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Financial Results for the Nine Months ended November 30, 2012

January 11, 2013

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Scheduled dates:

Submission of statutory quarterly financial report January 11, 2013

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, 2012

(March 1, 2012 to November 30, 2012)

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

| | Operating revenue | | Operating income | | Ordinary income | | Net income | |
|-------------------------------------|-------------------|-----|------------------|-------|-----------------|------|-------------|--------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Nine months ended November 30, 2012 | 4,120,460 | 9.9 | 96,169 | (5.5) | 117,132 | 2.2 | 37,586 | 2.9 |
| Nine months ended November 30, 2011 | 3,748,296 | 0.4 | 101,818 | 9.1 | 114,560 | 13.3 | 36,536 | (25.6) |

Note: Comprehensive income: Nine months ended November 30, 2012: 66,929 million yen (104.6%)
Nine months ended November 30, 2011: 32,706 million yen (- %)

| | Net income per share | Net income per share – fully diluted |
|-------------------------------------|----------------------|--------------------------------------|
| | yen | yen |
| Nine months ended November 30, 2012 | 48.39 | 43.96 |
| Nine months ended November 30, 2011 | 47.75 | 41.75 |

(2) Financial Position

| | Total assets | Net assets | Total equity ratio | Net assets per share |
|-------------------|--------------|-------------|--------------------|----------------------|
| | million yen | million yen | % | yen |
| November 30, 2012 | 4,398,835 | 1,332,698 | 22.1 | 1,228.18 |
| February 29, 2012 | 4,048,937 | 1,282,066 | 23.1 | 1,216.22 |

Note: Total equity: November 30, 2012: 971,657 million yen February 29, 2012: 935,737 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 29, 2012 | - | - | - | 23.00 | 23.00 |
| Year ending February 28, 2013 | - | 12.00 | | | |
| Year ending February 28, 2013 (forecast) | | | - | 12.00 | 24.00 |

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

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2013 (March 1, 2012 to February 28, 2013)

(Percentage figures represent year-on-year changes)

| | Operating revenue | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-------------------|-----|--------------------|-------------|--------------------|------------|------------------|------------|----------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Full year | 5,650,000 | 8.5 | 210,000 to 220,000 | 7.3 to 12.4 | 220,000 to 230,000 | 3.6 to 8.4 | 68,000 to 73,000 | 1.9 to 9.4 | 88.38 to 94.88 |

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

4. Other Information

- (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
 - *For details, see “2. (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement” on page 7 in the Accompanying Materials.
 - 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, 2012: 800,446,214 shares
 - February 29, 2012: 800,446,214 shares
 - 2) Number of shares held in treasury at end of period:
 - November 30, 2012: 9,312,752 shares
 - February 29, 2012: 31,065,617 shares
 - 3) Average number of shares outstanding during the period:
 - Nine months ended November 30, 2012: 776,774,408 shares
 - Nine months ended November 30, 2011: 765,156,753 shares

***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 Forecasts” on page 7 in section “1. Review of Operating Results and Financial Statements” in the Accompanying Materials.

Accompanying Materials

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1. Review of Operating Results and Financial Statements

(1) Consolidated Operating Results

In the first nine months of the fiscal year ending February 28, 2013 (March 1, 2012 – November 30, 2012), reconstruction demand following the Great East Japan Earthquake supported economic recovery in some regions of Japan and among certain industries. Overall, however, severe economic conditions persisted due to deteriorating corporate profits, particularly in the manufacturing industry, and other factors. Personal consumption also remained sluggish, as sentiment was dampened by concerns over lower future disposable income stemming from planned consumption tax hikes, while consumers refrained from purchasing many types of seasonal goods due to the record-setting heat wave between September and mid-October.

Amid this economic environment, Aeon bolstered its lineup of its TOPVALU brand products offering quality at a reasonable price, including its range of TOPVALU BESTPRICE merchandise featuring a limited number of functions and simplified packaging for a lower price in response to customers seeking to economize.

The Group is in the second year of its current Medium-term Management Plan (FY2011~FY2013) which recognizes the Group-wide strategy of targeting opportunities in four megatrends in the operating environment: a shift to Asian markets, a shift to urban markets, a shift to senior-oriented markets, and a shift to digital markets. Group companies continued to channel management resources into these four areas. With regard to the shift to Asian markets, in October, Aeon bolstered and expanded its business foundation in Malaysia by acquiring all outstanding shares in Carrefour Malaysia Sdn. Bhd and renowned Malaysian hypermarket operator Magnificent Diagraph Sdn. Bhd., which are both subsidiaries of France-based company Carrefour S.A. Aeon also buttressed its organizational structure in Asia to support accelerated growth, as Aeon (China) Co., Ltd. (the Aeon Group's China Headquarters) began operations in March 2012 and AEON ASIA SDN. BHD., the new ASEAN headquarters located in Malaysia, began full-fledged activities in November 2012. With regard to the shift to senior-oriented markets, Aeon continued to support the "Grand Generation (G.G)" of senior citizen customers by responding to their changing lifestyle needs with the development of new services and products. From September, the 15th of each month was designated "G.G Appreciation Day," and the Group began issuing the "G.G Aeon Card," a credit card for senior customers aged 55 and over, and launched its "G.G WAON" e-money service to provide further support. The Group also teamed up with product manufacturers to develop limited edition merchandise and customized services for senior customers.

