Annual Report 2011

ÆON CREDIT SERVICE CO., LTD.

ÆON CREDIT SERVICE CO., LTD.

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

The unchanging corporate mission of ÆON CREDIT SERVICE CO., LTD., is to constantly benefit its cardmembers through quality financial services. As a reflection of this, we have included "ÆON"—the Latin word for eternity—in our corporate name. In Japan and the rest of Asia, our management philosophy is to "support cardmembers' 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 cardmembers' needs. We also seek to earn cardmember 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

Forward-Looking Statements
Statements contained in this report with respect to the ÆON CREDIT SERVI CE Group's plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of the ÆON CREDIT SERVI CE 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 ÆON CREDIT SERVI CE Group's actual results, performance or achievements to differ materially from the expectations expressed herein.

To Our Stakeholders

Kazuhide Kamitani
President and CEO

We extend our heartfelt sympathy to the victims of the Great East Japan Earthquake that struck on March 11, 2011.

AEON Credit Service Co., Ltd. (the "Company") has installed several Temporary Credit Consulting Counters in the earthquake/tsunami-devastated areas so that the victims can consult the Company about their lost credit cards, payments and other relevant issues. In addition, the Company is committed to rendering useful services with such measures as the provision of dedicated toll-free call lines for the victims of the Great East Japan Earthquake and the offering of special emergency loans to AEON cardmembers whose residences are registered in the devastated areas.

Moreover, the Company has been active in a variety of fund-raising activities, including the Emergency Restoration Assistance Donation campaign, the solicitation of contributions using our credit cards or the Tokimeki Point Program through storefronts, offices and the Company's website, and the acceptance of contributions via AEON BANK, LTD.'s ATMs. Furthermore, the Company has contributed a portion of procured funds financed by the issuance of unsecured corporate bonds as a public donation.

We at AEON Credit Service wish for the recovery of each and every victim of the disaster without further delay.

Fiscal 2010 Performance

In fiscal 2010, the year ended February 20, 2011, the Company promoted the e-money business and our fee businesses, including the bank agency and Internet businesses, and expanded overseas business in new countries, in addition to enhancing our credit card business. In the credit card business, as a result of efforts to attract new cardmembers inside and outside Japan, our cardmember base increased by 1.54 million, to 28.07 million, on a consolidated basis.

In the e-money business, the Company continued to work on increasing the number of cards issued and expanding the transaction volume by promoting the issuance of the e-money card WAON, which has both cash and credit card functions, and by developing an e-money program whereby cardmembers can use e-money as if it were a true currency in available local areas. As for bank agency services, the Company reinforced the handling and soliciting of account applications for home mortgage loans via increased new openings of in-store branches.

In the overseas business, centering on listed companies in Hong Kong, Thailand and Malaysia, the overseas subsidiaries continued to build up their mainstay credit card business and extended their credit-peripheral business, which includes insurance agency services and servicer operations. We also successfully expanded business in new regions, such as Indonesia, the Philippines and Vietnam.

As a result of these efforts, total transaction volume increased 6.7% year on year, to ¥3,194,657 million, on a consolidated basis. Although total operating revenues fell 1.9%, to ¥169,191 million, partly due to a review of the posting method for operating revenues from the e-money settlement service, operating income increased 0.8%, to ¥20,717 million, through enhanced low-cost operations, and ordinary income increased 2.0%, to ¥20,823 million.

The Company recorded extraordinary income of ¥4,632 million from the transfer of all shares of AEON INSURANCE SERVICE CO., LTD. it held to AEON BANK. On the other hand, the Company recorded an extraordinary loss of ¥4,620 million from the increases in the "Allowance for point program," for the change in the Tokimeki Point redemption deadline, and from the disposal cost for existing software for improvements in efficiency and for the allowance for an increase in future trasaction volume. As a result, consolidated net income amounted to ¥9,540 million, increasing ¥9,342 million from the previous fiscal year.

Fiscal 2011 Plans

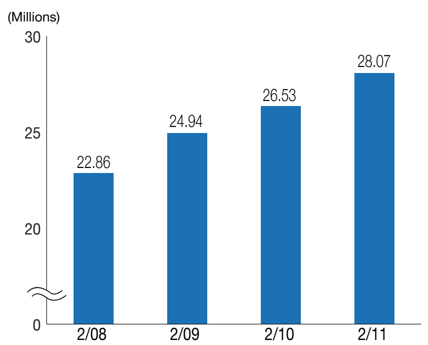
As for the current economic situation, the Company believes that the Great East Japan Earthquake has had such an enormous impact on the domestic economy that reconstruction will require a considerable period of time. Given a business environment that is expected to remain harsh, the Company intends to address the following priority tasks to strengthen the mainstay businesses and expand new revenue sources by fortifying the mainstay businesses and accelerating the transformation of the Company's business structure.

Reinforcement of the Credit Card Business
- Enhance customer privileges and promote member solicitations for the AEON CARD SELECT.
- Explore new customer segments by strengthening membership solicitations for co-branded cards.

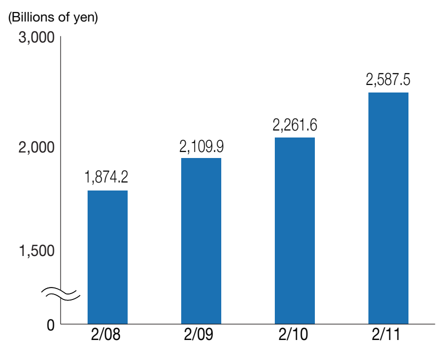
Promotion of Fee Businesses
- In the e-money business, we will promote the issuing of the WAON integrated card and increase the number of affiliated merchants accepting WAON.
- Regarding bank agency services, we will promote the opening of in-store branches, the handling and soliciting of account applications for home mortgage loans, and the new installation of ATMs.
- In the Internet business, we will work on increasing the number of registered Web Details Statement cardmembers, to whom card usage details are sent via e-mail rather than by printed statements, and promote various Internet services.

Expansion of Overseas Businesses
- Centering on listed companies in Hong Kong, Thailand and Malaysia, we will build up our mainstay credit card business and extend the credit-peripheral business in Asian countries.
- We will strive to launch our credit card business in the Philippines, India and Cambodia.

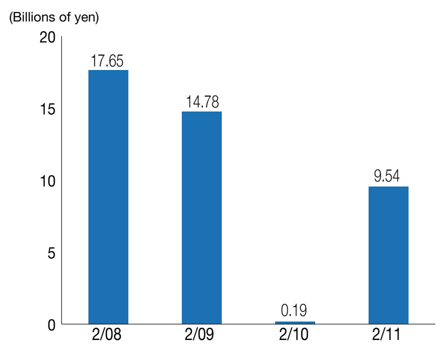
Number of Cardmembers



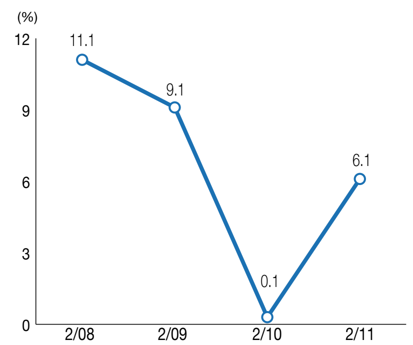
Credit Card Purchase Volume



Net Income



Return on Equity



Domestic Operations

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.

Credit Card Business

Expanding the Cardmember Base

During the year under review, we focused on soliciting applications for the AEON CARD SELECT and expanded the number of new customers by issuing co-branded cards with Benesse Corporation and Metropolitan Expressway Service Company Limited. As a result, the Company posted a non-consolidated net increase of 950,000 cardmembers from the previous fiscal year, bringing the total number of cardmembers to over 20 million.

Improving Credit Card Usage Ratio

In addition to the aggressive implementation of usage promotion plans such as Rewards Point Up campaigns with business partners to raise the credit card usage ratio, the Company entered into a business alliance with China UnionPay in Japan and Asian countries where the Company conducts its business operations, and endeavored to increase the number of affiliated merchants throughout these areas. Through these efforts, the Company recorded a net increase of approximately 7.8 million cardmembers year on year, and the domestic volume of credit card purchase transactions increased 14.4%, to ¥2,501,943 million.

Fee Businesses

E-Money Business

In the e-money business, the Company strove to increase the number of affiliated merchants by enabling settlements at commercial facilities, such as airports and automatic vending machines, and improve customer convenience by incorporating the Mobile WAON functions on smartphones.

As a result of these efforts, the e-money card WAON has become more convenient for customers to use, as the number of merchants accepting WAON has grown to approximately 102,500 nationwide, up 51,900 from the previous fiscal year. The cumulative number of cards issued expanded 5.10 million, to 18.50 million, during the year, and total transaction volume increased 57.8%, to ¥894,373 million, as of the fiscal year ended February 20, 2011.

Bank Agency Services

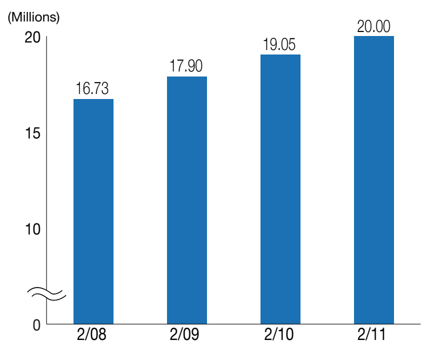
The Company newly opened comprehensive financial shops, at which banking, credit and insurance products are swiftly offered as one-stop services. At these shops, enhanced banking services such as account opening and the handling of agency operations for time deposits and home mortgage loans are always available, in addition to recruiting cardmembers for the AEON CARD SELECT. Also, jointly with AEON BANK, the Company promoted the installation of new ATMs and encouraged the use of ATMs by customers with such measures as promotion campaigns and the handling of China UnionPay card transactions. Furthermore, in the credit guarantee business, the Company has successfully increased the relevant balances of bank-offered card loan and home renovation loan products.

