This is an abridged translation of the original Japanese document and is provided for informational purposes only.
If there are any discrepancies between this and the original, the original Japanese document prevails.

Financial Results for the Nine Months ended November 30, 2017

January 10, 2018

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	Kaori Miyake Executive Officer CSR & Communication
Telephone	+81 43-212-6042

Scheduled dates:	
Submission of statutory quarterly financial report	January 15, 2018
Commencement of dividend payments	-
Supplementary materials to the quarterly results	Available
Quarterly earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Nine Months ended November 30, 2017 (March 1, 2017 to November 30, 2017)

(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	%
Nine Months ended November 30, 2017	6,206,571	1.7	102,798	20.4	105,106	23.6	(4,404)	-
Nine Months ended November 30, 2016	6,099,860	1.1	85,376	5.6	85,040	3.7	(17,256)	-

Note: Comprehensive income: Nine Months ended November 30, 2017: 70,966 million yen (-%)
Nine Months ended November 30, 2016: (12,265) million yen (-%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Nine Months ended November 30, 2017	(5.25)	-
Nine Months ended November 30, 2016	(20.61)	-

Note: Even though the Company has dilutive shares, earnings per share - fully diluted for the nine months ended November 30, 2017 and 2016 are 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
November 30, 2017	9,449,063	1,867,242	11.9	1,336.16
February 28, 2017	8,750,856	1,862,410	12.9	1,349.79

Note: Total equity: November 30, 2017: 1,121,334 million yen February 28, 2017: 1,131,380 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.

2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
	yen	yen	yen	yen	yen
Year ended February 28, 2017	-	15.00	-	15.00	30.00
Year ending February 28, 2018	-	15.00	-		
Year ending February 28, 2018 (forecast)				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, 2018
(March 1, 2017 to February 28, 2018)

(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	8,300,000	1.1	200,000	8.3	200,000	6.8	15,000	33.3	17.90

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

***Notes**

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

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

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

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

(4) Number of shares issued (common stock)

1) Number of shares issued at end of period (treasury stock included):
November 30, 2017: 871,924,572 shares
February 28, 2017: 871,924,572 shares
2) Number of shares held in treasury at end of period:
November 30, 2017: 32,700,023 shares
February 28, 2017: 33,734,908 shares
3) Average number of shares outstanding during the period:
Nine Months ended November 30, 2017: 838,664,278 shares
Nine Months ended November 30, 2016: 837,235,853 shares

* The Company's stock held by Employee Stock Ownership Plan Trust (November 30, 2017: 2,380,600 shares, February 28, 2017: 3,380,600 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.

***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 "(3) Consolidated Earnings Forecast" on page 7 in section "1. Review of Operating Results and Financial Statements" in the Accompanying Materials.

Accompanying Materials

Contents

1. Review of Operating Results and Financial Statements 2
(1) Analysis of Operating Results 2
(2) Consolidated Financial Condition 7
(3) Consolidated Earnings Forecast 7
2. Consolidated Financial Statements and Main Notes 8
(1) Consolidated Balance Sheets 8
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 11
Consolidated Statements of Income 11
Consolidated Statements of Comprehensive Income 12
(3) Notes on the Consolidated Financial Statements 13
(Notes on the Going-concern Assumption) 13
(Notes on Significant Changes in the Amount of Shareholders' Equity) 13
(Additional Information) 13
(Segment Information) 14
(Material Subsequent Events) 16

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

Summary of Operating Results

For the first nine months of the fiscal year ending February 28, 2018 (March 1, 2017-November 30, 2017), Aeon Co., Ltd. (hereinafter "Aeon") posted record consolidated operating revenue for the period, while all levels of profit improved compared with the previous year. Consolidated operating revenue totaled 6,206,571 million yen (up 1.7% year on year), while consolidated operating income totaled 102,798 million yen (up 20.4% year on year), consolidated ordinary income totaled 105,106 million yen (up 23.6% year on year), and loss attributable to owners of the parent totaled 4,404 million yen, improving 12,851 million yen year on year. Five business segments posted year-on-year increases in operating income: GMS (General Merchandise Store) Business, which posted the largest year-on-year improvement among the segments, Drugstore and Pharmacy Business, Financial Services Business, Shopping Center Development Business, and International Business.