As a result of these activities, for the first nine months of the fiscal year ending February 28, 2013, Aeon earned consolidated operating income of 96,169 million yen (down 5.5% year on year), consolidated ordinary income of 117,132 million yen (up 2.2% year on year) and consolidated net income of 37,586 million yen (up 2.9% year on year) on consolidated operating revenue of 4,120,460 million yen (up 9.9% year on year), representing the highest nine-month revenue in Aeon's history.

Business Segment Information

GMS Business

Aeon's GMS Business opened five new stores and closed four existing stores during the nine months ended November 30, 2012 (excluding equity-method affiliates, Aeon opened four new GMS stores and closed one existing store).

The GMS business promoted a reform program aimed at creating a new comprehensive business format. As part of this program, the business expanded sales of Aeon's TOPVALU brand merchandise, promoted store specialization to develop specialized product lineups and services, and stepped up efforts to refurbish existing stores so as to improve their competitiveness. With regard to TOPVALU brand merchandise, Aeon bolstered sales across stores nationwide by expanding its lineup of TOPVALU HeatFact products featuring functional materials to a record 1,200 items while enlarging the

lineup of TOPVALU BESTPRICE goods. With regard to store specialization, Aeon Bike Co., Ltd. was established in September to create an independent management structure for the bicycle retailing business and accelerate new store openings within GMS stores as well as independent roadside stores with the aim of creating one of the nation's largest bike retailers. With regard to existing store refurbishment, the fruits of past renovations were leveraged in the complete refurbishment of Tokyo's Itabashi Store and other outlets to better match the changing customer lifestyles and significantly altered demographics.

Aeon Retail Co., Ltd. steadily implemented GMS business reforms while bolstering special sales of seasonal goods through such promotions as *Kayo-ichi* (Tuesday Sale) in response to customers seeking to economize. In spite of these initiatives, consumer sentiment towards seasonal goods slumped due to the record heat wave from September through mid-October, and increasing price competition over sales of food and other merchandise. As a result, Aeon Retail's comparable-store sales in the nine months ended November 30, 2012 declined 1.4% versus the same period of the previous fiscal year (apparel sales declined 0.3%, food sales declined 1.3%, and housing and recreational product sales declined 2.5% year on year). Despite efforts made to provide more thorough inventory management and expanded sales of TOPVALU brand merchandise with higher gross profit margins, directly-operated stores' gross profit margin declined 0.3 points from the same period of the previous year, affected by consumers' heightened thriftiness and fiercer price competition in daily necessities and other merchandise. SG&A expenses for existing stores declined by 0.3% year on year, reflecting successful measures to promote efficient store operation and reduce personnel costs and facilities' utilities expenses. (Please note that the end of Aeon Retail's third-quarter financial period changed from November 20 to November 30 and that through the second quarter, year-on-year comparable-store sales and expense figures are in comparison with stores of the former Aeon Retail Co., Ltd and the former Aeon Marche Co., Ltd., while figures from the third quarter also include results from the former Mycal Corporation.)

Aeon Hokkaido Corporation reported higher revenues and earnings in the period by revitalizing its stores to increase customer traffic, with a focus on food sales areas, while improving the efficiency of store operations.

As a result, the GMS Business earned operating income of 6,378 million yen (down 60.8% year on year) on operating revenue of 1,956,141 million yen (up 2.9% year on year) for the nine months ended November 30, 2012.

Supermarket Business

Aeon's Supermarket Business opened 62 new stores and closed 23 existing stores during the nine months ended November 30, 2012 (excluding equity-method affiliates, the Supermarket Business opened 36 and closed 18 stores).

The Supermarket Business responded to changing consumer lifestyles and fiercer competition with other types of retailers by collaborating with GMS stores to roll back opening hours to 7 a.m. Additionally, the business promoted "4 p.m. delicatessens" and expanded its optimal selection of ready-to-eat dinner items to bolster overall sales. Among various promotions leveraging the Group's economies of scale, the business drew on its comprehensive capabilities to launch a unified "Customer Thank You Sale at 1,000 Group supermarkets" in November. In September, Maxvalu Chubu Co., Ltd. and Maxvalu Chukyo Co., Ltd. agreed to a merger aimed at reinforcing competitiveness and accelerating growth in their core region of Chubu. Maxvalu Chubu Co., Ltd. will be the surviving entity. Marunaka Co., Ltd. and Sanyo Marunaka Co., Ltd., which became consolidated subsidiaries on November 25, 2011, introduced such Group infrastructure as the Aeon Card (a credit card service) and POS (point-of-sale) terminals for the WAON e-money service. The business also promoted the creation of synergies by introducing Marunaka's superior capabilities in the agricultural products area to existing Group stores.