Reinforcing Our Financial Position

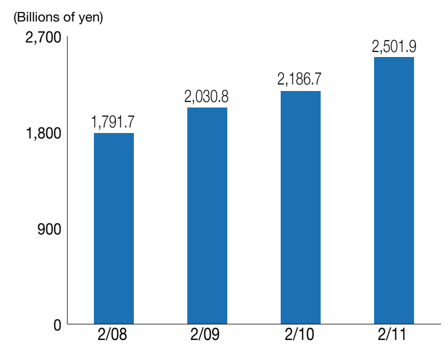
To ensure stable financing, the Company has set a commitment line of ¥200 billion and implemented Japan's first self-trust- and master-trust-based securitization of receivables as a securitization project for which an external rating score is obtained, for the purpose of ensuring and diversifying stable and flexible fund-raising means and furthering cost reductions.

The Company has obtained an A+ rating from Japan Credit Rating Agency Ltd. and an A rating from Rating and Investment Information, Inc. based on their assessments of our diversified sources of revenue via business expansion and our sound financial position.

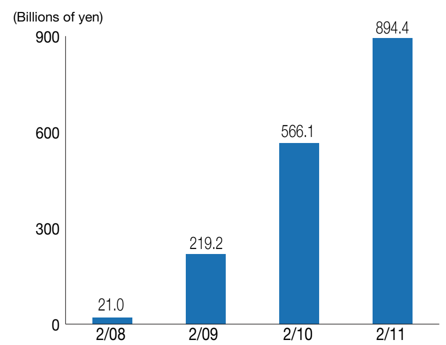
Number of Cardmembers (Domestic)



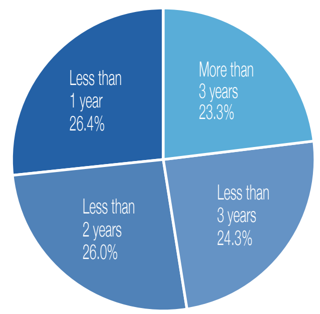
Credit Card Purchase Volume (Domestic)



E-Money Purchase Volume



Long-Term Debt Duration



Overseas Operations

Our business has been extended to China, Thailand, Malaysia, Taiwan, Indonesia, the Philippines and Vietnam. We have earned a solid reputation overseas as a company that takes a global perspective with the services offered, taking care to tailor them to cardmembers' lifestyles.

China and Hong Kong

Hong Kong based AEON CREDIT SERVICE (ASIA) CO., LTD., the Company's first overseas subsidiary, was established in 1987 and listed on the Hong Kong Stock Exchange in 1995. The subsidiary maintains a 16-branch network and actively develops co-branded cards, pursues promotional activities with alliance partners and boasted a local cardmember base of 1.30 million as of the fiscal year ended February 20, 2011. In addition to collaborating with affiliated merchants to promote card usage, apart from direct sales, the subsidiary has built a website for the insurance agency business in an effort to increase the number of new insurance policies.

In China, the subsidiary has extended its loan collection service to mainly local banks and has launched the insurance agency business.

Thailand

AEON THANA SINSAP (THAILAND) PLC. was established in 1992 and has progressively expanded its business activities as the second overseas subsidiary after Hong Kong, listing on the Stock Exchange of Thailand in 2001. AEON THANA SINSAP has expanded to an 80-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, bringing the total number of cardmembers to 5.81 million as of the fiscal year ended February 20, 2011.

In the new business area, 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 the full-scale development of the life insurance agency business, which will benefit from the rapidly growing insurance needs in Thailand. The recently started collection service business entrusted to companies outside the Group and the leasing business, which focuses on corporate automobile leasing, will continue to contribute to the Group's credit-related business. Furthermore, to cope with business expansion and business contingencies, four operation centers have been established in the country.

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-related ATMs in the country. As a result of issuing cards, which combine the reward point programs offered by alliance partners, improving cardmember benefits and promoting the issuance of the AEON GOLD CARD to its prime customers, the cardmember base totaled 790,000 as of the fiscal year ended February 20, 2011. In addition, the subsidiary reinforced the hire purchase and insurance agency businesses, steadily expanding the credit-related business activities. Meanwhile, to enhance customer services and establish a lower-cost operating system, four administrative centers have been established in the country.

Taiwan

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

The subsidiary is the first Japanese non-bank financial institution which acquired a local credit card issuing license, in 2002. 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 retail group, the total number of cardmembers as of the fiscal year ended February 20, 2011 was approximately 140,000. To improve the convenience of credit card usage, the subsidiary has extended the card settlement service for public utility bills and promoted the settlement agency service for affiliated merchants. As a result, the transaction volume has grown steadily.

Indonesia

PT. AEON CREDIT SERVICE INDONESIA was established in 2006. By utilizing expertise and know-how accumulated in the consumer finance industry in Japan and other Asian countries, the subsidiary is providing the hire purchase business for electrical appliances and furniture in the country.

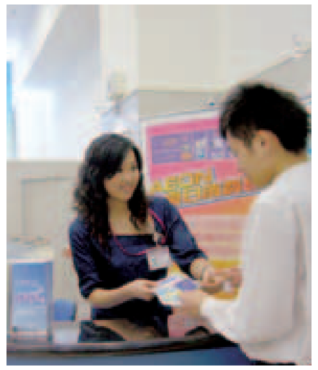
Through energetic marketing activities, the subsidiary has extended its network of affiliated merchants and enhanced the recruitment of customers by issuing membership cards to set up a solid client base for the future launch of the credit card business. As a result of these efforts, in fiscal 2010 the subsidiary achieved profits on an annual basis.

The Philippines

AEON CREDIT TECHNOLOGY SYSTEMS (PHILIPPINES) INC. was established in 2008. The subsidiary engages in providing services for the development of information systems. In fiscal 2010, the subsidiary achieved profits on an annual basis.

Vietnam

ACS Trading Vietnam Co., Ltd. was established in 2008. The subsidiary is the first Japanese company in Vietnam to start the installment sales business, and it is now working to expand its operations. As a result of its efforts to increase the number of affiliated merchants, including mass retailers of electrical home appliances, the subsidiary achieved profits on a monthly basis in fiscal 2010.



Hong Kong

China

Thailand

Malaysia

Taiwan

Indonesia

Philippines

Vietnam

Five-Year Summary

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

	Millions of Yen					Thousands of U.S. Dollars[1]
	2011	2010	2009	2008	2007	**2011**
For the Year:						
Total operating revenues[2]	**¥169,191**	¥164,449	¥173,165	¥181,046	¥173,481	**$2,029,405**
Total operating expenses[2]	**148,473**	143,889	146,554	148,183	132,525	**1,780,901**
Income before income taxes and minority interests	**20,936**	4,698	30,365	34,327	38,265	**251,117**
Net income	**9,541**	198	14,789	17,653	20,592	**114,440**
	Yen					U.S. Dollars[1]
Per Share Data:						
Net assets	**¥1,015.17**	¥994.42	¥1,036.35	¥1,040.97	¥991.07	**$12.18**
Basic net income	**60.83**	1.26	94.29	112.52	131.23	**0.73**
Diluted net income[3]		1.26	94.28			
	Millions of Yen					Thousands of U.S. Dollars[1]
At Year-End:						
Finance receivables—net of allowance for possible credit losses	**¥625,362**	¥671,493	¥678,148	¥743,160	¥721,551	**$ 7,501,044**
Net property and equipment	**12,849**	9,929	9,470	9,843	8,037	**154,115**
Total assets	**901,579**	866,365	854,194	862,061	834,254	**10,814,186**
Total liabilities	**721,379**	689,647	672,293	678,724	661,643	**8,652,739**
Equity	**180,200**	176,718	181,901	183,337	172,611	**2,161,447**
	Percentage					
Ratios:						
Equity ratio	**17.7%**	18.0%	19.0%	18.9%	18.6%	
Return on assets (ROA)	**1.1**	0.0	1.7	2.1	2.7	
Return on equity (ROE)	**6.1**	0.1	9.1	11.1	14.0	

1. 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 ¥83.37 to U.S.$1, the approximate rate of exchange on February 20, 2011. 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.
2. Total operating revenues and total operating expenses for the year ended February 20, 2010 and before are retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.
3. Diluted EPS for the years ended February 20, 2011, 2008 and 2007 are not disclosed as no potential dilution exists.

Financial Review

ÆON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2011 and 2010

RESULTS OF OPERATIONS

	Millions of Yen			
	2011	2010	Amount Change	Percentage Change
Operating Revenues:				
Credit card purchase contracts	**¥ 63,838**	¥ 55,966	¥7,872	**14.1%**
Hire purchase contracts	**8,906**	8,051	855	**10.6**
Loan contracts	**71,570**	80,598	(9,028)	**(11.2)**
Processing service fees(*)	**6,626**	5,032	1,594	**31.7**
Other operating revenues	**18,251**	14,802	3,449	**23.3**
Total operating revenues	**¥169,191**	¥164,449	¥4,742	**2.9%**
Operating Expenses:				
Financial costs	**¥ 15,073**	¥ 14,499	¥ 574	**4.0%**
Provision for possible credit losses and write-off of bad debts	**35,306**	36,388	(1,082)	**(3.0)**
Other operating expenses(*)	**98,094**	93,002	5,092	**5.5**
Total operating expenses	**¥148,473**	¥143,889	¥4,584	**3.2%**
Operating Income	**¥ 20,718**	¥ 20,560	¥ 158	**0.8%**

(*) Previously, processing service fees were recorded by the gross amount of service fees collected from merchants. However, effective from the fiscal year ended February 20, 2011, the amount of processing service fees reflects the net amount, after deducting the relevant service fees paid to the e-money issuers through the Company's e-money settlement service. As a result, processing service fees and other operating expenses for the year ended February 20, 2010 are retroactively restated.

Fiscal Summary

In the fiscal year ended February 20, 2011, the outlook for the domestic economy remained uncertain as a result of increased financial instability, especially in Europe, and the negative effects of the escalation of crude oil prices despite several rallying trends encouraged by the economic stimulus policies implemented by the government. Meanwhile, companies in the credit card industry have been streamlining their operating systems to strictly comply with laws and regulations in response to revisions to the Money Lending Business Control and Regulation Law and the Installment Sales Act.

In these circumstances, AEON Credit Service Co., Ltd. (the "Company") promoted fee businesses, including e-money business, the bank agency business and Internet business, and expanded overseas business in new countries, in addition to enhancing its credit card business. In the credit card business, as a result of efforts to attract new card members inside and outside Japan, the Group's card member base increased by 1.54 million, to 28.07 million (including housecard members and familycard members).