Common Group Strategy:

- Under the Aeon Group Medium-term Management Plan (FY2017-FY2019), which was announced in April and begins with the current fiscal year, the Aeon Group is implementing two major reform initiatives: earnings structure reforms of existing businesses (Aeon Retail Co., Ltd. and The Daiei, Inc.), and Group-wide structural reforms towards new growth (Group business structural reforms and business foundation reforms).

- On the basis of the Aeon Sustainability Principle formulated in 2011, Aeon announced in April the Aeon Sustainable Procurement Policy and Sustainable Procurement Goals for 2020 with the aim of solving social issues through business activities. In July, Aeon also announced the Aeon Cool Choice Declaration in support of "Cool Choice," a government-backed national campaign in Japan to promote various global warming countermeasures. In October, Aeon further announced an initiative to reduce food waste, including setting a target of reducing waste by half by 2025 and planning the establishment of a food resource recycling model. As one specific measure in conjunction with the initiative, Aeon is gradually changing the best-before date for Aeon's private brand Topvalu processed foods with best-before dates of over a year from year-month-day to year-month—the first such measure by a Japanese retailer. Also in October, Aeon became the first Asian retailer to join The Global Sustainable Seafood Initiative (GSSI), an international organization dedicated to promoting sustainable marine products.

- In June, Aeon concluded a Comprehensive Memorandum of Understanding on Investment and Business Promotion in Hanoi with the Hanoi People's Committee (Vietnam) under which Aeon will support the city's economic vitalization and the region's further development through the development of large-scale shopping centers and retail, along with finance and other services. In November, Aeon concluded a Memorandum of Understanding for Cooperation on the Sale of Indonesian Products with the export development office of the Ministry of Trade, Republic of Indonesia. Under this agreement, Aeon and Indonesia will establish a comprehensive collaborative framework to leverage Aeon's global logistics and retail networks to strengthen promotion of certified Halal and other products, for which demand is expected to grow in the future.

- In August, Aeon lowered the prices of 114 Topvalu products, including packaged rice, toilet paper, and other daily necessities. Aeon lowered the prices of 30 Topvalu products in the second half of the previous fiscal year, followed by further price cuts on 254 products which included both Topvalu and national brand items in March and April of the current fiscal year. The expansion of price reductions to more products reflects improved efficiency in logistics systems, bulk purchasing, and other expanded company-wide efforts

to rationalize costs as one way to continue responding to customers' seeking to economize.

- In September, the Aeon Chubu Delicatessen Center opened as a new facility within the Aeon Food Supply Chubu Center, which manages the fresh food and delicatessen production, processing, and shipping for the Chubu region. The new center will leverage the advantages of being attached to the fresh food processing center to produce original Aeon products boasting fresh materials, while rapidly commercializing new product lineups matching regional tastes. The new center will also help improve logistics efficiency by consolidating the production of certain kinds of food products currently produced at subcontractor centers in other areas.

Business Segment Information

Results by business segment are disclosed as follows.
From the first quarter of the fiscal year under review, Aeon has changed the reporting of its business segment information. The comparisons and analysis for the current consolidated nine-month period are based on the segment information after the change.

GMS Business

The GMS Business posted an operating loss of 21,597 million yen (an improvement of 16,305 million yen year on year) on operating revenue of 2,268,477 million yen (up 0.3% year on year) for the first nine months of the fiscal year. The business posted higher revenues and profitability as a result of continued profitability improvement at stores transferred from The Daiei, Inc. (hereinafter "Daiei") and at Aeon Retail Co., Ltd. (hereinafter "Aeon Retail"), which contributed to consolidated results.