As a result, the Supermarket Business earned operating income of 11,381 million yen (up 15.6% year on year) on operating revenues of 1,073,526 million yen (up 26.9% year on year) for the nine months ended November 30, 2012.

Strategic Small-size Store Business

Ministop Co., Ltd. opened 107 new stores, closed 45 stores and acquired controlling stakes in 43 stores in Japan during the nine-month period, for a total of 2,151 domestic stores as of November 30, 2012.

Domestically, Ministop strengthened development of in-store fast-food products and implemented sales campaigns as a way of sharpening its competitive edge. In the Tohoku region, Ministop strengthened its foundation to accelerate growth by opening a room-temperature distribution center and transforming 43 franchisee-owned outlets in Aomori and Iwate prefectures into directly-managed stores. Overseas, Ministop opened its first outlet on the Philippine island of Cebu and continued to expand its network of stores in Korea, China, and Vietnam, bringing the total number of overseas stores to 2,232 as of November 30, 2012. Additionally, the business steadily expanded the RECODS combined drug and convenience store chain with seven new stores in the nine-month period, for a total of 24 outlets.

My Basket Co., Ltd. opened 60 new stores in the nine-month period for a total of 306 stores, and customer traffic and revenues increased at existing stores as a result of initiatives to raise brand awareness.

Origin Toshu Co., Ltd. posted higher year-on-year revenues and earnings through the expansion of ready-to-eat items priced by weight at Aeon Group GMS stores' delicatessen areas as well as active expansion of its store network.

As a result, the Strategic Small-size Store Business earned operating income of 3,680 million yen (down 33.4% year on year) on operating revenues of 176,255 million yen (up 10.4% year on year) for the nine months ended November 30, 2012.

Financial Services Business

In September, Aeon announced a management integration agreement between Aeon Credit Service Co., Ltd. and Aeon Bank Co., Ltd. aimed at offering highly convenient comprehensive financial services and accelerating business growth through new synergy (on January 1, 2013, Aeon Credit Service conducted a share exchange to make Aeon Bank a wholly owned consolidated subsidiary, and from April 1, 2013, Aeon Credit Service will transform to a bank holding company). In the domestic credit card business, Aeon Credit Service began issuing the G.G Aeon Card to the "Grand Generation" of senior customers and actively solicited new credit cardholders throughout nationwide Group stores. As a result of these and other initiatives, the company had 21.84 million active cardholders as of the end of the nine-month period under review, a net increase of 830,000 cardholders from the start of the fiscal year. Domestic credit card shopping transaction volume surged 11.8% over the same period of the previous fiscal year, to 2,245,488 million yen, driven by sales campaigns for cardholders at Group shopping centers and bonus point campaigns offering five times the normal number of points provided. In the fee-based services business, marketing programs for the WAON e-money service were bolstered, while the Aeon Bank branch network and ATM machine network were expanded. In the WAON business, Aeon Credit Service launched the "G.G WAON" service for senior customers and expanded the number of cards jointly issued with local government authorities. As a result, the number of WAON cards issued in the nine months ended November 30, 2012 increased by 5 million cards, for a cumulative issuance of approximately 29.1 million cards. WAON e-money transaction volume in the nine-month period totaled 857,400 million yen, a 19.4% year-on-year increase. Overseas, Aeon Credit Service achieved steady increases in both the number of cardholders and shopping transaction volume on the back of the issuance of new credit cards and the expansion of sales sites, which led to growth in the number of participating retailers. In China, Aeon Credit Service became the first Japanese company in Tianjin to receive authorization to provide credit services, leading to the start of an installment payment business from September. These and other initiatives marked the steady reinforcement of the sales foundation promoted under the Asian shift strategy.

As a result of the above, the Financial Services Business earned operating income of 20,820 million yen (up 47.1% year on year) on operating revenue of 133,441 million yen (up 7.4% year on year) for the nine months ended November 30, 2012.

Equity-method affiliate Aeon Bank, Ltd. (Aeon's consolidated financial statements for the nine months ended November 30, 2012 reflect Aeon Bank's results for January through September) expanded its network of in-store Group SC branches, leading to steady increases in the number of bank accounts and balances of housing loans and unsecured loans. Corporate loans also increased steadily during the period through marketing efforts focusing on Group SC tenants, steadily boosting the balance of new loans. As a result, the bank posted higher revenues and earnings for the nine-month period.

Shopping Center Development Business

Aeon Mall Co., Ltd., opened two mall-type shopping centers in Japan and one in China during the nine-month period under review. The company also renovated four shopping centers in Japan to boost competitiveness, adding new tenants to the shopping centers in response to changes in consumer needs and the retail business environment. Unified sales campaigns at nationwide shopping centers and other promotions helped drive sales by leveraging the Group's brand power and economies of scale. Additionally, the business utilized the Group's comprehensive strengths by rolling out joint campaigns in conjunction with the Aeon Card promotions. In China, the business made progress on developing new SCs in Jiangsu, Hubei, and Guangdong, in addition to properties under development in Beijing and Tianjin. In September, Aeon Mall announced plans to develop three new shopping centers in the country.