In the e-money business, the Company continued to work on expanding the transaction volume by promoting the issuance of e-money functions embedded in credit cards. As for the bank agency business, the Company reinforced the handling and soliciting of account applications for home mortgage loans via the increase of in-store branches and started ATM business with AEON BANK, LTD.

In the Internet business, the Company endeavored to raise the level of convenience for customers with such measures as the launch of a comprehensive financial services portal site, "Money Site for Your Life."

In the overseas business, centering on listed companies in Hong Kong, Thailand, and Malaysia, the overseas subsidiaries continued to build up their mainstay credit card business and extended their credit-peripheral business, which includes insurance agency services and servicer operations. The Group also successfully expanded its business in new regions, such as turning profitable in Indonesia and the Philippines on an annual basis and in Vietnam on a monthly basis.

As a result of these efforts, total operating revenues increased 2.9%, to ¥169,191 million, and operating income rose 0.8%, to ¥20,718 million.

Meanwhile, the Company transferred all of the AEON INSURANCE SERVICE CO., LTD.'s shares it held to AEON BANK, LTD. as of February 18, 2011 and recorded non-operating revenues of ¥4,633 million. This was based on management's determination that: 1) the development of comprehensive financial shops (at which banking, credit and insurance products are swiftly offered as one-stop services) and 2) the expansion of the credit guarantee business (with sales promotion of AEON BANK, LTD.'s unsecured loan products by AEON INSURANCE SERVICE CO., LTD.) will help transform the Company's business structure. In addition, the Company recorded ¥2,793 million under its "provision for point program," which was caused by a change in point program, extending the expiration of the points to increase the appeal and convenience for card customers, and a loss on disposal of software of ¥1,787 million for improvements in operating efficiency. As a result, consolidated net income amounted to ¥9,541 million, up ¥9,343 million from the previous fiscal year.

Transaction Volume

	Millions of Yen			
	2011	2010	Amount Change	Percentage Change
Credit card purchase contracts	**¥2,587,516**	¥2,261,616	¥325,900	14.4%
Hire purchase contracts	**48,865**	44,119	4,746	10.8
Loan contracts	**405,923**	586,125	(180,202)	(30.7)
Processing services	**105,884**	66,831	39,053	58.4
Other transaction volume	**46,469**	34,644	11,825	34.1
Total transaction volume	**¥3,194,657**	¥2,993,335	¥201,322	6.7%

Finance Receivables

	Millions of Yen			
	2011	2010	Amount Change	Percentage Change
Installment sales receivables:				
Credit card purchase contracts	**¥344,342**	¥262,812	¥ 81,530	31.0%
Hire purchase contracts	**39,920**	37,971	1,949	5.1
Subtotal	**384,262**	300,783	83,479	27.8
Operating loan receivables	**293,427**	423,324	(129,897)	(30.7)
Allowance for possible credit losses	**(52,327)**	(52,614)	287	(0.5)
Total finance receivables	**¥625,362**	¥671,493	¥ (46,131)	(6.9)%

Installment sales receivables increased 27.8%, to ¥384,262 million, due to the increase in the transaction volume of credit card purchase contracts and the redemption of securitized credit card receivables.

Meanwhile, operating loan receivables decreased 30.7%, to ¥293,427 million, due to a decline in the billings for loans, reflecting the restrictions imposed by the revised Money Lending Business Control and Regulation Law on the total amount of individual debt, and the implementation of the securitization of operating loan receivables.

Operating Revenues

	Millions of Yen			
	2011	2010	Amount Change	Percentage Change
Credit card purchase contracts	**¥ 63,838**	¥ 55,966	¥7,872	14.1%
Hire purchase contracts	**8,906**	8,051	855	10.6
Loan contracts	**71,570**	80,598	(9,028)	(11.2)
Processing service fees(*)	**6,626**	5,032	1,594	31.7
Other operating revenues	**18,251**	14,802	3,449	23.3
Total operating revenues	**¥169,191**	¥164,449	¥4,742	2.9%

(*) Processing service fees for the year ended Feburuary 20, 2010 are retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.

Total operating revenues increased ¥4,742 million, or 2.9%, compared with the previous fiscal year. This increase mainly resulted from a 14.1%, or ¥7,872 million, increase in credit card purchase contracts; a 23.3%, or ¥3,449 million, increase in other operating revenues; and an 11.2%, or ¥9,028 million, decrease in loan contracts.

The principal cause of the decrease in loan contracts was a decline in transaction volume from the cash advance service. The main reason for the increase in credit card purchase contracts was a steady increase in the transaction volume of credit card purchases. The increase in other operating revenues primarily resulted from the ATM business.

Operating Expenses

	Millions of Yen			
	2011	2010	Amount Change	Percentage Change
Financial costs	**¥ 15,073**	¥ 14,499	¥ 574	4.0%
Provision for possible credit losses and write-off of bad debts	**35,306**	36,388	(1,082)	(3.0)
Other operating expenses(*)	**98,094**	93,002	5,092	5.5
Total operating expenses	**¥148,473**	¥143,889	¥4,584	3.2%

(*) Other operating expenses for the year ended Feburuary 20, 2010 are retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.

Total operating expenses climbed ¥4,584 million, or 3.2%, from the previous fiscal year. This was primarily attributable to an increase in human resource expenses of ¥1,919 million, or 8.9%; an increase in sales promotion expenses of ¥2,512 million, or 17.1%; an increase in depreciation expenses of ¥1,008 million, or 14.7%; and an increase in system operating expenses of ¥2,823 million, or 91.6%; with a decrease in the provision for loss on refund of interest received of ¥4,646 million.

CASH FLOWS

Net cash provided by operating activities increased ¥12,655 million from the previous fiscal year, to ¥29,042 million. This was primarily the result of an increase in installment sales receivables due to an expansion of the transaction volume in the credit card business. This was offset by a decline in operating loan receivables owing to a decline in the billings for loans, reflecting the restrictions imposed by the revised Money Lending Business Control and Regulation Law on the total amount of individual debt, and the implementation of the securitization of operating loan receivables of ¥60,000 million.

Net cash used in investing activities decreased ¥8,559 million, to ¥8,861 million, mainly due to payments for investments in property and equipment and intangible assets for the expansion of business fields, and ¥3,353 million in cash received in conjunction with the sale of a consolidated subsidiary.

Net cash used in financing activities decreased ¥23,435 million, to ¥12,941 million, due to such factors as policy-based debt selling to prepare for future interest rate hikes and dividend payments.

Consequently, cash and cash equivalents at the end of the fiscal year under review amounted to ¥29,667 million, up ¥6,654 million from a year earlier.

BUSINESS PERFORMANCE BY GEOGRAPHIC AREA
Total assets and total operating revenues by geographic area

	Millions of Yen			
	2011	2010	Amount Change	Percentage Change
Total Assets:				
Domestic	**¥697,167**	¥665,488	¥31,679	4.8%
Overseas	**215,122**	211,429	3,693	1.7
Elimination/Corporate	**(10,710)**	(10,552)		
Total assets	**¥901,579**	¥866,365	¥35,214	4.1%
Operating Revenues:				
Domestic(*)	**¥118,295**	¥114,023	¥4,272	3.7%
Overseas	**50,896**	50,426	470	0.9
Total operating revenues	**¥169,191**	¥164,449	¥4,742	2.9%

(*) Domestic operating revenue for the year ended February 20, 2010 is retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.

Consolidated Balance Sheets

ÆON Credit Service Co., Ltd. and Subsidiaries
February 20, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
ASSETS			
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 29,667**	¥ 23,013	$ 355,847
Finance receivables—net of allowance for possible credit losses (Notes 4, 5 and 14)	**625,362**	671,493	7,501,044
Deferred tax assets (Note 11)	**19,372**	18,765	232,366
Prepaid expenses and other current assets (Note 5)	**76,160**	56,257	913,518
Total current assets	**750,561**	769,528	9,002,775
Property and equipment:			
Structures	**3,100**	3,124	37,179
Vehicles	**4,754**	4,170	57,020
Equipment	**20,487**	17,377	245,740
Total	**28,341**	24,671	339,939
Accumulated depreciation	**(15,492)**	(14,742)	(185,824)
Net property and equipment	**12,849**	9,929	154,115
Investments and other assets:			
Investment securities (Notes 3, 4 and 14)	**99,417**	53,064	1,192,478
Investments in associated companies (Note 14)	**362**	430	4,347
Software	**14,919**	12,566	178,950
Deferred tax assets (Note 11)	**6,802**	9,093	81,591
Guarantee money deposits	**1,800**	1,813	21,587
Deferred charges	**81**	119	967
Long-term prepaid expenses	**6,302**	6,879	75,586
Other assets (Note 6)	**8,486**	2,944	101,790
Total investments and other assets	**138,169**	86,908	1,657,296
Total	**¥901,579**	¥866,365	$10,814,186

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable (Notes 14 and 19)	**¥146,833**	¥116,654	$ 1,761,223
Short-term borrowings (Notes 5 and 14)	**5,587**	18,672	67,013
Commercial paper (Note 5)	**411**		4,926
Current portion of long-term debt (Notes 5 and 14)	**145,378**	111,048	1,743,769
Accrued expenses	**4,101**	3,515	49,188
Allowance for point program	**6,895**	3,717	82,711
Deferred revenue	**567**	535	6,799
Accrued income taxes	**4,332**	3,988	51,957
Other current liabilities	**22,684**	14,049	272,097
Total current liabilities	**336,788**	272,178	4,039,683
Long-term liabilities:			
Long-term debt (Notes 5 and 14)	**367,398**	392,310	4,406,836
Deferred tax liabilities (Note 11)	**245**	404	2,932
Allowance for loss on refund of interest received	**16,017**	22,841	192,123
Other liabilities (Note 6)	**931**	1,914	11,165
Total long-term liabilities	**384,591**	417,469	4,613,056
Commitment and contingent liabilities (Notes 13, 15, 16 and 17)			
Equity (Note 7)			
Common stock—authorized, 540,000,000 shares; issued, 156,967,008 shares in 2011 and 2010	**15,467**	15,467	185,516
Capital surplus	**17,047**	17,047	204,472
Retained earnings	**132,652**	129,385	1,591,134
Unrealized gain on available-for-sale securities	**1,159**	770	13,898
Deferred loss on derivatives under hedge accounting	**(608)**	(1,599)	(7,297)
Foreign currency translation adjustments	**(6,296)**	(4,905)	(75,518)
Treasury stock—at cost, 113,462 shares in 2011 and 112,878 shares in 2010	**(188)**	(187)	(2,254)
Total	**159,233**	155,978	1,909,951
Minority interests	**20,967**	20,740	251,496
Total equity	**180,200**	176,718	2,161,447
Total	**¥901,579**	¥866,365	$10,814,186

See notes to consolidated financial statements.

