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Financial Results for the Three Months ended May 31, 2016

July 6, 2016

Company name	**Aeon Co., Ltd.**
Listings	The First Section of Tokyo Stock Exchange
Security code	8267
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Scheduled dates:	
Submission of statutory quarterly financial report	July 15, 2016
Commencement of dividend payments	-
Supplementary materials to the quarterly results	Available
Quarterly earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Three Months ended May 31, 2016 (March 1, 2016 to May 31, 2016)

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

	Operating revenue		Operating income		Ordinary income		Profit (loss) attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended May 31, 2016	2,046,142	1.3	32,873	(5.8)	34,679	(3.1)	(6,254)	-
Three months ended May 31, 2015	2,019,417	17.9	34,913	55.4	35,784	42.2	5,020	283.1

Note: Comprehensive income: Three months ended May 31, 2016: 3,244 million yen (-88.4 %)
Three months ended May 31, 2015: 27,909 million yen (342.5 %)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Three months ended May 31, 2016	(7.47)	-
Three months ended May 31, 2015	6.01	5.89

Note: Even though the Company has dilutive shares, earnings per share – fully diluted for the three months ended May 31, 2016 is not indicated because a net loss per share was reported for the period.

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
May 31, 2016	8,410,808	1,807,446	13.4	1,343.93
February 29, 2016	8,225,874	1,819,474	13.9	1,364.57

Note: Total equity: May 31, 2016: 1,124,953 million yen February 29, 2016: 1,141,794 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.

2. Dividends

	Dividend per share				
Record date or period	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
	yen	yen	yen	yen	yen
Year ended February 29, 2016	-	14.00	-	14.00	28.00
Year ending February 28, 2017	-				
Year ending February 28, 2017 (forecast)		15.00	-	15.00	30.00

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

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		Profit (loss) attributable to owners of the parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	8,400,000	2.7	190,000	7.4	185,000	3.0	10,000	66.4	11.95

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

***Notes**

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

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

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:
1) Changes in accordance with amendments to accounting standards: Yes
2) Changes other than the above 1): None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
*For details, see "(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement" on page 7 in section "2. Other Information" in the Accompanying Materials.

(4) Number of shares issued (common stock)
1) Number of shares issued at end of period (treasury stock included):
May 31, 2016: 871,924,572 shares
February 29, 2016: 871,924,572 shares

2) Number of shares held in treasury at end of period:
May 31, 2016: 34,863,700 shares
February 29, 2016: 35,181,560 shares
3) Average number of shares outstanding during the period:
Three months ended May 31, 2016: 836,856,978 shares
Three months ended May 31, 2015: 835,551,997 shares
* The Company's stock held by Employee Stock Ownership Plan Trust (May 31, 2016: 4,495,900 shares, February 29, 2016: 4,794,600 shares) is included in the number of shares held in treasury.

***Quarterly review status**

This report is exempt from the quarterly review of accounts requirements of Japan's Financial Instruments and Exchange Act. As of this report's publication, the quarterly review of the quarterly financial results had not been completed.

***Appropriate Use of Earnings Forecasts and Other Important Information**

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.
For the assumptions underlying the forecasts herein and other information on the use of earnings forecasts, refer to "(3) Consolidated Earnings Forecast" on page 6 in section "1. Review of Operating Results and Financial Statements" in the Accompanying Materials.

Accompanying Materials

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1. Review of Operating Results and Financial Statements
(1) Analysis of Operating Results

Summary of Operating Results

For the first three months of the fiscal year ending February 28, 2017 (March 1, 2016 – May 31, 2016), the Japanese economy continued to demonstrate a moderate recovery, driven by solid corporate earnings and an improvement in the employment environment. The future outlook for the business environment surrounding Aeon Co., Ltd. was uncertain, however, due to concerns over a downturn in emerging Asian economies and other factors.

In this environment, Aeon bolstered its business competitiveness to better serve the diversifying needs of customers amid changes in their lifestyles and values. As a corporate group with an ever-lasting innovative spirit, Aeon continued to promote a common Group strategy and structural reforms aimed at making each of the Group's businesses and companies No. 1 in their respective industries and markets, as well as developing into a corporate group that can generate powerful synergy by organically uniting these competitive businesses and companies.

