



Annual Report 2009

AEON CREDIT SERVICE CO., LTD.



Supporting cardholders' lifestyles and maximizing future opportunities through effective use of credit

The unchanging corporate mission of AEON CREDIT SERVICE CO., LTD., is to constantly benefit its cardholders through quality financial services. As a reflection of this, we have included “AEON”—the Latin word for eternity—in our corporate name. In Japan and the rest of Asia, our management philosophy is to “support cardholders’ lifestyles and enable each individual to maximize future opportunities through effective use of credit.” To this end, we provide carefully tailored financial services by paying special attention to cardholders’ needs. We also seek to earn cardholder trust by striving hard to raise standards of corporate behavior in the financial services industry, adhering to a strict code of corporate ethics and engaging in activities that conserve the environment and contribute to society.

CONTENTS

To Our Stakeholders	2
Domestic Activities	4
Overseas Activities	6
Board of Directors and Auditors	8
Five-Year Summary	9
Financial Review	10
Consolidated Balance sheets	14
Consolidated Statements of Income	15
Consolidated Statements of Changes in Equity	16
Consolidated Statements of Cash Flows	17
Notes to Consolidated Financial Statements	18
Independent Auditors’ Report	33
Major Group Companies	34
Corporate Data, Shareholder Information and Board of Directors and Auditors	35

Forward-Looking Statements

Statements contained in this report with respect to the AEON CREDIT SERVICE Group's plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of the AEON CREDIT SERVICE Group, which are based on management's assumptions and beliefs in light of the information currently available. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the AEON CREDIT SERVICE Group's actual results, performance or achievements to differ materially from the expectations expressed herein.



To Our Stakeholders



Yoshiki Mori
Chairman

Kazuhide Kamitani
President

Fiscal 2008 Performance

In fiscal 2008, in addition to the expansion of the cardmember base through alliances with business partners, the Company has issued a new co-branded credit card. Our efforts were rewarded with massive growth, with an increase of 1.35 million cardmembers from the previous term, to 20.03 million, on a consolidated basis.

In our domestic credit card business, we have strengthened the promotions with alliance companies, such as AEON JMB CARD. At the same time, we have expanded our new businesses, including electronic money (e-money), bank agency and credit guarantee businesses, as an effort to convert our business structure through the fostering of new profit sources.

Furthermore, in the overseas credit business, we established a local subsidiary in Vietnam and an insurance brokerage company in Hong Kong, thus further contributing to the steady growth of our business.

As a result of these efforts, consolidated total transaction volume has increased steadily by 11.5% year on year, to ¥3,074,025 million. However, due to the tightening of credit lending standards, the decrease in demand for loans due to the deterioration in the business environment and the appreciation of Japanese yen, total operating revenues fell 2.8% year on year, to ¥176,007 million, operating income fell 19.0%, to ¥26,611 million and ordinary income also fell 18.8%, to ¥26,805 million. Extraordinary income of ¥12,168 million from the sale of stock holdings and extraordinary losses of ¥8,609 million due to the change of accounting method of impairment allowance for doubtful accounts resulted in a 16.2% drop in net income, to ¥14,788 million.

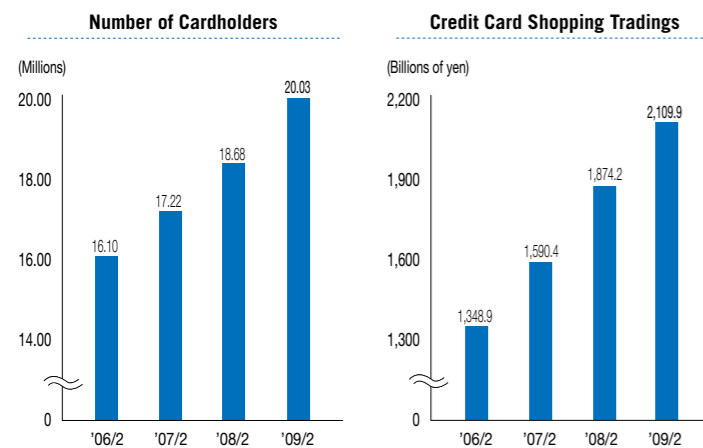
Fiscal 2009 Plans

The severe business environment in the non-bank finance sector is primarily due to the decline of the domestic economy and the promulgation of the Money Lending Business Law. Meanwhile, the growth of the credit market, including the cashless market segment, will probably continue through the contribution of such diverse settlement methods as payment by credit card and e-money. Therefore, we remain fully committed to the credit card business and will develop services fine-tuned to local requirements, making use of our superiority and expertise in the retail-linked consumer finance industry.

In addition, the Company has made efforts to realign its business structure to secure its income sources. In addition to the insurance agency and outside collection agency business, we will continue to cultivate and strengthen such new income sources as the e-money, gift card, bank agency and credit guarantee businesses.

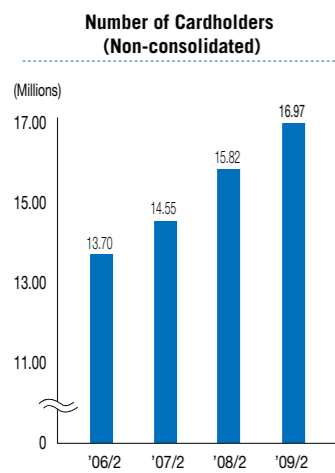
In overseas business, we will continuously expand the cardmember base, while promoting such credit-related businesses as the insurance agency and outside collection agency businesses, and establishing networks in new markets where the prospect for economic growth remain outstanding. These strategies will underpin corporate growth for the AEON Credit Service Group.

Furthermore, we continue to strengthen our corporate image and value by reinforcing our corporate governance system. We are also actively engaged in environmental protection and social contribution, which includes measures to prevent global warming through reduced carbon dioxide emissions. These actions are of increasing importance as consumers and the public have taken a more proactive view of corporate social responsibility.



Domestic Activities

To achieve customer satisfaction, we always respond swiftly to customer needs. We strive to offer even more attractive financial services to cardmembers in our credit card business and other operations.

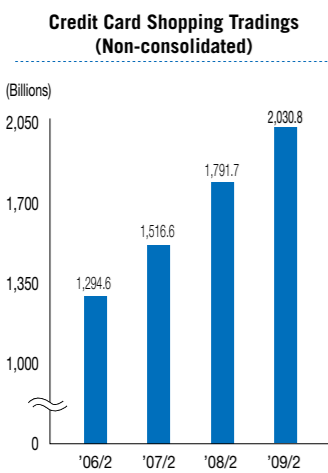


Expanding the Cardmember Base

To cultivate new market segments, we are targeting young male adults and residents in the Tokyo metropolitan area to address the diverse requirements of our customers. We issued new co-branded cards, including the AEON JMB CARD, in cooperation with Japan Airlines Corporation, for accumulating JAL mileage through usage of the credit card. We also issued the AEON RENAISSANCE CARD, in cooperation with Renaissance Inc., which operates sports clubs. As a result, the Company posted a non-consolidated net increase of 1,150,000 cardmembers from the previous year, bringing the total number of cardmembers to 16.97 million.

Improving Credit Card Usage Ratio

To improve card usage the Company has launched cards with enhanced features, such as AEON CARD SELECT, which combines the AEON Bank card and the e-money WAON CARD, and encouraged more affiliated merchants to accept utility bills and bills from medical institutions. The Company has also issued AEON GOLD CARD, with the annual fee waived for premium customers whose annual card usage exceeds ¥1 million. Through these efforts, the Company has recorded a net increase of approximately 910,000 active cardmembers year on year, for a total of 10.23 million, while the volume of credit card shopping transactions jumped 13.3% year on year, to ¥2,030,898 million.



Boosting Profitability

To respond to the enforcement of the new Money Lending Business Law, the Company has lowered the ceiling of effective annual interest rate on cash lending services to 18.0%. To cover the drop in income from this impact, the Company has focused on improving the income from card shopping. Thus, a card catered for revolving payments, the AEON SMART PAY CARD, has been issued. The balance of revolving payments on credit card shopping was ¥102,455 million, a 25.9% increase over fiscal 2007.

Expanding New Sources of Revenue

To achieve new sources of revenue the Company entered the e-money business in April 2007. The e-money card WAON has become more convenient for customers to use, as the number of merchants accepting WAON has grown to approximately 27,000 nationwide. The cumulative number of cards issued expanded to 7.7 million as of the end of February 2009. Furthermore, in addition to AEON Group companies, the Company has expanded the card acquiring businesses outside the Group. We also obtained the credit card industry's first bank agency license, launching operations for recruitment services for AEON Bank accounts, which started in October 2007.