Consolidated Statements of Income

ÆON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
Operating revenues (Notes 4 and 19):			
Credit card purchase contracts	**¥ 63,838**	¥ 55,966	**$ 765,725**
Hire purchase contracts	**8,906**	8,051	**106,830**
Loan contracts	**71,570**	80,598	**858,465**
Processing service fees	**6,626**	5,032	**79,479**
Other operating revenues	**18,251**	14,802	**218,906**
Total operating revenues	**169,191**	164,449	**2,029,405**
Operating expenses:			
Financial costs	**(15,073)**	(14,499)	**(180,802)**
Provision for possible credit losses and write-off of bad debts	**(35,306)**	(36,388)	**(423,490)**
Other operating expenses (Note 9)	**(98,094)**	(93,002)	**(1,176,609)**
Total operating expenses	**(148,473)**	(143,889)	**(1,780,901)**
Operating income	**20,718**	20,560	**248,504**
Non-operating revenues (expenses):			
Gain on sale of investment in consolidated subsidiary	**4,633**		**55,570**
Provision for point program (Note 2.h.)	**(2,793)**		**(33,506)**
Loss on disposals of software	**(1,787)**	(22)	**(21,433)**
Provision for loss on refund of interest received (Note 2.j.)		(14,000)	
Provision of allowance for doubtful accounts		(2,053)	
Other non-operating revenues, net (Notes 6 and 10)	**165**	213	**1,982**
Total non-operating revenues (expenses)	**218**	(15,862)	**2,613**
Income before income taxes and minority interests	**20,936**	4,698	**251,117**
Income taxes (Note 11):			
Current	**(7,117)**	(5,572)	**(85,368)**
Deferred	**(578)**	4,878	**(6,934)**
Total income taxes	**(7,695)**	(694)	**(92,302)**
Minority interests in net income	**(3,700)**	(3,806)	**(44,375)**
Net income	**¥ 9,541**	¥ 198	**$ 114,440**
PER SHARE OF COMMON STOCK (Note 18):			
Basic net income	**¥60.83**	¥ 1.26	**$0.73**
Diluted net income		1.26	
Cash dividends applicable to the year	**40.00**	40.00	**0.48**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

ÆON Credit Service Co., Ltd. and Subsidiaries
Year Ended February 20, 2011 and 2010

	Thousands	Millions of Yen										
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, February 20, 2009	156,835	¥15,467	¥17,053	¥ 25	¥135,162	¥ 767	¥ (420)	¥(5,274)	¥(220)	¥162,560	¥19,341	¥181,901
Effect of application of ASBJ Practical Task Force No. 18 (Note 2, v)					302					302		302
Net income					198					198		198
Cash dividends, ¥40 per share					(6,274)					(6,274)		(6,274)
Purchases of treasury stock	(1)								(1)	(1)		(1)
Disposals of treasury stock	20		(6)		(3)				34	25		25
Net change in the year				(25)		3	(1,179)	369		(832)	1,399	567
Balance, February 20, 2010	156,854	¥15,467	¥17,047		¥129,385	¥ 770	¥(1,599)	¥(4,905)	¥(187)	¥155,978	¥20,740	¥176,718
Net income					9,541					9,541		9,541
Cash dividends, ¥40 per share					(6,274)					(6,274)		(6,274)
Purchases of treasury stock									(1)	(1)		(1)
Net change in the year						389	991	(1,391)		(11)	227	216
Balance, February 20, 2011	156,854	¥15,467	¥17,047		¥132,652	¥1,159	¥ (608)	¥(6,296)	¥(188)	¥159,233	¥20,967	¥180,200

	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 on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, February 20, 2010	156,854	$185,516	$204,472		$1,551,951	$ 9,238	$(19,178)	$(58,837)	$(2,247)	$1,870,915	$248,766	$2,119,681
Net income					114,440					114,440		114,440
Cash dividends, $0.48 per share					(75,257)					(75,257)		(75,257)
Purchases of treasury stock									(7)	(7)		(7)
Net change in the year						4,660	11,881	(16,681)		(140)	2,730	2,590
Balance, February 20, 2011	156,854	$185,516	$204,472		$1,591,134	$13,898	$ (7,297)	$(75,518)	$(2,254)	$1,909,951	$251,496	$2,161,447

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ÆON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 20,936**	¥ 4,698	**$ 251,117**
Adjustments for:			
Income taxes—paid	**(6,385)**	(6,396)	**(76,588)**
Depreciation and amortization	**7,856**	6,849	**94,236**
Provision for possible credit losses	**31,424**	33,077	**376,921**
Gain on sale of investment in consolidated subsidiary	**(4,633)**		**(55,570)**
Changes in assets and liabilities:			
Increase in finance receivables	**(34,262)**	(47,341)	**(410,962)**
Increase in other assets	**(25,631)**	(14,903)	**(307,432)**
Increase in accounts payable	**29,589**	18,425	**354,907**
Increase in other current liabilities	**9,568**	6,527	**114,762**
(Decrease) increase in allowance for loss on refund of interest received	**(6,823)**	10,905	**(81,845)**
Other	**7,403**	4,546	**88,808**
Net cash provided by operating activities	**29,042**	16,387	**348,354**
INVESTING ACTIVITIES:			
Increase in time deposits—net	**(451)**	(52)	**(5,414)**
Purchases of property and equipment	**(3,505)**	(2,747)	**(42,044)**
Proceeds from sale of property and equipment	**541**	181	**6,487**
Purchases of software	**(6,721)**	(4,634)	**(80,614)**
Purchases of investment securities		(10,360)	
Purchases of investment in subsidiary	**(13)**	(14)	**(151)**
Cash received in conjunction with the purchase of consolidated subsidiary	**17**		**205**
Cash received in conjunction with the sale of consolidated subsidiary (Note 12)	**3,353**		**40,215**
Other	**(2,082)**	206	**(24,973)**
Net cash used in investing activities	**(8,861)**	(17,420)	**(106,289)**
FINANCING ACTIVITIES:			
Repayment of short-term bank loans—net	**(12,887)**	(8,560)	**(154,573)**
Increase in commercial paper—net	**409**		**4,901**
Proceeds from issuance of long-term debt	**118,383**	70,209	**1,419,971**
Repayments of long-term debt	**(110,046)**	(89,923)	**(1,319,976)**
Increase in treasury stock—net	**(1)**	(1)	**(7)**
Dividends paid to the Company's shareholders	**(6,274)**	(6,274)	**(75,257)**
Dividends paid to minority shareholders	**(2,525)**	(1,827)	**(30,283)**
Net cash used in financing activities	**(12,941)**	(36,376)	**(155,224)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(586)**	150	**(7,023)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,654**	(37,259)	**79,818**
CASH AND CASH EQUIVALENTS OF NEWLY-CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR		70	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**23,013**	60,202	**276,029**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 29,667**	¥ 23,013	**$ 355,847**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended February 20, 2011 and 2010

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 the application and disclosure requirements of International Financial Reporting Standards ("IFRS") 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 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which 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 ¥83.37 to $1, the approximate rate of exchange at February 20, 2011. Such translation should not be construed as a 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, 2011 include the accounts of the Company and its 24 (23 in 2010) subsidiaries and three (also three in 2010) companies accounted for under the equity method (collectively, 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 difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition is recorded as goodwill and is amortized over a period not exceeding 20 years (estimated effective period) for the Company and consolidated domestic subsidiaries.

In December 2008, the Accounting Standards Board of Japan (the "ASBJ") issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations."

Under the revised standard, the acquirer recognizes the bargain purchase gain (negative goodwill) in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation, whereas the previous accounting standard provided for a bargain purchase gain to be systematically amortized over a period not exceeding 20 years. This standard was applicable to business combinations undertaken on or after April 1, 2010.

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—Cash equivalents 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, certificates of deposit, 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 past credit loss experience and an evaluation of potential losses in receivables.

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 two 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 point program is stated in amounts considered to be appropriate based on the companies' past redemption experience.

The Company changed the expiration date of the points and this change increased the estimated redemption ratio. The Company recorded an additional provision for the point program of ¥2,793 million ($33,506 thousand) for the year ended February 20, 2011.

i. Allowance for loss on debt guarantees

The allowance for loss on debt guarantees is stated at the amount considered to be appropriate based on the estimated loss on debt guarantees on loan instruments provided by partner financial institutions for individual customers.

j. Allowance 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 experience. 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.

The Company fundamentally changed the estimation of the provision for the year ended February 20, 2010. This change is due to the current tendency of higher refund amounts after the Supreme Court's judgement in January 2009 regarding extinctive prescription for refund claims, and the potential increase in claims corresponding to the full application of the revised Money Lending Business Control and Regulation Law, which restricts the total amount of individual debt.

The effect of this change from the previous estimated amount was to record an additional provision for loss on refund of interest received of ¥14,000 million in non-operating expenses in the consolidated statements of income for the year ended February 20, 2010.

k. Retirement Benefit 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. An overseas subsidiary has a severance payment plan for employees. The defined benefit plan was amended on January 15, 2010 and a new cash balance plan was implemented on April 1, 2010. Under the cash balance plans, the pension payment is adjusted for fluctuations in market interest rates.

The Company and consolidated domestic subsidiaries recognized all prior service costs arising from the amendment of the plan. The effect of the amendment was to record a reversal of retirement benefit liability of ¥297 million into other non-operating revenues in the consolidated statements of income for the year ended February 20, 2010.

l. Bond Issuance Costs—Bond issuance costs as of February 20, 2011, which were included in deferred charges, were ¥81 million ($967 thousand). These costs are amortized by the interest method over the lives of the bonds.

m. 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 purchase contracts and hire purchase contracts

Installment sales receivables are recognized 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 purchase 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 purchase contracts and hire purchase contracts. The fees from customers are recognized principally by the interest method.

