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Financial Results for the Fiscal Year ended February 29, 2016

April 13, 2016

Company name	**Aeon Co., Ltd.**
Listings	The First Section of Tokyo Stock Exchange
Security code	8267
URL	http://www.aeon.info/
Representative	Motoya Okada, President
Contact	Shinya Wako Deputy President and Executive Officer, Senior Chief Officer of Management Strategy
Telephone	+81 43-212-6042

Scheduled dates:	
Ordinary general meeting of shareholders	May 25, 2016
Commencement of dividend payments	May 2, 2016
Submission of statutory financial report	May 26, 2016
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 29, 2016 (March 1, 2015 to February 29, 2016)

(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 29, 2016	8,176,732	15.5	176,977	25.2	179,674	17.8	6,008	(85.7)
Year ended February 28, 2015	7,078,577	10.7	141,368	(17.5)	152,509	(13.8)	42,069	(7.7)

Note: Comprehensive income: Year ended February 29, 2016: (3,523) million yen (-%)
Year ended February 28, 2015: 146,389 million yen (22.9 %)

	Net income per share	Net income per share – fully diluted	Return on equity	Ordinary income to total assets
	yen	yen	%	%
Year ended February 29, 2016	7.19	7.02	0.5	2.2
Year ended February 28, 2015	50.22	49.56	3.6	2.1

Reference: Equity in gains of equity-method affiliates:
Year ended February 29, 2016: 2,012 million yen
Year ended February 28, 2015: 6,689 million yen

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 29, 2016	8,225,874	1,819,474	13.9	1,364.57
February 28, 2015	7,859,803	1,829,980	15.3	1,443.97

Note: Total equity: February 29, 2016: 1,141,794 million yen February 28, 2015: 1,206,306 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 29, 2016	43,156	(446,612)	313,344	700,511
Year ended February 28, 2015	398,453	(361,838)	95,527	778,151

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, 2015	-	14.00	-	14.00	28.00	23,627	55.8	2.0
Year ended Feb. 29, 2016	-	14.00	-	14.00	28.00	23,565	389.4	2.0
Year ending Feb. 28, 2017 (forecast)	-	15.00	-	15.00	30.00		251.0	

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2017 (March 1, 2016 to February 28, 2017)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Six months ending August 31, 2016	-	-	-	-	-	-
Full year	8,400,000	2.7	190,000	7.4	185,000	3.0

	Net income attributable to owners of the parent		Net income per share
	million yen	%	yen
Six months ending August 31, 2016	-	-	-
Full year	10,000	66.4	11.95

Note: Aeon does not disclose earnings forecasts for the first six months of the fiscal year ending February 28, 2017.

***Notes**

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

(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 24 in the Accompanying Materials.

(3) Number of shares issued (common stock)
1) Number of shares issued at end of period (treasury stock included):
February 29, 2016: 871,924,572 shares
February 28, 2015: 871,924,572 shares
2) Number of shares held in treasury at end of period:
February 29, 2016: 35,181,560 shares
February 28, 2015: 36,514,815 shares
3) Average number of shares outstanding during the period:
Year ended February 29, 2016: 836,049,625 shares
Year ended February 28, 2015: 837,723,140 shares
* For the number of shares serving as basis for calculation of net income per share (consolidated), see "Per Share Information" on page 34.

For Reference

1. Non-consolidated Financial Results for the Fiscal Year ended February 29, 2016 (March 1, 2015 to February 29, 2016)

(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 29, 2016	102,372	26.1	85,455	33.9	73,531	27.2	54,579	106.2
Year ended February 28, 2015	81,209	52.7	63,802	74.5	57,812	80.6	26,466	2.6

	Net income per share	Net income per share – fully diluted
	yen	yen
Year ended February 29, 2016	65.28	65.14
Year ended February 28, 2015	31.59	31.57

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 29, 2016	1,417,158	688,139	48.5	821.49
February 28, 2015	1,297,004	664,292	51.2	794.27

Note: Total equity: February 29, 2016: 687,445 million yen February 28, 2015: 663,602 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, please refer to "(1) Analysis of Operating Results: Outlook for the Fiscal Year ending February 28, 2017" on page 8 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 29, 2016, the Japanese economy demonstrated an overall moderate recovery, as good corporate earnings and improvement in the employment environment amid concerns about the impact of China's economic slowdown on Asia's economy. Personal consumption in Japan, meanwhile, was undermined by higher prices of some products caused by soaring raw materials costs, along with a slump in incomes. As a result, consumer spending and sentiment were stagnant during the period.

In this environment, Aeon strove to develop and accelerate the launch of new retail formats meeting the diversifying lifestyles and values of its customers. In response to increased spending by foreign visitors to Japan, Aeon expanded the number of stores with duty-free services to 630 stores across Japan and deployed foreign language communication tools, multilingual translation systems and other infrastructure. The company also took measures to create consumer-oriented demand through the new Aeon Style format, which features highly specialized merchandise and services, and new urban-style supermarket format in the supermarket business which cater to the needs of urban residents. At the same time, Aeon tried to improve its ability to draw customers and increase earnings, mainly at Group retailers, by expanding throughout the Group deployment of Aeon brand "Topvalu" products, which are designed and developed based on the new standard of listening to customers' voices, while broadening the range of community-rooted products and services based on the policy of deepening community-rooted management. Outside Japan, Aeon strove to bolster its business foundation and contribute to the sustained growth of the Group by promoting market development in China, where the retail market continues to expand, and in ASEAN, where the launch of the ASEAN Economic Community is expected to pave the way for a new stage of growth.

As a result of these activities, for the fiscal year ended February 29, 2016, Aeon and its 295 consolidated subsidiaries earned consolidated operating income of 176,977 million yen (up 25.2% year on year) and consolidated ordinary income of 179,674 million yen (up 17.8% year on year) on record-high consolidated operating revenue of 8,176,732 million yen (up 15.5% year on year). While operating revenues, operating income, and ordinary income all increased year on year, consolidated net income declined to 6,008 million yen (down 85.7% year on year) due mainly to higher income taxes and minority interests.

As a corporate group with an ever-lasting innovative spirit, Aeon continued to promote a common Group strategy and structural reforms aimed at evolving into a corporate group that will drive the growth of each of its Group businesses and companies into number one positions in their industries and regions while ensure that its competitive businesses and companies can organically combine to generate powerful synergy.

Promotion of Common Group Strategy:

- In May 2015, Aeon Co., Ltd. and Aeon Mall Co., Ltd. opened Aeon Mall BSD CITY in Jakarta as its first shopping center in Indonesia and one of the largest in BSD district located in the southwestern of the capital city. In other parts of ASEAN, the Group opened Aeon Mall Long Bien in October 2015 in the Vietnamese capital of Hanoi, its third shopping center in the country, while in the same month, Aeon (Thailand) Co., Ltd. opened Aeon Sriracha Shopping Center in Chonburi Province, Thailand, as the first Aeon-developed community mall. These and other new initiatives helped explore new markets and tap into latent consumer demand to strengthen the Group's business foundation.
- In March 2015, Aeon Retail Co., Ltd. split off into separate companies its Acolle business, which operates small-scale discount stores in Tokyo, Saitama, and Chiba, and its R.O.U. business, which operates specialty sundries stores mainly in shopping centers. These businesses will leverage their dynamic organizational structures to further improve their

rapid response to changes in customer lifestyles and needs with the aim of establishing dominant strategic positions in urban markets as early as possible.