As a result, the Shopping Center Development Business earned operating income of 28,494 million yen (up 3.8% year on year) on operating revenue of 146,588 million yen (up 22.7% year on year) in the nine months ended November 30, 2012.

Service Business

In Japan, Aeon Delight Co., Ltd. enhanced its sales capabilities amid increasing demand for power-conserving equipment, leading to a steady increase in orders and sales of LED lighting installations and other equipment installation projects. As a result, Aeon Delight posted higher revenues and earnings.

Aeon Fantasy Co., Ltd. reported higher revenues in Japan thanks primarily to strong results at revitalized stores. Outside Japan, Aeon Fantasy opened its first store in Thailand and took initiatives to make a full-scale expansion in the country. The company also expanded the number of amusement centers in Malaysia by four for a total of 24, and by seven in China for a total of 10. Along with the first store in Thailand, the company made steady progress in implementing the shift to Asian countries.

Aeon Cinema Co., Ltd. reported a steady increase in customer traffic along with revenues and earnings as a result of the promotion of "Natsuka-cinema" nostalgia film series to the "Grand Generation" of senior customers as well as initiatives to strengthen the screening of non-film ODS (Other Digital Stuff) contents.

As a result, the Service Business earned operating income of 14,460 million yen (up 2.8% year on year) on operating revenue of 262,753 million yen (up 11.9% year on year) for the nine months ended November 30, 2012.

Specialty Store Business

G Foot Co., Ltd. consolidated and integrated directly operated ASBee stores, Greenbox stores located in GMS stores, and other stores to improve sales efficiency, leading to higher sales. The company posted both higher revenues and earnings, as private brand (PB) product development and sales were strengthened and gross profit margins improved as a result of lower procurement costs enabled by economies of scale.

Aeon Pet Co., Ltd. (formerly Pet City Co., Ltd.), which was established at the start of the fiscal year through a merger with AHB International Inc., posted higher revenues and earnings through active expansion of the store network and the promotion of comprehensive offerings including pet goods, trimming services, pet hotels, and medical services.

Laura Ashley Japan Co., Ltd. also posted higher revenues and earnings by expanding its store network, mostly through the launch of Laura Ashley Gift & Accessory shops offering gifts and sundries, as well as increasing online shopping sales.

As a result, the Specialty Store Business posted operating income of 3,520 million yen (up 37.2% year on year) on operating revenue of 241,040 million yen (up 4.7% year on year) in the nine months ended November 30, 2012.

ASEAN Business

(Aeon's consolidated financial statements for the nine months ended November 30, 2012 reflect results for January through September.)

In October, Aeon acquired all outstanding shares in Carrefour Malaysia Sdn. Bhd and renowned Malaysian hypermarket operator Magnificent Diagraph Sdn. Bhd. (company name changed to AEON BIG (M) SDN. BHD. in December), which are both subsidiaries of France-based company Carrefour S.A. With the acquisition, the Aeon Group became one of Malaysia's top comprehensive retailers in terms of market revenue share. AEON ASIA SDN. BHD., the ASEAN headquarters established in Malaysia to oversee the Group's entire business in the region, began full-fledged operations in November, providing a structure to support accelerated growth in the region.

Aeon Malaysia (Aeon Co. (M) Bhd.) posted strong sales at new and renovated stores, while ascribing the name "AEON" to all SCs in the country provided an opportunity to implement efficient sales promotions, helping the company post higher revenues and earnings.

Aeon Thailand (Aeon (Thailand) Co., Ltd.) responded to the urbanization trend in Thailand by steadily expanding its urban store network with the opening of 15 new Maxvalu Tanjai small-scale urban supermarkets, mostly in the population center of Bangkok (the number of outlets totaled 31 at the end of the nine-month period).

As a result, the ASEAN Business earned operating income of 4,369 million yen (down 0.5% year on year) on operating revenue of 68,822 million yen (up 7.9% year on year) in the nine months ended November 30, 2012.

China Business

(Aeon's consolidated financial statements for the nine months ended November 30, 2012 reflect results for January through September.)

The China Business opened six GMS and one supermarket in the nine-month period under review. New store revenues were buoyant, while results improved at existing SCs through store renovations and changes in the tenant lineup to respond to changing local environments. Sales of TOPVALU brand merchandise, as well as its brand awareness, also grew thanks to the development of more products to meet local customer needs. In terms of profitability, the China Business posted an operating loss due to upfront store expansion costs and business start-up costs.

AEON Stores (Hong Kong) Co., Ltd. opened a Maxvalu Prime urban-style supermarket in August to attract high-end customers and respond to the needs of customers in the city center. The company marked the anniversary of its 25th year of business by offering special promotions around customer appreciation days on the 25th of each month, contributing to increased revenues in the period.

As a result, the China Business posted an operating loss of 884 million yen (a year-on-year deterioration of 2,404 million yen) on operating revenue of 82,204 million yen (up 8.0% year on year).

Other Operations

Aeon Topvalu Co., Ltd. continued its response to customers seeking to economize and bolstered sales by expanding its TOPVALU HeatFact product series featuring functional materials to a record 1,200 items, including clothing and housing and recreational products available at approximately 1,300 Group GMS and supermarkets.