(2) Loan contracts

The Group provides cash advance and personal loan services. Operating loan receivables are recognized 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.

n. Stock Options—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 the 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 consolidated balance sheet, stock options are presented as stock acquisition rights 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.

o. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance lease contracts that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance lease contracts were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the revised accounting standard allows continuing treatment for the finance lease contracts, which existed at the date of transition and which do not transfer ownership to the lessee, to be accounted for as operating lease transactions.

The Company and the consolidated domestic subsidiaries applied the revised accounting standard effective February 21, 2009. The Company and the consolidated domestic subsidiaries accounted for lease contracts which existed at the transition date and which did not transfer ownership to the lessee as operating lease transactions.

All other lease contracts are accounted for as operating lease transactions.

p. 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.

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

r. 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 consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

s. 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.

t. Derivative Financial Instruments—The Group uses derivative financial instruments to manage its exposures to market fluctuations in foreign currency exchange and interest rates. The Group enters into forward exchange contracts, currency swap contracts and interest rate swap contracts to reduce its exposures to foreign currency and interest rate risk. The Group does not enter into any derivative contracts 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 with gains or losses on derivative transactions recognized in the consolidated statements of income and (b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the derivatives are deferred until maturity of the hedged items. Foreign currency-denominated long-term debt for which forward exchange contracts are used as hedging instruments are translated at the forward exchange rate if the derivatives 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 gains or losses, 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 not re-measured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

u. 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. 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.

v. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 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 Statements." PITF No. 18 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 IFRS 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) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized research and development costs; 4) cancellation of fair value model of accounting for property, plant, and equipment and investment properties and incorporation of cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if included. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008.

The Company applied this accounting standard effective February 21, 2009. The effect of this change was to increase operating income by ¥38 million and income before income taxes and minority interests by ¥94 million for the year ended February 20, 2010. In addition, the Company adjusted the beginning balance of retained earnings at February 21, 2009 as if this accounting standard had been retrospectively applied.

w. New Accounting Pronouncements

Asset Retirement Obligations

On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard will be effective for fiscal years beginning on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies

When a new accounting policy is applied due to a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentation

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Correction of prior period errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance will be applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. INVESTMENT SECURITIES

Investment securities as of February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Non-current:			
Marketable equity securities	**¥ 4,656**	¥ 4,003	**$ 55,847**
Other securities	**94,761**	49,061	**1,136,631**
Total	**¥99,417**	¥53,064	**$1,192,478**

The carrying amounts and aggregate fair values of investment securities as of February 20, 2011 and 2010 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
February 20, 2011				
Securities classified as:				
Available-for-sale:				
Equity securities	**¥2,679**	**¥2,311**	**¥(334)**	**¥4,656**
February 20, 2010				
Securities classified as:				
Available-for-sale:				
Equity securities	¥2,683	¥1,695	¥(375)	¥4,003

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
February 20, 2011				
Securities classified as:				
Available-for-sale:				
Equity securities	**$32,127**	**$27,723**	**$(4,003)**	**$55,847**

Available-for-sale securities whose fair values are deemed to be readily difficult to determine as of February 20, 2010 were as follows. The comparable information as of February 20, 2011 is disclosed in Note 14.

	Carrying Amount
	Millions of Yen
	2010
Available-for-sale:	
Trust beneficiary rights	¥38,349
Equity securities	10,712
Total	¥49,061

Loss on revaluation of investment securities for the year ended February 20, 2011 was ¥16 million ($195 thousand).

4. FINANCE RECEIVABLES

Finance receivables as of February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Installment sales receivables:			
Credit card purchase contracts	**¥344,342**	¥262,812	**$4,130,281**
Hire purchase contracts	**39,920**	37,971	**478,833**
Subtotal	**¥384,262**	¥300,783	**$4,609,114**
Operating loan receivables	**293,427**	423,324	**3,519,579**
Allowance for possible credit losses	**(52,327)**	(52,614)	**(627,649)**
Total	**¥625,362**	¥671,493	**$7,501,044**

For the years ended February 20, 2011 and 2010, 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, 2011 and 2010 were ¥154,727 million ($1,855,911 thousand) and ¥150,727 million, respectively.

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 investment securities.

The remaining interests included in investment securities as of February 20, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Investment securities	**¥84,069**	¥38,349	**$1,008,383**

Transaction volume and realized operating revenue by type of contract for the years ended February 20, 2011 and 2010 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		**2011**	
	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue
Credit card purchase contracts	**¥2,587,516**	**¥ 63,838**	¥2,261,616	¥ 55,966	**$31,036,542**	**$ 765,725**
Hire purchase contracts	**48,865**	**8,906**	44,119	8,051	**586,128**	**106,830**
Loan contracts	**405,923**	**71,570**	586,125	80,598	**4,868,934**	**858,465**
Processing services(*)	**105,884**	**6,626**	66,831	5,032	**1,270,046**	**79,479**
Other	**46,469**	**18,251**	34,644	14,802	**557,375**	**218,906**
Total	**¥3,194,657**	**¥169,191**	¥2,993,335	¥164,449	**$38,319,025**	**$2,029,405**

(*) Operating revenue of processing services for the year ended February 20, 2010 is retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Bank loans, 0.46% to 14.50% (2011) and 0.54% to 12.00% (2010)	**¥5,587**	¥18,672	**$67,013**
Commercial paper at 3.35% (2011)	**411**		**4,926**
Total	**¥5,998**	¥18,672	**$71,939**

Long-term debt as of February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Issued by the Company:			
Unsecured 0.81% Japanese yen notes due July 2010		¥ 10,000	
Unsecured 1.60% Japanese yen notes due June 2011	**¥ 10,000**	10,000	**$ 119,947**
Unsecured 1.08% Japanese yen notes due May 2012	**20,000**	20,000	**239,894**
Unsecured 1.55% Japanese yen notes due February 2013	**10,000**	10,000	**119,947**
Unsecured 1.79% Japanese yen notes due February 2014	**20,000**	20,000	**239,894**
Unsecured 1.78% Japanese yen notes due July 2012	**20,000**	20,000	**239,894**
Issued by AEON Thana Sinsap (Thailand) Plc.:			
Unsecured 4.94% Thai baht notes due July 2010		828	
Unsecured 4.59% Thai baht notes due August 2010		2,750	
Unsecured 5.20% Thai baht notes due August 2012	**2,700**	2,727	**32,391**
Unsecured 2.88% Thai baht notes due December 2011	**1,504**	1,510	**18,040**
Unsecured 3.28% Thai baht notes due July 2015	**1,638**		**19,648**
Issued by AEON Credit Service (M) Berhad:			
Medium Term Note 3.75% (*1) Malaysia Ringgit due May 2010		1,078	
Medium Term Note 4.85% (*1) Malaysia Ringgit due July 2010		808	
Medium Term Note 4.05% (*1) Malaysia Ringgit due October 2010		1,347	
Medium Term Note 5.00% (*1) Malaysia Ringgit due November 2011	**1,235**	1,212	**14,811**
Medium Term Note 4.55% (*1) Malaysia Ringgit due January 2012	**686**	673	**8,227**
Medium Term Note 3.00% (*1) Malaysia Ringgit due January 2012	**1,083**	1,048	**12,985**
Medium Term Note 3.85% (*1) Malaysia Ringgit due May 2012	**1,097**	1,077	**13,164**
Medium Term Note 4.18% (*1) Malaysia Ringgit due January 2013	**823**	807	**9,866**
Medium Term Note 4.15% (*1) Malaysia Ringgit due May 2013	**549**		**6,584**
Medium Term Note 4.05% (*1) Malaysia Ringgit due July 2013	**823**		**9,877**
Medium Term Note 4.05% (*1) Malaysia Ringgit due September 2013	**823**		**9,877**
Medium Term Note 4.00% (*1) Malaysia Ringgit due October 2013	**1,373**		**16,463**
Medium Term Note 3.85% (*1) Malaysia Ringgit due November 2013	**1,098**		**13,170**
Medium Term Note 3.80% (*1) Malaysia Ringgit due January 2014	**275**		**3,292**
Medium Term Note 3.85% (*1) Malaysia Ringgit due January 2014	**686**		**8,232**
Long-term loans from banks and other financial entities due through 2017 with interest rates ranging from 0.76% to 12.00% (2011) and from 0.74% to 12.00% (2010):			
Collateralized	**45,887**	17,033	**550,407**
Unsecured	**364,399**	375,295	**4,370,868**
Loans from subsidiaries of the parent company due through 2011 with interest rates ranging from 1.21% to 1.34% (2010):			
Unsecured		3,300	
Lease obligations	**6,097**	1,865	**73,127**
Total	**¥ 512,776**	¥ 503,358	**$ 6,150,605**
Less current portion	**(145,378)**	(111,048)	**(1,743,769)**
Long-term debt, less current portion	**¥ 367,398**	¥ 392,310	**$ 4,406,836**

(*1) Profit return rate

The annual maturities of long-term debt as of February 20, 2011 were as follows:

Years ending February 20	Millions of Yen	Thousands of U.S. Dollars
2012	¥145,378	$1,743,769
2013	161,231	1,933,919
2014	132,832	1,593,278
2015	44,801	537,379
2016	24,874	298,354
2017 and thereafter	3,660	43,906
Total	¥512,776	$6,150,605

The carrying amounts of assets pledged as collateral for long-term debt at February 20, 2011 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Installment sales receivables	¥13,938	$167,176
Operating loan receivables	43,005	515,834
Other current assets	17,638	211,567
Total	¥74,581	$894,577

6. RETIREMENT BENEFIT AND PENSION PLANS

The Company and consolidated domestic subsidiaries sponsor a defined benefit pension plan, advance payment plan and defined contribution pension plan for their employees. An overseas subsidiary has a severance payment plan for employees.

