, 2015
Commencement of dividend payments	April 30, 2015
Submission of statutory financial report	May 28, 2015
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, 2015 (March 1, 2014 to February 28, 2015)

(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, 2015	7,078,577	10.7	141,368	(17.5)	152,509	(13.8)	42,069	(7.7)
Year ended February 28, 2014	6,395,142	12.5	171,432	(10.1)	176,854	(16.8)	45,600	(38.8)

Note: Comprehensive income: Year ended February 28, 2015: 146,389 million yen (22.9 %)
Year ended February 28, 2014: 119,069 million yen (-21.6 %)

	Net income per share	Net income per share – fully diluted	Return on equity	Ordinary income to total assets
	yen	yen	%	%
Year ended February 28, 2015	50.22	49.56	3.6	2.1
Year ended February 28, 2014	55.92	50.13	4.2	2.8

Reference: Equity in gains (losses) of equity-method affiliates:
Year ended February 28, 2015: 6,689 million yen
Year ended February 28, 2014: 5,819 million yen

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2015	7,859,803	1,829,980	15.3	1,443.97
February 28, 2014	6,815,241	1,684,569	16.4	1,336.83

Note: Total equity: February 28, 2015: 1,206,306 million yen February 28, 2014: 1,120,095 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, 2015	398,453	(361,838)	95,527	778,151
Year ended February 28, 2014	482,765	(221,621)	(67,806)	633,123

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, 2014	-	13.00	-	13.00	26.00	21,780	46.5	2.0
Year ended Feb. 28, 2015	-	14.00	-	14.00	28.00	23,627	55.8	2.0
Year ending Feb. 29, 2016 (forecast)	-	14.00	-	14.00	28.00		55.0	

Dividend for the year ended 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 29, 2016
(March 1, 2015 to February 29, 2016)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ending August 31, 2015	-	-	-	-	-	-
Full year	8,000,000	13.0	175,000	23.8	165,000	8.2

	Net income		Net income per share
	million yen	%	yen
Six months ending August 31, 2015	-	-	-
Full year	42,500	1.0	50.87

Note: Aeon does not disclose earnings forecasts for the first six months of the fiscal year ending February 29, 2016.

***Notes**

(1) Changes affecting the consolidation status of significant subsidiaries during the period: Yes

Newly consolidated: one (Maruetsu, Inc.)

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

1) Changes in accordance with amendments to accounting standards: Yes
2) Changes other than the above 1): None
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, 2015: 871,924,572 shares
February 28, 2014: 846,396,786 shares
2) Number of shares held in treasury at end of period:
February 28, 2015: 36,514,815 shares
February 28, 2014: 8,522,055 shares
3) Average number of shares outstanding during the period:
Year ended February 28, 2015: 837,723,140 shares
Year ended February 28, 2014: 815,505,407 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, 2015 (March 1, 2014 to February 28, 2015)

(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, 2015	81,209	52.7	63,802	74.5	57,812	80.6	26,466	2.6
Year ended February 28, 2014	53,188	21.1	36,561	38.8	32,008	27.7	25,788	(10.8)

	Net income per share	Net income per share – fully diluted
	yen	yen
Year ended February 28, 2015	31.59	31.57
Year ended February 28, 2014	31.62	30.70

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 28, 2015	1,297,004	664,292	51.2	794.27
February 28, 2014	1,180,540	639,329	54.1	762.10

Note: Total equity: February 28, 2015: 663,602 million yen February 28, 2014: 638,604 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 "(1) Analysis of Operating Results: Outlook for the Fiscal Year ending February 29, 2016" on page 6 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

During the fiscal year ended February 28, 2015, the Japanese economy demonstrated a moderate recovery trend, as major manufacturers posted improved earnings amid government stimulus programs and the depreciation of the yen. The retail business environment in which the Aeon Group mainly operates remained severe, however, due to a sluggish recovery in consumption, as consumer activity towards daily necessities remained weak amid the consumption tax hike and rising goods prices.

In this environment, Aeon strove to enhance the Group's market competitiveness. Group stores established a competitive price advantage by holding low-price sales promotions for food and other daily goods, as well as lowering the price of approximately 5,000 Topvalu brand products. At the same time, approximately 2,000 Aeon Group stores throughout Japan held "Jimono-no-hi" local products fairs to deepen their community roots through collaboration with local producers to expand product lineups. The Group also took steps to improve profitability amid the challenges surrounding retail business formats. In conjunction with the conversion of Daiei, Inc. into a wholly owned subsidiary, Aeon and Daiei stores held joint sales promotions and more customer appreciation days leveraging their retail scale. Additionally, approximately 30,000 stores throughout Japan, including general merchandise stores (GMS) and specialty stores in Aeon shopping centers, leveraged their economies of scale to draw customers by jointly holding "SURPRISE! 10 WEEKS" promotions offering new products and services each week around the New Year's holiday, the biggest annual sales period in Japan. As a result of these activities, for the fiscal year ended February 28, 2015, Aeon and its 284 consolidated subsidiaries earned consolidated operating income of 141,368 million yen (down 17.5% year on year), consolidated ordinary income of 152,509 million yen (down 13.8% year on year), and consolidated net income of 42,069 million yen (down 7.7% year on year) on consolidated operating revenue of 7,078,577 million yen (up 10.7% year on year).

The fiscal year under review was the first year of the "Aeon Group Medium-term Management Plan (FY2014~2016)." Under this plan, Aeon continued to pursue a common Group strategy of accelerating the shift to Asian markets, urban markets, senior-oriented markets, and digital markets, while implementing product-oriented reforms and reorganizing businesses and organizations in and outside Japan to build a new foundation supporting its growth strategy.

In Japan, Aeon promoted the shift to senior markets in the Drugstore and Pharmacy Business by concluding an agreement for merger in October 2014 with Welcia Holdings Co., Ltd. (Welcia HLDS) and CFS Corporation, with the aim of creating Japan's No. 1 drugstore chain. In November 2014, Aeon made a tender offer bid for the common shares of Welcia HLDS to convert the company into consolidated subsidiary in order to solidify the alliance which creates synergies. To accelerate the shift to urban markets, Aeon signed an agreement in October 2014 with Marubeni Corp. and three supermarket operators (Maruetsu, Inc., Kasumi Co., Ltd., Maxvalu Kanto Co., Ltd.) to establish joint stockholding company United Super Markets Holdings Inc. The new company aims to become the No. 1 supermarket operator in the Tokyo metropolitan area by combining the three supermarket operators' accumulated know-how and promoting an area dominance strategy in Tokyo metropolitan area, which is expected to continue growing.

In overseas markets, Aeon developed new business in the rapidly expanding ASEAN region. Aeon Mall (Cambodia) Co., Ltd. and Aeon (Cambodia) Co., Ltd. opened the Group's first mall in the country, Aeon Mall Phnom Penh, in June 2014. In Vietnam, with the goal of rapidly expanding business, Aeon concluded a capital and business tie-up in November 2014 with FIVIMART Co., the largest supermarket operator in the capital of Hanoi, after forging a similar agreement with supermarket operator CITIMART Co., which is based in the largest southern city of Ho Chi Minh.