Aeon Retail opened nine new stores during the period. Aeon Style Kobe Minami (Hyogo Prefecture), which opened in June, leverages its proximity to the Main Market of Kobe Central Wholesale Market to feature sales floors replete with fresh products, such as fish caught the same morning and a fresh fish rice bowl corner. Aeon Style umie (Hyogo Prefecture), which opened in July, features one of the largest food sales floor of any Aeon stores, with an eat-in area seating about 300 people. The store also has a wealth of food shops offering freshly made items, including pasta shop Pergrano, steak shop Gabling Steak, whose menu includes Topvalu Gurinai Tasmanian Beef raised at Aeon-owned ranches, and chopped salad specialty chain Saladbits, with its first outlet in the Kinki region. Aeon Style Kemigawahama (Chiba Prefecture), which opened in November, became the first newly established Aeon store to be dedicated to the "Grand Generation (G.G)." G.G regards the senior generation from a new perspective and stands for the generation of senior citizen customers who have aged gracefully and enjoy a wide range of active lifestyles which make the most of their wealth of wisdom and experience. In the areas of food, fashion, and homeware, the store offers a complete range of products and services designed around the concept of "healthy mind and body." The store also offers a wide range of community-oriented services with the aim of being a center of the G.G community, including living support services to help customers with such daily problems as changing lightbulbs and an event space to provide health fitness. Aeon Retail also strove to increase customer traffic and the number of items purchased by adjusting prices to meet the needs of economizing customers while refurbishing 51 existing stores. For the third quarter alone, although Aeon Retail's same-store sales declined 1.1% year on year, the rate of decline narrowed by 0.6 point compared to the year-on-year decline in the second quarter. Additionally, the company achieved continued improvement in gross profit margin and success from cost-cutting programs, including more efficient use of marketing and promotion expenses. As a result, operating results improved by 7,464 million yen year on year.

Aeon Hokkaido Corporation (hereinafter "Aeon Hokkaido") refurbished nine stores during the period based on the strategy of developing stores to best match their communities. The company also actively promoted its stores to visiting foreign tourists through promotional activities at international tourism fairs. The Aeon Hokkaido 10th anniversary celebration sales

promotions and events begun in September enjoyed strong customer support. The My Basket business and the Online Supermarket business both posted double-digit increases in sales year on year to contribute to the company's operating income. The My Basket business bolstered performance by revamping its merchandise lineups, while the Online Supermarket business raised its item order limit and expanded geographical availability of online pharmaceutical sales. As a result, Aeon Hokkaido posted record operating revenue for the nine-month period (an increase of 1.2% year on year) while raising profits by reducing SG&A expenses and other measures.

Supermarket Business

The Supermarket Business posted operating revenues of 2,417,292 million yen (up 0.4% year on year) for the first nine months of the fiscal year. Operating income declined to 12,596 million yen (down 33.1% year on year) due to the impact of lower prices for agricultural products and October typhoons on same-store sales, higher personnel costs associated with expanded social insurance coverage, and higher unit price of electricity charge. The business continued implementing programs to serve the needs of customers in local communities while promoting improvements in productivity.

Daiei, which is concentrating its operations in the Tokyo metropolitan area and Keihanshin area (the Kyoto-Osaka-Kobe metropolitan area) and focusing its business on food, lowered workloads at individual stores by expanding usage of food processing centers, while reducing food loss by introducing new packaging technologies designed to extend the expiry dates of fresh foods. The company celebrated its 60th anniversary in September by bolstering its "Every Day Same Low Price" (EDSLP) program through the expansion of its "Eh! Yasui Ne!" sales promotion to a record of about 1,300 items. Daiei also achieved expense reductions. Together, these initiatives helped Daiei narrow its operating loss by approximately 1.5 billion yen year on year.

