Annual Report 2012

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

Fiscal 2011 Performance

In fiscal 2011, the year ended February 20, 2012, the Company continued to enhance the credit card business and in addition, promote the e-money business and fee businesses, including the bank agency service and Internet businesses, and also undertook expansion of the overseas business in new countries.

In the credit card business, as a result of efforts to attract new card members in Japan and overseas and joint promotions with business partners, the card-member base increased by 1.69 million year on year to 29.76 million, on a consolidated basis, the number of active card members increased by 0.87 million from the beginning of the fiscal year to 14.71 million, and credit card purchase volume increased 10.4% year on year to ¥2,855,591 million. As a result, total transaction volume increased 5.3% to ¥3,363,809 million, and operating revenues increased 0.4% to ¥169,853 million.

The Company continued to invest in business network expansion in the e-money and bank agency service businesses in the overseas business, the Company established local subsidiaries in Shenyang, China, and Cambodia while rigorously pursuing improvement in bad debt costs and low-cost operations. As a result, we were able to contain operating expenses, which decreased 2.0% year on year to ¥145,572 million.

As a result, operating income increased 17.2% year on year to ¥24,280 million, and ordinary income rose 16.5% to ¥24,268 million. Meanwhile the Company recorded total extraordinary losses of ¥6,460 million from items including an increase in the provision for doubtful accounts taking into account the impact of the Great East Japan Earthquake and the flooding in Thailand and the effect of application of asset retirement obligation accounting standards. As a result, consolidated net income decreased 5.8% to ¥8,988 million.

On March 23, 2012, the Company procured funds by issuing bonds with stock acquisition rights. The Company will utilize the funds raised for the repurchase of shares and for investment and financing for business expansion in new countriesеs to further accelerate the growth of businesses in Asia.

Fiscal 2012 Plans

Although the adverse business environment is expected to continue, we will focus on the credit card business as the core business and undertake expansion of transaction volume by stepping up card-member recruitment and enhancing the convenience of credit card use. In addition, we intend to transform the business structure by addressing the following priority tasks, among them the promotion of fee businesses, such as the e-money and bank agency service businesses, and acceleration of overseas business development in new geographical areas.

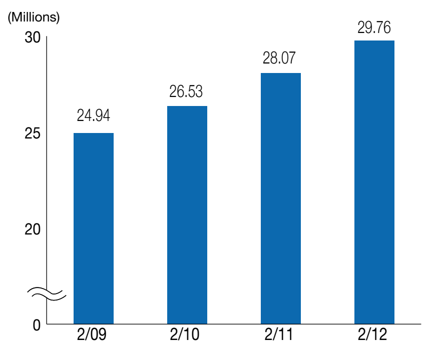
1) Reinforcement of the Credit Card Business
To attract new customers, the Company will issue new co-branded cards, enhance card-member privileges and services, and strengthen card-member recruitment at branches and on the Internet. We will also actively engage in joint promotions with business partners that utilize customer data and point programs.

2) Promotion of Fee Businesses
We will strengthen the e-money and bank agency service businesses by expanding the business network, focusing on urban areas, and develop a secure, convenient, and affordable Internet-based settlement service by concentrating management resources on Internet businesses.

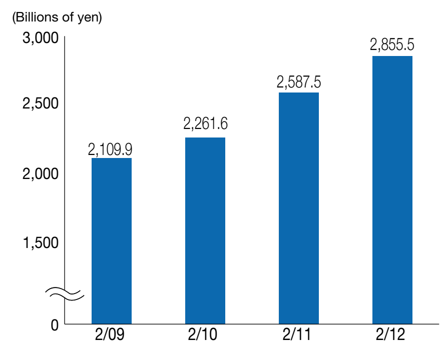
3) Expansion of Overseas Businesses
We will expand the credit card business and credit-peripheral business in Asian countries and, to further accelerate the growth of overseas operations, utilize the funds raised through the issuance of convertible bonds as funds for investment and financing of business expansion in new countries.

4) Further Strengthening of the Business Structure
We will continue low-interest, stable financing and in the meantime construct a back-up center in Western Japan for the three system data centers located in the Kanto region. We will also rigorously ensure compliance with laws and regulations and the protection of personal information. In the overseas business, we will carry on with the nurturing of global human resources and the development of common system platforms for overseas operations.