E-money WAON

Reinforcing the Financial Position

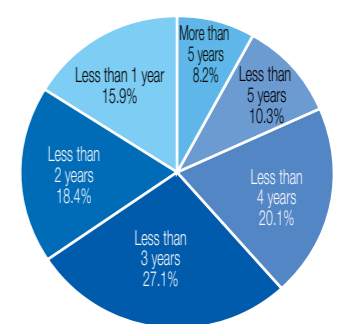
To hedge against the risk of higher interest rates in the future, the Company has worked to procure long-term fixed funding on a continuous basis and has also expanded its commitment line with financial institutions from ¥10 billion to ¥200 billion. Despite the critical business condition of the industry, the Company's strong financial position and business prospects have been appraised by credit rating companies. The Company has obtained an A+ rating from Japan Credit Rating Agency Ltd., and an A rating from Rating & Investment Information Inc.



AEON Insurance service counter

Long-Term Debt Duration

As of February 20, 2009



Overseas Activities

Our business has been extended to China, Thailand, Malaysia, Taiwan, Indonesia and Vietnam. We have earned a solid reputation overseas as a company that takes a global perspective in the presentation of services tailored to cardmembers' lifestyles.



Hong Kong

China

Hong Kong-based AEON CREDIT SERVICE (ASIA) CO., LTD., the Company's first overseas subsidiary, was established in 1987. It was listed on the Hong Kong Stock Exchange in September 1995 and celebrated its 20th anniversary in 2007. The subsidiary maintains an 18-branch network, and actively develops co-branded cards and pursues promotional activities with alliance partners. Efforts in fiscal 2008 were rewarded with continued growth, substantiated by a net increase of approximately 20,000 in the local cardmember base, to 1.03 million, as of February 2009, and a 4.2% increase in operating revenues, to HK\$1,255 million.

In Shenzhen, Guangzhou and Beijing, the Company started credit guarantee services by AEON CREDIT GUARANTEE (CHINA) CO., LTD., for house cards issued by local AEON stores.



China

Thailand

AEON THANA SINSAP (THAILAND) PLC. was established in 1992 and has expanded its business activities progressively as the second overseas subsidiary after Hong Kong, listing on the Stock Exchange of Thailand in 2001. AEON THANA SINSAP has expanded to an 82-branch network, and its ongoing emphasis is to reinforce its cardmember base, primarily by issuing more co-branded cards with airline companies and mobile phone service providers, as well as by issuing the AEON GOLD CARD to cardmembers with particularly good credit histories. These efforts underpinned an increase of approximately 120,000 cardmembers year on year, for a base of 1.76 million as of February 2009, and delivered a 14.2% increase in operating revenues, to THB10,573 million.

In new business areas, the subsidiary is expanding its credit-related business activities. In addition to its non-life insurance agency business, which utilizes the branch network and cardmember base of the credit card business, the subsidiary is implementing a full scale development of the life insurance agency business that will also benefit from the rapidly growing insurance needs in Thailand. The expansion of the outside collection service business to companies outside the Group, and the leasing business, which focuses on corporate automobile leases, will also continue to contribute to the Group's credit-related business. Furthermore, as part of measures for expansion of business scale and business contingency, four centralized operation centers were established in the country.



Thailand

Malaysia

AEON CREDIT SERVICE (M) BERHAD, the Company's third overseas subsidiary, was established in 1997 and listed on the Bursa Malaysia in 2007. The subsidiary has steadily expanded its operations, primarily by boosting its cardmember base through alliances with local companies and by installing

the first non-bank-operated automated teller machine (ATM) network in the country. The cardmember base increased by 30,000 year on year, for a total of 120,000 as of February 2009, and operating revenues increased 22.0% year on year, to MYR228 million. Foreseeing an expansion in business, the subsidiary has diversified its funding methods by implementing the Islamic style of fund procurement, the first Japanese company to adopt this kind of funding method in Malaysia.

To enhance customer service and cost effective operations, four centralized operation centers have been established. Furthermore, the subsidiary has continued to expand its cardmember base by issuing AEON GOLD CARD to its prime customers and has introduced Touch'n Go Card, a co-branded card issued in association with transportation providers that can be used to pay for highway tolls and train and bus fares.



Malaysia

Taiwan

In the hire purchase business, AEON CREDIT SERVICE (TAIWAN) CO., LTD., has steadily expanded its business to motorcycles, in addition to electric home appliances and furniture.

The subsidiary acquired a local credit card issuing license in 2002, the first Japanese non-bank to do so. As a result of the expansion of the cardmember base through the issuance of new co-branded cards, including a co-branded card with a major local distribution group, the total number of cardmembers as of February 2009 was approximately 120,000, an increase of about 10,000 from the previous year. To enhance the features of the credit cards, the subsidiary has initiated card settlement for public utility bills. As a result, the sales volume has grown steadily.



Taiwan

Indonesia

PT. AEON CREDIT SERVICE INDONESIA was established in 2006. Using its expertise accumulated in the consumer finance industry in Japan and other Asian countries, the subsidiary is providing a hire-purchase (installment payment) business for electrical appliances and furniture in the country.

Through energetic marketing activities, the subsidiary has built a network of 1,300 affiliated merchants. Seeking to complement this network with a solid client base to support the future promotion of credit card operations, the subsidiary began issuing membership cards to its hire-purchase customers.



Indonesia

Vietnam

ACS TRADING VIETNAM CO., LTD., was established in Ho Chi Minh City in June 2008. The subsidiary is the first Japanese company in Vietnam to start providing installment payment plans as a trading company.

Board of Directors and Auditors

(As of May 13, 2008)

Directors



Chairman
Yoshiki Mori



President
Kazuhide Kamitani



Managing Director
Takashi Kiyonaga



Managing Director
Tatsuya Saito



Director
Kiyooki Takano



Director
Yasuhiko Kondo



Director
Yoshitaka Yamada



Director
Mitsugu Tamai



Director
Kiyoyasu Asanuma



Director
Takatoshi Ikenishi



Director
Hideyuki Ito



Director
Ishizuka Kazuo

Auditors



Corporate Auditor
Hisateru Taniuchi



Auditor
Hiroyasu Sugihara



Auditor
Hideki Wakabayashi



Auditor
Koshi Yamaura

Auditors are all external auditors, in compliance with the requirements of Item 16, Article 2, of the Corporate Law.

Five-Year Summary

AEON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20

	Millions of Yen					Thousands of U.S. Dollars ¹
	2009	2008	2007	2006	2005	2009
For the Year:						
Total operating revenues	¥176,007	¥181,076	¥173,482	¥144,751	¥122,811	\$1,872,419
Total operating expenses	149,396	148,213	132,526	104,520	87,841	1,589,322
Income before income taxes and minority interests	30,365	34,327	38,265	38,655	34,867	323,028
Net income	14,789	17,653	20,592	21,262	18,684	157,325

	Yen					U.S. Dollars ¹
	2009	2008	2007	2006	2005	2009
Per Share Data²:						
Net assets	¥1,036.35	¥1,040.97	¥991.07	¥883.44	¥748.31	\$11.03
Basic net income	94.29	112.52	131.23	135.07	118.70	1.00
Diluted net income	94.28					1.00

	Millions of Yen					Thousands of U.S. Dollars ¹
	2009	2008	2007	2006	2005	2009
At Year-End:						
Finance receivables—net of allowance for possible credit losses	¥678,148	¥743,160	¥721,551	¥602,873	¥485,897	\$7,214,340
Net property and equipment	9,470	9,843	8,037	6,374	5,404	100,743
Total assets	854,194	862,061	834,254	689,357	562,094	9,087,165
Total liabilities	672,293	678,724	661,643	535,472	432,747	7,152,044
Equity ³	181,901	183,337	172,611	138,691	117,480	1,935,121

	Percentage				
	2009	2008	2007	2006	2005
Ratios:					
Equity ratio	19.0%	18.9%	18.6%	20.1%	20.9%
Return on assets (ROA)	1.7	2.1	2.7	3.4	3.6
Return on equity (ROE)	9.1	11.1	14.0	16.6	17.0

- The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥94 to U.S.\$1, the approximate rate of exchange on February 20, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.
- On February 21, 2006, the Company made a stock split by way of a free share distribution at the rate of three shares for each outstanding share. Each figure included in Per Share Data was retroactively adjusted for the stock split.
- According to a new accounting standard for presentation of equity, which is effective for fiscal years ending on or after May 1, 2006, stock acquisition rights, minority interests and any deferred gain or loss on derivatives under hedge accounting are now presented as components of equity. Accordingly, the amount of equity as of February 20, 2005 and 2006 are not directly comparable to shareholders' equity of following years, stated above.
- Diluted EPS for the years ended February 20, 2008, 2007, 2006 and 2005 are not disclosed as there is no potential dilution existing.