Regarding product-oriented reforms, in order to raise recognition of in-house brand Topvalu, Aeon has consolidated the brand into the three distinct ranges of Topvalu, Topvalu Select, Topvalu Best Price, and four overall structures including the organic product line Topvalu Gurinai. Initiatives were taken to deepen each of the product lines by developing and offering new products meeting consumers' current needs. With the aim of capturing market share amid growing demand for organic products, Aeon expanded the Topvalu Gurinai organic series to 120 items, the largest among Japanese private brands, and widened distribution to approximately 4,000 Group stores nationwide. As a result of these activities, Group sales of Topvalu brand products totaled 779.9 billion yen in the fiscal year (up 5.2% year on year).

Business Segment Information

Retail

GMS Business

The GMS Business posted an operating loss of 1,646 million yen (a year-on-year decline of 36,685 million yen) on operating revenue of 3,355,584 million yen (up 9.9% year on year) for the fiscal year ended February 28, 2015.

Aeon Retail Co., Ltd. strove to establish a high earnings structure, by continuing to expand its lineup of Topvalu products, promote sales floor specialization featuring highly specialized product lineups and services, and refurbish existing stores to raise competitiveness. In addition to these GMS reforms, Aeon Retail promoted united Group-wide sales promotions to raise customer-drawing ability, including nationwide sales featuring Aeon Card and e-money WAON. In view of social and economic changes, the company also bolstered initiatives towards markets with increasing consumption trends. Services for foreign tourists to Japan were expanded following changes to the duty-free system, while approximately 400 GMS Aeon stores nationwide held advance sales promotions to promote the benefits of lower customs duties following the Japan-Australia Economic Partnership Agreement. Despite these efforts, Aeon Retail's same-store sales in the fiscal year declined 2.8% year on year (apparel sales declined 4.5%, food sales declined 2.5% and housing and recreational product sales declined 2.4% 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 0.5 points from the same period of the previous year due mainly to the impact of unfavorable weather patterns on seasonal product sales as well as higher raw materials costs stemming from the yen depreciation. Despite steady efforts to control costs, SG&A expenses at existing stores increased by 0.7% year on year due to active sales promotions to bolster customer-drawing initiatives.

Supermarket, Discount Store, and Small-sized Store Business

The Supermarket, Discount Store and Small-sized Store Business posted an operating income of 8,495 million yen (down 52.3% year on year) on operating revenues of 2,161,266 million yen (up 9.8% year on year) in the fiscal year ended February 28, 2015.

Maxvalu Hokkaido Co., Ltd. strengthened its sales of Topvalu products around the brand's 40th anniversary and held day of week promotions, while creating product lineup and sales floors responsive to the needs of local market characteristics. As a result, the company posted record operating, ordinary and net income in the year.

Maxvalu Tokai Co., Ltd. bolstered campaigns to increase WAON e-money users, while improving its responsiveness to heightened customer thriftiness following the consumption tax hike. The company also enhanced its lineup of simple and convenient foods such as small-portion meals to meet changes in customer demographics and lifestyles. Additionally, Maxvalu Tokai stores participated in the Group-wide "Jimono-no-hi" campaigns to promote local products. As a result of these activities, the company increased revenues.

Maxvalu Nishinihon Co., Ltd. refurbished existing stores in response to changes in the competitive environment and the special characteristics of individual regions and stores. The company promoted collaborative purchasing and started the supply of products from a newly built marine products processing center. These and other measures to unify product and sales operations led to improved performance in the year.

Finance

Financial Services Business

The Financial Services Business earned an operating income of 53,058 million yen (up 29.8% year on year) on operating revenue of 329,776 million yen (up 15.4% year on year) for the fiscal year ended February 28, 2015.

Aeon Financial Service Co., Ltd. developed new customer segments in the credit card business by launching new types of Aeon Card with popular character designs in an effort to attract younger customers driving future consumption. At *Kurashi no Money Plaza* one-stop financial plazas located in Group shopping centers, the company increased credit cardholders by using tablet devices to expedite the application process.

In the banking business, Aeon Bank, Ltd. increased profitability in its loan business by bolstering its sales network through the expansion of *Kurashi no Money Plaza* and ATMs, while enhancing the promotion of special Aeon Select Club discounts and interest rate plans for housing loan customers. As a new initiative, the company strove to improve convenience for foreign visitors to Japan and non-Japanese resident in Japan by becoming the first Japanese company to obtain international certification for IC card transactions, which allows users of credit cards and cash cards issued outside Japan to withdraw Japanese yen at Aeon ATMs.

In the e-money business, amid the increasing adoption of cashless payment for small transactions, settlement services were newly introduced at Welcia HLDS stores and by taxi operators. As a result of these and other efforts to expand the WAON network of participating partners, cumulative issuance of WAON cards grew to approximately 48.15 million cards as of February 28, 2015, with WAON e-money transaction volume in the fiscal year totaling approximately 1,926.1 billion yen, a 22.1% year-on-year increase.

Overseas, Thai subsidiary Aeon Thana Shinsap (Thailand) Plc. formed a business alliance with BTS Group Holdings, which operates an e-money business in the country, to launch a new e-money service. In Indonesia, initiatives were taken to solicit credit cardholders and expand the participating partner network, while in Cambodia, preparations were made to launch a credit card business. Through these initiatives, the business in ASEAN expanded steadily.

Shopping Center Development

Shopping Center Development Business

The Shopping Center Development Business earned an operating income of 43,247 million yen (down 0.3% year on year) on operating revenue of 249,654 million yen (up 13.6% year on year) in the fiscal year ended February 28, 2015.

In Japan, Aeon Mall Co., Ltd. opened seven shopping centers during the period, including Aeon Mall Okayama, one of the largest shopping centers in western Japan, while refurbishing eight existing shopping centers. The company leveraged Group infrastructure to enhance its customer-drawing ability. Shopping centers participated in Group-wide sales campaigns throughout Japan, while promoting campaigns featuring Aeon Card and WAON e-money. In China, the company opened Aeon Mall Suzhou Wuzhong in Suzhou City, Jiangsu Province, in April 2014 as the first outlet in Jiangsu Province and one of the largest commercial facilities in the region. Additionally, in December 2014, Aeon Mall opened its first shopping center in Hubei Province, Aeon Mall Wuhan Jinyintan in Wuhan City, based on a cooperative agreement with the Wuhan municipal government. In ASEAN, Aeon Mall took measures to expand its revenue foundation. In Cambodia, the company opened Aeon Mall Phnom Penh in the capital city in June 2014 as its first shopping center in the country. In Vietnam, Aeon Mall local subsidiary Aeonmall Binh Duong Co., Ltd. became the first Japanese company to acquire a

master lease license in the country and began managing Aeon Mall Binh Duong Canary shopping center, which was opened by Aeon Vietnam Co., Ltd.

Services and Specialty Stores

Services and Specialty Store Business

The Services and Specialty Store Business posted an operating income of 24,597 million yen (up 5.3% year on year) on operating revenue of 704,921 million yen (up 2.0% year on year) in the fiscal year ended February 28, 2015.

Aeon Delight Co., Ltd. strove to expand its comprehensive facilities management services business by providing services for Aeon Group commercial facilities as well as actively increasing management contracts among non-Group facilities, such as central Tokyo multifunction buildings, hotels and medical facilities. The company created a competitive edge and strengthened sales activities by creating a new sanitation and cleaning model for medical facilities, with an eye towards the expanding medical and nursing field. Through these initiatives, the company posted higher revenues for the fifth consecutive year and higher profit for the 11th consecutive year.