As a result of these activities, Aeon posted consolidated operating revenue of 2,046,142 million yen (up 1.3% year on year) for the first three months of the fiscal year, a record high for the first quarter. Consolidated operating income totaled 32,873 million yen (down 5.8% year on year) and consolidated ordinary income totaled 34,679 million yen (down 3.1% year on year). Loss attributable to owners of the parent totaled 6,254 million yen (down 11,275 million yen year on year).

Promotion of Common Group Strategy:

- Aeon is building local ecosystems which unite local customers, government organizations, companies and various other members in a new initiative to spur local community development. Local ecosystem feasibility tests began in the Makuhari and Inage district in May. Based on the Aeon basic principle that retail is a "community industry," Aeon is promoting four major initiatives through the ecosystem (digitalization, mobility, health & wellness, and value) in response to the evolving values of community members in the digital age.
- Aeon has decided to gradually roll out a new WAON POINT service beginning June 2016. Under the service, customers will be newly issued a WAON POINT Card for cash payment. The new card will gradually replace and merge the separate point card systems operated by each Group company in order to raise customer convenience. Aeon aims to expand the new system to 60 million members by 2018, which would make it one of the largest point card systems in Japan.
- Aeon concluded basic agreements with two European companies to launch new businesses for promoting the health, wellness, and happiness of customers through their daily diet. Aeon signed an agreement with Picard Surgelés SAS, which operates small-scale frozen food supermarkets in Europe, primarily France, to launch Picard, Japan's first frozen food specialty supermarket chain. Aeon also signed an agreement with Marne & Finance Europe to open Bio c'Bon, a small-scale organic supermarket chain in Japan.
- As part of the strategic shift to Asian markets, AEON Co.(M)Bhd. opened Aeon Mall Shah Alam in March in Shah Alam, the capital of Selangor State, Malaysia, to establish one of the largest shopping malls in the country. Aeon Mall Vietnam Co., Ltd., meanwhile, took measures to prepare for the July 2016 opening of Aeon Mall Binh Tan, which will be the Group's fourth shopping center in the country. These were among many initiatives taken to bolster the ASEAN business foundation.

Group-wide Structural Reforms:

- Aeon Retail Co., Ltd. took over the operation of 29 general merchandise stores (GMS) from Daiei, Inc. in March. Since fiscal 2015, Aeon Group companies have taken over the operation of 88 stores from Daiei, Inc., and this completes the original transfer plan. With

the transition complete, Daiei, Inc. has established a new structure to concentrate its management resources on the supermarket business in the Tokyo metropolitan area and the Keihanshin area (the Kyoto-Osaka-Kobe metropolitan area). In March, KOHYO Co., Ltd. took over 23 stores operated by Aeon Market Co., Ltd. in the Keihanshin area. Accordingly, Aeon Market Co., Ltd. has established a new structure to concentrate its management resources in the Tokyo metropolitan area and further promote community-rooted management. These store reorganizations will enable the Group to advance best local retailing practices across Japan.

- In March, Aeon Mall Co., Ltd. made new OPA Co., Ltd. a wholly owned subsidiary. OPA Co., Ltd. was established through the 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 developing attractive urban-style commercial facilities.

Business Segment Information

GMS Business

The GMS Business posted an operating loss of 9,322 million yen (a year-on-year decline of 4,532 million yen) on operating revenue of 745,159 million yen (up 12.4% year on year) for the first three months of the fiscal year.

Aeon Retail Co., Ltd. opened four new stores during the period and refurbished 21 existing stores to better meet the diversifying needs of customers in each local community. Aeon Retail's same-store sales for the period declined 1.7% year on year (apparel sales declined 3.7%, food sales declined 0.9%, and housing and recreational product sales declined 1.7% year on year). Despite the slight decline, directly-operated floors' gross profit margin improved by 1.3 points year on year due to the improved penetration of product and sales floor reforms which have been promoted since the previous fiscal year. SG&A expenses at existing stores declined by 0.9% year on year as a result of cost controls, including the improved efficiency of store operations.

Aeon Hokkaido Corporation actively invested in store refurbishments as part of its strategy to establish its stores and the company as the overwhelming leader in local communities. The first step in refurbishing stores taken over from Daiei, Inc. in March was the renovation of the Aeon Sapporo Asabu Store.