United Super Markets Holdings Inc. (hereinafter "U.S.M.H.") continued to promote product reforms, ICT reforms, cost structure reforms, and logistics reforms, which are the key initiatives under its current medium-term management plan. Consolidated subsidiary Maruetsu, Inc. expanded the use of semi-automatic self-checkout registers to 187 stores as a labor-saving measure, while also rolling out the "Total Labor Scheduling Program (LSP)" at all stores to support efficient store operations. Maruetsu Okubo Ekimae Store (Chiba Prefecture) opened in October featuring new merchandise and services and serving as a model for future new stores and the refurbishment of existing stores.

Drugstore and Pharmacy Business

The Drugstore and Pharmacy Business recorded operating income of 18,770 million yen (up 20.0% year on year) on operating revenues of 515,527 million yen (up 10.7% year on year) for the first nine months of the fiscal year.

Welcia Holdings Co., Ltd. (hereinafter "Welcia Holdings") and its consolidated subsidiaries actively promoted new store openings and the refurbishment of existing stores. The company increased prescription drug sales by expanding the number of drugstores offering prescription drugs (1,111 stores as of November 30, including one in Singapore), while expanding the number of 24-hour stores to provide customers with peace of mind and enhanced convenience. These and other measures led to steady sales growth in the period. The companies also actively developed new products around the key theme of health, responded to customer demand for quick meals with bento lunch boxes and ready-to-eat meals, and promoted the development of Welcafe corners in the stores to serve as community meeting and collaboration sites. The segment posted higher sales and profits as a result of these active measures to root management into the local communities. On September 1, Welcia Holdings acquired the shares of Marudai Sakurai Pharmacy Limited, an operator of drugstores primarily in the Tohoku region, making the company a subsidiary. Including these stores, Welcia Holding operated 1,666 stores (including stores outside Japan) as of November 30, 2017.

Financial Services Business

The Financial Services Business earned operating income of 44,100 million yen (up 6.5% year on year) on operating revenue of 294,283 million yen (up 8.3% year on year) for the first nine months of the fiscal year.

In Japan, Aeon Financial Service Co., Ltd. (hereinafter “Aeon Financial Service”) expanded card usage at Aeon Group stores and among external member stores while developing new customers among the younger generations. These initiatives included the issuance of new credit cards developed with external companies and cards featuring popular characters, along with continued promotional efforts with partner companies. The company also made strides shifting to a digital-based business model through such measures as starting a demonstration project to use robot technologies to support new credit card applications.

Aeon Bank, which celebrated its 10th anniversary, continued to bolster its business foundation in Japan, bringing its network to 138 branches. Aeon Bank also launched Aeon Bank iDeCo (individual-type defined contribution pension plan) services and installment-type NISA (Nippon Individual Savings Account) accounts. Additionally, on October 1, Aeon Credit Service transferred to Aeon Bank the management of in-store Aeon Bank branches, which Aeon Credit Service has been managing as the in-store branch agent. The management of all branches directly by Aeon Bank will facilitate the seamless provision of asset formation services.

In the overseas business, in Hong Kong, the business endeavored to expand credit card transaction volume by launching a new initiative to award double the normal sales points on Aeon store purchases to holders of the Aeon gold card members. In Thailand, Aeon collaborated with a major retailer to launch a new joint credit card and implemented joint promotions to expand credit card holders and transaction volume. Aeon also responded to new credit card regulations while instituting more rigorous application screening process to reduce bad debt costs. In Malaysia, the business continued to promote paperless systems using tablets and digital signage. In the Philippines, Aeon started an auto loan business for taxi operators using new IoT devices. These and other new technologies were also rolled out in Cambodia in order to raise the level of services for customers.

Shopping Center Development Business

The Shopping Center Development Business earned operating income of 34,422 million yen (up 11.8% year on year) on operating revenue of 247,275 million yen (up 6.3% year on year) for the first nine months of the fiscal year.