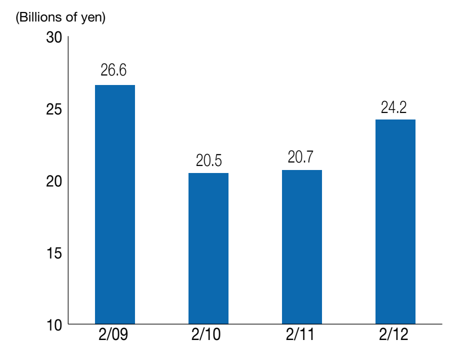
Number of Cardmembers



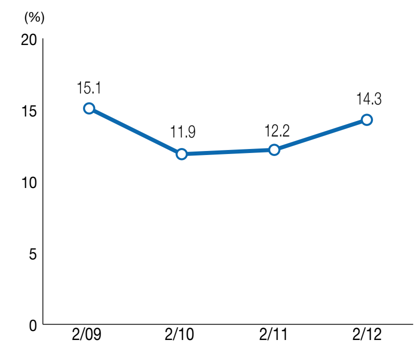
Credit Card Purchase Volume



Operating Income



Operating Income to Revenues



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 Card-member Base

During the year under review, we expanded the card-member base for the AEON CARD SELECT, which incorporates an AEON BANK cash card function and benefits, by 0.44 million from the beginning of the fiscal year to 1.53 million members and strengthened card member recruiting utilizing bank agency service branches and the Internet. In addition, we issued co-branded cards with Hokkaido Railway Company and East Nippon Expressway Company Limited. As a result, the number of card members increased by 1.01 million from the beginning of the fiscal year to 21.01 million members.

In addition, as a result of a 30th anniversary campaign and joint promotions with COSMO OIL Co., Ltd., and other business partners, we achieved a net increase of 0.75 million active cardholders in Japan to 12.68 million members from the beginning of the fiscal year and a net increase of 10.4% year on year in credit card purchase volume to ¥2,762,542 million.

Fee Businesses

E-Money Business

In the e-money business, Bic Camera Inc. and expressway service areas began accepting WAON, and we strengthened activities to acquire affiliated merchants at shopping districts in regional areas and airports. As a result, the number of merchants accepting WAON increased by approximately 36,500 from the beginning of the fiscal year to 139,000 nationwide.

In addition, as a result of efforts to increase the number of card members for WAON-integrated cards, such as the AEON CARD and Cosmo The Card Opus, the total number of WAON cards issued steadily increased to 24.10 million, and e-money total transaction volume increased 16.9% year on year to ¥1,044,790 million.

Bank Agency Services

In the bank agency service business, we opened in AEON shopping centers nine AEON BANK comprehensive financial branches, which provide one-stop services including banking, credit and insurance products, bringing the number of branches in shopping centers to 66 locations (out of a total of 80 branches). This network expansion, coupled with promotion of home mortgage loan agency services and the opening of new accounts, boosted mortgage loan transaction volume 18.0% to ¥96,772 million.

In addition, on January 27, 2012, the Company acquired the shares of TOSHIBA Housing Loan Service Corporation (now AEON HOUSING LOAN SERVICE CO., LTD) and made it a consolidated subsidiary. Future plans call for expansion of AEON HOUSING LOAN SERVICE CO., LTD's business operations by utilizing our customer data and business network.

Joint ATM Business

In the joint ATM business, the Company worked to increase customer convenience by conducting campaigns, such as Customer Wakuwaku Days, among others, whereby customers who use ATMs on the 5th, 15th, and 25th of the month receive promotional coupons, and acquiring the acceptance of AEON BANK cash cards at approximately 11,500 ATMs operated by E-net Co., Ltd.

Credit Guarantee Business

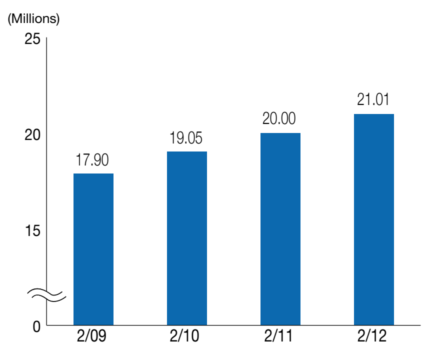
In the credit guarantee business, the Company achieved a 91.4% increase year on year in the credit guarantee balance to ¥20,787 million attributed to the increase of AEON Bank loan card issued.