Aeon Fantasy Co., Ltd. expanded its revenue base by actively opening new amusement facilities in Group and non-Group commercial facilities in Japan, as well as launching directly-operated amusement facilities in China, Malaysia, Thailand, and the Philippines. The company also increased its overseas procurement of amusement machines and rationalized procurement costs for prizes to reduce overall costs. As a result, the company increased both revenues and profit.

Cox Co., Ltd. enhanced its men's products lineup, mainly for the core ikka brand, by expanding offerings of tailored jackets and other casual business wear, along with high-quality bags and leather sundries. Cox also launched new products and successfully introduced seasonal products to increase revenues. Throughout the year, the company made steady progress controlling costs, leading to a strong improvement in performance.

G Foot Co., Ltd. improved customer services to meet a broad array of needs through such initiatives as increasing the number of fitting advisors with specialized knowledge and skills in shoes. G Foot also implemented active sales promotions leveraging mass media and opened new stores in Group shopping centers. Additionally, the company concluded a licensing agreement with a major U.S. sneaker and work-wear brands, launching exclusive sales in Japan. Through these initiatives, the company posted record revenues and operating income.

ASEAN and China

ASEAN Business

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

The ASEAN Business earned an operating income of 6,173 million yen (down 6.5% year on year) on operating revenue of 209,217 million yen (up 15.2% year on year).

Aeon Co. (M) Bhd. improved its performance by bolstering sales promotions through cash-back incentives and double shopping points to Aeon Card cardholders, while expanding clothing and other Topvalu brand products designed and developed locally.

Aeon Big (M) Sdn. Bhd. and Aeon Credit Service (M) Berhad jointly conducted sales campaigns towards Aeon Card cardholders to increase customer traffic. Aeon Big also collaborated with Aeon Co. (M) Bhd. on joint purchasing and began the joint use of logistics facilities to improve efficiency. As a result of these activities, the company improved its earnings.

Aeon (Cambodia) Co., Ltd. opened Aeon Phnom Penh in June 2014 as its first GMS in the country. In Vietnam, Aeon Vietnam Co., Ltd. opened Aeon Tan Phu Celadon as its first GMS in Ho Chi Minh City, followed by its second outlet, Aeon Binh Duong Canary, in November 2014, reflecting steady efforts to expand into new regions.

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 818 million yen (a year-on-year improvement of 946 million yen) on operating revenue of 168,495 million yen (up 15.8% year on year).

In December 2014, Aeon (Hubei) Co., Ltd. opened Aeon Wuhan Jinyintan, the first GMS in Hubei Province, while Qingdao Aeon Dongtai Co., Ltd. opened Aeon Hefei Road SC in Qingdao City, central to China's east coast economy and culture.

Aeon Stores (Hong Kong) Co., Limited successfully opened new stores during the year while expanding its Topvalu product sales in response to heightened interest in safe and secure products and implementing low-cost operations. As a result, the company's performance improved steadily.

Outlook for the Fiscal Year ending February 29, 2016

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

	Fiscal year to end-February,	
	2016 (forecast)	2015 (actual)
Operating revenue	8,000,000	7,078,577
Operating income	175,000	141,368
Ordinary income	165,000	152,509
Net income	42,500	42,069
Net income per share (yen)	50.87	50.22
ROE (%)	3.5	3.6

Aeon has formulated the three-year "Aeon Group Medium-term Management Plan (FY2014~2016)" as the second phase of its effort to achieve a major leap in growth towards 2020. Begun in the year under review, the new Medium-term Management Plan prioritizes management resources on the common Group strategy of accelerating the shift to Asian markets, urban markets, senior-oriented markets, and digital markets, and promoting product-oriented reforms. Additionally, Aeon is promoting a reorganization of businesses and organizations to support the growth strategy. In the first year of the plan, Aeon made steady progress towards becoming an enterprise that can leverage its vast resources, as demonstrated by the achievement of more than 7 trillion yen in revenues. The business environment surrounding the retail industry is changing by the day, however, due to the diversification of customer needs and competition across different retail formats. To achieve further growth, the Group should constantly respond to changes in the environment and the accompanying management challenges. Based on this understanding, Aeon and its consolidated subsidiaries Aeon Retail Co., Ltd., Daiei, Inc., and Aeon Mall Co., Ltd. have undertaken organizational reforms to create a new Group structure centered around the operating companies. In the fiscal year ending February 29, 2016, this new organization will operate on the principles of autonomous management by operating companies, deeper community-rooted management, and the promotion of priority Group challenges. With these guiding principles, the Aeon Group will work together to implement full-scale management reforms.

Specifically, Aeon Co., Ltd. has positioned GMS business reforms, supermarket business reforms, the Asian shift, the digital shift, and product-oriented reforms as key initiatives to tackle across the Group, and has appointed executive officers to take responsibility for resolving issues in each of these areas. Additionally, the product, marketing, and other functions traditionally managed by Aeon Co., Ltd. have been delegated to core company Aeon Retail Co., Ltd. and its regional companies in order to strengthen management execution. Aeon Retail Co., Ltd. will continue its GMS business reforms (strengthening the private brand,

refurbishing existing stores, and sales floor specialization), while establishing a management system closer to customers based on an organizational structure more responsive to local communities. Through these measures, Aeon Retail aims to shift towards a high earnings structure and improved business performance as early as possible.

(2) Analysis of Financial Condition

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

	Fiscal year to end-February,			
	2015	2014	2013	2012
Total assets	7,859,803	6,815,241	5,724,835	4,048,937
Interest-bearing debt	1,845,032	1,574,892	1,639,048	1,335,186
Breakdown:				
Interest-bearing debt of financial subsidiaries	719,303	633,369	718,075	523,050
Interest-bearing debt excluding that of financial subsidiaries	1,125,728	941,522	920,972	812,136
Net assets	1,829,980	1,684,569	1,446,676	1,282,066
Cash and cash equivalents, ending balance	778,151	633,123	424,701	166,277
Cash flow from operating activities	398,453	482,765	142,289	203,382
Cash flow from investing activities	(361,838)	(221,621)	(324,869)	(327,865)
Cash flow from financing activities	95,527	(67,806)	223,234	(13,061)

*The method for inventory valuation used in some consolidated subsidiaries changed beginning with the fiscal year ended February 28, 2014. As a result, 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, 2015

Consolidated assets at February 28, 2015 totaled 7,859,803 million yen, an increase of 1,044,561 million yen, or 15.3%, from the end of the previous fiscal year (February 28, 2014). The increase was chiefly attributable to increases of 159,793 million yen in notes and accounts receivable-trade, which consists mostly of installment plan accounts receivable at financial subsidiaries, 126,660 million yen in loans and bills discounted for banking business, 157,191 million yen in cash and time deposits, and 182,810 million yen in buildings and structures, net, mostly related to investments in new shopping centers.

Consolidated liabilities at February 28, 2015 totaled 6,029,822 million yen, an increase of 899,149 million yen, or 17.5%, from February 28, 2014. The increase was chiefly attributable to increases of 203,707 million yen in notes and accounts payable-trade, 124,169 million yen in other current liabilities including deposits received, and 235,278 million yen in deposits for banking business, all of which were affected by the fiscal year-end falling on a bank holiday.