Aeon Mall Co., Ltd. (hereinafter “Aeon Mall”) actively promoted refurbishments and floor space expansion of existing shopping centers, completing floor expansions of two shopping centers and refurbishments of 12 shopping centers in Japan during the nine-month period. The company also held the Aeon Black Friday promotion and the “Ultimate Localization” program aimed at attracting senior citizens and other new customer segments and promoting the attraction of local communities. These efforts succeeded in increasing customer traffic and specialty store sales year on year to boost overall shopping center performance. In addition to the three new shopping centers opened in the first six months of the fiscal year, Aeon Mall opened Aeon Mall Kobe Minami (Hyogo Prefecture) and Aeon Mall Matsumoto (Nagano Prefecture) in the third quarter.

At overseas shopping centers, which are positioned as critical growth drivers for the future, 13 of 19 shopping centers opened as of the end of the previous fiscal year were profitable in the period, and the overseas shopping center business as a whole showed the prospect of turning profitable in future quarters.

OPA Co., Ltd., which operates urban fashion buildings, opened Mito OPA (Ibaraki Prefecture) in March, its first new store in four years. In October, the company opened Takasaki OPA (Gunma Prefecture) as its flagship store since its corporate rebirth, while also transforming Akita FORUS, which closed at the end of the previous fiscal year, into the Akita OPA (Akita Prefecture) following a complete refurbishment.

Services and Specialty Store Business

The Services and Specialty Store Business posted operating income of 16,687 million yen (down 17.0% year on year) on operating revenue of 581,288 million yen (up 1.1% year on year) for the first nine months of the fiscal year.

Aiming to improve automation and efficiency in the facility management business, Aeon Delight Co., Ltd. (hereinafter "Aeon Delight") deployed remote monitoring and automated control systems and automated late-night security systems while continuing research and development for the deployment of fully automated running cleaning robots. Aeon Delight also strengthened sales in and outside Japan of its integrated facility management (IFM) services, which manage facility outsourcing needs in an integrated manner.

Aeon Fantasy Co., Ltd. (hereinafter "Aeon Fantasy") continued to enjoy higher sales from amusement machines in Japan, which have risen since September 2015. The company also expanded its offerings of original prizes and successfully continued online sales promotions begun in the previous fiscal year, leading to a strong increase in sales from crane-type game machines. Aeon Fantasy opened eight new outlets and refurbished 36 existing outlets in Japan during the first nine months, which generated steady benefits to boost sales. Outside Japan, Aeon Fantasy opened 26 new outlets in China and 26 in ASEAN. In China, the number of customers joining the mobile phone application program grew steadily, and sales related to applications contributed a significant percentage of sales. Profits increased in Malaysia and Thailand due to robust sales at existing outlets, while businesses in the Philippines and Indonesia achieved positive operating income for the first time on a nine-month basis.

International Business

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

The International Business posted operating revenue of 306,861 million yen (up 2.9% year on year) and an operating loss of 2,858 million yen (an improvement of 3,840 million yen year on year).

In Malaysia, Aeon Co. (M) Bhd. opened a new store in the State of Johor in September. The new store is proposing whole new lifestyles through a kitchen studio located next to the fresh foods section, and sections for imported food products and liquor. The company also continued to open new AEON Wellness drugstores as solution stores helping customers solve daily beauty and healthy issues, expanding the chain to more than 50 stores.

Aeon Vietnam Co., Ltd. (hereinafter "Aeon Vietnam") posted higher sales by continuing to enhance its products and services for social occasions and community events. During the nine-month period, the company enjoyed higher sales of goods for the new school year as well as for new product proposal for the mid-autumn festival. Sales growth at supermarkets was particular strong as the popularity of fresh food products continues to grow each year. Aeon Vietnam succeeded in generating new demand through such initiatives as launching sales of imported pears from Japan for the first time in August, while also expanding the number of in-house developed products. In shopping center management, the company actively attracted new tenants. Overall, the success of these initiatives led to strong increases in sales and profits for the period.