Aeon Kyushu Co., Ltd. suffered damage to its facilities during the 2016 Kumamoto Earthquake in April and was forced to temporarily close some of its stores. The company took steps to rapidly restore its operations, prioritizing the reopening of food and daily necessity areas to fulfill its retailing mission of serving as a community lifeline. The company's entire workforce united to reopen stores as quickly as possible, resulting in favorable receptions by customers.

The transfer of Daiei, Inc.'s GMS stores to GMS operational companies was one of the factors behind the segment's increased operating revenue.

Supermarket and Discount Store Business

The Supermarket and Discount Store Business posted operating income of 5,500 million yen (up 85.5% year on year) on operating revenues of 716,352 million yen (down 6.7% year on year) for the first three months of the fiscal year.

Daiei, Inc., which is concentrating its operations in Tokyo metropolitan area and Keihanshin area (the Kyoto-Osaka-Kobe metropolitan area) and refocusing its business around food, continued to promote the opening of urban-style food supermarkets for city residents. The company refurbished Daiei Esaka Eki Mae Store (Suita, Osaka Prefecture), Daiei Tsukishima Store (Chuo, Tokyo), and Daiei Sakurai Eki Mae Store (Minoo, Osaka Prefecture) in the first quarter as part of this strategy. Additionally, the company took steps to raise its overall earnings power by improving productivity through operational reforms at stores, as well as by reforming its cost structure through adjustments to head office staffing levels.

United Super Markets Holdings Inc. (U.S.M.H.) continued to promote joint procurement among operational subsidiaries Maruetsu, Inc., Kasumi Co., Ltd., Maxvalu Kanto Co., Ltd. aimed at lowering the cost of sales of products, while also implementing cost-reduction measures to lower store materials and fixtures expenses. In March, U.S.M.H. celebrated its first anniversary by holding a joint customer appreciation fair at the three companies' stores.

Maxvalu Tokai Co., Ltd. continued to promote community-rooted management by strengthening local product selection in each geographic area, while actively improving the marketing of local products, developing new local producers, and introducing new products. In May, the company held its fourth local products convention at which part-time employees directly choose and procure local products. More than 300 local growers and product manufacturers exhibited at the convention.

Maxvalu Chubu Co., Ltd. carried out the refurbishment of Maxvalu Lalapark Store and Maxvalu Ugata Store, both located in the region hosting the G7 Ise-Shima Summit, and enhanced local production for local consumption sales corners offering locally grown vegetables and other local specialties. These sales floor development initiatives not only served the needs of local consumers, but also appealed to the many tourists visiting the region.

Small-sized Store Business

The Small-sized Store Business recorded an operating loss of 35 million yen (a decline of 256 million yen year on year) on operating revenues of 92,779 million yen (up 10.0% year on year) for the first three months of the fiscal year.

In Japan, Ministop Co., Ltd. launched active TV commercials and other promotions for "Condensed Milk Strawberry Parfait" and other cold sweets, which helped boost overall sales. Sales of in-store coffee also increased year on year, thanks to the deployment of new coffee machines to all stores in the previous fiscal year. As a result, the company's in-store-prepared fast-food business posted a 2.3% year-on-year increase in daily same-store sales. Rice-based food sales also grew, driven by strong sales of chilled bento (prepacked meals) and chilled sushi with enhanced freshness. Overseas, strong sales of in-store-prepared fast-food also drove overall sales. The total number of overseas stores in Korea and other markets expanded to 2,869 stores as of the end of the first quarter. Ministop Co., Ltd. posted lower profit, however, due to increased expenses in Japan for proactive facilities investments as well as the impact of last year's tobacco tax hike on Ministop Korea Co., Ltd.

Drugstore and Pharmacy Business

The Drugstore and Pharmacy Business recorded operating income of 3,944 million yen (up 16.5% year on year) on operating revenues of 153,857 million yen (up 7.1% year on year) for the first three months of the fiscal year.

Welcia Holdings Co., Ltd. posted a steady increase in same-store sales as a result of the refurbishment of existing stores and the growth of its prescription drugs section. With the aim of reaping the benefits of business integration, Welcia Holdings also took steps to integrate consolidated subsidiary CFS Corporation's backbone computer systems, POS register systems, merchandising policies, promotional measures, and other systems with the systems of its other Group companies. Welcia Holdings continued to make preparations for the merger of CFS Corporation with WELCIA YAKKYOKU scheduled for September 1, 2016, while improving business efficiency.