Activities of Domestic Subsidiaries

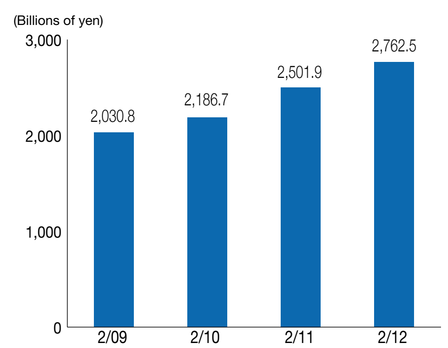
ACS CREDIT MANAGEMENT CO., LTD., which operates servicing businesses, continued efforts to expand its businesses by reinforcing the communication charges and public utility charges collection service and purchasing finance receivables from financial institutions.

AEON S.S. Insurance Co., Ltd. worked to increase the number of insurance contracts by developing a new accidental insurance product, among others, to complement AEON's private medical and home insurance products and strengthening the agency network in the Tokyo metropolitan area.

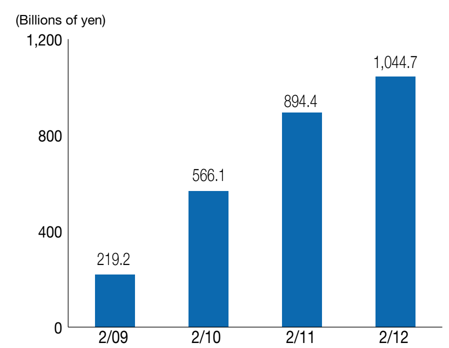
Number of Cardmembers (Domestic)



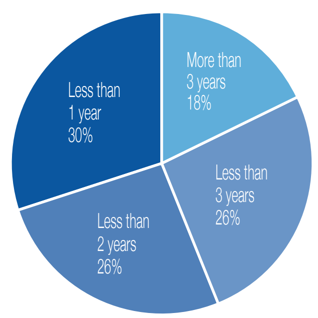
Credit Card Purchase Volume (Domestic)



E-Money Purchase Volume



Long-Term Debt Duration



Overseas Operations

Our business has been extended to China, Thailand, Malaysia, Taiwan, Indonesia, Vietnam, the Philippines and Cambodia. 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.

The Asian Business Division, newly established in April 2012, engaged in the nurturing of global human resources and the development of common system platforms for overseas operations.

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 operates a network of 18 branches, develops co-branded cards, and actively engages in promotional activities with alliance partners. The cardmember base in Hong Kong was 1.06 million as of February 20, 2012. In the insurance agency business, to increase the number of new insurance policies the company has enhanced web-based insurance information as well as face-to-face selling.

In China, the Group is reinforcing administrative outsourcing businesses, such as contracted debt collection for local banks, in Shenzhen and Guangzhou. In addition, the Group has established a new corporation in Shenyang, Liaoning Province, and launched consumer finance businesses in mainland China.

Thailand

AEON THANA SINSAP (THAILAND) PLC was established in 1992 as the Company's second overseas subsidiary after Hong Kong. The company has steadily expanded its business activities and was listed on the Stock Exchange of Thailand in 2001. It has expanded its branch network to 87 locations and is strengthening cardmember recruitment by means including the issuance of co-branded cards with airline companies and mobile phone service providers and issuing the AEON GOLD CARD to card members with particularly good credit histories. The total number of card members was 6.21 million as of February 20, 2012.

Despite the impact of the massive flooding in Thailand, the Thai operations reinforced card member recruitment at business partners' outlets, card use promotion programs with local retailers and mobile phone retailers, and expansion of credit-peripheral businesses such as the insurance agency, leasing and servicing businesses.

After the flooding, the Thai operations worked to assist customers who suffered damage in the disaster, extending special loans for housing refurbishment and the purchase of home appliances and furniture to customers in heavily damaged areas and offering consultation and advice concerning payment.

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 increased its cardmember base to 0.98 million members as of February 20, 2012, by soliciting card members with local business partners, building the first non-bank ATM network in Malaysia, issuing cards linked to the reward point programs offered by alliance partners, enhancing cardmember benefits, and promoting the issuance of the AEON GOLD CARD to its prime customers. In addition, it has steadily expanded the credit-peripheral business by reinforcing the hire purchase and insurance agency businesses.

Taiwan

One of the Company's Subsidiaries in Taiwan has steadily expanded the scope of its hire purchase business to include motorcycles in addition to home appliances and furniture. In 2002, another subsidiary in the country became the first Japanese non-bank financial institution to acquire a local credit card issuing license. 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 card members reached 0.14 million as of February 20, 2012. Efforts to increase the convenience of credit card use, such as expansion of the card settlement service for public utility bills and promotion of the settlement agency service for affiliated merchants, have resulted in steady expansion of transaction volume.