- Welcia Holdings Co., Ltd. and CFS Corporation conducted a management integration in September 2015 under which CFS Corporation became its wholly owned subsidiary of Welcia Holdings Co., Ltd. Amid the aging of Japanese society, the companies have leveraged their core competency in the prescription drug business to capture share in the fast-growing market by expanding their nationwide network of drugstores offering prescription drugs.

Group-wide Structural Reforms:

- In June 2015, the functions of Aeon Global Merchandising Co., Ltd. were transferred to Aeon Retail Co., Ltd. in order to respond rapidly to diversifying consumer needs and further promote community-rooted product procurement while improving quality.
- In November 2015, Aeon Mall Co., Ltd. decided to make new OPA Co., Ltd. a wholly owned subsidiary as of March 1, 2016, which has been established through integration of Daiei, Inc.'s commercial property development and management subsidiary OPA Co., Ltd. and Aeon Retail Co., Ltd.'s VIVRE FORUS business. The new company will play a key role in promoting the Group's shift to urban markets by refurbishing existing stores, reforming business models and taking other initiatives to develop attractive urban-style commercial facilities.
- In December 2015, KOHYO Co., Ltd. and Aeon Market Co., Ltd. integrated their stores in the Keihanshin area (the Kyoto-Osaka-Kobe metropolitan area) in order to promote community-rooted management. KOHYO Co., Ltd. took over management of the stores as of March 1, 2016. As a result of the integration, Aeon Market Co., Ltd. will refocus its operations on the Tokyo metropolitan market and develop innovative urban-style stores formats to bolster the sale of value-added products, fresh foods, and delicatessen foods.

Business Segment Information

Retail

GMS Business

The GMS Business posted operating income of 9,390 million yen (a year-on-year decline of 19.1%) on operating revenue of 2,838,239 million yen (up 5.9% year on year) for the fiscal year.

In September 2015, Aeon Retail Co., Ltd., Aeon Hokkaido Corporation and Aeon Kyushu Co., Ltd. took over the operation of 38 GMS stores of Daiei, Inc., representing a portion of the company's GMS business. The new structure will enable the companies to implement best local business in each of their geographic areas in Japan.

Aeon Retail Co., Ltd. developed innovative products, implemented sales promotions featuring product value, and refurbished existing stores mainly into the new Aeon Style format. The rapid development and promotion of the Aeon Style format was particularly effective in boosting store competitiveness and profitability. Aeon Retail also reassigned personnel, primarily merchandising staff, and delegated authority to its regional companies as part of measures to deepen its commitment to community-rooted management. Additionally, the company enhanced the local orientation of product selections, product development, and sales events in an effort to create new services and sales floors differentiated from competitors. Aeon Retail's same-store sales for the fiscal year declined 0.3% from the previous year (apparel sales declined 1.9%, food sales increased 0.3%, and housing and recreational product sales declined 0.7% year on year), due in part to a record-warm November. Directly-operated floors' gross profit margin improved, however, by 0.3 point compared the previous fiscal year due to an improved frontline sales capability bolstered by increased floor staff and other operational measures. Although Aeon Retail actively implemented sales promotions to improve

customer-drawing, SG&A expenses at existing stores declined by 0.6% year on year as a result of stringent cost controls.

Aeon Hokkaido Corporation opened new stores and refurbished existing stores to make contributions to the revitalization of local communities, while also strengthening sales to foreign visitors, a fast-growing market, along with online retailing. Regarding stores taken over from Daiei, Inc., Aeon Hokkaido combined the capabilities of both companies to create new sales floors, and pursued business development in undeveloped areas such as Hakodate City in order to expand market share in the Hokkaido region.

Aiming to improve profitability, Aeon Kyushu Co., Ltd. promoted local production for local consumption and local production for regional consumption through such measures as tie-ups with local prefectures to hold specialty products fairs and expanding product selections reflecting the local regions' diverse food culture. The company also launched a Kyushu product development department in collaboration with Maxvalu Kyushu Co., Ltd. and Red Cabbage Co., Ltd., two Group companies operating in the region, to better utilize local materials and develop products unique to Kyushu.

Supermarket and Discount Store Business

The Supermarket and Discount Store Business posted operating income of 21,157 million yen (up 26,732 million yen year on year) on operating revenues of 3,053,298 million yen (up 20.9% year on year) in the fiscal year.

In September 2015, Maxvalu Hokkaido Co., Ltd. and Maxvalu Kyushu Co., Ltd. took over the operation of 21 supermarkets of Daiei, Inc., representing a part of the company's supermarket business. This enabled the Group to adopt a new structure to promote best local management practices in each region of Japan.

In September 2015, Daiei, Inc. transferred the operation of a total of 59 stores, including both GMS and supermarkets, to Aeon Group companies as part of its strategy to refocus on food retail in the Tokyo and Keihanshin (the Kyoto-Osaka-Kobe area) metropolitan areas. Based on its new operating structure, Daiei developed and rolled out new formats, such as Urban-style Supermarket, an urban-style food supermarket geared towards urban residents, and Food Style Store, a new urban-style strategic format, as part of its measures to improve performance as early as possible.

In March 2015, United Super Markets Holdings Inc. (U.S.M.H.) launched business operations as the joint stockholding company for Maruetsu, Inc., Kasumi Co., Ltd., Maxvalu Kanto Co., Ltd. U.S.M.H. strove to put the basic policy of "creating integrated synergy" into practice and improve performance through such initiatives as expanded joint procurement among three companies and regularly held joint sales promotion initiatives, while consolidating back-office functions to raise management efficiency. The company also took measures to raise business competitiveness, including expanding product selections at each company to match regional and market demographics, and implementing store refurbishments and renewals. These measures led to a significant improvement in year-on-year performance.

In October 2015, Maxvalu Hokkaido Co., Ltd. took over the supermarket operations of Ichimaru Co., Ltd., which is based in the Tokachi area, to expand its business coverage in Hokkaido. The company bolstered sales capabilities by carrying out refurbishments of eight stores, including full-scale refurbishments. Maxvalu Hokkaido also established a Tomakomai area merchandise department to deepen its commitment to community-rooted management. In addition to these structural reforms, the company expanded its product selections, mainly in delicatessen corners, and strengthened sales through day of week promotions, while continuing to hold WAON membership expansion campaigns. As a result of these initiatives, the company posted a significant increase in customer traffic and spending per customer, driving sales 13.5% higher than the previous year.

Small-sized Store Business

The Small-sized Store Business recorded operating income of 1,265 million yen (down 29.4% year on year) on operating revenues of 376,913 million yen (up 21.5% year on year) for the fiscal year.

In Japan, Ministop Co., Ltd. posted record high sales of cold sweets thanks to strong sales of its premium quality series featuring specially selected ingredients, while in the convenience store products area, sales volumes of rice-based foods also increased due largely the success of a renewed lineup of chilled lunches. As a result of these initiatives, Ministop posted a 0.6% year-on-year increase in daily same-store sales. Overseas, Ministop continued to promote market-dominance strategy in Korea and other existing markets, raising the number of overseas stores to 2,840 at the end of the fiscal year. The overseas business posted higher year-on-year operating revenues as a result of Ministop Korea's fiscal year settlement date change, which caused a 14-month financial report, and a tobacco tax hike.

Drugstore and Pharmacy Business

The Drugstore and Pharmacy Business recorded operating income of 18,589 million yen (up 164.7% year on year) on operating revenues of 592,364 million yen (up 131.7% year on year) for the fiscal year.