Financial Services Business

The Financial Services Business earned operating income of 13,696 million yen (up 10.0% year on year) on operating revenue of 89,635 million yen (up 5.9% year on year) for the first three months of the fiscal year.

In the credit card business, Aeon Financial Service Co., Ltd. posted a 6.6% year-on-year increase in credit card shopping transactions. Although car-related transactions decreased due to the impact of lower crude oil prices and yen appreciation, Aeon Financial Service took measures to increase Aeon credit card usage as a registered member store for regularly billed

items like mobile phone payments, monthly electricity charges and other household utilities. Card spending for online mail-order purchases also increased. Furthermore, amid the rapid digitalization of society, the company strove to enhance the use of IT for the dual purposes of raising customer convenience and improving productivity. In the credit card business in Japan, for example, Aeon Financial Service continued to leverage tablet devices at stores to speed up application processes, while deploying digital signage to strengthen marketing promotions. Through these measures, the company both reduced costs by adopting paperless procedures while improving customer convenience by reducing application screening time. In the banking business, Aeon Bank Ltd. launched the "Tsucho App" smartphone application in April enabling customers to easily confirm regular account balances along with deposits and withdrawals. The company also started from April field verification tests for ATM and other transactions using a fingerprint-based ID verification system, with the aim of raising the safety and convenience of banking transactions. Overseas, outlets in Malaysia and other countries promoted paperless operations by adopting tablet devices and digital signage. In Cambodia, the business began issuing credit cards in February and launched card member solicitation campaigns at Aeon Mall Phnom Penh, the largest shopping center in the country, and other stores. In the e-money business, Aeon Financial Service continued to promote locally rooted initiatives, including the issuance of the "Ise-Shima WAON 2016" card to commemorate the G7 Ise-Shima Summit and the "Soccer Daisuki WAON" card to promote regional communities through soccer. As a result of these activities, cumulative issuance of WAON cards grew to approximately 58.30 million cards as of the end of the first quarter, with WAON e-money transaction volume in the period totaling approximately 537.0 billion yen, a 6.6% year-on-year increase.

Shopping Center Development Business

The Shopping Center Development Business earned operating income of 11,636 million yen (up 2.6% year on year) on operating revenue of 78,116 million yen (up 17.7% year on year) for the first three months of the fiscal year.

At existing shopping centers in Japan, Aeon Mall Co., Ltd. strove to raise customer-drawing power by featuring Aeon credit cards and WAON e-money cards in its sales promotions and holding customer participation-style events. The company refurbished 10 existing shopping centers in the period, double the number in the same period a year ago, while opening three new shopping centers reflecting its strategy of designing malls to match the attributes of local communities. Opened in March, Aeon Mall Sakai Teppocho became the first facility in Japan to adopt a recycled wastewater combined utilization model, while also featuring a restaurant housed in the adjacent historic Sakai Teppocho red brick building. These and other features reflect the mall's community-oriented environmental design and landscaping. The mall was designed with biodiversity in mind, featuring trees and running brooks, greenery on the exterior walls, and other green features which enabled the mall to become the fifth of the company's shopping centers to be certified as a Facility in Harmony with Nature and the Community. Overseas, Aeon Mall's 17 existing shopping centers in ASEAN and China performed well during the period, and the company took steps to develop new shopping centers in these regions.

Services and Specialty Store Business

The Services and Specialty Store Business posted operating income of 7,802 million yen (up 0.3% year on year) on operating revenue of 196,954 million yen (up 5.6% year on year) for the first three months of the fiscal year.

Aeon Delight Co., Ltd. expanded its comprehensive facilities management services (FMS) among large-scale commercial facilities, medical facilities, hotels, universities, and multi-use facilities. The company strove to establish a services structure capable of providing a complete suite of services covering every stage of facility construction, resulting in a firm increase in orders for installation of energy-efficient equipment, facility refurbishment, and maintenance and repair.