Indonesia

PT. AEON CREDIT SERVICE INDONESIA was established in 2006. Utilizing expertise accumulated in the consumer finance industry in Japan and other Asian countries, the subsidiary engages in the hire purchase business for home appliances and furniture in Indonesia. The subsidiary has built a business base in preparation for a future launch of the credit card business by expanding its network of affiliated merchants through vigorous marketing activities and organization of the customer base through the issuance of membership cards. As a result of these efforts, in fiscal 2010, the subsidiary attained profitability on an annual basis.

Vietnam

Established in 2008, ACS TRADING VIETNAM CO., LTD., was the first Japanese company in Vietnam to start an installment sales business. In fiscal 2011, the company attained profitability on an annual basis as a result of engaging in sales activities in Ho Chi Minh and Hanoi and working to expand and upgrade the business network by stepping up affiliated merchant development, among others, with an emphasis on home appliance mass merchandisers.

The Philippines

Established in 2008, AEON CREDIT TECHNOLOGY SYSTEMS (PHILIPPINES) INC. provides services for the development of information systems. In fiscal 2010, the subsidiary attained profitability on an annual basis through business scale expansion achieved by increasing its systems personnel to 200 employees, among other measures.

Cambodia

To extend the overseas business to another country, in 2011 the Company established AEON MICROFINANCE (CAMBODIA) PRIVATE COMPANY LIMITED and began its installment sales business in Cambodia.

Hong Kong

China

Thailand

Malaysia

Taiwan

Indonesia

Philippines

Vietnam

Cambodia

Asian Business Division

Five-Year Summary

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

	Millions of Yen					Thousands of U.S. Dollars[1]
	2012	2011	2010	2009	2008	**2012**
For the Year:						
Total operating revenues[2]	¥ **169,853**	¥ 169,191	¥ 164,449	¥ 173,165	¥ 181,046	$ **2,134,105**
Total operating expenses[2]	**145,572**	148,473	143,889	146,554	148,183	**1,829,032**
Income before income taxes and minority interests	**17,907**	20,936	4,698	30,365	34,327	**224,991**
Net income	**8,988**	9,541	198	14,789	17,653	**112,933**
	Yen					U.S. Dollars[1]
Per Share Data:						
Net assets	¥ **1,012.52**	¥ 1,015.17	¥ 994.42	¥ 1,036.35	¥ 1,040.97	$ **12.72**
Basic net income	**57.30**	60.83	1.26	94.29	112.52	**0.72**
Diluted net income[3]	**57.30**		1.26	94.28		**0.72**
	Millions of Yen					Thousands of U.S. Dollars[1]
At Year-End:						
Finance receivables—net of allowance for possible credit losses	¥ **640,992**	¥ 625,362	¥ 671,493	¥ 678,148	¥ 743,160	$ **8,053,680**
Net property and equipment	**13,854**	12,849	9,929	9,470	9,843	**174,063**
Total assets	**907,659**	901,579	866,365	854,194	862,061	**11,404,183**
Total liabilities	**725,806**	721,379	689,647	672,293	678,724	**9,119,315**
Equity	**181,853**	180,200	176,718	181,901	183,337	**2,284,868**
	Percentage					
Ratios:						
Equity ratio	**17.5%**	17.7%	18.0%	19.0%	18.9%	
Return on assets (ROA)	**1.0**	1.1	0.0	1.7	2.1	
Return on equity (ROE)	**5.7**	6.1	0.1	9.1	11.1	

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 ¥79.59 to U.S.$1, the approximate rate of exchange on February 20, 2012. 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. 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 e-money settlement service of AEON Credit Service Co., Ltd (the "Company"). As a result, total operating revenues and total operating expenses for the year ended February 20, 2010 and before are retroactively restated.
3. Diluted EPS for the years ended February 20, 2011 and 2008 are not disclosed as no potential dilution exists.