Aeon Topvalu also expanded its range of TOPVALU BESTPRICE merchandise featuring a limited number of functions and simplified packaging for a lower price while maintaining product quality. The product lineup was actively promoted at approximately 1,500 Group GMS, supermarkets, discounts and other store types. As a result, in the nine months ended November 30, 2012, total sales of TOPVALU merchandise throughout the Group surged 28.5% year on year to 487,100 million yen.

(2) Consolidated Financial Condition

Consolidated assets at November 30, 2012, the end of the third quarter, totaled 4,398,835 million yen, an increase of 349,897 million yen (8.6%) from the previous fiscal year-end (February 29, 2012). The increase was chiefly attributable to increases of 153,564 million yen in property, buildings and equipment due to the opening of new shopping centers and other facilities, 44,810 million yen in merchandise inventories, 34,116 million yen in notes and accounts receivable-trade, mostly installment receivables at financial subsidiaries, 30,649 million yen in other current assets, including accounts receivable-other, 25,571 million yen in cash and time deposits, and 14,701 million yen in operating loans receivable.

Consolidated liabilities at the end of the third quarter totaled 3,066,136 million yen, an increase of 299,264 million yen (10.8%) from the previous fiscal year-end. The increase was chiefly attributable to increases of 109,190 million yen in notes and accounts payable-trade, 58,767 million yen in commercial paper, and 40,529 million yen in short-term borrowings.

Consolidated net assets at the end of the third quarter totaled 1,332,698 million yen, an increase of 50,632 million yen (3.9%) from the previous fiscal year-end.

(3) Consolidated Earnings Forecasts

There is no change to the consolidated earnings forecast announced on April 12, 2012.

*The forecast is expressed as a range which takes into consideration changes to the weather, economic conditions, and other factors. Aeon Co., Ltd. is a pure holding company established for the management of the Aeon Group, and therefore it does not disclose an unconsolidated earnings forecast.

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.

(Application of accounting standards for net income per share)

Effective the three months ended May 30, 2012, the Company has adopted the *Accounting Standards for Net Income per Share* (ASBJ Statement No. 2, June 30, 2010), *Guidance on Accounting Standards for Net Income per Share* (ASBJ Guidance No. 4, June 30, 2010), and *Practical Solution on Accounting for Earnings Per Share* (ASBJ PITF No. 9, June 30, 2010).

In applying the above accounting standards, the calculation of diluted net income per share has been changed to reflect the estimated increase in common shares resulting from changes to the conversion price of convertible bonds with stock acquisition rights made during the fiscal year. Without application of the standard, guidance, and practical solution, diluted income per share for the nine months ended November 30, 2012 would be ¥41.76.

(4) Additional Information

(Application of accounting standard for accounting changes and error corrections)

For accounting changes and error corrections made on or after the beginning of the first quarter of the current fiscal year, the Company has adopted the *Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Statement No.24, December 4, 2009) and its associated *Guidance on Accounting Standard for Accounting Changes and Error Corrections* (ASBJ Guidance No.24, December 4, 2009).

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

| | As of February 29, 2012 | (Millions of yen) As of November 30, 2012 |
|---|----------------------------|---|
| | Amount | Amount |
| Assets | | |
| Current assets | | |
| Cash and time deposits | 184,324 | 209,896 |
| Notes and accounts receivable - trade | 421,929 | 456,045 |
| Marketable securities | 2,198 | 1,000 |
| Merchandise inventories | 340,971 | 385,782 |
| Deferred tax assets | 47,784 | 52,823 |
| Financial loan | 255,704 | 270,406 |
| Other | 163,299 | 193,948 |
| Allowance for doubtful accounts | (43,681) | (37,773) |
| Total current assets | <u>1,372,530</u> | <u>1,532,129</u> |
| Fixed assets | | |
| Property, buildings and equipment | | |
| Buildings and structures, net | 1,058,073 | 1,118,421 |
| Tools, furniture and fixtures, net | 118,515 | 134,111 |
| Land | 531,954 | 602,101 |
| Construction in progress | 21,544 | 24,680 |
| Other, net | 19,815 | 24,152 |
| Total property, buildings and equipment | <u>1,749,903</u> | <u>1,903,468</u> |
| Intangible fixed assets | | |
| Goodwill | 101,720 | 109,818 |
| Software | 30,141 | 35,642 |
| Other | 13,125 | 15,529 |
| Total intangible fixed assets | <u>144,987</u> | <u>160,990</u> |
| Investments and other assets | | |
| Investment securities | 296,724 | 324,713 |
| Deferred tax assets | 73,774 | 68,884 |
| Fixed leasehold deposits to lessors | 322,395 | 320,200 |
| Other | 104,048 | 103,745 |
| Allowance for doubtful accounts | (15,427) | (15,296) |
| Total investments and other assets | <u>781,515</u> | <u>802,247</u> |
| Total fixed assets | <u>2,676,406</u> | <u>2,866,705</u> |
| Total assets | <u>4,048,937</u> | <u>4,398,835</u> |