On March 1, 2015, Welcia Holdings Co., Ltd. made Takiya Co., Ltd. and SHIMIZU YAKUHIN CO., LTD., both having business foundations in the Kansai region, wholly owned subsidiaries as part of its efforts to strengthen its business foundation and further generate economies of scale amid intensifying competition among different businesses and business formats in the drugstore industry. Welcia Holdings also made Aeon's consolidated subsidiary CFS Corporation a wholly owned subsidiary on September 1, 2015 and took steps for the integration of the two companies' merchandising policies, logistics sites, POS systems, and sales promotions. Welcia Holdings reported a steady improvement in performance by strengthening responsiveness to customer needs and raising convenience through such measures as expanding the number of drugstores offering prescription drugs, for which demand is rising, enhanced counseling sales, an increased number of 24-hour stores, and the introduction of Wel Café into stores to provide senior citizen customers and customers with children a place to rest while shopping.

Finance

Financial Services Business

The Financial Services Business earned operating income of 55,027 million yen (up 3.7% year on year) on operating revenue of 357,252 million yen (up 8.3% year on year) for the fiscal year.

In the credit card business, Aeon Financial Service Co., Ltd. took initiatives to attract new cardholders, including the use of tablet devices at its outlets to simplify the application procedure, revamped screening processes, and shortened card issuance periods. The company also promoted the advantages of credit card settlement for basic lifestyle needs, such as payment of utilities, insurance premiums, and mobile phone bills. In the banking business, Aeon Bank Ltd. strove to provide convenient, easy-to-understand services at its outlets through the promotion of such paperless services as tablet devices and digital signage. The company also expanded spaces for customers to use online banking in order to raise the operational efficiency of outlets. In the e-money business, Aeon Financial Service widened its WAON e-money participating retailers network and continued community-rooted promotions, such as the "Gotouchi WAON" card, which donates the equivalent of 0.1% of spending to local governments, and the "Soccer Daisuki WAON" card, which promotes local communities through soccer. As a result of these activities, cumulative issuance of WAON cards grew to approximately 56.08 million cards as of February 29, 2016, with WAON e-money transaction volume in the fiscal year totaling approximately 2,059.2 billion yen, a 6.9% year-on-year increase. Overseas, the Financial Services Business held joint promotions with partner companies, primarily at the three major subsidiaries in Hong Kong, Thailand, and Malaysia, in order to expand the number of cardholders and card spending. The business also consolidated

overlapping receivables management divisions to raise operational efficiency and strengthen the business structure.

Shopping Center Development

Shopping Center Development Business

The Shopping Center Development Business earned operating income of 45,068 million yen (up 6.5% year on year) on operating revenue of 272,124 million yen (up 11.2% year on year) for the fiscal year.

Aeon Mall Co., Ltd. opened five new shopping centers and refurbished 12 existing shopping centers in Japan during the period. The new openings included Aeon Mall Tokoname, which is located near Chubu International Airport and offers enhanced services for foreign visitors to Japan.

At existing shopping centers across Japan, Aeon Mall strove to draw customers by implementing sales promotions in conjunction with social events and utilizing spaces to hold community events. The company also boosted customer-drawing power by introducing new tenants and renewing existing tenants to match changes in market demographics. Overseas, Aeon Mall took initiatives to further increase customer-drawing power at well-performing existing shopping centers in China and ASEAN, while opening six new shopping centers in China and two in ASEAN. In China, the company focused its efforts into building dominant competitive positions in areas with promising economic and mall business growth, such as the Wuhan Economic & Technological Development Zone, a Wuhan subcenter area with rapid urban development, along with the Suzhou High-tech development Zone driving the Suzhou City economy.

Services and Specialty Stores

Services and Specialty Store Business

The Services and Specialty Store Business posted operating income of 26,320 million yen (up 7.0% year on year) on operating revenue of 741,265 million yen (up 5.2% year on year) for the fiscal year.

Aeon Delight Co., Ltd. recorded a large increase in comprehensive facilities management services (FMS) contracts, primarily for hospitals and nursing facilities, to expand the business. The company enhanced its competitive advantage in the FMS business by adopting cleaning robots and launching new equipment management services which leverage sensors, wireless communications and other communication technologies. Overseas, Aeon Delight implemented organizational reforms at a core subsidiary in China, while forming a business tie-up in Malaysia with a prominent local company to strengthen its local cleaning business. The company recorded its sixth consecutive year of higher revenues and twelfth consecutive year of higher income, with both marking record highs.

In June 2015, Aeon Fantasy Co., Ltd. integrated its business with Daiei, Inc. subsidiary Fun Field Co., Ltd. to create the largest amusement facility management company in Japan in terms of number of outlets and revenues. The company posted higher amusement machine sales at existing outlets thanks to the improvement of its supply and logistics structures and the use of internal social networking services, and actively refurbished outlets. As a result, Aeon Fantasy's sales in Japan soared 21.1% higher than the previous year. The company's overseas operations also posted steady growth, helping the company to record two consecutive years of higher revenues and income.

G Foot Co., Ltd. launched a new format development project and established a brand planning department among other organizational reforms aimed at nurturing new markets. On November 10, 2015, the company was newly listed on the first section of the Tokyo Stock Exchange and was transferred to the first section of the Nagoya Stock Exchange. G Foot made progress establishing new formats by refurbishing stores from the customers' perspective, including the design of new sales floors according to gender and shoe function. To raise earnings even further, the company developed new private brand products and exclusive

products in collaboration with major shoe brands, while also seeking to improve the regular price sales ratio by prioritizing product-oriented promotions. As a result of these initiatives, the company posted higher revenues and income.

International

International Business

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

The International Business posted operating revenue of 426,482 million yen (up 12.9% year on year) and an operating loss of 2,449 million yen (a decline of 7,804 million yen year on year).

In ASEAN, the Group opened three stores in Indonesia, including Aeon BSD CITY Store, its first GMS in Indonesia, in the southwestern district of the capital of Jakarta. In Vietnam, Aeon reached capital and business tie-up agreements with supermarket chain operators FIVIMART Co. and CITIMART Co. in January 2015 to accelerate business development in the country. In China, the Group opened five outlets, including the first in Hangzhou, a new area for the Group. As the Group strove to strengthen its business foundation in China, it also took measures to improve earnings by selling new products developed in Japan and by promoting operational efficiency.

Implementation of Corporate Governance During the Period
Aeon Co., Ltd. operates an Audit Committee, Nomination Committee, and Compensation Committee, all three of which consist of a majority of outside directors. Additionally, the company has appointed directors to conduct its management oversight function and executive officers to conduct the management execution function. Aeon operates as a company with a nomination committee and other committees system to strengthen its management oversight.

Status of implementation of the Board of Directors and each committee

(* denotes outside director)

	Meetings Held	Members	Main Functions
Board of Directors	7	Chairman: Hiroshi Yokoo Motoya Okada, Yoshiki Mori, Masaaki Toyoshima, *Masaharu Ikuta, *Takejiro Sueyoshi, *Keiichi Tadaki, *Ken Sato, *Yukako Uchinaga	● Oversee the work performance of the directors and executive officers. ● Make decisions on matters stipulated under Article 416 of the Company Act as well as matters that cannot be entrusted to the executive officers.
Audit Committee	9	Chairman: *Masaharu Ikuta *Keiichi Tadaki, *Ken Sato, *Yukako Uchinaga	● Audit the work performance of the directors and executive officers. ● Decide the contents of proposals to nominate or dismiss the accounting auditor, as well as proposals to forgo the reappointment of the accounting auditor, all of which are submitted to the General Meeting of Shareholders.
Nomination Committee	3	Chairman: *Takejiro Sueyoshi *Masaharu Ikuta, *Yukako Uchinaga, Motoya Okada	Decide the contents of proposals for the nomination or dismissal of directors, which are submitted to the General Meeting of Shareholders.
Compensation Committee	4	Chairman: *Ken Sato *Takejiro Sueyoshi, *Keiichi Tadaki, Motoya Okada	Decide individual compensation, etc. received by directors and executive officers.