Financial Review

AEON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2009 and 2008

RESULTS OF OPERATIONS

	Millions of Yen			
	2009	2008	Amount Change	Percentage Change
Operating revenues:				
Credit card contracts	¥ 52,697	¥ 47,330	¥ 5,367	11.3%
Hire purchase contracts	9,304	9,753	(449)	(4.6)
Loan contracts	96,041	114,300	(18,259)	(16.0)
Processing service fees	6,150	2,039	4,111	201.6
Other operating revenues	11,815	7,654	4,161	54.4
Total operating revenues	¥176,007	¥181,076	¥ (5,069)	(2.8)%
Operating expenses:				
Financial costs	¥ 15,035	¥ 14,645	¥ 390	2.7%
Provision for possible credit losses and write-off of bad debts	32,767	42,569	(9,802)	(23.0)
Other operating expenses	101,594	90,999	10,595	11.6
Total operating expenses	149,396	148,213	1,183	0.8
Operating income	¥ 26,611	¥ 32,863	¥ (6,252)	(19.0)%

Fiscal Summary

In the consolidated fiscal year under review, the operating environment was particularly challenging, due to the turmoil in the international financial markets and the rapid appreciation of the yen, as well as the sharp worldwide fluctuations in prices of crude oil and other resources. Furthermore, as a result of increased uncertainty about the future of the economy, including the deteriorating employment situation and the stagnation of stock prices, consumer psychology has become dramatically depressed, and the effect on personal consumption has been pronounced. In such an operating environment, Aeon Credit Service Co., Ltd. (the "Company") proactively worked on focal points for implementation—including the enhancement of competitiveness in the credit card business, the establishment of new profit sources and the expansion of overseas business—and meanwhile strove to cut expenses through promotion of low-cost operations.

In the credit card business, in addition to the expansion of the cardmember base through alliance partners and via the Internet, our efforts to expand into a new customer base by issuing new co-branded cards were rewarded with a net increase of 1.35 million cardmembers, to 20.03 million, on a consolidated basis. Furthermore, the Company stepped up the development of member stores, including hospitals, and also became capable of accepting payments for public utility charges such as electricity, gas and water, and broadcast reception fees. Therefore, our operating ratio was improved by providing a credit card that is readily

usable anytime and anywhere in daily life.

In its new business efforts, the Company worked hard to convert its business structure through the growth of new profit sources, such as the expansion of its e-money business resulting from the development of its WAON member stores, the enhancement of bank agency services, including the AEON Bank account opening service, and the commencement of call center service acceptance for AEON Group companies.

In its overseas business, centering on listed companies in Hong Kong, Thailand and Malaysia, the overseas subsidiaries built up their primary credit card business and their credit-peripheral business, which includes insurance agency services and servicer operations. We also worked hard to expand business in such new regions as Indonesia and Vietnam.

As a result, consolidated total transaction volume rose steadily by 15.3% year-on-year, to ¥3,074 billion. However, due to the tightening of credit standards, the decrease in demand for borrowing—a result of such issues as the deterioration in the economic environment and the impact of foreign exchange—total operating revenue fell 2.8% year on year, to ¥176,007 million, and operating income fell 19.0%, to ¥26,611 million. In addition, as a result of gains posted on the sale and redemption of stock held and losses due to a change in the method of estimating allowance for doubtful accounts, net income declined 16.2%, to ¥14,789 million.

Transaction volume

	Millions of Yen			
	2009	2008	Amount Change	Percentage Change
Credit card contracts	¥2,109,905	¥1,874,220	¥235,685	12.6%
Hire purchase contracts	49,051	53,598	(4,547)	(8.5)
Loan contracts	655,488	694,899	(39,411)	(5.7)
Processing services	225,908	30,567	195,341	639.1
Other transaction volume	33,674	13,736	19,938	145.1
Total transaction volume	¥3,074,026	¥2,667,020	¥407,006	15.3%

The amount of payment settlement service of e-money, and related transactions, which used to be included in "Other transaction volume," has been separated and is disclosed as "Processing services." This is a result of the significant increase in the handling of e-money and related payment methods.

Furthermore, since the loan agency services to other company's customer have decreased due to the ongoing removal of cash dispensers, the transaction volume which used to be presented as "Service fees" was excluded from the transaction volume.

Finance receivables

	Millions of Yen			
	2009	2008	Amount Change	Percentage Change
Installment sales receivables:				
Credit card contracts	¥211,117	¥248,229	¥(37,112)	(15.0)%
Hire purchase contracts	34,261	39,106	(4,845)	(12.4)
Subtotal	245,378	287,335	(41,957)	(14.6)
Operating loans receivables	483,528	503,721	(20,193)	(4.0)
Allowance for possible credit losses	(50,758)	(47,896)	(2,862)	(6.0)
Total finance receivables	¥678,148	¥743,160	¥(65,012)	(8.7)%

Consolidated total finance receivables decreased ¥65,012 million. A significant factor is a 15.0%, or ¥37,112 million, decrease of credit card contracts mainly due to the securitization.

Operating revenues

	Millions of Yen			
	2009	2008	Amount Change	Percentage Change
Credit card contracts	¥ 52,697	¥ 47,330	¥ 5,367	11.3%
Hire purchase contracts	9,304	9,753	(449)	(4.6)
Loan contracts	96,041	114,300	(18,259)	(16.0)
Processing service fees	6,150	2,039	4,111	201.6
Other operating revenues	11,815	7,654	4,161	54.4
Total operating revenues	¥176,007	¥181,076	¥ (5,069)	(2.8)%

On a consolidated basis, total operating revenues decreased ¥5,069 million compared with the year ended February 20, 2008, resulting from both an 11.3%, or ¥5,367 million, increase in credit card contracts and a 16.0%, or ¥18,259 million decrease in loan contracts.

Higher credit card contract revenues reflected a wider cardmember base and a larger pool of active cardmembers. This positive shift parallels efforts to utilize the opening of stores by alliance partners to attract new interest in AEON and other credit cards and to develop new co-branded cards, as well as a commitment to continuously incorporate member feedback for services that enhance card convenience. A prime example of how the Company listens to cardmembers' comments is its payment

settlement service for utility and medical bills, made possible by having more merchants in the network that accept credit cards for these purposes. Higher transaction volume also underpinned higher credit card contract revenues.

The drop in loan contracts is primarily because the upper limit on the effective annual rate applied to cash advance services in Japan was lowered to 18.0%.

Revenues from payment settlement services of e-money, and related transactions, which used to be included in "Other operating revenues," is now separate and is disclosed as "Processing service fees" from the current consolidated fiscal year. This is a result of significantly increased transaction volume.

Operating expenses

	Millions of Yen			
	2009	2008	Amount Change	Percentage Change
Financial costs	¥ 15,035	¥ 14,645	¥ 390	2.7%
Provision for possible credit losses and write-off of bad debts	32,767	42,569	(9,802)	(23.0)
Other operating expenses	101,594	90,999	10,595	11.6
Total operating expenses	¥149,396	¥148,213	¥ 1,183	0.8%

On a consolidated basis, total operating expenses climbed ¥1,183 million. This change is largely made up of increases of ¥3,244 million in provision for loss on refund of interest received, ¥2,009 million in salaries and benefits and ¥3,464 million in commissions and fees, respectively, despite decreases of ¥9,802 million in provision for possible credit losses and write-off of bad debts and ¥1,739 million in cash dispenser operating expenses.

The primary reason for the decrease in provision for possible credit losses and write-off of bad debts was a

lower credit loan balance that resulted in a smaller reserve. The main reason for the decline in cash dispenser operating expenses was the progress of the removal of the cash dispensers. The increase in provision for loss on refund of interest received was mainly due to the allocation of a reserve for the return of interest overpayments in the future.

The rise in salaries and benefits and commissions and fees was primarily because the Company's expanding scope of business activities required the hiring of more employees.

CASH FLOWS

Net cash provided by (used in) operating activities increased ¥52,803 million over the end of the previous consolidated fiscal year, to ¥45,709 million, despite an increase in finance receivables, paralleling the expansion of the credit card business at home and abroad, as a result of securitization of ¥153,959 million.

Net cash used in investing activities increased ¥8,069 million, to ¥699 million, in spite of ¥10,874 million in proceeds from the sale of investment securities. Cash was applied to new businesses and new profit-generating opportunities, as well as continued investment in systems to match a more diversified and expanding cardmember base.

Net cash provided by financing activities dropped ¥4,898 million, to ¥1,536 million. This was despite funds procurement totaling ¥101,034 million, through such factors as long-term debt, to ensure stable funding for steady expansion of transaction volume and offset the risk of rising interest rates in the future, and also because the Company redeemed and retired long-term debt totaling ¥95,528 million.

Consequently, cash and cash equivalents at February 20, 2009, amounted to ¥60,202 million, up ¥44,448 million from a year earlier.