| | (Millions of yen) | |
|---|----------------------------|----------------------------|
| | As of February 29, 2012 | As of November 30, 2012 |
| | Amount | Amount |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 644,059 | 753,249 |
| Short-term borrowings | 97,003 | 137,532 |
| Current portion of long-term debt | 223,159 | 200,013 |
| Bonds due within one year | 54,793 | 26,050 |
| Convertible bonds with stock acquisition rights due within one year | 46,185 | 49,988 |
| Commercial paper | 9,921 | 68,688 |
| Income taxes payable | 35,757 | 25,979 |
| Provision for bonuses | 19,138 | 34,237 |
| Provision for store closing expenses | 1,810 | 1,495 |
| Allowance for point program | 16,052 | 18,552 |
| Other allowances | 1,464 | 864 |
| Notes payable, construction | 46,045 | 44,488 |
| Other | 343,942 | 403,850 |
| Total current liabilities | <u>1,539,334</u> | <u>1,764,990</u> |
| Long-term liabilities | | |
| Bonds | 204,319 | 263,705 |
| Convertible bonds with stock acquisition rights | 49,988 | 30,000 |
| Long-term debt | 631,196 | 664,911 |
| Deferred tax liabilities | 8,877 | 10,658 |
| Liability for employees' retirement benefits | 8,735 | 9,272 |
| Provision for store closing expenses | 2,238 | 2,054 |
| Allowance for loss on refund of interest received | 9,250 | 5,424 |
| Other allowances | 4,418 | 4,566 |
| Asset retirement obligations | 41,975 | 43,320 |
| Lease deposits from lessees | 232,254 | 232,526 |
| Other | 34,283 | 34,705 |
| Total long-term liabilities | <u>1,227,537</u> | <u>1,301,145</u> |
| Total liabilities | <u>2,766,871</u> | <u>3,066,136</u> |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 199,054 | 199,054 |
| Capital surplus | 264,963 | 264,963 |
| Retained earnings | 543,771 | 535,738 |
| Treasury stock | (54,087) | (16,157) |
| Total shareholders' equity | <u>953,701</u> | <u>983,599</u> |
| Accumulated other comprehensive income | | |
| Unrealized gain on available-for-sale securities | 1,853 | 7,025 |
| Deferred gain (loss) on derivatives under hedge accounting | (1,923) | (2,076) |
| Foreign currency translation adjustments | (17,893) | (16,891) |
| Total accumulated other comprehensive income | <u>(17,964)</u> | <u>(11,942)</u> |
| Stock acquisition rights | 1,313 | 1,551 |
| Minority interests | 345,015 | 359,490 |
| Total net assets | <u>1,282,066</u> | <u>1,332,698</u> |
| Total net assets and liabilities | <u>4,048,937</u> | <u>4,398,835</u> |

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

| | (Millions of yen) | |
|---|--|--|
| | Nine months ended November 30, 2011 | Nine months ended November 30, 2012 |
| | Amount | Amount |
| Net sales | 3,342,116 | 3,683,913 |
| Cost of sales | 2,444,038 | 2,700,471 |
| Gross profit on sales | 898,077 | 983,442 |
| Other revenues | 406,179 | 436,547 |
| Gross profit from operations | 1,304,257 | 1,419,989 |
| Selling, general and administrative expenses | 1,202,439 | 1,323,820 |
| Operating income | 101,818 | 96,169 |
| Other income | | |
| Interest income | 2,167 | 1,906 |
| Dividend income | 1,090 | 1,268 |
| Equity in gains of equity-method affiliates | 4,504 | 6,245 |
| Amortization of negative goodwill | 8,320 | 8,173 |
| Other | 7,335 | 16,380 |
| Total other income | 23,419 | 33,974 |
| Other expenses | | |
| Interest expense | 7,592 | 8,184 |
| Other | 3,084 | 4,826 |
| Total other expenses | 10,677 | 13,011 |
| Ordinary income | 114,560 | 117,132 |
| Extraordinary gains | | |
| Gain on sales of subsidiaries' shares | - | 7,334 |
| Gain on change in equity interest | 350 | 1,604 |
| Insurance income | 4,751 | 261 |
| Other | 10,377 | 2,268 |
| Total extraordinary gains | 15,480 | 11,469 |
| Extraordinary losses | | |
| Impairment loss | 4,065 | 11,321 |
| Disaster-related losses | 33,434 | - |
| Effect of adoption of accounting standards for asset retirement obligations | 17,773 | - |
| Other | 12,112 | 5,807 |
| Total extraordinary losses | 67,385 | 17,129 |
| Income before income taxes | 62,654 | 111,472 |
| Income taxes | | |
| Current | 43,146 | 53,055 |
| Deferred | (32,868) | (1,496) |
| Total income taxes | 10,278 | 51,558 |
| Income before minority interests | 52,376 | 59,913 |
| Minority interests | 15,840 | 22,327 |
| Net income | 36,536 | 37,586 |