Responding to higher demand for sports shoes amid social interest in health and wellness, G Foot Co., Ltd. developed new private-brand shoes designed around the concept "light and

relaxing" and featuring superior lightness and comfort. The company also promoted an omni-channel marketing strategy which led to robust growth in e-commerce sales.

International Business
(Aeon's consolidated financial statements for the International Business reflect results mainly for January through March.)
The International Business posted operating revenue of 111,329 million yen (down 5.2% year on year) and an operating loss of 1,348 million yen (a decline of 2,092 million yen year on year).

In Malaysia, Aeon Co. (M) Bhd. and Aeon Big (M) Sdn. Bhd. strengthened the business foundation in the country with the March opening of one of the largest shopping centers in the country, Aeon Mall Shah Alam in Shah Alam, the capital of Selangor State. This and other initiatives helped offset the reactionary decline in sales following a demand surge in the same period of the previous year prior to the April 1 introduction of a goods and service tax (GST). In Hong Kong, Aeon Stores (Hong Kong) Co., Ltd. began a full-scale refurbishment of its flagship Aeon Kornhill Store with the aim of improving earnings. In China, Group companies adjusted their product selections to meet demand around the Chinese New Year and for a record cold wave, leading to higher sales. In Vietnam, Aeon Vietnam Co., Ltd. posted strong performance by bolstering its product selection for the Lunar New Year and promoting products meeting the needs of customers in each community.

(2) Consolidated Financial Condition

Consolidated Assets, Liabilities, and Net Assets as of May 31, 2016
Consolidated assets at May 31, 2016 totaled 8,410,808 million yen, an increase of 184,933 million yen, or 2.2%, from the end of the previous fiscal year (February 29, 2016). The increase was chiefly attributable to increases of 212,224 million yen in loans and bills discounted for banking business and 53,894 million yen in property, buildings and equipment mainly for the refurbishment and opening of shopping centers, which outweighed declines of 50,269 million yen in cash and time deposits, mainly at financial subsidiaries, and 46,801 million yen in investment securities.

Consolidated liabilities at May 31, 2016 totaled 6,603,361 million yen, an increase of 196,961 million yen, or 3.1%, from February 29, 2016. The increase was chiefly attributable to increases of 39,703 million yen in notes and accounts payable-trade, 110,020 million yen in deposits for banking business, and 45,555 million yen in short-term borrowings.

Consolidated net assets at May 31, 2016 totaled 1,807,446 million yen, a decline of 12,028 million yen, or 0.7%, from February 29, 2016.

(3) Consolidated Earnings Forecast

The earnings forecast for the year ending February 28, 2017 is unchanged from the forecast announced April 13, 2016.

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

2. Other Information

(1) Changes Affecting the Status of Significant Subsidiaries during the Period: None

(2) Use of Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policy, Changes in Accounting Estimates, and Retrospective Restatement

(Accounting Standards for Business Combinations)

Effective the first three month of the fiscal year ending February 28, 2017, the Company adopted Revised Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013) and Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013). In line with this, accounting method for change in the Company's equity interests in a subsidiary was changed to a new method under which, when the Company still holds control over the subsidiary even after the change in equity interests, gains or losses resulting from the change in equity interests are recorded in capital surplus; and the acquisition cost is expensed in the fiscal year when it is incurred. In addition, for business combination implemented on or after March 1, 2016, the beginning of the FY2016 ending February 28, 2017, the Company switched to a new method under which adjustments to provisional values of allocated acquisition costs are reflected in the financial statements for the fiscal year which encompasses the effective date of business combination. Furthermore, some changes were made to presentation of net income and other related accounting titles, and "minority interests" was changed to "non-controlling interest." Financial statements for the three months ended May 31, 2015 and the fiscal year ended February 29, 2016 have been recast to reflect these presentation changes.

These accounting standards were adopted as of March 1, 2016, the beginning of the first three months of the fiscal year ending February 28, 2017, and are applied to the transactions took place on and after the adoption date with transitional treatments stipulated in paragraph 58-2(4) of the ASBJ Statement No.21, paragraph 44-5(4) of the ASBJ Statement No.22, and paragraph 57-4(4) of the ASBJ Statement No.7.

For reference, impact of these changes on the financial statements for the first three months of the fiscal year ending February 28, 2017 was minor.