In China, Aeon Hubei (Aeon Hubei Co., Ltd.) opened a new store in April, Guangdong Aeon (Guangdong Aeon Teem Co., Ltd.) opened new stores in July and August, and Aeon South China (Aeon South China Co., Ltd.) opened a new store in August, expanding the number of Aeon Group GMS store in China (including Hong Kong) to 53. Aeon Qingdao (Qingdao Aeon Dongtai Co., Ltd.) posted a large increase in profit and return to profitability after closing underperforming stores in the previous fiscal year and focusing management resources into existing stores. Aeon Beijing (Beijing AEON Co., Ltd.) and Aeon East China (Aeon East China (Suzhou) Co., Ltd.) posted steady improvement in profitability by successfully implementing measures to continue their focus on becoming profitable and raising profitability.

(2) Consolidated Financial Condition

Consolidated Assets, Liabilities, and Net Assets

Consolidated assets at November 30, 2017 totaled 9,449,063 million yen, an increase of 698,207 million yen, or 8.0%, from the end of the previous fiscal year (February 28, 2017). In current assets, most of the increases were related to financial subsidiaries, including increases of 255,737 million yen in notes and accounts receivable-trade and 315,358 million yen in loans and bills discounted for banking business. Cash and time deposits decreased by 146,603 million yen, while in fixed assets, property, buildings and equipment increased 176,248 million yen, mostly due to the opening of new shopping centers.

Consolidated liabilities at November 30, 2017 totaled 7,581,821 million yen, an increase of 693,375 million yen, or 10.1%, from February 28, 2017. This was chiefly attributable to increases of 365,492 million yen in deposits for banking business, 89,047 million yen in notes and accounts payable-trade, 56,626 million yen in long-term debt (including the portion of long-term debt due within one year), and 48,923 million yen in short-term borrowings.

Consolidated net assets at November 30, 2017 totaled 1,867,242 million yen, an increase of 4,831 million yen, or 0.3%, from February 28, 2017.

(3) Consolidated Earnings Forecast

The earnings forecast for the year ending February 28, 2018 is unchanged from the forecast announced October 4, 2017.

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

2. Consolidated Financial Statements and Main Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2017	As of November 30, 2017
	Amount	Amount
Assets		
Current assets		
Cash and time deposits	842,714	696,110
Call loans	25,000	-
Notes and accounts receivable - trade	1,187,488	1,443,225
Marketable securities	185,098	182,802
Merchandise inventories	586,202	620,172
Deferred tax assets	53,257	51,938
Financial loan	299,271	352,917
Loans and bills discounted for banking business	1,470,142	1,785,500
Other	323,662	317,429
Allowance for doubtful accounts	(53,061)	(56,027)
Total current assets	4,919,774	5,394,069
Fixed assets		
Property, buildings and equipment		
Buildings and structures, net	1,487,044	1,585,953
Tools, furniture and fixtures, net	224,190	235,326
Land	804,884	844,860
Construction in progress	70,584	92,445
Other, net	73,075	77,442
Total property, buildings and equipment	2,659,779	2,836,028
Intangible fixed assets		
Goodwill	161,694	159,883
Software	73,839	76,151
Other	59,302	60,995
Total intangible fixed assets	294,837	297,030
Investments and other assets		
Investment securities	205,069	253,041
Net defined benefit asset	10,693	12,777
Deferred tax assets	87,341	87,227
Fixed leasehold deposits to lessors	404,867	409,223
Other	187,447	176,946
Allowance for doubtful accounts	(18,953)	(17,279)
Total investments and other assets	876,465	921,936
Total fixed assets	3,831,081	4,054,994
Total assets	8,750,856	9,449,063

(Millions of yen)

	As of February 28, 2017	As of November 30, 2017
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	888,422	977,469
Deposits for banking business	2,498,725	2,864,218
Short-term borrowings	354,475	403,398
Current portion of long-term debt	301,860	271,374
Bonds due within one year	27,655	25,348
Commercial paper	43,498	40,769
Income taxes payable	49,277	27,618
Provision for bonuses	26,196	49,224
Provision for store closing expenses	5,505	6,067
Allowance for point program	21,358	19,970
Other allowances	1,363	1,083
Notes payable, construction	86,453	127,637
Other	613,666	661,090
Total current liabilities	4,918,460	5,475,272
Long-term liabilities		
Bonds	435,885	473,319
Convertible bonds with stock acquisition rights	30,000	30,000
Long-term debt	972,900	1,060,013
Deferred tax liabilities	48,350	53,074
Provision for store closing expenses	4,237	4,133
Allowance for loss on refund of interest received	3,808	2,127
Other allowances	6,341	5,732
Net defined benefit liability	25,735	24,996
Asset retirement obligations	80,734	82,848
Lease deposits from lessees	262,850	266,420
Other	99,140	103,881
Total long-term liabilities	1,969,985	2,106,549
Total liabilities	6,888,445	7,581,821