Consolidated Statements of Comprehensive Income

| | (Millions of yen) | |
|---|--|--|
| | Nine months ended November 30, 2011 | Nine months ended November 30, 2012 |
| | Amount | Amount |
| Income before minority interests | 52,376 | 59,913 |
| Other comprehensive income | | |
| Unrealized gain on available-for-sale securities | (3,952) | 5,258 |
| Deferred gain (loss) on derivatives under hedge accounting | (2,153) | (227) |
| Foreign currency translation adjustments | (9,436) | 2,034 |
| Share of other comprehensive income of equity-method affiliates | (4,127) | (49) |
| Total other comprehensive income | (19,669) | 7,015 |
| Comprehensive income | 32,706 | 66,929 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | 22,977 | 43,608 |
| Comprehensive income attributable to minority interests | 9,728 | 23,321 |

(3) Notes on the Going-concern Assumption

Not applicable

(4) Segment Information

Operating revenue and income/loss by reportable segment

Nine Months Ended November 30, 2011 (March 1 – November 30, 2011)

(Millions of yen)

| | Reportable segment | | | | | | |
|---------------------------------------|--------------------|-------------|----------------------------|--------------------|-----------------------------|---------|-----------------|
| | GMS | Supermarket | Strategic Small-size Store | Financial Services | Shopping Center Development | Service | Specialty Store |
| Operating revenue | | | | | | | |
| (1) Revenue attributable to customers | 1,858,064 | 844,756 | 159,378 | 107,056 | 90,562 | 149,840 | 224,794 |
| (2) Intersegment revenue or transfers | 42,197 | 1,440 | 312 | 17,243 | 28,939 | 85,004 | 5,320 |
| Total | 1,900,262 | 846,197 | 159,691 | 124,299 | 119,501 | 234,845 | 230,115 |
| Segment income (loss) | 16,274 | 9,847 | 5,527 | 14,151 | 27,460 | 14,070 | 2,566 |

| | Reportable segment | | | Other *1 | Total | Adjustments *2,3 | Reported in the quarterly consolidated statements of income*4 |
|---------------------------------------|--------------------|--------|-----------|----------|-----------|------------------|---|
| | ASEAN | China | Total | | | | |
| Operating revenue | | | | | | | |
| (1) Revenue attributable to customers | 63,715 | 76,014 | 3,574,183 | 185,709 | 3,759,893 | (11,596) | 3,748,296 |
| (2) Intersegment revenue or transfers | 64 | 123 | 180,647 | 3,344 | 183,991 | (183,991) | - |
| Total | 63,779 | 76,138 | 3,754,830 | 189,054 | 3,943,885 | (195,588) | 3,748,296 |
| Segment income (loss) | 4,389 | 1,520 | 95,807 | (1,155) | 94,651 | 7,166 | 101,818 |

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

2. Main components of the minus 11,596 million yen in adjustments for revenue attributable to customers are (a) minus 90,999 million yen in adjustments to transactions reported in the reportable segment information and (b) 79,252 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 7,166 million yen in adjustments for segment income (loss) are (a) 4,378 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 6,674 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 2,455 million yen in intersegment transaction eliminations.

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

Nine Months Ended November 30, 2012 (March 1 – November 30, 2012)

(Millions of yen)

| | Reportable segment | | | | | | |
|---------------------------------------|--------------------|-------------|----------------------------|--------------------|-----------------------------|---------|-----------------|
| | GMS | Supermarket | Strategic Small-size Store | Financial Services | Shopping Center Development | Service | Specialty Store |
| Operating revenue | | | | | | | |
| (1) Revenue attributable to customers | 1,917,567 | 1,071,864 | 174,492 | 115,383 | 109,862 | 148,004 | 236,551 |
| (2) Intersegment revenue or transfers | 38,573 | 1,662 | 1,763 | 18,058 | 36,725 | 114,748 | 4,488 |
| Total | 1,956,141 | 1,073,526 | 176,255 | 133,441 | 146,588 | 262,753 | 241,040 |
| Segment income (loss) | 6,378 | 11,381 | 3,680 | 20,820 | 28,494 | 14,460 | 3,520 |

| | Reportable segment | | | Other *1 | Total | Adjustments *2,3 | Reported in the quarterly consolidated statements of income*4 |
|---------------------------------------|--------------------|--------|-----------|----------|-----------|------------------|---|
| | ASEAN | China | Total | | | | |
| Operating revenue | | | | | | | |
| (1) Revenue attributable to customers | 68,673 | 82,117 | 3,924,516 | 194,132 | 4,118,649 | 1,811 | 4,120,460 |
| (2) Intersegment revenue or transfers | 149 | 87 | 216,256 | 4,209 | 220,465 | (220,465) | - |
| Total | 68,822 | 82,204 | 4,140,773 | 198,341 | 4,339,115 | (218,654) | 4,120,460 |
| Segment income (loss) | 4,369 | (884) | 92,222 | (413) | 91,808 | 4,360 | 96,169 |

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

2. Main components of the 1,811 million yen in adjustments for revenue attributable to customers are (a) minus 85,684 million yen in adjustments to transactions reported in the reportable segment information and (b) 87,263 million yen in operating revenues of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments.