(4) 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 under net assets with the book value of 5,705 million yen for 4,495,900 shares as of May 31, 2016. The book value of long-term debt (including the current portion) recorded in accordance with the adoption of the gross accounting method is 5,400 million yen.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	736,056	685,787
Notes and accounts receivable - trade	1,094,906	1,119,070
Marketable securities	237,767	190,965
Merchandise inventories	575,620	578,536
Deferred tax assets	43,249	44,954
Financial loan	300,854	293,174
Loans and bills discounted for banking business	1,217,376	1,429,600
Other	281,518	276,715
Allowance for doubtful accounts	(51,409)	(51,027)
Total current assets	4,435,940	4,567,777
Fixed assets		
Property, buildings and equipment		
Buildings and structures, net	1,472,547	1,522,734
Tools, furniture and fixtures, net	209,414	221,184
Land	811,128	813,136
Construction in progress	67,142	55,856
Other, net	55,208	56,425
Total property, buildings and equipment	2,615,442	2,669,336
Intangible fixed assets		
Goodwill	181,806	177,792
Software	64,550	71,534
Other	55,473	54,753
Total intangible fixed assets	301,830	304,080
Investments and other assets		
Investment securities	195,658	207,338
Net defined benefit asset	7,976	8,180
Deferred tax assets	87,687	84,518
Fixed leasehold deposits to lessors	413,599	408,087
Other	192,045	186,111
Allowance for doubtful accounts	(24,304)	(24,623)
Total investments and other assets	872,661	869,613
Total fixed assets	3,789,934	3,843,030
Total assets	8,225,874	8,410,808

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	892,629	932,333
Deposits for banking business	2,116,171	2,226,192
Short-term borrowings	328,570	374,125
Current portion of long-term debt	280,662	305,288
Bonds due within one year	4,197	7,919
Convertible bonds with stock acquisition rights due within one year	-	50
Commercial paper	115,500	122,970
Income taxes payable	58,715	21,878
Provision for bonuses	24,496	36,591
Provision for store closing expenses	7,468	6,467
Allowance for point program	24,649	23,398
Notes payable, construction	93,632	111,787
Other	585,273	613,870
Total current liabilities	4,531,966	4,782,874
Long-term liabilities		
Bonds	385,381	390,225
Convertible bonds with stock acquisition rights	50	-
Long-term debt	975,055	917,894
Deferred tax liabilities	36,410	39,107
Provision for store closing expenses	4,317	4,111
Allowance for loss on refund of interest received	4,474	3,528
Other allowances	6,302	6,241
Net defined benefit liability	27,432	27,139
Asset retirement obligations	75,119	76,354
Lease deposits from lessees	264,976	264,550
Other	94,912	91,334
Total long-term liabilities	1,874,432	1,820,487
Total liabilities	6,406,399	6,603,361

(Millions of yen)

	As of February 29, 2016	As of May 31, 2016
	Amount	Amount
Net assets		
Shareholders' equity		
Common stock	220,007	220,007
Capital surplus	316,894	317,120
Retained earnings	588,306	570,254
Treasury stock	(42,538)	(42,127)
Total shareholders' equity	1,082,670	1,065,255
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	42,815	52,294
Deferred gain (loss) on derivatives under hedge accounting	(5,237)	(4,418)
Foreign currency translation adjustments	21,651	12,603
Remeasurements of defined benefit plans	(104)	(781)
Total accumulated other comprehensive income	59,123	59,697
Stock acquisition rights	1,979	2,242
Non-controlling interest	675,700	680,251
Total net assets	1,819,474	1,807,446
Total net assets and liabilities	8,225,874	8,410,808