(Millions of yen)

	As of February 28, 2017	As of November 30, 2017
	Amount	Amount
Net assets		
Shareholders' equity		
Common stock	220,007	220,007
Capital surplus	315,813	306,786
Retained earnings	575,147	545,491
Treasury stock	(40,709)	(39,404)
Total shareholders' equity	1,070,259	1,032,881
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	52,440	79,519
Deferred gain (loss) on derivatives under hedge accounting	(2,588)	(2,816)
Foreign currency translation adjustments	10,178	10,715
Remeasurements of defined benefit plans	1,091	1,032
Total accumulated other comprehensive income	61,121	88,452
Stock acquisition rights	1,820	1,970
Non-controlling interest	729,209	743,937
Total net assets	1,862,410	1,867,242
Total net assets and liabilities	8,750,856	9,449,063

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

Consolidated Statements of Income

(Millions of yen)

	Nine Months ended November 30, 2016	Nine Months ended November 30, 2017
	Amount	Amount
Operating revenue		
Net sales	5,391,996	5,466,217
Operating revenue in the financial services business	240,710	261,533
Other operating revenue	467,152	478,819
Total operating revenue	6,099,860	6,206,571
Operating costs		
Cost of sales	3,915,960	3,959,001
Operating costs in the financial services business	21,625	23,390
Total operating costs	3,937,586	3,982,391
Gross profit on sales	1,476,035	1,507,216
Gross profit from operations	2,162,274	2,224,179
Selling, general and administrative expenses	2,076,897	2,121,381
Operating income	85,376	102,798
Other income		
Interest income	2,220	2,266
Dividend income	1,552	1,594
Equity in gains of equity-method affiliates	775	2,753
Other	13,270	13,921
Total other income	17,819	20,535
Other expenses		
Interest expense	10,995	11,722
Other	7,159	6,505
Total other expenses	18,155	18,228
Ordinary income	85,040	105,106
Extraordinary gains		
Gain on sale of fixed assets	4,038	7,772
Gain on transfer from business divestitures	469	1,433
Other	2,301	1,405
Total extraordinary gains	6,808	10,611
Extraordinary losses		
Impairment loss	5,197	9,544
Provision for store closing expenses	2,749	3,945
Loss on disposal of property, buildings and equipment	2,621	2,301
Loss on disaster	2,074	-
Other	3,308	6,254
Total extraordinary losses	15,951	22,045
Income before income taxes	75,897	93,671
Income taxes		
Current	55,383	59,018
Deferred	(6,736)	(6,065)
Total income taxes	48,647	52,952
Profit	27,250	40,719
Profit attributable to non-controlling interest	44,506	45,123
Profit (loss) attributable to owners of the parent	(17,256)	(4,404)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months ended November 30, 2016	Nine Months ended November 30, 2017
	Amount	Amount
Profit	27,250	40,719
Other comprehensive income		
Unrealized gain on available-for-sale securities	14,271	27,036
Deferred gain (loss) on derivatives under hedge accounting	4,388	(87)
Foreign currency translation adjustments	(58,835)	2,941
Remeasurements of defined benefit plans	806	297
Share of other comprehensive income of equity-method affiliates	(146)	57
Total other comprehensive income	(39,515)	30,246
Comprehensive income	(12,265)	70,966
(Breakdown)		
Comprehensive income attributable to owners of the parent	(32,686)	22,926
Comprehensive income attributable to non-controlling interest	20,420	48,039

(3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)
Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)
Not applicable

(Additional Information)

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)
Effective the first three months of the fiscal year ending February 28, 2018, the Company has applied *Revised Implementation Guidance on Recoverability of Deferred Tax Assets* (ASBJ Guidance No. 26, revised on March 28, 2016).