3. Main components of the 4,360 million yen in adjustments for segment income (loss) are (a) 1,568 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments, (b) 7,028 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 2,690 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

In conjunction with the conversion of unsecured convertible bonds with stock acquisition rights during the nine months ended November 30, 2012, treasury stock was reduced by 37,907 million yen to 16,157 million yen at the end of the nine-month period.

(6) Material subsequent events

Aeon Credit Service Co., Ltd. (“Aeon Credit Service”), a consolidated subsidiary of Aeon Co., Ltd. (the Company), and Aeon Bank, Ltd. (“Aeon Bank”), an equity-method affiliate of the Company., completed a share exchange on January 1, 2013 to make Aeon Credit Service a wholly owning parent company and to make Aeon Bank a wholly owned subsidiary. The Share Exchange is outlined below.

(1) Name, business and scale of the acquired company, reason for business combination, date and legal form of business combination, name of business after combination, percentage of acquired voting rights, and main reason for company acquisition

1) Name, business and scale of the acquired company

| | |
|--|---|
| Name of acquired company: | Aeon Bank, Ltd. |
| Business description: | Banking business, insurance agency business |
| Capital: | ¥51,250 million |
| Net assets: | ¥57,357 million (as of March 31, 2012) |
| Total assets: | ¥1,214,827 million (as of March 31, 2012) |
| Number of shares issued and outstanding: | 1,200,000 shares of common stock 200,000 shares of Class A common stock <u>600,000 shares of Class B common stock</u> |
| Total | 2,000,000 shares |

2) Reason for business combination

Aeon Bank was made a subsidiary of Aeon Credit Service in order to maximize customer satisfaction by providing safe, secure, and convenient financial products and services as a retail-oriented financial services business, developed through the combination of purchasing information and financial asset information.

3) Date of business combination January 1, 2013

4) Legal form of business combination

A share exchange in which Aeon Credit Service is the wholly owning parent company and Aeon Bank is the wholly owned subsidiary company.

5) Name of business after combination: no change

6) Percentage of acquired voting rights

| | |
|--|---------------|
| Percentage of voting rights immediately prior to the acquisition | 38.75% |
| <u>Percentage of voting rights additionally acquired at the time of business combination</u> | <u>61.25%</u> |
| Acquired voting rights | 100.00% |

7) Main reason for company acquisition

The business combination is a share-based compensation arrangement in which shares are granted by Aeon Credit Service, and prior to the exchange, Aeon Credit Service’s shareholders would have the largest percentage of voting rights in the company formed after the business combination.

(2) Acquisition cost and breakdown

| | |
|--|--------------------|
| Consideration for acquisition | |
| Fair value of Aeon Bank's shares held by the Company and Aeon Credit Service immediately prior to the business combination on the date of the business combination | 52,166 million yen |
| Fair value of Aeon Credit Service's common stock granted on the date of the business combination (excluding the stock granted to the Company) | 30,309 million yen |
| Expenditure directly required for acquisition | |
| Advisory fees, etc. | 584 million yen |
| Acquisition cost | 83,060 million yen |

(3) Business combination share allocation

| | Aeon Credit Service (wholly owning parent company) | Aeon Bank (wholly owned subsidiary company) |
|---------------------------------|---|--|
| Share exchange allocation ratio | 1 | 23.7 |

(Notes)

1. Allocation ratio for the share exchange

For each share of Aeon Bank (common stock, Class A common stock and Class B common stock), 23.7 shares of Aeon Credit Service common stock were allocated and granted. However, the 200,000 shares of Aeon Bank's Class B common stock owned by Aeon Credit Service did not receive any share allocation in the share exchange.

2. Number of new shares of Aeon Credit Service issued in the share exchange
42,660,000 shares of common stock

(4) Difference between the acquisition cost and the accumulated acquisition cost paid for each transaction

Gain/loss on phased acquisition cannot be confirmed at present.

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

The share exchange was accounted for using the purchase method since the exchange corresponds to a purchase under the Accounting Standards for Business Combinations in Japan. Goodwill (or negative goodwill) is expected to arise by virtue of the share exchange, but the amount cannot be confirmed at present.

(6) Amount and breakdown of assets acquired and liabilities assumed at the date of business combination

The amount and breakdown cannot be confirmed at present.

(7) Other

Aeon Credit Service and Aeon Bank have concluded the Management Integration Agreement, in which Aeon Credit Service will conduct a company split with April 1, 2013 as the effective date (scheduled) by which Aeon Credit Service will grant its rights and obligations pertaining to the credit card business to Aeon Bank (excluding any rights and obligations under separate agreements between the parties), and another company split by which a new wholly owned subsidiary will be established to take over all of Aeon Credit Service's other rights and obligations (excluding any rights and obligations under separate agreements between the parties). As a result, Aeon Credit Service will change into a holding company (a bank holding company) which will own subsidiaries which conduct the banking business, credit card business, and other businesses, and change its name to Aeon Financial Service Co., Ltd.