The net retirement benefit liability (asset) which is booked under other assets and/or other liabilities as of February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Projected benefit obligation	**¥ 928**	¥ 992	**$11,132**
Fair value of plan assets	**(658)**	(723)	**(7,895)**
Unrecognized actuarial loss	**(263)**	(362)	**(3,154)**
Net retirement benefit liability (asset)	**¥ 7**	¥ (93)	**$ 83**
Asset	**(44)**	(132)	**(533)**
Liability	**¥ 51**	¥ 39	**$ 616**

The components of net periodic benefit costs for the years ended February 20, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Service cost	**¥ 64**	¥ 82	**$ 768**
Interest cost	**24**	30	**293**
Expected return on plan assets	**(9)**	(9)	**(111)**
Recognized actuarial loss	**75**	68	**898**
Other	**130**	107	**1,556**
Total	**¥284**	¥278	**$3,404**

The defined benefit plan was amended on January 15, 2010 and a new cash balance plan was implemented on April 1, 2010. Under the cash balance plans, the pension payment is adjusted for fluctuations in market interest rates. The Company and consolidated domestic subsidiaries recognized all prior service costs arising from the amendment of the plan. The effect of the amendment was to record the reversal of retirement benefit liabilities of ¥297 million into other non-operating revenues in the consolidated statement of income for the year ended February 20, 2010 (also see Note 10).

Assumptions used for the years ended February 20, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	**2.4%**	2.4%
Expected rate of return on plan assets	**1.28%**	1.30%
Recognition period of actuarial gain/loss	**10 years**	10 years

7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions 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 a Board of Directors, (2) having independent auditors, (3) having a 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 certain limitations 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 the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the amount of 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 and 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

There were no stock options outstanding as of February 20, 2011 and 2010.

The summary of stock option activity is as follows:

	2009 Stock Option
For the year ended February 20, 2010	
Non-vested (Shares)	
Outstanding at beginning of year	
Granted	
Expired	
Vested	
Outstanding at end of year	
Vested (Shares)	
Outstanding at beginning of year	20,000
Vested	
Exercised	20,000
Expired	
Outstanding at end of year	
For the year ended February 20, 2011	
Non-vested (Shares)	
Outstanding at beginning of year	
Granted	
Expired	
Vested	
Outstanding at end of year	
Vested (Shares)	
Outstanding at beginning of year	
Vested	
Exercised	
Expired	
Outstanding at end of year	
Exercise price	¥ 1
Average stock price at exercise	978
Fair value price at grant date	¥1,256

9. OTHER OPERATING EXPENSES

Other operating expenses for the years ended February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Human resources	**¥23,406**	¥21,487	**$ 280,750**
Sales promotion expenses	**17,228**	14,716	**206,646**
Provision for loss on refund of interest received		4,646	
Other(*)	**57,460**	52,153	**689,213**
Total	**¥98,094**	¥93,002	**$1,176,609**

(*) "Other" for the year ended February 20, 2010 is retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.

10. OTHER NON-OPERATING REVENUES, NET

Other non-operating revenues, net for the years ended February 20, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Amortization of negative goodwill	**¥237**	¥230	**$2,843**
Loss on revaluation of investment securities	**(16)**	(7)	**(195)**
Reversal of retirement benefit liabilities		297	
Other	**(56)**	(307)	**(666)**
Total	**¥165**	¥213	**$1,982**

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 years ended February 20, 2011 and 2010. The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities as of February 20, 2011 and 2010, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred tax assets:			
Enterprise taxes	**¥ 274**	¥ 286	**$ 3,282**
Allowance for possible credit losses	**14,693**	15,087	**176,242**
Finance receivables	**207**	281	**2,488**
Allowance for point program	**2,848**	1,544	**34,166**
Allowance for loss on refund of interest received	**6,471**	9,228	**77,618**
Accrued income	**1,088**	816	**13,045**
Property and equipment	**206**	207	**2,477**
Intangible assets	**622**		**7,459**
Other	**626**	1,037	**7,504**
Less valuation allowance	**(150)**	(143)	**(1,795)**
Offset with deferred tax liabilities	**(711)**	(485)	**(8,529)**
Total deferred tax assets	**¥26,174**	¥27,858	**$313,957**
Deferred tax liabilities:			
Depreciation in consolidated foreign subsidiaries	**¥ 227**	¥ 239	**$ 2,729**
Undistributed earnings of consolidated foreign subsidiaries	**17**	151	**203**
Unrealized gain on available-for-sale securities	**694**	446	**8,319**
Other	**18**	53	**210**
Offset with deferred tax assets	**(711)**	(485)	**(8,529)**
Total deferred tax liabilities	**¥ 245**	¥ 404	**$ 2,932**
Net deferred tax assets	**¥25,929**	¥27,454	**$311,025**

Reconciliations between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended February 20, 2011 and 2010 were as follows:

	2011	2010
Normal effective statutory tax rate	**40.4%**	40.4%
Earnings not taxable and expenses not deductible for income tax purposes—net	**(2.6)**	(1.1)
Deduction for foreign taxes	**(0.7)**	(5.5)
Per capita portion of inhabitants tax	**0.6**	2.2
Lower income tax rates applicable to income in certain foreign countries	**(7.6)**	(36.2)
Influence of elimination in consolidation	**6.4**	17.2
Deduction of taxes for IT infrastructure enhancement		(1.9)
Other—net	**0.3**	(0.3)
Actual effective tax rate	**36.8%**	14.8%

12. SUPPLEMENTAL CASH FLOW INFORMATION

Sale of previously consolidated subsidiary

For the year ended February 20, 2011, AEON INSURANCE SERVICE CO., LTD. was excluded from the Group because of the sale of the stock. Assets and liabilities of the subsidiary at the time of sale, cash received by selling the stock and net cash received from the sale were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Assets	¥ 2,834	$ 33,988
Liabilities	(1,606)	(19,263)
Minority interests	(591)	(7,083)
Net gain on sale of the stock	4,633	55,570
Cash received by selling the stock	5,270	63,212
Cash and cash equivalents of consolidated subsidiary	(1,917)	(22,997)
Cash received in conjunction with the sale of consolidated subsidiary	¥ 3,353	$ 40,215

13. LEASES

The Group leases certain equipment, software and other assets.

Total rental expenses for the years ended February 20, 2011 and 2010 were ¥5,858 million ($70,267 thousand) and ¥5,492 million, respectively, including ¥290 million ($3,482 thousand) and ¥363 million of lease payments under finance leases.

Pro forma information for the years ended February 20, 2011 and 2010

As discussed in Note 2.o., the Group accounts for finance lease contracts, which existed at the transition date and which did not transfer ownership to the lessee, as operating lease transactions. Pro forma information of such finance lease contracts on an "as if capitalized" basis for the years ended February 20, 2011 and 2010 were as follows:

(a) Acquisition cost and accumulated depreciation of finance leases

	Millions of Yen			
	2011			
	Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	**¥114**	**¥ 812**	**¥ 48**	**¥ 974**
Accumulated depreciation	**(69)**	**(452)**	**(21)**	**(542)**
Net leased property	**¥ 45**	**¥ 360**	**¥ 27**	**¥ 432**

	Millions of Yen			
	2010			
	Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	¥136	¥1,355	¥102	¥1,593
Accumulated depreciation	(62)	(790)	(66)	(918)
Net leased property	¥ 74	¥ 565	¥ 36	¥ 675

	Thousands of U.S. Dollars			
	2011			
	Equipment	Furniture and Fixtures	Software	Total
Acquisition cost	**$1,372**	**$9,735**	**$ 574**	**$11,681**
Accumulated depreciation	**(826)**	**(5,416)**	**(256)**	**(6,498)**
Net leased property	**$ 546**	**$4,319**	**$ 318**	**$ 5,183**

(b) Obligations under finance leases

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥183**	¥264	**$2,194**
Due after one year	**301**	486	**3,616**
Total	**¥484**	¥750	**$5,810**

(c) Depreciation expense and interest expense under finance leases

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Depreciation expense	**¥241**	¥351	**$2,890**
Interest expense	**12**	16	**150**
Total	**¥253**	¥367	**$3,040**

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, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	**¥1,034**	**$12,404**
Due after one year	**1,348**	**16,167**
Total	**¥2,382**	**$28,571**

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective February 20, 2011.

1. Conditions of financial instruments

(a) Group policy for financial instruments

The Group engages in the credit service business, which includes credit card services, loans, hire purchase, and other financial services. In order to conduct this business, the Group finances through bank borrowings, issuance of corporate bonds and commercial paper, and securitization of financial assets. Several consolidated subsidiaries are overseas subsidiaries which operate within the foreign currency-denominated economies.

Because the Group's financial assets and liabilities are exposed to market risk such as volatilities in interest rates and foreign currency exchange rates, the Group enters into derivative financial instruments to reduce the risk. The Group does not enter into or trade derivative financial instruments for speculative purposes.

(b) Nature and extent of risks arising from financial instruments

The Group's major financial assets are finance receivables which are exposed to the credit risk of customer defaults.

Investment securities consist of equity securities and trust beneficiary rights. Equity securities are held for maintaining business with other companies and are exposed to market risk and credit risk. Trust beneficiary rights are held under the securitization programs of the Company and their dividends are derived from and collateralized by a pool of underlying assets, finance receivables. Therefore, trust beneficiary rights are exposed to the credit risk of customer defaults.

The Group is exposed to risks relating to interest-bearing debt such as borrowings, corporate bonds and commercial paper whereby the Group may be unable to execute payments of such liabilities on the payment dates in cases, for example, where the Group is unable to use the market under certain environments such as a greater than expected fluctuations in financial conditions or a downgrading of the Group's credit rating. Several long-term debts are variable interest rate instruments and foreign currency-denominated instruments which are exposed to market risk such as changes in interest rates and foreign currency exchange rates. The Group enters into a variety of derivative financial instruments to manage its exposure to market risk.

The derivative financial instruments have market risk and credit risk. Market risk is comprised of interest rate risk and foreign currency risk. The Group enters into derivative financial instruments only to minimize the market risk to which long-term debts are exposed. Credit risk on derivative financial instruments reflects the possibility that a counterparty will fail to honor the contracts and default on the required payment.