BUSINESS PERFORMANCE BY GEOGRAPHIC AREA

Total assets and total operating revenues by geographic area

	Millions of Yen			
	2009	2008	Amount Change	Percentage Change
Total assets:				
Domestic	¥664,789	¥656,069	¥ 8,720	1.3%
Overseas	199,946	216,198	(16,252)	(7.5)
Elimination/Corporate	(10,541)	(10,206)		
Total assets	¥854,194	¥862,061	¥ (7,867)	(0.9)%
Operating revenues:				
Domestic	¥121,070	¥123,263	¥ (2,193)	(1.8)%
Overseas	54,937	57,813	(2,876)	(5.0)
Total operating revenues	¥176,007	¥181,076	¥ (5,069)	(2.8)%

Consolidated Balance Sheets

AEON Credit Service Co., Ltd. and Subsidiaries
February 20, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 60,202	¥ 15,754	\$ 640,449
Finance receivables—net of allowance for possible credit losses (Notes 4 and 5)	678,148	743,160	7,214,340
Deferred tax assets (Note 11)	16,796	16,549	178,681
Prepaid expenses and other current assets	42,808	34,359	455,406
Total current assets	797,954	809,822	8,488,876
Property and equipment:			
Structures	2,629	2,760	27,965
Vehicles	3,726	2,759	39,642
Equipment	15,886	18,951	169,002
Total	22,241	24,470	236,609
Accumulated depreciation	(12,771)	(14,627)	(135,866)
Net property and equipment	9,470	9,843	100,743
Investments and other assets:			
Investment securities (Notes 3 and 4)	18,042	22,941	191,933
Investments in associated companies	133	112	1,418
Software	11,425	8,089	121,538
Deferred tax assets (Note 11)	4,782	1,210	50,870
Guarantee money deposits	2,360	3,190	25,104
Deferred charges	158	196	1,677
Long-term prepaid expenses	7,710	6,546	82,025
Other assets	2,160	112	22,981
Total investments and other assets	46,770	42,396	497,546
TOTAL	¥854,194	¥862,061	\$9,087,165
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable (Note 17)	¥ 97,247	¥ 89,728	\$1,034,542
Short-term borrowings (Note 5)	26,581	27,787	282,777
Commercial paper (Note 5)		659	
Current portion of long-term debt (Note 5)	86,960	98,697	925,104
Accrued expenses	4,067	4,169	43,267
Allowance for the point program	4,142	3,287	44,060
Deferred revenue	296	353	3,154
Accrued income taxes	4,773	3,398	50,773
Other current liabilities	6,730	2,964	71,591
Total current liabilities	230,796	231,042	2,455,268
Long-term liabilities:			
Long-term debt (Note 5)	427,408	435,964	4,546,896
Deferred tax liabilities (Note 11)	393	433	4,181
Allowance for loss on refund of interest received	11,936	8,541	126,979
Other liabilities (Note 6)	1,760	2,744	18,720
Total long-term liabilities	441,497	447,682	4,696,776
Contingent liabilities (Notes 12 and 14)			
Equity (Note 7):			
Common stock—authorized, 540,000,000 shares; issued, 156,967,008 shares in 2009 and 2008	15,467	15,467	164,537
Capital surplus	17,053	17,053	181,414
Stock acquisition rights (Note 8)	25		267
Retained earnings	135,162	126,647	1,437,894
Unrealized gain on available-for-sale securities	767	4,356	8,163
Deferred loss on derivatives under hedge accounting	(420)	(339)	(4,464)
Foreign currency translation adjustments	(5,274)	297	(56,104)
Treasury stock—at cost, 131,823 shares in 2009 and 130,405 shares in 2008	(220)	(218)	(2,337)
Total	162,560	163,263	1,729,370
Minority interests	19,341	20,074	205,751
Total equity	181,901	183,337	1,935,121
TOTAL	¥854,194	¥862,061	\$9,087,165

See notes to consolidated financial statements.

Consolidated Statements of Income

AEON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Operating revenues (Notes 4 and 17):			
Credit card contracts	¥ 52,697	¥ 47,330	\$ 560,607
Hire purchase contracts	9,304	9,753	98,983
Loan contracts	96,041	114,300	1,021,712
Processing service fees	6,150	2,039	65,430
Other operating revenues	11,815	7,654	125,687
Total operating revenues	176,007	181,076	1,872,419
Operating expenses (Note 17):			
Financial costs	(15,035)	(14,645)	(159,951)
Provision for possible credit losses and write-off of bad debts	(32,767)	(42,569)	(348,586)
Other operating expenses (Note 9)	(101,594)	(90,999)	(1,080,785)
Total operating expenses	(149,396)	(148,213)	(1,589,322)
Operating income	26,611	32,863	283,097
Non-operating revenues (expenses)			
Provision of allowance for doubtful accounts (Note 2, d)	(6,564)		(69,830)
Gain on sales of investment securities	9,431	2,060	100,329
Other non-operating revenues (expenses), net (Note 10)	887	(596)	9,432
Total non-operating revenues (expenses)	3,754	1,464	39,931
Income before income taxes and minority interests	30,365	34,327	323,028
Income taxes (Note 11):			
Current	(12,658)	(14,656)	(134,664)
Deferred	1,474	2,259	15,685
Total income taxes	(11,184)	(12,397)	(118,979)
Minority interests in net income	(4,392)	(4,277)	(46,724)
Net income	¥ 14,789	¥ 17,653	\$ 157,325

	Yen	U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 16):		
Basic net income	¥94.29	¥112.52
Diluted net income	94.28	1.00
Cash dividends applicable to the year	40.00	40.00
		0.43

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

AEON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2009 and 2008

	Thousands		Millions of Yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Loss on Derivative under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, February 20, 2007	156,914	¥15,467	¥17,053		¥115,270	¥5,750	¥ (43)	¥ 2,105	¥ (90)	¥155,512	¥17,099	¥172,611
Net income					17,653					17,653		17,653
Cash dividends, ¥40 per share					(6,276)					(6,276)		(6,276)
Purchase of treasury stock	(78)								(129)	(129)		(129)
Disposal of treasury stock	1								1	1		1
Net change in the year						(1,394)	(296)	(1,808)		(3,498)	2,975	(523)
Balance, February 20, 2008	156,837	15,467	17,053		126,647	4,356	(339)	297	(218)	163,263	20,074	183,337
Net income					14,789					14,789		14,789
Cash dividends, ¥40 per share					(6,274)					(6,274)		(6,274)
Purchase of treasury stock	(2)								(3)	(3)		(3)
Disposal of treasury stock									1	1		1
Net change in the year				25		(3,589)	(81)	(5,571)		(9,216)	(733)	(9,949)
Balance, February 20, 2009	156,835	¥15,467	¥17,053	¥25	¥135,162	¥ 767	¥(420)	¥(5,274)	¥(220)	¥162,560	¥19,341	¥181,901

	Thousands		Thousands of U.S. Dollars (Note 1)									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Loss on Derivative under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, February 20, 2008	156,837	\$164,537	\$181,414		\$1,347,308	\$46,340	\$(3,603)	\$ 3,160	\$(2,320)	\$1,736,836	\$213,556	\$1,950,392
Net income					157,325					157,325		157,325
Cash dividends, \$0.43 per share					(66,739)					(66,739)		(66,739)
Purchase of treasury stock	(2)								(26)	(26)		(26)
Disposal of treasury stock									9	9		9
Net change in the year				267		(38,177)	(861)	(59,264)		(98,035)	(7,805)	(105,840)
Balance, February 20, 2009	156,835	\$164,537	\$181,414	\$267	\$1,437,894	\$ 8,163	\$(4,464)	\$(56,104)	\$(2,337)	\$1,729,370	\$205,751	\$1,935,121

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

AEON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 30,365	¥ 34,327	\$ 323,028
Adjustments for:			
Income taxes—paid	(11,001)	(22,649)	(117,032)
Depreciation	6,060	5,318	64,469
Provision for possible credit losses	34,610	40,211	368,193
Provision for the point program	871	547	9,270
Loss on disposal of software		63	
Loss (gain) on changes in interests in consolidated subsidiaries	348	(579)	3,707
Gain on sales of investment securities	(9,431)	(2,060)	(100,329)
Gain on redemption of investment securities	(2,706)		(28,784)
Loss of revaluation of investment securities	618		6,575
Loss on disposal of cash dispenser	1,034	1,254	10,996
Changes in assets and liabilities:			
Increase in finance receivables	(13,221)	(83,349)	(140,651)
Increase in other assets	(11,361)	(8,114)	(120,866)
Increase in accounts payable	9,979	20,614	106,157
Increase in other current liabilities	2,469	2,573	26,268
Increase in allowance for loss on refund of interest received	3,395	1,551	36,118
Increase in liability for retirement benefits	30	37	322
Other	3,650	3,162	38,830
Net cash provided by (used in) operating activities	45,709	(7,094)	486,269
INVESTING ACTIVITIES:			
Increase in time deposits—net	760	980	8,088
Purchases of property and equipment	(5,013)	(5,291)	(53,329)
Proceeds from sale of property and equipment	320	19	3,406
Purchases of software	(6,012)	(3,082)	(63,955)
Proceeds from sale of software	37	1	392
Purchases of investment securities	(532)	(441)	(5,658)
Proceeds from sales of investment securities	10,874	2,865	115,678
Proceeds from redemption of investment securities	2,706		28,784
Other	(3,839)	(3,819)	(40,842)
Net cash used in investing activities	(699)	(8,768)	(7,436)
FINANCING ACTIVITIES:			
Borrowing (payment) of short-term bank loans—net	4,622	(3,350)	49,174
Decrease (increase) in commercial paper—net	(603)	682	(6,413)
Proceeds from long-term debts	101,034	114,928	1,074,835
Repayments of long-term debts	(95,528)	(99,390)	(1,016,251)
Increase in treasury stock—net	(2)	(128)	(18)
Dividends paid to the Company's shareholders	(6,273)	(6,277)	(66,739)
Dividends paid to minority shareholders	(1,730)	(1,796)	(18,406)
Proceeds from issuance of subsidiaries' stock to minority shareholders	16	1,765	170
Net cash provided by financing activities	1,536	6,434	16,352
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(2,184)	(688)	(23,237)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,362	(10,116)	471,948
ACCRUAL OF CASH AND CASH EQUIVALENTS WITH THE DIVISION ABSORPTION	86		911
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,754	25,870	167,590
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 60,202	¥ 15,754	\$ 640,449

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended February 20, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and accounting principles generally accepted in the United States of America (“U.S. GAAP”).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is

more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Aeon Credit Service Co., Ltd. (the “Company”) is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥94 to \$1, the approximate rate of exchange at February 20, 2009. Such translation should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of February 20, 2009 include the accounts of the Company and its 21 significant (18 in 2008) subsidiaries and one (one in 2008) company in the equity method (together, the “Group”).