Consolidated net assets at February 28, 2015 totaled 1,829,980 million yen, an increase of 145,411 million yen, or 8.6%, from February 28, 2014. The increase was chiefly attributable to an increase of 30,977 million yen in capital surplus from the conversion of stock, as well as an increase of 58,960 million yen in minority interests.

Consolidated Cash flows

Cash and cash equivalents

The balance of cash and cash equivalents at February 28, 2015 was 778,151 million yen, an increase of 145,027 million yen, or 22.9%, from February 28, 2014.

Cash flow from operating activities
Net cash provided by operating activities in the fiscal year ended February 28, 2015 was 398,453 million yen (down 17.5% year on year). The 84,312 million yen decrease from the previous fiscal year reflects increases of 124,204 million yen in notes and accounts receivable-trade, 77,188 million yen in other assets and liabilities, and 72,299 million yen in notes and accounts payable-trade, which were outweighed by decreases of 310,728 million yen in deposits received in banking business and 30,514 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, 2015, was 361,838 million yen (up 63.3% year on year). This 140,216 million yen increase from the previous year reflects a decrease of 114,730 million yen in proceeds from sale of fixed assets, and an increase of 60,135 million yen in purchase of fixed assets.

Cash flow from financing activities
Net cash provided by financing activities during the fiscal year ended February 28, 2015, was 95,527 million yen (compared with net cash used of 67,806 million yen in the previous fiscal year). This 163,334 million yen increase mainly reflects 138,713 million yen in proceeds from issuance of bonds and a net increase of 68,905 million yen in short-term borrowings and commercial paper.

(3) Dividend Policy and Dividends for the Fiscal Year ended February 28, 2015, and the Fiscal Year ending February 29, 2016

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, 2015, and Starting Date for Dividend Payments
Pursuant to a resolution by the Board of Directors at its meeting on April 9, 2015, the year-end dividend payment from retained earnings for the fiscal year ended February 28, 2015 will be 14 yen a share, comprising 13 yen dividend per common share and 1 yen commemorative dividend for the 40th anniversary of the listing of the company on the Tokyo Stock Exchange. The total annual dividend for the fiscal year will therefore be 28 yen a share, including the

interim payment of 14 yen a share, an increase of 2 yen per share from previous fiscal year. The starting date for dividend payments (effective date) is Thursday, April 30, 2015.

3) Dividend Forecast for the Fiscal Year ending February 29, 2016
Based on the basic policy outlined above, the forecast for dividend payments for the fiscal year ending February 29, 2016 is 28 yen per share, consisting of an interim payment of 14 yen per share and a year-end payment of 14 yen per share.

2. Management Strategies and Policies

(1) Basic Policy on Management

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

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

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

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

(2) Medium-term Management Strategy

Initiatives in growth markets

Aeon is prioritizing the allocation of management resources to the four growth areas of Asia markets, urban markets, senior-oriented markets, and digital markets in order to achieve continual growth. The company is also implementing structural reforms in existing domestic businesses in order to strengthen initiatives to improve the performance of its core businesses, including the GMS and supermarket businesses.

1) Shift to Asian markets
Aeon is expanding business in Vietnam, Indonesia, and other new areas in response to population increases and sharp economic growth, while strengthening store openings in areas of existing business, such as Malaysia and China. In fiscal 2015, new area initiatives will focus on shopping center openings, including the opening of the Group's first shopping centers in Indonesia and Zhejiang Province, China. In Vietnam, the third shopping center will open during the year following the launch of two shopping centers in 2014. A representative will be established in Vietnam to spearhead unified Group initiatives in the country, and in addition to the bolstering of shopping center development, the office will collaborate with FIVIMART Co. and CITIMART Co., new members of the Group, to strengthen the area strategy.

2) Shift to urban markets
In response to the concentration of populations in the Tokyo metropolitan area and Keihanshin area (the Kyoto-Osaka-Kobe metropolitan area), Aeon is strengthening its multi-format store development strategy. In fiscal 2015, Aeon will accelerate the opening of small-scale supermarket chain My Basket and small-scale discount store Acolle, particularly in the Tokyo metropolitan area. Over the next three years, the company aims to expand the My Basket chain

to 1,000 stores, and the Acolle chain to 400 stores. In addition to the opening of small-scale stores, initiatives will be taken to strengthen the Tokyo metropolitan area and Keihanshin metropolitan area strategies for new Group companies United Super Markets Holdings Inc., Welcia HLDS, and Daiei, Inc., which became a wholly owned subsidiary in January 2015. Through these efforts, Aeon aims to firmly establish a multi-format retail business in urban markets.

3) Shift to senior-oriented markets
Aeon is establishing store formats to serve senior citizens in response to the increasing senior population and new needs driven by lifestyle changes, while also bolstering health and wellness initiatives in response to heightened awareness of health maintenance and improvement. With three outlets, G.G. Store represents a new retail format consolidating products and services meeting the needs of the "Grand Generation," and the GMS business is adopting this as a core format. Welcia HLDS, a new Group company, is positioned as a core part of the health and wellness strategy, promoting Group-wide initiatives.

4) Shift to digital markets
In response to the rapidly expanding e-commerce market, Aeon is leveraging its store network and customer-drawing power to strengthen internet supermarkets and omni-channel initiatives. To further promote the digital shift, Group companies have appointed internet supermarket staff to promote internet business and infrastructure staff to build internet infrastructure. These staff are part of an organization led by an executive officer in charge of the digital business. Using this new organizational structure, the digital shift will be promoted Group-wide with a focus on internet supermarket business and omni-channel business.

Structural Reforms for Existing Business
1) Product-oriented Reforms
Aeon is strengthening differentiated product development and lineups unique to Aeon in order to respond to the diversification and rapid change in customer needs. Product development for Aeon's Topvalu brand is being bolstered to incorporate new customer needs. Aeon is also enhancing its distinctive product lineups and high value-added products, such as high value-added frozen foods offered through partnership with French company Picard since November 2014.

2) Organizational reforms
Aeon is implementing comprehensive organizational reforms to deal with various management challenges. The challenges include implementing new initiatives in growth markets, ensuring a rapid response to diversifying customer needs, and successfully competing among different retail formats. The growth strategy is being accelerated on the basis of these reforms. Among the reforms, Aeon and its operating companies are reducing the size of their headquarters and shifting personnel to stores while delegating authority to stores. Additionally, Aeon Retail Co., Ltd. is bolstering the product and marketing functions of the regions (companies) under a new structure to enable region-based decision-making. Aeon Co., Ltd. has positioned GMS business reforms, supermarket business reforms, the Asian shift, the digital shift, and product-oriented reforms as key initiatives to tackle across the Group, and has appointed executive officers to take responsibility for resolving issues in each of these areas. These reforms create a transparent system of responsibility on which the Group can work together to implement initiatives.