(c) Risk management for financial instruments

• Credit risk management

The Group's credit risk is primarily attributable to their finance receivables. In order to minimize the credit risk, the Group companies have established credit risk control policies and systems. Management of the Group companies control the credit risk with appropriate credit limits and credit approvals in order to prevent over-lending to individual customers and continuously improve the credit quality of their finance receivables. In addition, credit risk management divisions and credit assessment divisions monitor and analyze the credit quality to prevent prolonged overdue debts. The credit risk monitoring and controlling systems and processes are audited by an internal auditor.

For securities with active market quotations, management of the Group companies continuously monitor the market values. For securities with no active market quotations, management of the Group companies monitor the financial positions of the issuers on a regular basis.

Though derivative financial instruments are exposed to the credit risk, their credit risks are limited because the counterparties are financial institutions with high credit-ratings and are well diversified.

• Market risk management (foreign exchange risk and interest rate risk)

The Group enters into derivative financial instruments to manage its exposure to financial risk of changes in interest rates and foreign currency exchange rates of long-term debts. Upon entering derivative contracts, the notional amounts, maturities and expirations, and timings are determined according to internal rules. The transactions are executed and controlled by the Finance Department. The current positions of derivative financial instruments are periodically reported to management of the Group companies.

• Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecasted and actual cash flows and maintains a conservative level of long-term funding to finance its short-term financial assets.

(d) Supplementary information on fair value of financial instruments

The fair values of financial instruments are measured based on quoted market prices, if available, or a reasonably assessed value if a quoted market price is not available. In the case of the latter, certain assumptions and variable preconditions are adopted. Accordingly, if different assumptions and preconditions are adopted, the calculated amount of the fair value may also be different.

See Note 15 for the details regarding fair value for derivatives.

2. Fair value of financial instruments

The following presents the carrying amount of financial instruments on the consolidated balance sheet, the fair value, and the difference between the two as of February 20, 2011. Financial instruments whose fair values are deemed to be readily difficult to determine are not included in the fair value disclosure.

	Millions of Yen			Thousands of U.S. Dollars		
	2011			2011		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(a) Cash and cash equivalents	¥ 29,667	¥ 29,667		$ 355,847	$ 355,847	
(b) Finance receivables—net of allowance for possible credit losses	625,362	633,831	¥8,469	7,501,044	7,602,632	$101,588
(c) Investment securities	4,656	4,656		55,847	55,847	
Total	¥659,685	¥668,154	¥8,469	$7,912,738	$8,014,326	$101,588
(d) Accounts payable	¥146,833	¥146,833		$1,761,223	$1,761,223	
(e) Short-term borrowings	5,587	5,587		67,013	67,013	
(f) Long-term debt	512,776	515,813	¥3,037	6,150,605	6,187,028	$ 36,423
Total	¥665,196	¥668,233	¥3,037	$7,978,841	$8,015,264	$ 36,423
(g) Derivative financial instruments	¥ 1,933	¥ 1,933		$ 23,186	$ 23,186	

A. Fair value of financial instruments

(a) Cash and cash equivalents

The carrying amounts are considered to approximate their fair values because of their short maturities.

(b) Finance receivables—net of allowance for possible credit losses

The fair values of finance receivables are determined by discounting expected cash flows (credit risk incorporated) of each segmented product with a discount rate consisting of a risk-free rate and collection costs of each product (expense ratio).

(c) Investment securities

The fair values of stock with market quotations are determined with reference to quoted market prices. Stock with no market quotations and trust beneficiary rights are considered to be financial instruments whose fair values are deemed to be readily difficult to determine. Their fair values are not included in the fair value disclosure.

(d) Accounts payable and (e) Short-term borrowings

The carrying amounts are considered to approximate their fair values because these items will be settled in a short period of time.

(f) Long-term debt

The fair values of bonds are determined with reference to quoted market prices. The fair values of other long-term debts are determined by discounting the total amount of principal and interest by the current interest rate assumed for the same borrowing.

(g) Derivative financial instruments

Information on the fair values of derivative financial instruments is included in Note 15.

B. Financial instruments whose fair values are deemed to be readily difficult to determine

The financial instruments below are not included in the fair value disclosure due to the difficulties in determination of fair values:

	Millions of Yen	Thousands of U.S. Dollars
	Carrying amount	Carrying amount
Stocks with no active market quotations		
Investment securities	¥10,692	$ 128,248
Investments in associated companies	362	4,347
Trust beneficiary rights	84,069	1,008,383

C. Maturity analysis for financial assets with contractual maturities

The table below analyzes the carrying amount of the Group's assets into the relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date:

	Millions of Yen					
	2011					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and cash equivalents	**¥ 29,667**					
Finance receivables	**495,856**	**¥81,109**	**¥32,592**	**¥11,063**	**¥2,076**	**¥290**
Total	**¥525,523**	**¥81,109**	**¥32,592**	**¥11,063**	**¥2,076**	**¥290**

	Thousands of U.S. Dollars					
	2011					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and cash equivalents	**$ 355,847**					
Finance receivables	**5,947,669**	**$972,880**	**$390,931**	**$132,693**	**$24,896**	**$3,475**
Total	**$6,303,516**	**$972,880**	**$390,931**	**$132,693**	**$24,896**	**$3,475**

The table above excludes the finance receivables of ¥54,703 ($656,149 thousand) who have no specific contractual maturity date due to late payments or under negotiations.

D. Remaining maturities of financial liabilities

See Notes 5 and 13.

15. DERIVATIVES

The Group enters into forward exchange contracts and currency swap contracts to hedge foreign currency risk on foreign currency-denominated debt. The Group also enters into interest rate swap contracts to limit the unfavorable impact from increases in interest rates on its floating-rate long-term debt. The interest rate swap contracts effectively swap a floating-rate interest payment to a fixed-rate interest payment. The Group does not enter into or trade derivative financial instruments for speculative purposes.

Derivative financial instruments are subject to market risk and credit risk. Since the Group enters into derivative financial instruments only for hedging purposes, market risk in those hedging instruments is basically offset by opposite movements in the value of hedged items. The credit risk on those derivative financial instruments is limited as the counterparties are major financial institutions with high credit ratings.

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

As noted in Note 14, the Group applied ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," and ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for the year ended February 20, 2011.

(1) Derivative financial instruments qualified for hedge accounting

	Millions of Yen			Thousands of U.S. Dollars		
	2011			**2011**		
	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss
Currency swap contracts:						
Receive JPY/Pay HKD	**¥ 5,346**	**¥1,999**	**¥1,999**	**$ 64,126**	**$23,981**	**$23,981**
Receive JPY/Pay THB	**34,544**	**825**	**825**	**414,345**	**9,894**	**9,894**
Receive JPY/Pay MYR	**2,123**	**93**	**93**	**25,464**	**1,118**	**1,118**
Receive USD/Pay HKD	**832**			**9,980**		
Receive USD/Pay THB	**19,117**	**(16)**	**(16)**	**229,302**	**(191)**	**(191)**
Receive USD/Pay MYR	**1,647**	**(133)**	**(133)**	**19,755**	**(1,593)**	**(1,593)**
Interest rate swap contracts:						
Receive floating/Pay fixed	**28,020**	**(835)**	**(835)**	**336,095**	**(10,016)**	**(10,016)**

(2) Derivative financial instruments not qualified for hedge accounting

	Millions of Yen		
	2010		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Forward exchange contracts:			
Buying JPY/Selling MYR	¥1,269		
Currency swap contracts:			
Receive JPY/Pay THB	2,906		
Receive JPY/Pay MYR	2,084	¥ 30	¥ 30
Receive USD/Pay MYR	809	(12)	(12)
Interest rate swap contracts:			
Receive floating/Pay fixed	828		

*There were no derivative financial instruments which did not qualify for hedge accounting as of February 20, 2011.

Fair values of derivative financial instruments are based on forward market quotations and mark-to-market reports provided by financial institutions.

The contract or notional amounts of derivative contracts shown above do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit risk or market risk.

16. CONTINGENT LIABILITIES

Guaranteed amounts pertaining to finance receivables provided by partner firms, such as financial institutions, as of February 20, 2011 amounted to ¥11,064 million ($132,714 thousand).

17. LOAN COMMITMENTS

The Group provides cash advance 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
	2011	2010	**2011**
Total loan limits	**¥5,464,496**	¥5,721,070	**$65,545,114**
Loan executions	**365,431**	397,230	**4,383,244**
Nonexercised portion of loan commitments	**¥5,099,065**	¥5,323,840	**$61,161,870**

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

18. NET INCOME PER SHARE

Basic and diluted net income per share ("EPS") for the years ended February 20, 2011 and 2010 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, 2011:				
Basic EPS				
Net income	**¥9,541**			
Net income available to common shareholders	**¥9,541**	**156,854**	**¥60.83**	**$0.73**
For the year ended February 20, 2010:				
Basic EPS				
Net income	¥198			
Net income available to common shareholders	¥198	156,852	¥1.26	
Effect of dilutive securities—Warrants of the Company		3		
Diluted EPS—Net income for computation	¥198	156,855	¥1.26	

Diluted EPS for the year ended February 20, 2011 is not disclosed as no potential dilution exists.

19. RELATED PARTY TRANSACTIONS

Transactions with the parent company and its subsidiaries for the years ended February 20, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
AEON Co., Ltd.(*1) (the parent company)	**2011**	2010	**2011**
Cash deposits	**¥1,945**	¥12,892	**$23,332**
Interest income	**10**	77	**124**

	Millions of Yen		Thousands of U.S. Dollars
AEON Retail Co., Ltd. (subsidiary of the parent company)	**2011**	2010	**2011**
Credit card purchase contracts	**¥7,453**	¥7,514	**$89,396**
Processing service fees(*2)	**4,018**	2,882	**48,196**

The balances due to or from the parent company and its subsidiary as of February 20, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
AEON Retail Co., Ltd. (subsidiary of the parent company)	**2011**	2010	**2011**
Accounts payable	**¥9,416**	¥9,707	**$112,940**

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

The transaction stated as "cash deposits" above are deposits of temporary excess operating cash in hand. It is stated on an annual average outstanding balance basis and there were no outstanding balance as of February 20, 2011 or 2010. The interest on deposits is based on a Japanese yen short-term market interest rate.

(*1) AEON Co., Ltd. is listed on the Tokyo Stock Exchange, First Section.
(*2) Processing service fees for the year ended February 20, 2010 are retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.