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The differences between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition are recorded as goodwill and are amortized within 20 years (estimated effective period) for the Company and consolidated domestic subsidiaries.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents on the Consolidated Balance Sheets

Cash equivalents on the consolidated balance sheets are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Finance Receivables—Finance receivables that the companies have the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at

their outstanding unpaid principal balances reduced by any write-off or valuation allowance.

d. Allowance for Possible Credit Losses—The allowance for possible credit losses is stated in amounts considered to be appropriate based on the past credit loss experience and an evaluation of potential losses in receivables.

The Company revised its credit control management methodology and implemented the new credit control system, considering its recent change of business environment including the revision of the Money Lending Business Control and Regulation Law which regulates the lower ceiling rates.

The Company changed its estimate method for the allowance for possible credit losses based on the revised credit control management methodology and the detailed data from its new system at the beginning of this fiscal year.

The effect of this change of the estimate method is to record provision of allowance for doubtful accounts of ¥6,564 million (\$69,830 thousand) at the beginning of the current fiscal year and this provision is stated as “Provision of allowance for doubtful accounts” in the consolidated statements of income.

e. Investment Securities—Investment securities are classified and accounted for, depending on management’s intent, as follows: available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. Property and Equipment—Property and equipment are stated at cost. Depreciation of property and equipment is computed under the straight-line method based on the estimated useful lives of the assets. The range of useful lives is principally from 3 to 15 years.

g. Software—Software is carried at cost less accumulated amortization. Amortization of software of the Group is calculated by the straight-line method. Software is amortized mainly over five years.

h. Allowance for Point Program—The allowance for the point program is stated in amounts considered to be appropriate based on the companies’ past redemption experience.

i. Allowances for Loss on Refund of Interest Received

The allowance for loss on refund of interest received (the amount of interest that exceeds the ceiling rate imposed by the Interest Rate Restriction Law) is provided by the Company and is stated in amounts considered to be appropriate based on the Company’s past refund experiences. In October 2006, “Application of auditing for provision of allowance for loss for reclaimed refund of interest in the accounting of consumer finance companies” of the industry audit practice committee report No. 37 by the Japanese Institute of Certified Public Accountants was issued and was adopted at the beginning of the fiscal year ended February 20, 2007.

j. Retirement and Pension Plans—The Company and consolidated domestic subsidiaries have a defined benefit pension plan, advance payment plan and defined contribution pension plan covering substantially all employees. Liability for employees’ retirement benefits are accounted for based on the projected benefit obligations and plan assets at the balance sheet date.

k. Bond Issuance Costs—Bond issuance costs are amortized by the straight-line method over the period the bonds are outstanding. Bond issue cost at February 20, 2009, which is included in deferred charges, is ¥158 million (\$1,677 thousand).

l. Recognition of Operating Revenues—The operations of the Group mainly comprise the following areas, and the recognition of operating revenues is different according to each business. See Note 4 for amounts of transactions and realized operating revenues for each business.

(1) Credit card contracts and hire purchase contracts

Installment sales receivables are recorded after the Group has accepted the relevant contracts that participating member stores refer to the Group.

The Group receives fees for collection of the installment

sales and the related administrative services from the member stores under credit card contracts and hire purchase contracts for shopping. The fees from the member stores are generally recognized at the time when the Group makes payments for the installment sales receivables to the member stores in advance.

The Group receives fees from customers under credit card contracts and hire purchase contracts. The fees from customers are recognized principally by the interest method.

(2) Loan contracts

The Group provides credit card cash advances and personal loans. Operating loans receivables are recorded when the Group loans cash to customers. The interest income and the customer charge at the start of the contract are recognized principally by the interest method.

m. Stock Option—The ASBJ Statement No. 8, “Accounting Standard for Stock Options” and related guidance are applicable to stock options granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

The Company has applied the accounting standard for stock options to those granted on and after May 1, 2006.

n. Leases—Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain “as if capitalized” information is disclosed in the notes to the lessee’s financial statements. All other leases are accounted for as operating leases.

o. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences. A valuation allowance is provided for any portion of the deferred tax assets that is not considered to be realizable.

p. Appropriations of Retained Earnings—

Appropriations of retained earnings are reflected in the financial statements for the following year upon the Board of Directors' resolution or shareholders' approval.

q. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at each balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of income to the extent that they are not hedged by forward exchange contracts.

r. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of each balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

s. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign currency exchange and interest rates. Derivative financial instruments are comprised principally of foreign exchange forward contracts, currency swaps and interest rate swaps utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes. Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gain or loss on derivative transactions are recognized in the statements of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gain or loss on derivatives are deferred until maturity of the hedged transactions.

Long-term debt denominated in foreign currencies for which currency swaps are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting.

Interest rate swaps are utilized to hedge interest rate exposures of long-term debt. In principle, these swaps which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gain or loss, net of applicable taxes are deferred until maturity as "Deferred Gain (Loss) on Derivatives under Hedge Accounting" in a separate component of equity.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are exceptionally not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.

t. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. Diluted net income per share reflects the potential dilution that could occur if outstanding stock acquisition rights were exercised. Diluted net income per share of common stock assumes full exercise of outstanding stock acquisition rights.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

u. New Accounting Pronouncements

Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statement." The new task force prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or U.S. GAAP tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material:

- 1) Amortization of goodwill
- 2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
- 3) Capitalization of intangible assets arising from development phases
- 4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets

- 5) Retrospective application when accounting policies are changed
- 6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. INVESTMENT SECURITIES

Investment securities as of February 20, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Non-current:			
Marketable equity securities	¥ 3,947	¥11,069	\$ 41,985
Other equity securities	14,095	11,872	149,948
Total	¥18,042	¥22,941	\$191,933

The carrying amounts and aggregate fair values of investment securities as of February 20, 2009 and 2008 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
February 20, 2009				
Securities classified as:				
Available-for-sale:				
Equity securities	¥3,258	¥1,472	¥(783)	¥3,947
February 20, 2008				
Securities classified as:				
Available-for-sale:				
Equity securities	¥3,707	¥7,923	¥(561)	¥11,069

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
February 20, 2009				
Securities classified as:				
Available-for-sale:				
Equity securities	\$34,662	\$15,654	\$(8,331)	\$41,985

Available-for-sale securities whose fair value was not readily determinable as of February 20, 2009 and 2008 were as follows:

	Carrying Amount			Thousands of U.S. Dollars
	Millions of Yen		2009	
	2009	2008		
Available-for-sale:				
Beneficiary rights	¥13,333	¥10,633		\$141,842
Equity securities	762	1,239		8,106
Total	¥14,095	¥11,872		\$149,948

Proceeds from sales of available-for-sale securities for the years ended February 20, 2009 and 2008 were ¥10,874 million (\$115,678 thousand) and ¥1,182 million, respectively. Proceeds from redemption of investment securities for the year ended February 20, 2009 were ¥2,706 million (\$28,784 thousand).

4. FINANCE RECEIVABLES

Finance receivables as of February 20, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Installment sales receivables:			
Credit card contracts	¥211,117	¥248,229	\$2,245,928
Hire purchase contracts	34,261	39,106	364,479
Subtotal	¥245,378	¥287,335	\$2,610,407
Operating loans receivables	483,528	503,721	5,143,910
Allowance for the possible credit losses	(50,758)	(47,896)	(539,977)
Total	¥678,148	¥743,160	\$7,214,340

For the years ended February 20, 2009 and 2008, the Group securitized finance receivables and subsequently transferred the cash flow interests in those assets mainly to unconsolidated special purpose entities.