Outlook for the Fiscal Year ending February 28, 2017
Consolidated Operating Results Forecast (millions of yen, except per-share data and percentages)

	Fiscal year to end-February,	
	2017 (forecast)	2016 (actual)
Operating revenue	8,400,000	8,176,732
Operating income	190,000	176,977
Ordinary income	185,000	179,674
Net income	10,000	6,008
Net income per share (yen)	11.95	7.19
ROE (%)	0.9	0.5

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. The Medium-term Management Plan prioritizes the allocation of management resources to the common Group strategy of accelerating the shift to Asian markets, urban markets, senior-oriented markets, and digital markets, as well as promoting product-oriented reforms Additionally, Aeon is implementing business and organizational reforms to support the growth strategy.

In the second year of the plan, Aeon implemented large-scale organizational reforms in order to enhance its response to continual changes in the consumer environment, including the diversification of customer needs and competition among across different retail formats. These reforms included the autonomous management by operating companies, deeper community-rooted management, and the promotion of priority Group challenges. Based on these operating principles, the Group continually tackled its key management priorities of GMS business reforms, supermarket business reforms, the shift to Asian markets, the shift to digital markets, and product-oriented reforms.

As a result of these efforts, Aeon achieved more than 8 trillion yen in consolidated operating revenues for the year ended February 29, 2016. Consolidated operating income also rose strongly by 25.2% over the previous year due largely to the performance of the Supermarket and Discount Store Business. For the fiscal year ending February 28, 2017, Aeon Co., Ltd. and its consolidated subsidiaries, primarily Aeon Retail Co., Ltd., Aeon Kyushu Co., Ltd., Daiei, Inc., and Aeon Market Co., Ltd., implemented structural reforms on March 1, 2016 in order to further define and enhance the reforms undertaken in the previous fiscal year. These subsidiaries will further advance management reforms, as well as deepen and accelerate the common Group strategy and various initiatives which can support improved consolidated performance and the achievement of Group growth towards 2020.

(2) Analysis of Financial Condition

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

	Fiscal year to end-February,			
	2016	2015	2014	2013
Total assets	8,225,874	7,859,803	6,815,241	5,724,835
Interest-bearing debt	2,170,800	1,845,032	1,574,892	1,639,048
Breakdown:				
Interest-bearing debt of financial subsidiaries	796,448	719,303	633,369	718,075
Interest-bearing debt excluding that of financial subsidiaries	1,374,351	1,125,728	941,522	920,972
Net assets	1,819,474	1,829,980	1,684,569	1,446,676
Cash and cash equivalents, ending balance	700,511	778,151	633,123	424,701
Cash flow from operating activities	43,156	398,453	482,765	142,289
Cash flow from investing activities	(446,612)	(361,838)	(221,621)	(324,869)
Cash flow from financing activities	313,344	95,527	(67,806)	223,234

*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.

Consolidated Assets, Liabilities, and Net Assets as of February 29, 2016

Consolidated assets at February 29, 2016 totaled 8,225,874 million yen, an increase of 366,071 million yen, or 4.7%, from the end of the previous fiscal year (February 28, 2015). The increase was chiefly attributable to increases of 189,716 million yen in loans and bills discounted for banking business, 148,213 million yen in property, buildings and equipment, which includes the assets of newly consolidated Kasumi Co., Ltd. and its subsidiaries, and 43,547 million yen in marketable securities, mostly held by financial subsidiaries.

Consolidated liabilities at February 29, 2016 totaled 6,406,399 million yen, an increase of 376,577 million yen, or 6.2%, from February 28, 2015. The increase was chiefly attributable to increases of 325,767 million yen in interest-bearing debt and 179,565 million yen in deposits for banking business, which outweighed declines of 54,044 million yen in notes and accounts payable-trade and 65,075 million yen in other current liabilities including deposits received, which were affected by the previous fiscal year-end falling on a bank holiday.

Consolidated net assets at February 29, 2016 totaled 1,819,474 million yen, a decline of 10,505 million yen, or 0.6%, from February 28, 2015. The decrease was chiefly attributable to decreases of 20,601 million yen in remeasurements of defined benefit plan caused by a partial refund of retirement benefits trust, 20,819 million yen in retained earnings, and 15,936 million yen in foreign currency translation adjustments, which outweighed an increase of 53,937 million yen in minority interests caused by stock transfers in conjunction with the supermarket business reorganization and other factors.

Consolidated Cash flows

Cash and cash equivalents

The balance of cash and cash equivalents at February 29, 2016 was 700,511 million yen, a decrease of 77,639 million yen, or 10.0%, from February 28, 2015.

Cash flow from operating activities

Net cash provided by operating activities in the fiscal year ended February 29, 2016 was 43,156 million yen (down 89.2% year on year). The 355,297 million yen decrease from the previous fiscal year reflects a decrease of 82,230 million yen in notes and accounts receivable-trade, which was outweighed by an increase of 60,009 million yen in loans in banking business, along with decreases of 172,759 million yen in notes and accounts payable-trade and 172,825 million yen in other assets and liabilities, including deposits received, which were caused by the final day of the previous fiscal year falling on a bank holiday.

Cash flow from investing activities

Net cash used in investing activities during the fiscal year ended February 29, 2016, was 446,612 million yen (up 23.4% year on year). This 84,774 million yen increase from the previous year reflects an increase of 82,851 million yen in purchase of fixed assets.

Cash flow from financing activities

Net cash provided by financing activities during the fiscal year ended February 29, 2016, was 313,344 million yen (up 228.0% year on year). This 217,816 million yen increase mainly reflects a net increase of 140,261 million yen in short-term borrowings and commercial paper, 148,003 million yen in proceeds from long-term debt, and 60,372 million yen in repayments of long-term debt.

(3) Dividend Policy and Dividends for the Fiscal Year ended February 29, 2016, and the Fiscal Year ending February 28, 2017

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 29, 2016, and Starting Date for Dividend Payments
Pursuant to a resolution by the Board of Directors at its meeting on April 13, 2016, the year-end dividend payment from retained earnings for the fiscal year ended February 29, 2016 will be 14 yen per share. The total annual dividend for the fiscal year will therefore be 28 yen per share, including the interim payment of 14 yen per share. The starting date for dividend payments (effective date) is Monday, May 2, 2016.

3) Dividend Forecast for the Fiscal Year ending February 28, 2017
Based on the basic policy outlined above, the forecast for dividend payments for the fiscal year ending February 28, 2017 is 30 yen per share, consisting of an interim payment of 15 yen per share and a year-end payment of 15 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
Accelerating the Shift to Four Growth Markets
Aeon is pursuing a common Group strategy of shifting to the four growth areas of Asia markets, urban markets, senior-oriented markets, and digital markets and prioritizing these markets in the allocation of management resources. In fiscal 2016, the company has adopted a new organizational structure under which the Group COO is directly responsible for the promotion of the shift to these four markets. On the basis of this structure, four new promotion teams—the

Asia shift team, urban shift team, senior-oriented shift team, and digital shift team—have been newly created to accelerate the shift to these four markets.

1) Shift to Asian markets
Aeon has established headquarters in China and ASEAN, regions which have demonstrated rapid economic growth in recent years, in order to capture new growth opportunities. These headquarters are utilizing shopping centers as their platforms for growth and promoting business through a multi-format retail business which integrates the resources of the entire Group. Steady growth is being achieved in existing geographical areas and business is being expanded to new countries and areas. Additionally, Aeon Big Malaysia along with FIVIMART Co. and CITIMART Co. in Vietnam, have been successfully integrated into the Group. As a result, operating revenues from China and ASEAN countries in the past four years, since the Asia shift began in 2011, have grown by approximately 2.5 times. In fiscal 2016, Aeon will open new shopping centers in Vietnam and three areas of China (Hebei Province, Hubei Province, and Guangdong Province) to further strengthen the business foundation in Asia.