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

Consolidated Statements of Income

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
	Amount	Amount
Operating revenue		
Net sales	1,788,663	1,807,535
Operating revenue in the financial services business	75,389	79,875
Other operating revenue	155,364	158,731
Total operating revenue	2,019,417	2,046,142
Operating costs		
Cost of sales	1,311,004	1,317,746
Operating costs in the financial services business	8,911	7,729
Total operating costs	1,319,916	1,325,476
Gross profit on sales	477,659	489,788
Gross profit from operations	699,501	720,666
Selling, general and administrative expenses	664,588	687,792
Operating income	34,913	32,873
Other income		
Interest income	856	577
Dividend income	257	250
Gain on valuation of derivatives	-	1,939
Equity in gains of equity-method affiliates	468	-
Other	4,558	5,845
Total other income	6,141	8,614
Other expenses		
Interest expense	3,530	3,422
Equity in losses of equity-method affiliates	-	135
Other	1,739	3,250
Total other expenses	5,270	6,808
Ordinary income	35,784	34,679
Extraordinary gains		
Gain on sale of fixed assets	59	154
Gain on transfer from business divestitures	-	469
Gain on step acquisition	7,473	-
Other	1,819	109
Total extraordinary gains	9,352	733
Extraordinary losses		
Impairment loss	1,908	896
Loss on disaster	-	1,936
Other	3,599	3,114
Total extraordinary losses	5,507	5,947
Income (loss) before income taxes	39,628	29,465
Income taxes		
Current	21,921	19,153
Deferred	1,861	1,232
Total income taxes	23,782	20,385
Profit (loss)	15,846	9,080
Profit (loss) attributable to non-controlling interest	10,825	15,335
Profit (loss) attributable to owners of the parent	5,020	(6,254)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2015	Three months ended May 31, 2016
	Amount	Amount
Profit (loss)	15,846	9,080
Other comprehensive income		
Unrealized gain on available-for-sale securities	14,912	9,931
Deferred gain (loss) on derivatives under hedge accounting	(840)	1,314
Foreign currency translation adjustments	(2,936)	(16,314)
Remeasurements of defined benefit plans	988	(601)
Share of other comprehensive income of equity-method affiliates	(61)	(166)
Total other comprehensive income	12,063	(5,835)
Comprehensive income	27,909	3,244
(Breakdown)		
Comprehensive income attributable to owners of the parent	17,651	(5,680)
Comprehensive income attributable to non-controlling interest	10,257	8,925

(3) Notes on the Going-concern Assumption

Not applicable

(4) Segment Information

I. Three Months ended May 31, 2015 (March 1 – May 31, 2015)

Operating revenue and income/loss by reportable segment

(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	647,176	764,639	82,946	143,600	75,389	49,427	141,715
(2) Intersegment revenue or transfers	15,635	3,052	1,385	80	9,229	16,923	44,801
Total	662,811	767,692	84,331	143,680	84,618	66,350	186,516
Segment income (loss)	(4,790)	2,965	221	3,384	12,455	11,340	7,776

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statements of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	117,149	2,022,042	1,532	2,023,575	(4,157)	2,019,417
(2) Intersegment revenue or transfers	289	91,397	1,192	92,590	(92,590)	-
Total	117,438	2,113,440	2,725	2,116,165	(96,747)	2,019,417
Segment income (loss)	744	34,098	(909)	33,188	1,724	34,913

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

2. Main components of the minus 4,157 million yen in adjustments for revenue attributable to customers are (a) minus 18,790 million yen in adjustments to transactions reported in the reportable segment information and (b) 14,542 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 1,724 million yen in adjustments for segment income (loss) are (a) 2,101 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 452 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 289 million yen in intersegment transaction eliminations.

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

II. Three Months ended May 31, 2016 (March 1 – May 31, 2016)

Operating revenue and income/loss by reportable segment

(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	700,360	708,789	91,281	153,792	79,875	60,053	149,541
(2) Intersegment revenue or transfers	44,798	7,562	1,497	64	9,760	18,062	47,412
Total	745,159	716,352	92,779	153,857	89,635	78,116	196,954
Segment income (loss)	(9,322)	5,500	(35)	3,944	13,696	11,636	7,802

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statements of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	110,986	2,054,682	1,631	2,056,314	(10,171)	2,046,142
(2) Intersegment revenue or transfers	342	129,502	1,403	130,906	(130,906)	-
Total	111,329	2,184,185	3,035	2,187,220	(141,077)	2,046,142
Segment income (loss)	(1,348)	31,874	(1,006)	30,867	2,005	32,873

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

2. Main components of the minus 10,171 million yen in adjustments for revenue attributable to customers are (a) minus 19,820 million yen in adjustments to transactions reported in the reportable segment information and (b) 10,555 million yen in operating revenues of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments.

3. Main components of the 2,005 million yen in adjustments for segment income (loss) are (a) 1,786 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 568 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 896 million yen in intersegment transaction eliminations.

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

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

Not applicable