The total amount of securitized receivables during the years ended February 20, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
The Company	¥153,959	¥76,087	\$1,637,865
The consolidated subsidiaries		8,048	
Total	¥153,959	¥84,135	\$1,637,865

Some of the interests in the securitized financial assets are retained in the form of seller or subordinated tranches ("remaining interests"), which are included in finance receivables and investment securities.

The remaining interests included in finance receivables and investment securities as of February 20, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finance receivables:			
Installment sales receivables	¥ 1,245	¥ 614	\$ 13,243
Operating loans receivables	2,955	1,543	31,431
Investment securities	13,333	10,634	141,842
Total	¥17,533	¥12,791	\$186,516

Transaction volume and realized operating revenue by type of contract for the years ended February 20, 2009 and 2008 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2009		2008		2009	
	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue
Credit card contracts	¥2,109,905	¥ 52,697	¥1,874,220	¥ 47,330	\$22,445,801	\$ 560,607
Hire purchase contracts	49,051	9,304	53,598	9,753	521,818	98,983
Loan contracts	655,488	96,041	694,899	114,300	6,973,277	1,021,712
Processing services	225,908	6,150	30,567	2,039	2,403,277	65,430
Other	33,674	11,815	13,736	7,654	358,228	125,687
Total	¥3,074,026	¥176,007	¥2,667,020	¥181,076	\$32,702,401	\$1,872,419

Since the loan agency services to other companies' customers have decreased due to the ongoing removal of cash dispensers, the transaction volume which used to be presented as "Service fees" was excluded from the transaction volume.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of February 20, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Bank loans, 0.60% to 12.5% (2009) and 1.20% to 9.25% (2008)	¥26,581	¥27,787	\$282,777
Commercial paper at 3.70% (2008)		659	
Total	¥26,581	¥28,446	\$282,777

Long-term debt as of February 20, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Issued by the Company:			
Unsecured 1.22% Japanese yen notes due 2008		¥15,000	
Unsecured 1.47% Japanese yen notes due 2009	¥15,000	15,000	\$159,574
Unsecured 0.81% Japanese yen notes due 2010	10,000	10,000	106,383
Unsecured 1.60% Japanese yen notes due 2011	10,000	10,000	106,383
Unsecured 1.08% Japanese yen notes due 2012	20,000	20,000	212,765
Unsecured 1.55% Japanese yen notes due 2013	10,000	10,000	106,383
Unsecured 1.79% Japanese yen notes due 2014	20,000	20,000	212,765
Unsecured 1.78% Japanese yen notes due 2012	20,000	20,000	212,765
Issued by AEON Thana Sinsap (Thailand) Plc.:			
Unsecured 4.45% Thai baht notes due 2008		1,715	
Unsecured 4.77% Thai baht notes due 2008		1,784	
Unsecured 4.94% Thai baht notes due 2010	795	1,029	8,457
Unsecured 4.59% Thai baht notes due 2010	2,650		28,191
Unsecured 5.20% Thai baht notes due 2012	2,650		28,191
Unsecured 2.88% Thai baht notes due 2011	1,544		16,426
Issued by AEON Credit Service (M) Berhad:			
Medium Term Note Malaysia Ringgit due 2010 (*1)	508	654	5,404
Medium Term Note Malaysia Ringgit due 2010 (*1)	508	654	5,404
Medium Term Note Malaysia Ringgit due 2012 (*2)	986	1,266	10,489
Medium Term Note Malaysia Ringgit due 2010 (*3)	1,028	1,339	10,936
Medium Term Note Malaysia Ringgit due 2012 (*4)	1,028	1,339	10,936
Medium Term Note Malaysia Ringgit due 2010 (*5)	1,285	1,673	13,670
Medium Term Note Malaysia Ringgit due 2010 (*6)	771		8,202
Medium Term Note Malaysia Ringgit due 2009 (*7)	257		2,734
Medium Term Note Malaysia Ringgit due 2011 (*8)	1,156		12,298
Medium Term Note Malaysia Ringgit due 2012 (*9)	642		6,830

Loans from banks and other financial institutions, due through 2016 with interest rates ranging from 0.74% to 6.97% (2009) and from 0.72% to 6.91% (2008):

Collateralized	10,319	11,764	109,777
Unsecured	377,804	387,044	4,019,191

Loans from subsidiaries of the parent company due through 2010 with interest rates ranging from 0.88% to 1.34% (2009) and from 1.1% to 1.34% (2008):

Unsecured	4,400	4,400	46,809
Lease obligations	1,037		11,037

Total **514,368** **534,661** **5,472,000**

Less current portion **(86,960)** **(98,697)** **(925,104)**

Long-term debt, less current portion **¥427,408** **¥435,964** **\$4,546,896**

(*1) Profit return rate: 4.37% (*2) Profit return rate: 4.54% (*3) Profit return rate: 3.81% (*4) Profit return rate: 3.89% (*5) Profit return rate: 4.11% (*6) Profit return rate: 4.85% (*7) Profit return rate: 4.15% (*8) Profit return rate: 5.00% (*9) Profit return rate: 4.55%

The annual maturities of long-term debt as of February 20, 2009 were as follows:

Years ending February 20	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 86,960	\$ 925,104
2011	106,846	1,136,660
2012	139,590	1,485,000
2013	99,529	1,058,820
2014	68,952	733,535
2015 and thereafter	12,491	132,881
Total	¥514,368	\$5,472,000

The carrying amounts of assets pledged as collateral for long-term debt at February 20, 2009 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Installment sales receivables	¥ 6,826	\$ 72,614
Operating loans receivables	10,023	106,627
Total	¥16,849	\$179,241

6. RETIREMENT AND PENSION PLANS

The Company has severance payment plans for employees, directors and corporate auditors, except that the Company ceased the severance payments for the directors and corporate auditors effective May 12, 2004. The Company and consolidated domestic subsidiaries have a defined benefit pension plan, advance payment plan and defined contribution pension plan covering substantially all employees.

The net liability (asset) for employees' retirement benefits which is included in other liabilities as of February 20, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥1,193	¥ 968	\$12,692
Fair value of plan assets	(690)	(595)	(7,338)
Unrecognized actuarial loss	(395)	(295)	(4,203)
Net liability	¥ 108	¥ 78	\$ 1,151

The components of net periodic benefit costs for the years ended February 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥ 59	¥ 57	\$ 630
Interest cost	23	22	247
Expected return on plan assets	(12)	(11)	(130)
Recognized actuarial loss	53	47	560
Other	96	92	1,021
Total	¥219	¥207	\$2,328

Assumptions used for the years ended February 20, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	2.4%	2.4%
Expected rate of return on plan assets	2.05%	1.92%
Recognition period of actuarial gain/loss	10 years	10 years

7. EQUITY

On and after May 1, 2006, Japanese companies are subject to the Companies Act of Japan (the "Companies Act"), which reformed and replaced the Commercial Code of Japan (the "Code") with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Board of Directors of companies with board committees (an appointment committee, compensation committee and audit committee) can also do so because such companies with board committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of the Board of Corporate Auditors.

The Board of Directors of the Company can declare dividends without resolution at the shareholders meeting since the Company is organized as a company with board committees and meet the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold.

The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus are retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. STOCK-BASED COMPENSATION

The stock options outstanding as of February 20, 2009 are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price Yen	Exercise Period
2009 Stock Option	12 directors	20,000 shares	April 21, 2008	¥1	From May 21, 2008 to May 20, 2023

The summary of stock option activity is as follows:

	2009 Stock Option
Non-vested (Shares)	
Outstanding at beginning of year	
Granted	20,000
Expired	
Vested	20,000
Outstanding at end of year	
Vested (Shares)	
Outstanding at beginning of year	
Vested	20,000
Expired	
Outstanding at end of year	20,000
Exercise price	¥1
Average stock price at exercise	
Fair value price at grant date	¥1,256

The assumptions used to measure fair value of stock options vested during fiscal year 2009 were as follows:

	2009 Stock Option
Measurement method	Black-Scholes option pricing model
Risk-free interest rate	1.07%
Expected life of option grants	7.5 year
Expected volatility of underlying stock	41.97%
Estimated dividend	¥40 per share

9. OTHER OPERATING EXPENSES

Other operating expenses for the years ended February 20, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Human resources	¥ 22,501	¥20,282	\$ 239,372
Sales promotion expenses	15,408	14,537	163,917
Provision for loss on refund of interest received	9,766	6,522	103,888
Other	53,919	49,658	573,608
Total	¥101,594	¥90,999	\$1,080,785

10. OTHER NON-OPERATING REVENUES (EXPENSES), NET

Other non-operating revenues (expenses) for the years ended February 20, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Amortization of negative goodwill	¥ 189	¥ 265	\$ 2,015
Loss on revaluation of investment securities	(618)		(6,575)
Gain on redemption of investment securities	2,706		28,784
Gain on changes in interests in consolidated subsidiaries	3	579	37
Loss on changes in interests in consolidated subsidiaries	(352)		(3,744)
Loss on disposal of cash dispenser	(1,034)	(1,254)	(10,996)
Other	(7)	(186)	(89)
Total	¥ 887	¥ (596)	\$ 9,432