2) Shift to urban markets
To capture growth opportunities in urban markets, where populations are expected to continue increasing, Aeon is utilizing a multi-format retail business to meet the needs of urban residents and promote business expansion. In the Tokyo metropolitan area, Aeon is pursuing intensive openings of small-scale stores while also integrating new Group companies Aeon Market Co., Ltd., Daiei, Inc., United Super Markets Holdings Inc., and Welcia Holdings Co., Ltd. As a result of these strategies, operating revenues in the Tokyo metropolitan area in the past four years, since the urban shift began in 2011, have approximately doubled. In fiscal 2016, Aeon will accelerate the opening of My Basket, Acolle and other small market-oriented chains, while also establishing such new formats as urban-style shopping centers and urban-style GMS in order to bolster the business foundations in the Tokyo metropolitan area, Keihanshin area (the Kyoto-Osaka-Kobe metropolitan area) and other cities.

3) Shift to senior-oriented markets
In each area of the Group' s business, Aeon is promoting new business development to meet the needs of the senior generation and capture growth opportunities in the expanding senior citizen-oriented markets amid the aging of society. Aeon has developed the G.G. Store as a new format which completely rethinks store design by providing sales floors, products, and services all directed to the "Grand Generation." Additionally, Group companies are entering new business areas for seniors, including culture schools and daycare services. In the area of finance, Aeon has issued credit cards offering special incentives for senior citizens, along with WAON e-money cards for seniors, and the total membership has surpassed 10 million people. In fiscal 2016, Aeon will continue to make steady progress on these initiatives, while further developing new customer segments based on age, health status, and lifestyle in order to create new products and services meticulously meeting the needs of each segment.

4) Shift to digital markets
Aeon is promoting a shift to digital business and striving to raise customer convenience in order to capture new growth opportunities in the e-commerce market, which is growing rapidly in conjunction with the development of IT and the widespread adoption of smartphones and other information devices. A wide range of digital business initiatives are being promoted, including the operation of a comprehensive portal site featuring all the e-commerce sites of Group companies, the integration of customer IDs for all sites in the Group portal, and the promotion of an online supermarket with delivery service to all parts of 45 prefectures in Japan. In fiscal 2016, a new Chief Omni-channel Promotion Officer has been appointed in Aeon Retail Co., Ltd. and we will aim to leverage the existing business foundation to further accelerate the omni-channel strategy combining brick-and-mortar retail with online retail.

5) Product-oriented Reforms
Aeon is promoting product-oriented reforms in which business is centered around products. The company is renewing its lineup of private-brand Topvalu products, the centerpiece of the reforms. In response to growing health-consciousness among consumers, Aeon has developed a lineup of organic products which ranks among the largest for a Japanese private brand. The company is also staying ahead of the competition by developing innovative products such as Greek-style yogurt, the first of its kind for a private brand in Japan. Moving forward, Aeon will carry out further product reforms by developing community-rooted products responsive to customers' bonds with their communities, along with products in the health and wellness area to support healthy minds and bodies.

Promoting Human Resources Talent and Diversity
Aeon has positioned diversity management as an important pillar of its business in the belief that diversity can create new value by leveraging the diverse skills, talents, and values of its employees, thereby helping the company to achieve the vision of a corporate group with its ever-lasting innovative spirit. In terms of gender diversity, Aeon has set the goals of becoming the most ideal company for women with women-friendly working environment where they can display their full abilities, while setting goals of increasing the rate of female managers to 50% by 2020. In support of these goals, Aeon has opened preschool and after-school childcare facilities within Group worksites, while enhancing education programs to raise awareness of the importance of diversity in management. Moving forward, the entire Group will work together to further promote diversity management.

3. Basic Policy Regarding Selection of Accounting Standards
The Aeon Group uses Japan accounting standards for its financial reporting. Regarding the adoption of International Financial Reporting Standards (IFRS), Aeon will take appropriate measures in consideration of various developments in and outside Japan.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	811,176	736,056
Notes and accounts receivable - trade	1,054,676	1,094,906
Marketable securities	194,220	237,767
Merchandise inventories	557,331	575,620
Deferred tax assets	45,070	43,249
Financial loan	319,995	300,854
Loans and bills discounted for banking business	1,027,659	1,217,376
Other	256,430	281,518
Allowance for doubtful accounts	(48,938)	(51,409)
Total current assets	4,217,621	4,435,940
Fixed assets		
Property, buildings and equipment		
Buildings and structures, net	1,371,993	1,472,547
Tools, furniture and fixtures, net	192,256	209,414
Land	763,257	811,128
Lease assets, net	43,335	49,612
Construction in progress	88,896	67,142
Other, net	7,489	5,596
Total property, buildings and equipment	2,467,229	2,615,442
Intangible fixed assets		
Goodwill	191,035	181,806
Software	61,752	64,550
Lease assets	9,258	16,320
Other	39,933	39,152
Total intangible fixed assets	301,979	301,830
Investments and other assets		
Investment securities	211,579	195,658
Net defined benefit asset	43,183	7,976
Deferred tax assets	77,933	87,687
Fixed leasehold deposits to lessors	418,090	413,599
Deposits for stores in progress	6,198	4,960
Other	143,051	187,084
Allowance for doubtful accounts	(27,064)	(24,304)
Total investments and other assets	872,972	872,661
Total fixed assets	3,642,181	3,789,934
Total assets	7,859,803	8,225,874

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	946,674	892,629
Deposits for banking business	1,936,605	2,116,171
Short-term borrowings	232,167	328,570
Current portion of long-term debt	225,367	280,662
Bonds due within one year	42,448	4,197
Commercial paper	63,000	115,500
Lease obligations	10,420	11,055
Income taxes payable	42,809	58,715
Provision for bonuses	18,525	24,496
Provision for store closing expenses	4,267	7,468
Allowance for point program	24,278	24,649
Notes payable, construction	102,273	93,632
Other	639,293	574,218
Total current liabilities	4,288,130	4,531,966
Long-term liabilities		
Bonds	294,978	385,381
Convertible bonds with stock acquisition rights	90	50
Long-term debt	917,819	975,055
Lease obligations	43,785	55,377
Deferred tax liabilities	39,452	36,410
Liability for directors' retirement benefits	1,320	1,428
Provision for store closing expenses	6,891	4,317
Provision for contingent liabilities	452	159
Allowance for loss on refund of interest received	4,844	4,474
Provisions for losses on unredeemed gift coupons	4,763	4,717
Net defined benefit liability	51,081	27,432
Asset retirement obligations	70,510	75,119
Lease deposits from lessees	261,080	264,976
Other	44,620	39,532
Total long-term liabilities	1,741,691	1,874,432
Total liabilities	6,029,822	6,406,399

(Millions of yen)

	As of February 28, 2015	As of February 29, 2016
	Amount	Amount
Net assets		
Shareholders' equity		
Common stock	220,007	220,007
Capital surplus	316,894	316,894
Retained earnings	609,125	588,306
Treasury stock	(44,235)	(42,538)
Total shareholders' equity	1,101,792	1,082,670
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	49,573	42,815
Deferred gain (loss) on derivatives under hedge accounting	(3,144)	(5,237)
Foreign currency translation adjustments	37,587	21,651
Remeasurements of defined benefit plans	20,497	(104)
Total accumulated other comprehensive income	104,513	59,123
Stock acquisition rights	1,910	1,979
Minority interests	621,763	675,700
Total net assets	1,829,980	1,819,474
Total net assets and liabilities	7,859,803	8,225,874