20. 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, 2011 and 2010 amounted to more than 90% of consolidated operating revenues, operating income and assets, and accordingly, segment information about the different industries is not disclosed for fiscal 2011 and 2010.

Information on geographic segments and operating revenues from foreign customers of the Company and its subsidiaries for the years ended February 20, 2011 and 2010 is as follows:

(1) Geographic segments

The geographic segments of the Company and its subsidiaries for the years ended February 20, 2011 and 2010 are summarized as follows:

	Millions of Yen				
	2011				
	Domestic	Overseas	Total	Eliminations/ Corporate	Consolidated
Operating revenues from customers	**¥118,295**	**¥ 50,896**	**¥ 169,191**		**¥ 169,191**
Interarea transfer					
Total operating revenues	**118,295**	**50,896**	**169,191**		**169,191**
Operating expenses	**106,659**	**41,814**	**148,473**		**148,473**
Operating income	**¥ 11,636**	**¥ 9,082**	**¥ 20,718**		**¥ 20,718**
Total assets	**¥697,167**	**¥215,122**	**¥912,289**	**¥(10,710)**	**¥901,579**

	Millions of Yen				
	2010				
	Domestic	Overseas	Total	Eliminations/ Corporate	Consolidated
Operating revenues from customers(*)	¥ 114,023	¥ 50,426	¥164,449		¥ 164,449
Interarea transfer					
Total operating revenues	114,023	50,426	164,449		164,449
Operating expenses(*)	103,006	40,883	143,889		143,889
Operating income	¥ 11,017	¥ 9,543	¥ 20,560		¥ 20,560
Total assets	¥665,488	¥211,429	¥876,917	¥(10,552)	¥866,365

	Thousands of U.S. Dollars				
	2011				
	Domestic	Overseas	Total	Eliminations/ Corporate	Consolidated
Operating revenues from customers	**$ 1,418,919**	**$ 610,486**	**$ 2,029,405**		**$ 2,029,405**
Interarea transfer					
Total operating revenues	**1,418,919**	**610,486**	**2,029,405**		**2,029,405**
Operating expenses	**1,279,350**	**501,551**	**1,780,901**		**1,780,901**
Operating income	**$ 139,569**	**$ 108,935**	**$ 248,504**		**$ 248,504**
Total assets	**$8,362,326**	**$2,580,331**	**$10,942,657**	**$(128,471)**	**$10,814,186**

(*) Operating revenues and expenses for the year ended February 20, 2010 are retroactively restated. Refer to page 9 "RESULTS OF OPERATIONS" for more details.

Major countries and areas included in the overseas segment are as follows:
Hong Kong, Thailand, Malaysia, Taiwan, China, Indonesia, the Philippines and Vietnam.

(2) Operating revenues from foreign customers

Operating revenues from foreign customers for the years ended February 20, 2011 and 2010 amounted to ¥50,896 million ($610,486 thousand) and ¥50,426 million, respectively.

21. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings

The following appropriations of retained earnings as of February 20, 2011 were approved at the Company's Board of Directors' meeting held on April 13, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25.00 ($0.30) per share	¥3,921	$47,035

b. The March 11 Earthquake

On March 11, 2011, an earthquake and tsunami hit the nation's eastern region. The Group's facilities located in the region suffered physical damage. The management is now in the process of damage assessment and predicts that the physical disruption would be minor while finance receivables of individual customers who reside in the disaster devastated area would be eroded.

Although it is currently difficult to reasonably estimate the extent of the financial impact caused by the disaster on the Group's financial status, management predicts credit losses and loss on disposal of property and equipment.

c. Issuance of Bonds

On April 27, 2011, the Company had issued ¥20,000 million ($239,894 thousand) of unsecured 1.02% domestic bonds by resolution of the Board of Directors, which became effective on April 13, 2011. The maturity of the bonds is April 27, 2015 and the issue price was equal to the face value. Among the proceeds funded by the debenture program, ¥19,800 million ($237,496 thousand) is to be used for repayment of borrowings and ¥80 million ($960 thousand) is to be donated to aid those affected by the March 11 earthquake and tsunami.

Independent Auditors' Report

Deloitte.

Deloitte Touche Tohmatsu LLC
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
AEON Credit Service Co., Ltd.:

We have audited the accompanying consolidated balance sheets of AEON Credit Service Co., Ltd. (the "Company") and subsidiaries as of February 20, 2011 and 2010, 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 AEON Credit Service Co., Ltd. and subsidiaries as of February 20, 2011 and 2010, 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 LLC

May 12, 2011

Member of
Deloitte Touche Tohmatsu Limited

Major AEON Group Companies

■ Pure Holding Company
AEON CO., LTD.

■ General Merchandise Store Business
AEON Retail Co., Ltd.
AEON Hokkaido Corporation
SUNDAY CO., LTD.
AEON KYUSHU CO., LTD.
AEON RYUKYU CO., LTD.
Bon Belta Co., Ltd.
TOPVALU COLLECTION CO., LTD.

■ Supermarket Business
Maxvalu Chubu Co., Ltd.
Maxvalu Nishinihon 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.
AEON KIMISAWA CO., LTD.
KOHYO CO., LTD.
MAXVALU KANTO CO., LTD.
MAXVALU KITA TOHOKU CO., LTD.
Maxvalu Kyushu Co., Ltd.
MAXVALU CHUKYO CO., LTD.
MAXVALU NAGANO CO., LTD.
MAXVALU HOKURIKU CO., LTD.
MAXVALU MINAMI TOHOKU CO., LTD.

■ Discount Store Business
AEON BIG CO., LTD.
AEON SUPERCENTER Co., Ltd.

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

■ Drugstore & Pharmacy Business
CFS Corporation
TSURUHA HOLDINGS Inc.
GROWELL HOLDINGS CO., LTD.
Medical Ikkou Co., Ltd.
KUSURI NO AOKI CO., LTD.
TAKIYA Co., Ltd.
Welpark Co., Ltd.
Shimizu Drug Co., Ltd.

■ Specialty Store Business
GFOOT CO., LTD.
COX CO., LTD.
Taka:Q Co., Ltd.
Abilities JUSCO Co., Ltd.
AEON FOREST CO., LTD.
AEON BODY Co., Ltd.
Talbots Japan Co., Ltd.
Branshes Co., Ltd.
PETCITY 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.

■ Shopping Center Development Business
AEON Mall Co., Ltd.
AEON TOWN Co., Ltd.

■ Financial Services 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.
ACS CREDIT MANAGEMENT CO., LTD.
ACS CAPITAL CORPORATION LTD.
ACS TRADING 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
ACS INSURANCE BROKER (THAILAND) CO., LTD.
ACS SERVICING (THAILAND) CO., LTD.
ACS LIFE INSURANCE BROKER (THAILAND) CO., LTD.
AEON INSURANCE BROKERS (HK) LIMITED
AEON CREDIT TECHNOLOGY SYSTEMS (PHILIPPINES) INC.
AEON CREDIT SERVICE INDIA PRIVATE LIMITED
AEON MICRO FINANCE (SHENYANG) CO., LTD.
AEON S.S. Insurance CO., LTD.
AEON BANK, LTD.

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

■ Digital Business
AEON VISTY CO., LTD.
Digital Direct Corporation

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

■ China Business
AEON Stores (Hong Kong) Co., Ltd.
AEON South China Co., Ltd.
Beijing AEON Co., Ltd.
Guandong JUSCO Teem Stores Co., Ltd.
Qingdao AEON Dongtai Co., Ltd.

■ Merchandise Procurement and Food Processing Operations
YAMAYA CORPORATION
AIC Inc.
AEON Integrated Business Service Co., Ltd.
AEON AGRI CREATE Co., Ltd.
AEON GLOBAL SCM CO., LTD.
AEON GLOBAL MERCHANDISING CO., LTD.
AEON TOPVALU CO., LTD.
AEON MARKETING CO., LTD.
Cordon Vert CO., LTD.
Research Institute For Quality Living Co., Ltd.
AEON FOOD SUPPLY CO., Ltd.
Tasmania Feedlot Pty. Ltd.

Listed companies are shown in bold print.

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

Corporate Data (As of February 2011)

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.aeon.co.jp

Established
June 20, 1981

Capital Stock
¥15,466.5 million

Number of Employees
1,130
5,631 (Consolidated)

Domestic Subsidiaries
ACS CREDIT MANAGEMENT CO., LTD.
AEON S.S. Insurance CO., LTD.

Overseas Subsidiaries
AEON CREDIT SERVICE (ASIA) CO., LTD.
AEON INSURANCE BROKERS (HK) LIMITED
AEON CREDIT GUARANTEE (CHINA) CO., LTD.
AEON INFORMATION SERVICE (SHENZEN) 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.
AEON CREDIT TECHNOLOGY SYSTEMS (PHILIPPINES) INC.
AEON CREDIT SERVICE INDIA PRIVATE LIMITED
AEON MICRO FINANCE (SHENYANG) CO., LTD.

Shareholder Information (As of February 2011)

Closing Date
February 20

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

Transfer Agent
Mizuho Trust & Banking Co., Ltd.

Shares Issued
156,967,008 shares

Shareholders' Meeting
Held in May of each year

Independent Auditors
Deloitte Touche Tohmatsu LLC

Board of Directors and Auditors (As of June 2011)

Directors

President & CEO	Kazuhide Kamitani
Directors, Senior Managing Executive Officers	Naruhito Kuroda Masao Mizuno Takashi Kiyonaga Hideki Wakabayashi Masanori Kosaka
Director, Corporate Adviser	Yoshiki Mori
Executive Officers	Tatsuya Saito Yoshitaka Yamada Takatoshi Ikenishi Mitsugu Tamai Hideyuki Ito Chiharu Endo Shinichi Nakagawa Hirofumi Sakuraba

Auditors

Corporate Auditors	Hisateru Taniuchi * Hiroyasu Sugihara * Koshi Yamaura * Masato Nishimatsu *

**External*

Planting Seeds of Growth

We are ÆON

ÆON CREDIT SERVICE CO., LTD.

ÆON CREDIT SERVICE CO., LTD. Annual Report 2011

ミックス品
FSC認証林及び管理された
森林からの製品グループです
www.fsc.org Cert no. SA-COC-1386
© 1996 Forest Stewardship Council

Waterless Printing Naturally.