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.4% for the year ended February 20, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities as of February 20, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Enterprise tax	¥ 286	¥ 192	\$ 3,047
Allowance for the possible credit losses	13,551	12,642	144,159
Finance receivables	182	1,130	1,940
Allowance for the point program	1,642	1,287	17,471
Allowance for loss on refund of interest received	4,822	3,450	51,299
Accrued income	832	1,054	8,848
Property and equipment	241	296	2,563
Other	640	659	6,803
Less valuation allowance	(150)	(144)	(1,595)
Offset with deferred tax liabilities	(468)	(2,807)	(4,984)
Total deferred tax assets	¥21,578	¥17,759	\$229,551
Deferred tax liabilities:			
Depreciation in consolidated foreign subsidiaries	¥ 214	¥ 274	\$ 2,281
Undistributed earnings of consolidated foreign subsidiaries	179	159	1,900
Unrealized gain on available-for-sale securities	468	2,807	4,984
Offset with deferred tax assets	(468)	(2,807)	(4,984)
Total deferred tax liabilities	¥ 393	¥ 433	\$ 4,181
Net deferred tax assets	¥21,185	¥17,326	\$225,370

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended February 20, 2009 and 2008 is as follows:

	2009	2008
Normal effective statutory tax rate	40.4%	40.4%
Earnings not taxable and expenses not deductible for income tax purposes—net	(0.3)	(0.7)
Deduction for foreign taxes	(0.9)	(0.6)
Per capita portion of inhabitants tax	0.3	0.3
Lower income tax rates applicable to income in certain foreign countries	(6.7)	(6.6)
Influence of elimination in consolidation	3.9	3.1
Other—net	0.1	0.2
Actual effective tax rate	36.8%	36.1%

12. LEASES

The Group leases certain equipment, office space and other assets.

Total rental expense for the years ended February 20, 2009 and 2008 was ¥5,555 million (\$59,098 thousand) and ¥4,989 million, respectively, including ¥422 million (\$4,488 thousand) and ¥656 million of lease payments under finance leases.

Proforma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance lease, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an “as if capitalized” basis for the years ended February 20, 2009 and 2008 is as follows:

	Millions of Yen			
	2009			
	Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	¥161	¥ 977	¥103	¥1,241
Accumulated depreciation	(55)	(660)	(94)	(809)
Net leased property	¥106	¥ 317	¥ 9	¥ 432

	Millions of Yen			
	2008			
	Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	¥104	¥ 1,947	¥ 168	¥ 2,219
Accumulated depreciation	(60)	(1,265)	(131)	(1,456)
Net leased property	¥ 44	¥ 682	¥ 37	¥ 763

	Thousands of U.S. Dollars			
	2009			
	Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	\$1,709	\$10,394	\$1,100	\$13,203
Accumulated depreciation	(582)	(7,021)	(1,006)	(8,609)
Net leased property	\$1,127	\$ 3,373	\$ 94	\$ 4,594

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥232	¥414	\$2,471
Due after one year	207	362	2,195
Total	¥439	¥776	\$4,666

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Depreciation expense	¥395	¥631	\$4,203
Interest expense	8	14	82
Total	¥403	¥645	\$4,285

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases as of February 20, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥1,078	\$11,475
Due after one year	874	9,296
Total	¥1,952	\$20,771

13. DERIVATIVES

The Group enters into foreign exchange forward contracts and currency swap contracts to hedge foreign exchange risk associated with certain liabilities denominated in foreign currencies.

The Group also has entered into interest rate swaps to limit the unfavorable impact from increases in interest rates on floating-rate long-term debt. The interest rate swaps effectively limit the Group's interest expense on specified amounts of floating-rate long-term borrowings to a maximum rate. The Group does not hold or issue derivatives for trading or speculative purposes.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates. Since the Group's derivatives are related to qualified hedges of the unfavorable impact from increases in interest rates on floating-rate long-term debt and fluctuations of foreign exchange associated with certain liabilities, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. Credit risk is the possibility that a loss may result from the counterparty's failure to perform according to the terms and conditions of the contract. Because the counterparties to those derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

The basic policies for the use of derivatives are approved by the Board of Directors and the execution and control of derivatives are controlled by the Finance Department. Each derivative transaction is periodically reported to the management, where evaluation and analysis of derivatives are made.

Foreign currency forward contracts and interest rate swaps which qualify for hedge accounting are excluded from the disclosure of market value information.

14. CONTINGENT LIABILITIES

Guaranteed amount pertaining to personal loans provided by partner financial institutions for the years ended February 20, 2009 amounted to ¥1,002 million (\$10,668 thousand).

15. LOAN COMMITMENTS

The Group provides cashing and card loan services that supplement its credit card operations. The nonexercised portion of loan commitments in these businesses was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Total loan limits	¥5,463,603	¥5,273,599	\$58,123,439
Loan executions	425,535	438,617	4,526,973
The nonexercised portion of loan commitments	¥5,038,068	¥4,834,982	\$53,596,466

Most of the contracts for the above loan commitments were for cashing services supplementary to credit card services furnished to the cardmembers. The execution of the loan commitments requires positive credit assessment. Therefore, not all nonexercised portions of loan commitments will necessarily be executed.

16. NET INCOME PER SHARE

Basic and diluted net income per share ("EPS") for the years ended February 20, 2009 and 2008 were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
For the year ended February 20, 2009:				
Basic EPS				
Net income	¥14,789			
Net income available to common shareholders	¥14,789	156,836	¥94.29	\$1.00
Effect of dilutive securities—Warrants of the Company		17		
Diluted EPS—Net income for computations	¥14,789	156,853	¥94.28	\$1.00
For the year ended February 20, 2008:				
Basic EPS				
Net income	¥17,653			
Net income available to common shareholders	¥17,653	156,886	¥112.52	

Diluted EPS for the year ended February 20, 2008 is not disclosed as there is no potential dilution existing.

17. RELATED PARTY TRANSACTIONS

Transactions with the parent company and its subsidiaries for the years ended February 20, 2009 and 2008 were as follows:

ÆON Co., Ltd. (the parent company)

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Credit card contracts		¥7,959	
Hire purchase contracts		1	

Æon Retail Co., Ltd. (subsidiary of the parent company)

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Credit card contracts	¥3,482		\$37,042
Processing service fees	1,839		19,567
Other operating expenses	1,651		17,566

The balances due to or from the parent company and its subsidiary as of February 20, 2009 and 2008 were as follows:

ÆON Co., Ltd. (the parent company)

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Accounts payable		¥9,732	

Æon Retail Co., Ltd. (subsidiary of the parent company)

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Accounts payable	¥7,218		\$76,788

The above transactions were on an arm's-length basis and in the normal course of business.

AEON RETAIL CO., LTD., succeeded to any and all businesses operated by AEON CO., LTD., the parent company as of August 21, 2008 (except for control over and management of business activities of the companies of which shares are held by AEON CO., LTD., and businesses relevant to Group management) through a company split. The above-mentioned transaction amounts indicate that which is up to the balance sheet date on and after August 21, 2008, while the transaction amounts with AEON CO., LTD., in the period before the relevant absorption-type company split is not included. Please note that the transaction amounts with AEON CO., LTD., from February 21, 2008 to August 20, 2008 were ¥3,833 million (\$40,776 thousand) in credit card revenue, ¥1,098 million (\$11,682 thousand) in processing service fees and ¥920 million (\$9,787 thousand) in commissions payments.

18. SEGMENT INFORMATION

The Company separates its operations into two segments comprised of the following industries: The financial services industry consists of credit card contracts, hire purchase contracts and loan contracts; the other operating services industry consists of an insurance agency and other operating services.

Operations in financial services for the years ended February 20, 2009 and 2008 amounted to more than 90% of consolidated operating revenues, operating income and assets, and accordingly, the segment information in different industries is not disclosed for fiscal 2009 and 2008.

Information on geographic segments and operating revenues to foreign customers of the Company and its subsidiaries for the years ended February 20, 2009 and 2008 is as follows:

(1) Geographic segments

The geographic segments of the Company and its subsidiaries for the years ended February 20, 2009 and 2008 are summarized as follows:

	Millions of Yen				Consolidated
	Domestic	Overseas	Total	Eliminations/ Corporate	
Operating revenues to customers	¥121,070	¥ 54,937	¥176,007		¥176,007
Interarea transfer					
Total operating revenues	121,070	54,937	176,007		176,007
Operating expenses	105,842	43,554	149,396		149,396
Operating income	¥ 15,228	¥ 11,383	¥ 26,611		¥ 26,611
Total assets	¥664,789	¥199,946	¥864,735	¥(10,541)	¥854,194

	Thousands of U.S. Dollars				Consolidated
	Domestic	Overseas	Total	Eliminations/ Corporate	
Operating revenues to customers	\$1,287,988	\$ 584,431	\$1,872,419		\$1,872,419
Interarea transfer					
Total operating revenues	1,287,988	584,431	1,872,419		1,872,419
Operating expenses	1,125,984	463,338	1,589,322		1,589,322
Operating income	\$ 162,004	\$ 121,093	\$ 283,097		\$ 283,097
Total assets	\$7,072,228	\$2,127,086	\$9,199,314	\$(112,149)	\$9,087,165

	Millions of Yen				Consolidated
	Domestic	Overseas	Total	Eliminations/ Corporate	
Operating revenues to customers	¥123,263	¥ 57,813	¥181,076		¥181,076
Interarea transfer					
Total operating revenues	123,263	57,813	181,076		181,076
Operating expenses	102,651	45,562	148,213		148,213
Operating income	¥ 20,612	¥ 12,251	¥ 32,863		¥ 32,863
Total assets	¥656,069	¥216,198	¥872,267	¥(10,206)	¥862,061

Major countries and areas included in the overseas segment are as follows:

Hong Kong, Thailand, Malaysia, Taiwan, China and Indonesia.