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

Consolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
	Amount	Amount
Operating revenue		
Net sales	6,202,210	7,235,084
Operating revenue in the financial services business	294,387	319,174
Other operating revenue	581,978	622,473
Total operating revenue	7,078,577	8,176,732
Operating costs		
Cost of sales	4,525,231	5,268,101
Operating costs in the financial services business	27,198	30,233
Total operating costs	4,552,430	5,298,334
Gross profit on sales	1,676,978	1,966,983
Gross profit from operations	2,526,146	2,878,398
Selling, general and administrative expenses		
Advertising expense	172,196	194,798
Provision of allowance for doubtful accounts	36,244	42,214
Employees' salaries and bonuses	811,804	940,957
Provision for bonuses	18,525	24,496
Statutory welfare benefit expense	127,574	145,819
Utilities expense	147,376	158,096
Depreciation and amortization	177,978	203,583
Repairs and maintenance expense	120,161	142,627
Rent expense	378,038	422,275
Amortization of goodwill	13,183	16,519
Other	381,694	410,031
Total selling, general and administrative expenses	2,384,778	2,701,420
Operating income	141,368	176,977
Other income		
Interest income	3,577	3,063
Dividend income	2,193	2,475
Equity in gains of equity-method affiliates	6,689	2,012
Income from unredeemed gift coupons	2,912	2,934
Penalty income from leaving tenants	2,328	2,477
Reversal of allowance for doubtful accounts	2,200	1,904
Gain on collection of fixed leasehold deposits	1,126	1,433
Other	10,704	9,391
Total other income	31,733	25,693
Other expenses		
Interest expense	13,156	13,760
Other	7,435	9,235
Total other expenses	20,592	22,996
Ordinary income	152,509	179,674

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
	Amount	Amount
Extraordinary gains		
Gain on sale of fixed assets	4,341	9,207
Gain on sale of investment securities	1,078	19,398
Gain on withdrawal of assets from retirement benefit trust	-	13,603
Gain on sale of subsidiaries' stock	172	7,570
Gain on step acquisition	33,686	7,698
Other	16,981	6,556
Total extraordinary gains	56,261	64,035
Extraordinary losses		
Loss on sale of fixed assets	645	1,037
Impairment loss	46,163	46,518
Amortization of goodwill	9,780	6,181
Provision for store closing expenses	2,105	5,380
Loss on disposal of property, buildings and equipment	1,989	3,748
Restructuring costs	-	3,494
Loss related to store closing	1,213	1,199
Other	2,012	6,923
Total extraordinary losses	63,910	74,484
Income before income taxes and minority interests	144,860	169,225
Income taxes		
Current	73,069	98,621
Deferred	(7,612)	9,778
Total income taxes	65,457	108,399
Income before minority interests	79,403	60,825
Minority interests	37,333	54,816
Net income	42,069	6,008

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
	Amount	Amount
Income before minority interests	79,403	60,825
Other comprehensive income		
Unrealized gain on available-for-sale securities	26,228	(6,074)
Deferred gain (loss) on derivatives under hedge accounting	(2,355)	(2,323)
Foreign currency translation adjustments	42,847	(34,269)
Remeasurements of defined benefit plans	-	(21,664)
Share of other comprehensive income of equity-method affiliates	266	(18)
Total other comprehensive income	66,986	(64,349)
Comprehensive income	146,389	(3,523)
(Breakdown)		
Comprehensive income attributable to owners of the parent	90,925	(39,381)
Comprehensive income attributable to minority interests	55,464	35,857

(3) Consolidated Statements of Changes in Shareholders' Equity

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
Cumulative effects of changes in accounting policies					-
Restated balance	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
Cumulative effects of changes in accounting policies								-
Restated balance	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

Year ended February 29, 2016 (March 1, 2015 – February 29, 2016)

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	220,007	316,894	609,125	(44,235)	1,101,792
Cumulative effects of changes in accounting policies			(3,244)		(3,244)
Restated balance	220,007	316,894	605,881	(44,235)	1,098,548
Changes during period					
Cash dividends			(23,564)		(23,564)
Net income			6,008		6,008
Repurchase of stock				(86)	(86)
Disposal of treasury stock			(18)	1,783	1,765
Net change in items other than shareholders' equity during period					
Total changes during period	-	-	(17,575)	1,697	(15,878)
Balance at end of period	220,007	316,894	588,306	(42,538)	1,082,670

	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	49,573	(3,144)	37,587	20,497	104,513	1,910	621,763	1,829,980
Cumulative effects of changes in accounting policies								(3,244)
Restated balance	49,573	(3,144)	37,587	20,497	104,513	1,910	621,763	1,826,736
Changes during period								
Cash dividends								(23,564)
Net income								6,008
Repurchase of stock								(86)
Disposal of treasury stock								1,765
Net change in items other than shareholders' equity during period	(6,758)	(2,093)	(15,936)	(20,601)	(45,389)	68	53,937	8,616
Total changes during period	(6,758)	(2,093)	(15,936)	(20,601)	(45,389)	68	53,937	(7,261)
Balance at end of period	42,815	(5,237)	21,651	(104)	59,123	1,979	675,700	1,819,474

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	144,860	169,225
Depreciation and amortization	188,344	215,033
Amortization of goodwill	22,963	22,700
Gain on withdrawal of assets from retirement benefit trust	-	(13,603)
Increase (decrease) in allowance for doubtful accounts	(3,809)	1,914
Increase (decrease) in allowance for loss on refund of interest received	1,759	(370)
Increase (decrease) in provision for bonuses	(6,323)	4,953
Increase (decrease) in net defined benefit liability	(13,151)	(33,716)
(Increase) decrease in net defined benefit asset	8,347	(2,327)
Interest and dividend income	(5,770)	(5,538)
Interest expense	13,156	13,760
Foreign exchange (gains) losses – net	3,470	(1,357)
Equity in (gains) losses of equity-method affiliates	(6,689)	(2,012)
Gain on sale of fixed assets	(4,341)	(9,207)
Loss on disposal and sale of fixed assets	4,073	5,907
Impairment losses	46,163	46,518
(Gain) loss on sale of marketable securities and investment securities	(1,078)	(18,503)
(Gain) loss on sale of subsidiaries' stock	(172)	(7,570)
(Gain) loss on step acquisition	(33,686)	(7,629)
(Increase) decrease in notes and accounts receivable – trade	(142,426)	(60,196)
(Increase) decrease in merchandise inventories	(27,789)	(18,477)
(Increase) decrease in financial loan receivable	16,267	(17,110)
(Increase) decrease in loans in banking business	(137,297)	(197,306)
Increase (decrease) in notes and accounts payable – trade	106,026	(66,732)
Increase (decrease) in deposits received in banking business	235,278	179,565
Other assets and liabilities	107,549	(65,276)
Other – net	(24,609)	2,545
Sub total	491,113	135,185
Interest and dividends received	6,678	6,040
Interest paid	(13,097)	(13,582)
Income taxes paid	(86,241)	(84,486)
Net cash provided by (used in) operating activities	398,453	43,156

(Millions of yen)