(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 the treasury stock under net assets with the book value of 3,021 million yen for 2,380,600 shares as of November 30, 2017. The book value of long-term debt (including the current portion) recorded in accordance with the adoption of the gross accounting method is 1,800 million yen.

(Segment Information)

I. Nine Months ended November 30, 2016 (March 1 – November 30, 2016)

Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Drugstore and Pharmacy	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:						
(1) Revenue attributable to customers	2,121,834	2,389,220	465,486	240,710	178,013	436,327
(2) Intersegment revenue or transfers	139,762	17,377	119	31,005	54,627	138,811
Total	2,261,596	2,406,598	465,605	271,716	232,640	575,139
Segment income (loss)	(37,902)	18,842	15,638	41,428	30,800	20,093

	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	296,840	6,128,433	62	6,128,495	(28,635)	6,099,860
(2) Intersegment revenue or transfers	1,383	383,088	5,748	388,836	(388,836)	-
Total	298,223	6,511,521	5,811	6,517,332	(417,472)	6,099,860
Segment income (loss)	(6,698)	82,201	295	82,497	2,879	85,376

Notes: 1. “Other” segment includes business segments not categorized as reportable segments such as mobile marketing business.

2. Main components of the minus 28,635 million yen in adjustments for revenue attributable to customers are (a) minus 57,450 million yen in adjustments to transactions reported in the reportable segment information and (b) 28,676 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 2,879 million yen in adjustments for segment income (loss) are (a) 3,675 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 128 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and (c) minus 1,098 million yen in intersegment transaction eliminations.

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

II. Nine Months ended November 30, 2017 (March 1 – November 30, 2017)

1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Drugstore and Pharmacy	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:						
(1) Revenue attributable to customers	2,113,545	2,405,682	515,271	261,533	189,194	443,490
(2) Intersegment revenue or transfers	154,931	11,610	256	32,750	58,080	137,797
Total	2,268,477	2,417,292	515,527	294,283	247,275	581,288
Segment income (loss)	(21,597)	12,596	18,770	44,100	34,422	16,687

	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	305,042	6,233,762	40	6,233,802	(27,230)	6,206,571
(2) Intersegment revenue or transfers	1,819	397,244	8,129	405,374	(405,374)	-
Total	306,861	6,631,006	8,169	6,639,176	(432,604)	6,206,571
Segment income (loss)	(2,858)	102,121	569	102,690	108	102,798

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

2. Main components of the minus 27,230 million yen in adjustments for revenue attributable to customers are as follows:
   (a) minus 57,551 million yen in adjustments to service transactions reported in the reportable segment information, and
   (b) 30,231 million yen in “operating revenues from equity-method affiliates” of Group companies attributable to Aeon Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

3. Main components of the 108 million yen in adjustments for segment income (loss) are as follows:
   (a) 2,265 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
   (b) minus 679 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and
   (c) minus 1,444 million yen in intersegment transaction eliminations.

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

2. Changes in Reportable Segment

In order to tackle with new management challenges, the Company implemented organizational reforms to further strengthen the solid Group management structure 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.

In line with this, effective the first three months of the fiscal year ending February 28, 2018, the Company's business segments have been reorganized: Supermarket and Discount Store Business and Small-sized Store Business have been unified to Supermarket Business; and Digital Business that was included in Other has been folded into GMS Business.

With respect to changes in primary Group companies, Origin Toshu Co., Ltd. that was included in Small-sized Store Business has been reclassified into GMS Business given its close ties with GMS Business. The segment amounts for the nine months ended November 30, 2016 have been recast to conform to the current period presentation.

(Material Subsequent Events)

Not applicable