(2) Operating revenues to foreign customers

Operating revenues to foreign customers for the years ended February 20, 2009 and 2008 amounted to ¥54,937 million (\$584,431 thousand) and ¥57,813 million, respectively.

19. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriations of retained earnings as of February 20, 2009 were approved at the Company's Board of Directors' meeting held on April 14, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25.00 (\$0.27) per share	¥3,921	\$41,711

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23, Shibaura
Minato-ku, Tokyo 108-8530
Japan

Tel: +81(3)3457 7321
Fax: +81(3)3457 1694
www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ÆON Credit Service Co., Ltd.:

We have audited the accompanying consolidated balance sheets of ÆON Credit Service Co., Ltd. (the "Company") and subsidiaries as of February 20, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ÆON Credit Service Co., Ltd. and subsidiaries as of February 20, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

May 12, 2009

Major AEON Group Companies

■ Pure holding company
AEON CO., LTD.

■ GMS Business
AEON Retail Co., Ltd.
AEON Hokkaido Corporation
SUNDAY CO., LTD.
AEON KYUSHU CO., LTD.
AEON SUPERCENTER Co., Ltd.
AEON Marché Co., Ltd.
JOY Co., Ltd.
MYCAL CORPORATION
RYUKYU JUSCO CO., LTD.

■ Supermarket Business
Maxvalu Chubu Co., Ltd.
Maxvalu Nishinohon Co., Ltd.
Maxvalu Tohoku Co., Ltd.
Maxvalu Tokai Co., Ltd.
Maxvalu Hokkaido Co., Ltd.
The Maruetsu, Inc.
Inageya Co., Ltd.
KASUMI CO., LTD.
Belc CO., LTD.
KOHYO CO., LTD.
Maxvalu Kyushu Co., Ltd.

■ Strategic Small Size Store Business
MINISTOP CO., LTD.
ORIGIN TOSHU CO., LTD.

■ Drug Store Business
CFS Corporation
TSURUHA HOLDINGS Inc.
KUSURI NO AOKI Co., LTD.
GROWELL HOLDINGS Co., Ltd.
Medical Ikkou Co., Ltd.
TAKIYA Co., Ltd.
Welpark Co., Ltd.
Kraft Holdings Inc.
Shimizu Drug Co., Ltd.

■ Specialty Store Business
The Talbots, Inc.
G FOOT CO., LTD.
COX CO., LTD.
BLUE GRASS Co., Ltd.
Taka:Q Co., Ltd.
YAMAYA CORP.
Abilities JUSCO Co., Ltd.
AEON CINEMAS CO., LTD.
AEON FOREST CO., LTD.
AEON BODY Co., Ltd.
Talbots Japan Co., Ltd.
Branshes Co., Ltd.
PETCITY Co., Ltd.
Bon Belta Co., Ltd.
MIRAIYA SHOTEN Co., LTD.
Mega Sports Co., Ltd.
MEGA PETRO Co., Ltd.
LAURA ASHLEY JAPAN CO., LTD.
AT Japan Co., Ltd.
Claire's Nippon Co., Ltd.
Warner Mycal Corporation

■ Financial Service Business
AEON CREDIT SERVICE CO., LTD.
AEON CREDIT SERVICE (ASIA) CO., LTD.
AEON THANA SINSAP (THAILAND) PLC.
AEON CREDIT SERVICE (M) BERHAD
AEON INSURANCE SERVICE CO., LTD.
A-C-S CREDIT MANAGEMENT CO., LTD.
ACS CAPITAL CORPORATION LTD.
ACS TRADING VIETNAM VIETNAM CO., LTD.
AEON CREDIT CARD (TAIWAN) CO., LTD.
AEON CREDIT GUARANTEE (CHINA) CO., LTD.
AEON CREDIT SERVICE (TAIWAN) CO., LTD.
AEON INFORMATION SERVICE (SHENZHEN) CO., LTD.
PT. AEON CREDIT SERVICE INDONESIA
AEON BANK, LTD.

■ Shopping Center Development Business
AEON Mall Co., Ltd.
LOC DEVELOPMENT CO., LTD.

■ Service Business
AEON DELIGHT CO., LTD.
AEON Fantasy Co., Ltd.
ZWEI CO., LTD.
CERTO Corporation
AEON Eaheart Co., LTD.
JUSVEL CO., LTD.
Reform Studio Co., Ltd.

■ Nonstore Business
AEON VISTY CO., LTD.

■ Asia Business
AEON Co. (M) Bhd.
AEON (Thailand) CO., LTD.

■ Chinese Business
AEON Stores (Hong Kong) Co., Ltd.
AEON (China) Co., Ltd.
Beijing AEON Co., Ltd.
Guangdong JUSCO Teem Stores Co., Ltd.
Qingdao AEON Dongtai Co., Ltd.
SHENZHEN AEON Co., Ltd.

■ Merchandise procurement and food processing operations
AIC Inc.
AEON GLOBAL SCM CO., LTD.
AEON GLOBAL MERCHANDISING CO., LTD.
AEON TOPVALU CO., LTD.
AEON Bakery Systems Co., Ltd.
Cordon Vert CO., LTD.
Research Institute For Quality Living Co., Ltd.
Food Supply Jusco Co., Ltd.
MYCAL CANTEVOLE Co., Ltd.
Tasmania Feedlot Pty. Ltd.
AEON Demonstration Service Inc.

Listed companies are shown in bold print.

- AEON 1% Club
- AEON Environment Foundation
- The Cultural Foundation of Okada

Corporate Data (As of June 2009)

Company Name
ÆON CREDIT SERVICE CO., LTD.

Head Office
Kanda Mitoshiro-cho 1, Chiyoda-ku, Tokyo 101-8445, Japan
Tel: +81-3-5281-2030
Fax: +81-3-5281-2020
URL: <http://www.aeoncredit.co.jp>

Established
June 20, 1981

Capital Stock
¥15,466.5 million

Number of Employees
895
5,386 (Consolidated)

Domestic Subsidiaries
AEON INSURANCE SERVICE CO., LTD.
ACS CREDIT MANAGEMENT CO., LTD.

Overseas Subsidiaries
AEON CREDIT SERVICE (ASIA) CO., LTD.
AEON CREDIT GUARANTEE (CHINA) CO., LTD.
AEON INFORMATION SERVICE (SHENZHEN) CO., LTD.
AEON THANA SINSAP (THAILAND) PLC.
ACS INSURANCE BROKER (THAILAND) CO., LTD.
ACS LIFE INSURANCE BROKER (THAILAND) CO., LTD.
ACS CAPITAL CORPORATION LTD.
ACS SERVICING (THAILAND) CO., LTD.
AEON CREDIT SERVICE (M) BERHAD
AEON CREDIT SERVICE (TAIWAN) CO., LTD.
AEON CREDIT CARD (TAIWAN) CO., LTD.
PT. AEON CREDIT SERVICE INDONESIA
ACS TRADING VIETNAM CO., LTD.

Shareholder Information (As of February 20, 2009)

Closing Date
February 20

Shares Issued
156,967,008 shares

Stock Exchange Listing
Tokyo Stock Exchange, First Section (Securities Code: 8570)

Shareholders' Meeting
Held in May of each year

Transfer Agent
Mizuho Trust & Banking Co., Ltd.

Independent Auditors
Deloitte Touche Tohmatsu

Board of Directors and Auditors (As of August 1, 2009)

Directors	
Chairman	Yoshiaki Mori
President	Kazuhide Kamitani
Managing Directors	Takashi Kiyonaga
	Tatsuya Saito
Directors	Kiyoaki Takano
	Yasuhiko Kondo
	Yoshitaka Yamada
	Mitsugu Tamai
	Kiyoyasu Asanuma
	Takatoshi Ikenishi
	Hideyuki Ito
	Kazuo Ishizuka

Auditors	
Corporate Auditors	Hisateru Taniuchi *
	Hiroyasu Sugihara *
	Hideki Wakabayashi *
	Koshi Yamaura *

*External



AEON CREDIT SERVICE CO., LTD.