	Year ended February 28, 2015	Year ended February 29, 2016
	Amount	Amount
Cash flows from investing activities		
Purchase of marketable securities	(42)	-
Proceeds from sale and redemption of marketable securities	165	50
Purchase of marketable securities in banking business	(202,858)	(190,184)
Proceeds from sale and redemption of marketable securities in banking business	228,012	135,973
Purchase of fixed assets	(435,466)	(518,317)
Proceeds from sale of fixed assets	47,616	80,361
Purchase of investment securities	(17,467)	(5,534)
Proceeds from sale of investment securities	2,395	50,700
Proceeds from sale of subsidiaries' stock	871	5,462
Cash paid in conjunction with the purchases of consolidated subsidiaries' stock	(11,274)	(5,304)
Payments for fixed leasehold deposits to lessors	(15,626)	(21,651)
Collection of fixed leasehold deposits to lessors	34,129	31,845
Proceeds from lease deposits from lessees	33,168	27,826
Repayments of lease deposits from lessees	(26,247)	(24,646)
Other – net	784	(13,195)
Net cash provided by (used in) investing activities	(361,838)	(446,612)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings and commercial paper	15,188	155,450
Proceeds from long-term debt	264,850	412,854
Repayments of long-term debt	(212,647)	(273,020)
Proceeds from issuance of bonds	143,489	97,781
Payments for redemption of bonds	(57,943)	(42,930)
Purchase of treasury stock	(35,948)	(86)
Proceeds from issuance of subsidiaries' stock to minority shareholders	29,561	4,094
Repurchase of subsidiaries' stock from minority shareholders	(25,009)	(8,260)
Dividends paid to shareholders	(22,843)	(23,564)
Dividends paid to minority shareholders	(16,183)	(18,863)
Other – net	13,012	9,890
Net cash provided by (used in) financing activities	95,527	313,344
Foreign currency translation adjustments on cash and cash equivalents	12,884	(2,147)
Net increase (decrease) in cash and cash equivalents	145,027	(92,258)
Cash and cash equivalents, beginning of period	633,123	778,151
Increase in cash and cash equivalents resulting from stock transfer	-	13,745
Increase in cash and cash equivalents resulting from merger	-	873
Cash and cash equivalents, end of period	778,151	700,511

(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)

Effective the fiscal year ended February 29, 2016, the Company adopted the main clause of paragraph 35 of *Accounting Standard for Retirement Benefits* (ASBJ Statement No. 26, May 17, 2012) and the main clause of paragraph 67 of *Guidance on Accounting Standard for Retirement Benefits* (ASBJ Guidance No. 25, March 26, 2015). In accordance with this, some of the Company's consolidated subsidiaries in Japan reviewed the calculation method for retirement benefit obligations and service cost. As a result, the method for attributing expected pension benefits to periods of employee service was switched from the straight-line attribution to the benefit formula, and the discount rate was also switched from the previous discount rate calculated based on the average period up to the estimated timing of benefit payments to a single weighted average discount rate that reflects the estimated timing and amount of each benefit payment.

The ASBJ Statement No. 26 and the ASBJ Guidance No. 25 are applied with transitional treatments stipulated in paragraph 37 of the ASBJ Statement No.26. As of the beginning of the fiscal year ended February 29, 2016 (March 1, 2015), impact of the change in calculation method was reflected in retained earnings.

As a result, as of beginning of the fiscal year ended February 29, 2016, net defined benefit asset was 1,684 million yen lower, net defined benefit liability was 2,389 million yen higher, and retained earnings was 3,244 million yen lower.

The impacts of this change on income and per share information for the fiscal year ended February 29, 2016 were minor.

(Practical solution on transactions of delivering the Company's own stock to employees etc. through trusts)

Effective the fiscal year ended February 29, 2016, the Company adopted *Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts* (PITF No.30, March 26, 2015).

There is no impact of this change on accounting policy.

(7) Additional Information

(Transactions of delivering the Company's own stock to employees etc. through trusts)

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.

The Company's stock held by ESOP Trust is included in treasury stock presented under net assets with the book value of 6,084 million yen for 4,794,600 shares as of February 29, 2016. The book value of long-term debt (including the current portion) that was recorded in accordance with the adoption of the gross accounting method was 6,000 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 and Discount Store Business includes supermarkets and discount stores.

The Small-sized Store Business includes convenience stores, small-scale supermarkets, and specialty stores that sell packaged lunches and ready-to-eat meals.

The Drugstore and Pharmacy Business includes drugstores and pharmacies.

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.

International Business includes retail stores in the ASEAN region and China.

Other Businesses include digital business, etc.

2. Change in reportable segment

In order to tackle with new management challenges, the Company has promoted the Group-wide structural reforms to the next stage. Along the lines of the Company’s basic policies, namely autonomous management by operating companies, deeper community-rooted management, and promotion of priority Group challenges, the Company implemented organizational reforms to further strengthen the solid management system of the Aeon Group.

In line with this, effective the first three months of the fiscal year ended February 29, 2016, the Company’s business segments have been reorganized: “Supermarket, Discount Store and Small-size Store” business is split into “Supermarket and Discount Store” business and “Small-sized Store” business; and “ASEAN” and “China” are unified to “International” business. With respect to changes in primary Group companies, Daiei Inc. and its subsidiaries, which were included in “GMS” Business, have been reclassified into the “Supermarket and Discount Store” business. Furthermore, the “Drugstore and Pharmacy” business, which was included in “Other,” has been reported separately as a new reportable segment because of its higher importance. The segment amounts for the fiscal year ended February 28, 2015 have been recast to conform to the current period presentation.

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

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

(Millions of yen)

	Reportable segment						
	GMS	Supermarket and Discount Store	Small-sized Store	Drugstore and Pharmacy	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	2,614,620	2,510,362	304,506	255,290	294,387	183,130	537,692
(2) Intersegment revenue or transfers	65,433	15,424	5,587	385	35,388	61,586	167,228
Total	2,680,054	2,525,786	310,094	255,676	329,776	244,717	704,921
Segment income (loss)	11,608	(5,575)	1,792	7,023	53,058	42,305	24,597
Segment assets	1,385,474	1,091,455	187,955	277,127	3,307,815	1,094,179	370,259
Segment interest-bearing debt	292,962	242,246	7,753	26,527	719,314	348,644	43,972
Other items:							
Depreciation and amortization	47,001	37,033	9,675	3,875	17,512	37,835	14,341
Equity in gains (losses) of equity-method affiliates	97	2,511	(42)	2,707	877	(4)	(10)
Impairment loss	12,692	20,593	2,893	1,807	36	1,868	3,567
Investment in equity-method affiliates	1,421	29,257	568	2,424	22,418	195	2,657
Increase in tangible and intangible fixed assets	48,704	44,658	12,288	6,858	37,315	214,178	22,566

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the consolidated financial statements*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	376,890	7,076,881	8,627	7,085,508	(6,931)	7,078,577
(2) Intersegment revenue or transfers	821	351,858	5,866	357,725	(357,725)	-
Total	377,712	7,428,739	14,494	7,443,234	(364,656)	7,078,577
Segment income (loss)	5,354	140,166	(2,453)	137,713	3,654	141,368
Segment assets	336,471	8,050,738	7,099	8,057,837	(198,034)	7,859,803
Segment interest-bearing debt	31,720	1,713,141	1,202	1,714,344	130,688	1,845,032
Other items:						
Depreciation and amortization	14,302	181,578	349	181,927	6,416	188,344
Equity in gains (losses) of equity-method affiliates	0	6,137	(4)	6,133	556	6,689
Impairment loss	2,614	46,074	89	46,163	-	46,163
Investment in equity-method affiliates	1,822	60,765	14	60,780	4,125	64,906
Increase in tangible and intangible fixed assets	47,238	433,808	1,454	435,263	8,180	443,443