3) Strengthening diversity
In July 2013, the Office of Diversity was established directly under the Group CEO as a way of ensuring that the activities of a diverse workforce can be utilized to spur growth. In fiscal 2015, measures will be taken to increase the number of childcare centers at the workplace and expand training programs. The Group is promoting diversity management with the goal of raising the

ratio of female managers to 50% by 2020 in order to establish a company in which female employees can thrive.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	653,984	811,176
Notes and accounts receivable - trade	894,882	1,054,676
Marketable securities	169,628	194,220
Merchandise inventories	468,499	557,331
Deferred tax assets	47,894	45,070
Financial loan	302,471	319,995
Loans and bills discounted for banking business	900,998	1,027,659
Other	222,948	256,430
Allowance for doubtful accounts	(48,529)	(48,938)
Total current assets	3,612,778	4,217,621
Fixed assets		
Property, buildings and equipment		
Buildings and structures, net	1,189,183	1,371,993
Tools, furniture and fixtures, net	169,321	192,256
Land	726,035	763,257
Lease assets, net	28,395	43,335
Construction in progress	63,028	88,896
Other, net	6,845	7,489
Total property, buildings and equipment	2,182,809	2,467,229
Intangible fixed assets		
Goodwill	142,406	191,035
Software	53,364	61,752
Lease assets	556	9,258
Other	34,140	39,933
Total intangible fixed assets	230,467	301,979
Investments and other assets		
Investment securities	200,269	211,579
Net defined benefit asset	-	43,183
Deferred tax assets	71,192	77,933
Fixed leasehold deposits to lessors	401,045	418,090
Deposits for stores in progress	6,045	6,198
Other	139,826	143,051
Allowance for doubtful accounts	(29,193)	(27,064)
Total investments and other assets	789,186	872,972
Total fixed assets	3,202,463	3,642,181
Total assets	6,815,241	7,859,803

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	742,967	946,674
Deposits for banking business	1,701,326	1,936,605
Short-term borrowings	259,064	232,167
Current portion of long-term debt	197,868	225,367
Bonds due within one year	57,862	42,448
Commercial paper	10,000	63,000
Lease obligations	9,074	10,420
Income taxes payable	53,414	42,809
Provision for bonuses	24,362	18,525
Provision for store closing expenses	4,770	4,267
Allowance for point program	22,251	24,278
Notes payable, construction	67,160	102,273
Other	515,124	639,293
Total current liabilities	3,665,246	4,288,130
Long-term liabilities		
Bonds	188,390	294,978
Convertible bonds with stock acquisition rights	3,910	90
Long-term debt	814,393	917,819
Lease obligations	26,079	43,785
Deferred tax liabilities	26,365	39,452
Liability for employees’ retirement benefits	47,020	-
Liability for directors' retirement benefits	969	1,320
Provision for store closing expenses	10,093	6,891
Provision for contingent liabilities	597	452
Allowance for loss on refund of interest received	3,084	4,844
Provisions for losses on unredeemed gift coupons	4,545	4,763
Net defined benefit liability	-	51,081
Asset retirement obligations	61,760	70,510
Lease deposits from lessees	250,810	261,080
Other	27,404	44,620
Total long-term liabilities	1,465,426	1,741,691
Total liabilities	5,130,672	6,029,822

(Millions of yen)

	As of February 28, 2014	As of February 28, 2015
	Amount	Amount
Net assets		
Shareholders' equity		
Common stock	220,007	220,007
Capital surplus	285,917	316,894
Retained earnings	589,943	609,125
Treasury stock	(10,933)	(44,235)
Total shareholders' equity	1,084,935	1,101,792
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	23,318	49,573
Deferred gain (loss) on derivatives under hedge accounting	(2,122)	(3,144)
Foreign currency translation adjustments	13,964	37,587
Remeasurements of defined benefit plans	-	20,497
Total accumulated other comprehensive income	35,160	104,513
Stock acquisition rights	1,670	1,910
Minority interests	562,802	621,763
Total net assets	1,684,569	1,829,980
Total net assets and liabilities	6,815,241	7,859,803

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

Consolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2014	Year ended February 28, 2015
	Amount	Amount
Operating revenue		
Net sales	5,619,270	6,202,210
Operating revenue in the financial services business	256,445	294,387
Other operating revenue	519,426	581,978
Total operating revenue	6,395,142	7,078,577
Operating costs		
Cost of sales	4,101,766	4,525,231
Operating costs in the financial services business	24,863	27,198
Total operating costs	4,126,630	4,552,430
Gross profit on sales	1,517,503	1,676,978
Gross profit from operations	2,268,512	2,526,146
Selling, general and administrative expenses		
Advertising expense	146,813	172,196
Provision of allowance for doubtful accounts	28,078	36,244
Employees' salaries and bonuses	716,160	811,804
Provision for bonuses	24,362	18,525
Statutory welfare benefit expense	114,591	127,574
Utilities expense	122,961	147,376
Depreciation and amortization	162,467	177,978
Repairs and maintenance expense	108,696	120,161
Rent expense	326,462	378,038
Amortization of goodwill	11,300	13,183
Other	335,184	381,694
Total selling, general and administrative expenses	2,097,079	2,384,778
Operating income	171,432	141,368
Other income		
Interest income	3,367	3,577
Dividend income	2,201	2,193
Equity in gains of equity-method affiliates	5,819	6,689
Amortization of negative goodwill	192	32
Penalty income from leaving tenants	1,560	2,328
Reversal of allowance for doubtful accounts	332	2,200
Gain on collection of fixed leasehold deposits	1,793	1,126
Other	10,051	13,584
Total other income	25,317	31,733
Other expenses		
Interest expense	13,056	13,156
Other	6,838	7,435
Total other expenses	19,895	20,592
Ordinary income	176,854	152,509

(Millions of yen)

	Year ended February 28, 2014	Year ended February 28, 2015
	Amount	Amount
Extraordinary gains		
Gain on sale of fixed assets	7,308	4,341
Gain on negative goodwill	14,182	10,593
Gain on sale of subsidiaries' stock	462	172
Gain on change in equity interest	10,990	3,787
Gain on step acquisition	-	33,686
Other	1,553	3,679
Total extraordinary gains	34,498	56,261
Extraordinary losses		
Loss on disposal of fixed assets	1,544	1,989
Impairment loss	35,216	46,163
Loss related to store closing	1,132	1,213
Provision for store closing expenses	2,226	2,105
Loss on sale of fixed assets	8,069	645
Amortization of goodwill	-	9,780
Loss on step acquisition	9,760	-
Management integration expenses in the financial services business	1,820	-
Other	4,041	2,012
Total extraordinary losses	63,812	63,910
Income before income taxes and minority interests	147,540	144,860
Income taxes		
Current	73,574	73,069
Deferred	(9,128)	(7,612)
Total income taxes	64,445	65,457
Income before minority interests	83,094	79,403
Minority interests	37,493	37,333
Net income	45,600	42,069

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended February 28, 2014	Year ended February 28, 2015
	Amount	Amount
Income before minority interests	83,094	79,403
Other comprehensive income		
Unrealized gain on available-for-sale securities	6,099	26,228
Deferred gain (loss) on derivatives under hedge accounting	(1,634)	(2,355)
Foreign currency translation adjustments	31,304	42,847
Share of other comprehensive income of equity-method affiliates	206	266
Total other comprehensive income	35,975	66,986
Comprehensive income	119,069	146,389
(Breakdown)		
Comprehensive income attributable to owners of the parent	68,061	90,925
Comprehensive income attributable to minority interests	51,008	55,464

(3) Consolidated Statements of Changes in Shareholders' Equity

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

	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	Remeasurements of defined benefit plans	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

Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	220,007	285,917	589,943	(10,933)	1,084,935
Changes during period					
Issuance of new shares		30,977			30,977
Cash dividends			(22,843)		(22,843)
Net income			42,069		42,069
Repurchase of stock				(35,948)	(35,948)
Disposal of treasury stock			(44)	2,646	2,602
Net change in items other than shareholders' equity during period					
Total changes during period	-	30,977	19,181	(33,302)	16,857
Balance at end of period	220,007	316,894	609,125	(44,235)	1,101,792

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	23,318	(2,122)	13,964	-	35,160	1,670	562,802	1,684,569
Changes during period								
Issuance of new shares								30,977
Cash dividends								(22,843)
Net income								42,069
Repurchase of stock								(35,948)
Disposal of treasury stock								2,602
Net change in items other than shareholders' equity during period	26,254	(1,021)	23,622	20,497	69,353	240	58,960	128,553
Total changes during period	26,254	(1,021)	23,622	20,497	69,353	240	58,960	145,411
Balance at end of period	49,573	(3,144)	37,587	20,497	104,513	1,910	621,763	1,829,980

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 28, 2014	Year ended February 28, 2015
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	147,540	144,860
Depreciation and amortization	172,562	188,344
Amortization of goodwill	11,300	22,963
Amortization of negative goodwill	(192)	(32)
Gain on negative goodwill	(14,182)	(10,593)
Increase (decrease) in allowance for doubtful accounts	4,692	(3,809)
Increase (decrease) in allowance for loss on refund of interest received	(1,048)	1,759
Increase (decrease) in provision for bonuses	3,623	(6,323)
Increase (decrease) in liabilities for retirement benefits	(593)	-
Increase (decrease) in net defined benefit liability	-	(13,151)
(Increase) decrease in net defined benefit asset	-	8,347
Interest and dividend income	(5,568)	(5,770)
Interest expense	13,056	13,156
Foreign exchange (gains) losses – net	7,410	3,470
Equity in (gains) losses of equity-method affiliates	(5,819)	(6,689)
Gain on sale of fixed assets	(7,308)	(4,341)
Loss on disposal and sale of fixed assets	10,833	4,073
Impairment losses	35,216	46,163
(Gain) loss on change in equity interest	(10,375)	(3,753)
(Gain) loss on sale of subsidiaries' stock	(462)	(172)
(Gain) loss on step acquisition	9,760	(33,686)
(Increase) decrease in notes and accounts receivable – trade	(266,630)	(142,426)
(Increase) decrease in merchandise inventories	(42,094)	(27,789)
(Increase) decrease in financial loan receivable	22,206	16,267
(Increase) decrease in loans in banking business	(135,923)	(137,297)
Increase (decrease) in notes and accounts payable - trade	33,726	106,026
Increase (decrease) in deposits received in banking business	546,006	235,278
Other assets and liabilities	30,361	107,549
Other – net	(5,930)	(11,309)
Sub total	552,167	491,113
Interest and dividends received	5,760	6,678
Interest paid	(13,282)	(13,097)
Income taxes paid	(61,879)	(86,241)
Net cash provided by (used in) operating activities	482,765	398,453

(Millions of yen)

	Year ended February 28, 2014	Year ended February 28, 2015
	Amount	Amount
Cash flows from investing activities		
Purchase of marketable securities	(224)	(42)
Proceeds from sale and redemption of marketable securities	224	165
Purchase of marketable securities in banking business	(177,547)	(202,858)
Proceeds from sale and redemption of marketable securities in banking business	180,786	228,012
Purchase of fixed assets	(375,331)	(435,466)
Proceeds from sale of fixed assets	162,346	47,616
Purchase of investment securities	(23,272)	(17,467)
Proceeds from sale of investment securities	2,194	2,395
Proceeds from sale of subsidiaries' stock	478	871
Cash paid in conjunction with the purchases of consolidated subsidiaries' stock	(30,480)	(11,274)
Cash received in conjunction with the purchases of consolidated subsidiaries' stock	27,247	-
Collection of loan receivables	540	794
Payments for fixed leasehold deposits to lessors	(29,900)	(15,626)
Collection of fixed leasehold deposits to lessors	35,852	34,129
Proceeds from lease deposits from lessees	28,415	33,168
Repayments of lease deposits from lessees	(24,555)	(26,247)
Other - net	1,604	(10)
Net cash provided by (used in) investing activities	(221,621)	(361,838)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	(53,716)	15,188
Proceeds from long-term debt	316,864	264,850
Repayments of long-term debt	(304,384)	(212,647)
Proceeds from issuance of bonds	4,775	143,489
Payments for redemption of bonds	(41,694)	(57,943)
Purchase of treasury stock	(12,010)	(35,948)
Proceeds from issuance of subsidiaries' stock to minority shareholders	54,962	29,561
Repurchase of subsidiaries' stock from minority shareholders	(76)	(25,009)
Dividends paid to shareholders	(20,276)	(22,843)
Dividends paid to minority shareholders	(14,134)	(16,183)
Other – net	1,882	13,012
Net cash provided by (used in) financing activities	(67,806)	95,527
Foreign currency translation adjustments on cash and cash equivalents	15,401	12,884
Net increase (decrease) in cash and cash equivalents	208,738	145,027
Cash and cash equivalents, beginning of period	424,701	633,123
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(316)	-
Cash and cash equivalents, end of period	633,123	778,151

(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

(Changes in accounting standards for retirement benefits)

The Company adopted *Accounting Standard for Retirement Benefits* (ASBJ Statement No.26, May 17, 2012) and *Guidance on Accounting Standard for Retirement Benefits* (ASBJ Guidance No.25, May 17, 2012) from the end of the fiscal year ended February 28, 2015, excluding the main clauses of paragraph 35 of ASBJ Statement No.26 and the paragraph 67 of ASBJ Guidance No.25. In accordance with this, the Company changed the accounting method to recognize the difference between retirement benefit obligations and plan assets as "net defined benefit liability" and recorded "unrecognized actuarial gains and losses" and "unrecognized prior service costs" in net defined benefit liability. When the value of plan assets exceeds the amount of retirement benefit obligations, the surplus is recorded to "net defined benefit asset."

At the adoption of these accounting standards, the Company followed the transitional treatments stipulated in paragraph 37 of ASBJ Statement No.26, and effect from this change was recorded in "remeasurements of defined benefit plans" under accumulated other comprehensive income at the end of the fiscal year under review.

As a result, at the end of the fiscal year ended February 28, 2015, 43,183 million yen of net defined benefit asset and 51,081 million yen of net defined benefit liability were recorded, and accumulated other comprehensive income was 20,497 million yen higher.

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

(7) 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 year ended February 28, 2015, operating income, ordinary income and income before income taxes and minority interests were each 1,714 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 February 28, 2015, the book value of treasury stock recorded with the gross method was 7,764 million yen (6,118,700 shares) and the book value of debts recorded under the gross method was 8,400 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 centering on the Group’s core retail store operations, including general merchandise stores, financial services operations, shopping center development operations, and service and specialty store 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, Discount Store, and Small-sized Store Business includes supermarkets, discount stores, convenience stores, small-scale supermarkets, and specialty stores that sell packaged lunches and ready-to-eat meals.

The Financial Services 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 Services and Specialty Store Business includes facilities management services, amusement services, food services, and 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 drugstores, e-commerce, etc.

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 ended February 28, 2015, the Company’s business segments have been reorganized: “Supermarket,” “Strategic Small-sized Store,” and “Discount store” which was previously included in “Other,” are unified to “Supermarket, Discount Store and Small-sized Store” business; “Services” and “Specialty Stores” are unified to “Services and Specialty Store” business. In addition, some transactions in services business that had been presented in gross amount in reportable segment information were changed to be presented in net amount. The segment amounts for the year ended February 28, 2014 have been recast to conform to the new segmentation.

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

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

(Millions of yen)

	Reportable segment					
	GMS	Supermarket, Discount Store, and Small-sized Store	Financial Services	Shopping Center Development	Services and Specialty Store	ASEAN
Operating revenue:						
(1) Revenue attributable to customers	2,986,653	1,959,738	256,445	163,740	536,567	181,370
(2) Intersegment revenue or transfers	66,831	9,123	29,244	56,057	154,546	300
Total	3,053,484	1,968,862	285,690	219,797	691,114	181,671
Segment income (loss)	35,038	17,819	40,884	43,384	23,353	6,602
Segment assets	1,635,589	819,075	2,880,768	974,185	336,636	167,335
Segment interest-bearing debt	345,078	164,899	633,369	288,414	35,690	19,335
Other items:						
Depreciation and amortization	56,588	33,746	15,329	33,322	14,234	7,245
Equity in gains of equity-method affiliates	214	1,442	163	146	158	2
Impairment loss	17,007	10,365	-	1,285	2,359	243
Investment in equity-method affiliates	301	49,095	16,708	1,383	2,708	34
Increase in tangible and intangible fixed assets	80,050	47,962	28,600	217,036	22,078	26,198

	Reportable segment		Other*1	Total	Adjustments, *2,3	Reported in the consolidated financial statements*4
	China	Total				
Operating revenue:						
(1) Revenue attributable to customers	145,248	6,229,764	161,219	6,390,984	4,158	6,395,142
(2) Intersegment revenue or transfers	214	316,318	6,642	322,961	(322,961)	-
Total	145,463	6,546,083	167,862	6,713,945	(318,802)	6,395,142
Segment income (loss)	(1,765)	165,317	2,130	167,448	3,984	171,432
Segment assets	104,808	6,918,399	94,088	7,012,488	(197,246)	6,815,241
Segment interest-bearing debt	48	1,486,836	10,585	1,497,421	77,470	1,574,892
Other items:						
Depreciation and amortization	4,469	164,937	2,167	167,104	5,457	172,562
Equity in gains of equity-method affiliates	-	2,128	3,344	5,472	346	5,819
Impairment loss	2,729	33,989	1,226	35,216	-	35,216
Investment in equity-method affiliates	-	70,230	23,864	94,095	3,633	97,728
Increase in tangible and intangible fixed assets	3,426	425,353	3,827	429,180	12,982	442,163

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

2. Main components of the 4,158 million yen in adjustments for revenue attributable to customers are (a) minus 79,489 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.

3. Main components of the 3,984 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 3,587 million yen in intersegment transaction eliminations.

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

Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket, Discount Store, and Small-sized Store	Financial Services	Shopping Center Development	Services and Specialty Store	ASEAN
Operating revenue:						
(1) Revenue attributable to customers	3,276,018	2,151,518	294,387	185,083	537,692	208,721
(2) Intersegment revenue or transfers	79,565	9,748	35,388	64,570	167,228	496
Total	3,355,584	2,161,266	329,776	249,654	704,921	209,217
Segment income (loss)	(1,646)	8,495	53,058	43,247	24,597	6,173
Segment assets	1,663,032	989,024	3,307,815	1,116,550	370,259	213,820
Segment interest-bearing debt	343,273	195,253	719,314	356,169	43,972	30,918
Other items:						
Depreciation and amortization	57,271	35,575	17,512	38,698	14,341	9,647
Equity in gains (losses) of equity-method affiliates	(9)	2,479	877	92	(10)	0
Impairment loss	21,916	14,117	36	2,015	3,567	1,539
Investment in equity-method affiliates	292	31,318	22,418	1,616	2,657	37
Increase in tangible and intangible fixed assets	60,957	44,610	37,315	214,262	22,566	40,847

	Reportable segment		Other*1	Total	Adjustments, *2,3	Reported in the consolidated financial statements*4
	China	Total				
Operating revenue:						
(1) Revenue attributable to customers	168,169	6,821,591	263,917	7,085,508	(6,931)	7,078,577
(2) Intersegment revenue or transfers	325	357,325	6,252	363,577	(363,577)	-
Total	168,495	7,178,916	270,170	7,449,086	(370,509)	7,078,577
Segment income (loss)	(818)	133,108	4,570	137,678	3,689	141,368
Segment assets	120,866	7,781,367	291,303	8,072,670	(212,867)	7,859,803
Segment interest-bearing debt	801	1,689,704	27,730	1,717,434	127,597	1,845,032
Other items:						
Depreciation and amortization	4,654	177,703	4,224	181,927	6,416	188,344
Equity in gains (losses) of equity-method affiliates	-	3,429	2,703	6,133	556	6,689
Impairment loss	1,075	44,267	1,896	46,163	-	46,163
Investment in equity-method affiliates	-	58,340	2,439	60,780	4,125	64,906
Increase in tangible and intangible fixed assets	6,390	426,950	8,312	435,263	8,180	443,443

Notes: 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 6,931 million yen in adjustments for revenue attributable to customers are (a) minus 70,584 million yen in adjustments to transactions reported in the reportable segment information

and (b) 63,488 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 3,689 million yen in adjustments for segment income are (a) 5,707 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) minus 46 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 3,088 million yen in intersegment transaction eliminations.

4. 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, 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.

Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)

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
6,486,616	304,360	203,177	84,422	7,078,577

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
2,193,710	205,390	60,223	7,904	2,467,229

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

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

Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)

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

(Millions of yen)

	Reportable segment					
	GMS	Supermarket, Discount Store, and Small-sized Store	Financial Services	Shopping Center Development	Services and Specialty Store	ASEAN
(goodwill)						
Amortization for the fiscal year ended Feb. 28, 2014	139	5,046	1,860	2,460	1,347	177
Balance at Feb. 28, 2014	1,740	67,990	25,820	31,968	12,031	2,564
(negative goodwill)						
Amortization for the fiscal year ended Feb. 28, 2014	-	8	-	-	184	-
Balance at Feb. 28, 2014	-	-	-	-	25	-

	Reportable segment		Other	Adjustments	Total
	China	Total			
(goodwill)					
Amortization for the fiscal year ended Feb. 28, 2014	174	11,206	94	-	11,300
Balance at Feb. 28, 2014	-	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

Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket, Discount Store, and Small-sized Store	Financial Services	Shopping Center Development	Services and Specialty Store	ASEAN
(goodwill)						
Amortization for the fiscal year ended Feb. 28, 2015	133	15,226	2,767	2,386	1,386	243
Balance at Feb. 28, 2015	1,605	63,390	28,843	29,596	10,736	3,301
(negative goodwill)						
Amortization for the fiscal year ended Feb. 28, 2015	-	-	-	0	25	-
Balance at Feb. 28, 2015	-	-	-	-	-	-

	Reportable segment		Other	Adjustments	Total
	China	Total			
(goodwill)					
Amortization for the fiscal year ended Feb. 28, 2015	0	22,143	819	-	22,963
Balance at Feb. 28, 2015	-	137,474	53,561	-	191,035
(negative goodwill)					
Amortization for the fiscal year ended Feb. 28, 2015	-	26	5	-	32
Balance at Feb. 28, 2015	-	-	-	-	-

Note: Amortization of goodwill for the fiscal year ended February 28, 2015 includes 9,780 million yen of impairment loss recorded in extraordinary losses.