Notes: 1. “Other” segment includes business segments not categorized as reportable segments, such as digital business, 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 3,654 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 3,123 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 29, 2016 (March 1, 2015 – February 29, 2016)

(Millions of yen)

	Reportable segment						
	GMS	Supermarket and Discount Store	Small-sized Store	Drugstore and Pharmacy	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:							
(1) Revenue attributable to customers	2,674,323	3,039,446	371,189	592,046	319,174	204,129	566,383
(2) Intersegment revenue or transfers	163,915	13,851	5,723	318	38,077	67,995	174,882
Total	2,838,239	3,053,298	376,913	592,364	357,252	272,124	741,265
Segment income (loss)	9,390	21,157	1,265	18,589	55,027	45,068	26,320
Segment assets	1,443,598	1,108,680	167,118	276,998	3,555,733	1,164,851	385,908
Segment interest-bearing debt	383,434	282,440	7,470	25,886	796,448	429,736	64,560
Other items:							
Depreciation and amortization	50,907	39,277	11,084	10,096	19,262	42,232	16,567
Equity in gains (losses) of equity-method affiliates	107	610	(43)	317	927	(46)	73
Impairment loss	15,203	21,609	2,291	2,527	37	1,193	2,110
Investment in equity-method affiliates	1,662	21,280	509	2,764	27,372	148	2,652
Increase in tangible and intangible fixed assets	70,405	88,792	17,536	17,529	39,005	179,470	26,123

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the consolidated financial statements*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	424,959	8,191,651	7,796	8,199,448	(22,715)	8,176,732
(2) Intersegment revenue or transfers	1,523	466,288	5,395	471,684	(471,684)	-
Total	426,482	8,657,940	13,192	8,671,132	(494,399)	8,176,732
Segment income (loss)	(2,449)	174,370	(3,518)	170,852	6,125	176,977
Segment assets	326,887	8,429,777	6,455	8,436,233	(210,358)	8,225,874
Segment interest-bearing debt	51,964	2,041,940	3,950	2,045,890	124,909	2,170,800
Other items:						
Depreciation and amortization	17,393	206,822	368	207,190	7,843	215,033
Equity in gains (losses) of equity-method affiliates	(257)	1,689	(2)	1,686	325	2,012
Impairment loss	1,375	46,348	-	46,348	169	46,518
Investment in equity-method affiliates	1,563	57,954	21	57,975	4,001	61,977
Increase in tangible and intangible fixed assets	40,193	479,055	667	479,722	10,952	490,675

Notes: 1. “Other” segment includes business segments not categorized as reportable segments, such as digital business, etc.

2. Main components of the minus 22,715 million yen in adjustments for revenue attributable to customers are (a) minus 70,831 million yen in adjustments to transactions reported in the reportable segment information and (b) 48,130 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 6,125 million yen in adjustments for segment income are (a) 4,815 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b)

1,401 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and (c) minus 2,340 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, 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: 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.

Year ended February 29, 2016 (March 1, 2015 – February 29, 2016)

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
7,464,583	333,196	248,540	130,411	8,176,732

Note: 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
2,302,332	222,402	83,391	7,316	2,615,442

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

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

Year ended February 29, 2016 (March 1, 2015 – February 29, 2016)

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

(Millions of yen)

	Reportable segment					
	GMS	Supermarket and Discount Store	Small-sized Store	Drugstore and Pharmacy	Financial Services	Shopping Center Development
(goodwill)						
Amortization for the fiscal year ended Feb. 28, 2015	133	13,130	2,095	807	2,767	2,386
Balance at Feb. 28, 2015	1,605	40,178	23,211	53,561	28,843	29,596
(negative goodwill)						
Amortization for the fiscal year ended Feb. 28, 2015	-	-	-	5	-	0
Balance at Feb. 28, 2015	-	-	-	-	-	-

	Reportable segment			Other	Adjustments	Total
	Services and Specialty Store	International	Total			
(goodwill)						
Amortization for the fiscal year ended Feb. 28, 2015	1,386	243	22,951	11	-	22,963
Balance at Feb. 28, 2015	10,736	3,301	191,035	-	-	191,035
(negative goodwill)						
Amortization for the fiscal year ended Feb. 28, 2015	25	-	32	-	-	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.

Year ended February 29, 2016 (March 1, 2015 – February 29, 2016)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket and Discount Store	Small-sized Store	Drugstore and Pharmacy	Financial Services	Shopping Center Development
(goodwill)						
Amortization for the fiscal year ended Feb. 29, 2016	156	8,658	2,158	3,065	3,071	2,462
Balance at Feb. 29, 2016	1,733	39,815	21,551	51,844	25,971	28,289
(negative goodwill)						
Amortization for the fiscal year ended Feb. 29, 2016	-	-	-	-	-	-
Balance at Feb. 29, 2016	-	-	-	-	-	-

	Reportable segment			Other	Adjustments	Total
	Services and Specialty Store	International	Total			
(goodwill)						
Amortization for the fiscal year ended Feb. 29, 2016	1,418	1,684	22,675	-	25	22,700
Balance at Feb. 29, 2016	9,779	2,713	181,698	-	107	181,806
(negative goodwill)						
Amortization for the fiscal year ended Feb. 29, 2016	-	-	-	-	-	-
Balance at Feb. 29, 2016	-	-	-	-	-	-

Note: Amortization of goodwill for the fiscal year ended February 29, 2016 includes 6,181 million yen of impairment loss recorded in extraordinary losses.

[Gain on negative goodwill by reportable segment]

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, 7,777 million yen of gain on negative goodwill was recorded in the Supermarket business.

Year ended February 29, 2016 (March 1, 2015 – February 29, 2016)

Not applicable

(Per Share Information)

	Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)	Year ended February 29, 2016 (March 1, 2015 – February 29, 2016)
Net assets per share (yen)	1,443.97	1,364.57
Net income per share (yen)	50.22	7.19
Net income per share - fully diluted (yen)	49.56	7.02

(Note) Data for calculation

1. Net assets per share

	February 28, 2015	February 29, 2016
Total net assets on the consolidated balance sheets (millions of yen)	1,829,980	1,819,474
Net assets attributable to common stock (millions of yen)	1,206,306	1,141,794
Main component of difference: Minority interests (millions of yen)	621,763	675,700
Number of common stock shares issued (thousands of shares)	871,924	871,924
Number of common stock shares in treasury (thousands of shares)	36,514	35,181
Number of common stock shares used for calculation of net assets per share (thousands of shares)	835,409	836,743

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

	Year ended February 28, 2015 (March 1, 2014 – February 28, 2015)	Year ended February 29, 2016 (March 1, 2015 – February 29, 2016)
Net income (millions of yen)	42,069	6,008
Amount not attributable to common stockholders (millions of yen)	-	-
Net income attributable to common stock (millions of yen)	42,069	6,008
Average number of common stock shares outstanding (thousands of shares)	837,723	836,049
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	(533)	(130)
Interest expenses less tax	-	-
Adjustment for net income (millions of yen)	(533)	(130)
Increase in the number of common stock shares used to calculate net income per share - diluted (thousands of shares)	416	1,774
[Of which, convertible bonds with stock acquisition rights]	[-]	[-]
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	-

Note. 1. The average number of common stock shares outstanding for the fiscal year ended February 29, 2016 does not include the Company's common stock held by the Employee Stock Ownership Plan Trust (the number of shares that trust holds as of February 28, 2015 and February 29, 2016 were 6,118 thousand shares and 4,794 thousand shares, respectively). The Average number of common stock shares held by the trust was 7,161 thousand shares for the fiscal year ended February 28, 2015, and 5,469 thousand shares for the fiscal year ended February 29, 2016.