[Gain on negative goodwill by reportable segment]

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

Daiei, Inc. was newly consolidated in GMS segment. Due to this, 13,820 million yen of gain on negative goodwill was recorded.

Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)

The Company acquired additional shares of Daiei, Inc. to make it a fully owned subsidiary. Due to this, 10,198 million yen of gain on negative goodwill was recorded.

(Per Share Information)

	Year ended February 28, 2014 (March 1, 2013 – February 28, 2014)	Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)
Net assets per share (yen)	1,336.83	1,443.97
Net income per share (yen)	55.92	50.22
Net income per share - fully diluted (yen)	50.13	49.56

(Note) Data for calculation

1. Net assets per share

	February 28, 2014	February 28, 2015
Total net assets on the consolidated balance sheets (millions of yen)	1,684,569	1,829,980
Net assets attributable to common stock (millions of yen)	1,120,095	1,206,306
Main component of difference Minority interests (millions of yen)	562,802	621,763
Number of common stock shares issued (thousands of shares)	846,396	871,924
Number of common stock shares in treasury (thousands of shares)	8,522	36,514
Number of common stock shares used for calculation of net assets per share (thousands of shares)	837,874	835,409

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

	Year ended February 28, 2014 (March 1, 2013 – February 28, 2014)	Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)
Net income (millions of yen)	45,600	42,069
Amount not attributable to common stockholders (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	45,600	42,069
Average number of common stock shares outstanding (thousands of shares)	815,505	837,723
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	 (3,487) 14	 (533) -
Adjustment for net income (millions of yen)	(3,473)	(533)
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)	24,857 24,422	416 -
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

Notes. 1. As stated in “Changes to accounting policy” above, the Company has adopted *Accounting Standard for Retirement Benefits* (ASBJ Statement No.26) and its accompanying guidance and follows the transitional treatments stipulated in paragraph 37 of the ASBJ Statement No.26. Due to the adoption, net assets per share for the fiscal year ended February 28, 2015 was 24.54 yen higher.

2. The average number of common stock shares outstanding for the fiscal year ended February 28, 2015 does not include the Company’s common stock held by the Employee Stock Ownership Plan Trust (the number of shares that trust holds at February 28, 2014 and 2015 were 8,100 thousand shares and 6,118 thousand shares, respectively). The Average number of common stock shares held by the trust was 5,964 thousand shares and 7,161 thousand shares for the fiscal year ended February 28, 2014 and 2015, respectively.

(Material Subsequent Events)

A new joint stockholding company established through management integration of Maruetsu, Inc., Kasumi Co., Ltd., and Maxvalu Kanto Co., Ltd., and consolidation of Kasumi Co., Ltd.

The Company’s consolidated subsidiaries Maruetsu, Inc. (“Maruetsu”) and Maxvalu Kanto Co., Ltd. (“MV Kanto”) and an equity-method affiliate Kasumi Co., Ltd. (“Kasumi”) completed stock transfer on March 2, 2015 based on the stock transfer plan and established a joint stockholding company United Super Markets Holdings Inc. (“U.S.M. Holdings”).

As a result, U.S.M. Holdings and Kasumi became Aeon’s consolidated subsidiaries.

(1) Purpose of management integration

The Tokyo metropolitan area is a rapidly evolving market where new customer needs are generated on every day basis. It is one of the richest and the most promising area in Japan and is expected to continue its sustainable growth, while intensified competition there is not limited to SM industry but has also spread over related industries.

By further upgrading their management know-how cultivated over the years as SM companies having its base in the metropolitan area, Maruetsu, Kasumi, and MV Kanto (correctively, “the Tree Companies”) seek to remain as a company that continues renovation and challenge to keep up with the times, in order to contribute to customers by offering rich and healthy diet and to local communities by supporting local development and prosperity. Under these common missions, the Three Companies, in corporation with the Company and Marubeni Corp, decided management integration to establish a joint stockholding company U.S.M. Holdings.

Facilitating the growth of the Three Companies in union and welcoming participation of other SM companies holding the same visions in the Tokyo metropolitan area, U.S.M. Holdings will strive to develop a business system to achieve 1 trillion sales with 1,000 shops in 2020 and win the top position in SM industry.

The Three Companies applied for a new listing of U.S.M. Holdings’ common stock on Tokyo Stock Exchange (TSE), and it was listed on the first section of TSE on March 2, 2015.

(2) Overview of Stock Transfer

1) Date of stock transfer

March 2, 2015

2) Measure for stock transfer

Joint stock transfer: the Three Companies are wholly owned subsidiaries and the newly established joint stockholding company (United Super Markets Holdings Inc.) is the wholly owning parent company

3) Details of allotment of shares in the stock transfer (the share transfer ratio)

Company name	Maruetsu	Kasumi	MV Kanto
Share transfer ratio	0.51	1	300

(3) Overview of participating companies

1) Company name	Maruetsu	Kasumi	MV Kanto
2) Description of businesses	Supermarket business	Supermarket business	Supermarket business
3) Capital stock (millions of yen)	37,549	14,428	100
4) Employees	3,824	2,003	322
5) Stores	269	151	32
6) Annual revenue (millions of yen)	319,346	224,631	42,744
7) Ordinary income (millions of yen)	3,038	6,374	166
8) Net income (millions of yen)	827	3,586	29
9) Total assets (millions of yen)	131,153	84,198	8,407
10) Net assets (millions of yen)	63,397	47,012	736

The figures from 3) to 10) of Maruetsu and Kasumi are based on their statutory consolidated financial reports for the fiscal year ended February 2014. For MV Kanto, figures are based on financial statements for the fiscal year ended February 2014.

(4) Overview of the joint stockholding company established through stock transfer

1) Company name: United Super Markets Holdings Inc.
2) Description of business: Management of supermarket business
3) Capital stock: 10,000 million yen
4) Total assets: The amount cannot be confirmed at present.
5) Net assets: The amount cannot be confirmed at present.
6) Ratio of stock held by the Company's consolidated subsidiary (Aeon Market Investment): 51.0%

(5) Main reason for determining the acquiring company

The Company determined Maruetsu and MV Kanto as acquiring companies and Kasumi as an acquired company because Maruetsu and MV Kanto had been its consolidated subsidiaries before the stock transfer, and Kasumi and U.S.M. Holdings would become its consolidated subsidiaries after the stock transfer.

(6) Acquisition cost of Kasumi

The amount cannot be confirmed at present.

(7) Amount of goodwill or negative goodwill generated, reason for generation, amortization method, and amortization period

The stock transfer was applied with the purchase method since the stock transfer corresponds to a purchase under the accounting standards for business combinations in Japan. Goodwill (or negative goodwill) is expected to arise by virtue of the stock transfer, but the amount cannot be confirmed at present.