Financial Review

ÆON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2012 and 2011

RESULTS OF OPERATIONS

	Millions of Yen			
	2012	2011	Amount Change	Percentage Change
Operating Revenues:				
Credit card purchase contracts	¥ **70,367**	¥ 63,838	¥ 6,529	**10.2** %
Hire purchase contracts	**7,370**	8,906	(1,536)	**(17.2)**
Loan contracts	**64,743**	71,570	(6,827)	**(9.5)**
Processing services fees	**7,092**	6,626	466	**7.0**
Other operating revenues	**20,281**	18,251	2,030	**11.1**
Total operating revenues	¥ **169,853**	¥ 169,191	¥ 662	**0.4** %
Operating Expenses:				
Financial costs	¥ **14,149**	¥ 15,073	¥ (924)	**(6.1)** %
Provision for possible credit losses and write-off of bad debts	**26,738**	35,306	(8,568)	**(24.3)**
Other operating expenses	**104,685**	98,094	6,591	**6.7**
Total operating expenses	¥ **145,572**	¥ 148,473	¥ (2,901)	**(2.0)** %
Operating Income	¥ **24,281**	¥ 20,718	¥ 3,563	**17.2** %

Fiscal Summary

For the year ended February 20, 2012, consumer spending in Japan showed signs of recovery from the impact of the March 11 Earthquake, but economic conditions continued to remain challenging due to domestic factors such as deflationary pressures and concerns of increasing unemployment as well as external factors such as the sovereign debt crisis in Europe and the flooding in Thailand.

Under such circumstances, the Company has worked on reinforcing the credit business, promoting the fee business including bank agency business and e-money business and strengthening the overseas business by entering into new foreign markets.

By reinforcing collaborative campaigns with alliance partners and solicitation of credit cards in the domestic and overseas markets, the operating results of the Company and its 27 subsidiaries and three companies accounted for under the equity method (collectively, the "Group") for the year ended February 20, 2012 expanded as follows: (a) the number of cardmembers as at February 20, 2012 increased by 1.15 million to 24.39 million (29.76 million including the overseas housecard members) compared to the end of the previous fiscal year, (b) the number of active cardmembers as at February 20, 2012 increased by 0.87 million to 14.51 million compared to the end of the previous fiscal year, and (c) the transaction volume of credit card purchase contracts for the year ended February 20, 2012 increased by 10.4% to ¥2,855,592 million compared to the previous fiscal year. As a result, the total transaction volume increased by 5.3% to ¥3,363,809 million and the operating revenues increased by 0.4% to ¥169,853 million compared to the previous fiscal year.

Moreover, the Group managed to reduce the operating expenses for the year ended February 20, 2012 by 2.0% to ¥145,572 million compared to the previous fiscal year, by managing credit losses and strengthening low cost operations, while at the same time expanding the marketing network of the bank agency business and the e-money business and continually investing in the overseas business such as new business establishments in Shenyang, China and Cambodia.

As a result of the above, the Group's operating income for the year ended February 20, 2012 increased by 17.2% to ¥24,281 million compared to the previous fiscal year. Conversely, the Group's net income decreased by 5.8% to ¥8,988 million compared to the previous fiscal year due to recording of non-operating expenses of ¥6,374 million, which include additional allowance for possible credit losses in anticipation of the effects of the March 11 Earthquake and the flooding in Thailand, and other items such as the effect of the application of the new accounting standard for asset retirement obligations.

Subsequent to February 20, 2012, the Group raised funds by issuing the ¥15,000,000,000 Zero Coupon Convertible Bonds due 2016 and ¥15,000,000,000 Zero Coupon Convertible Bonds due 2017 on March 23, 2012. The Group will utilize the funds for purchasing treasury stock and investing in emerging economies to accelerate growth of the Group's Asian businesses.

* See Note 23 for details of the convertible bonds and purchase of treasury stock.

The Company will change its fiscal year end date from February 20 to the end day of February effective from the next fiscal year onwards, based on a resolution made at the General Shareholders' Meeting held on May 15, 2012. Consequently, the next fiscal year will cover the period from February 21, 2012 through February 28, 2013.

Transaction Volume

	Millions of Yen			
	2012	2011	Amount Change	Percentage Change
Credit card purchase contracts	¥ **2,855,592**	¥ 2,587,516	¥ 268,076	10.4 %
Hire purchase contracts	**26,619**	48,865	(22,246)	(45.5)
Loan contracts	**327,086**	405,923	(78,837)	(19.4)
Processing services	**127,603**	105,884	21,719	20.5
Other transaction volume	**26,909**	46,469	(19,560)	(42.1)
Total transaction volume	¥ **3,363,809**	¥ 3,194,657	¥ 169,152	5.3 %

Finance Receivables

	Millions of Yen			
	2012	2011	Amount Change	Percentage Change
Installment sales receivables:				
Credit card purchase contracts	¥ **395,628**	¥ 344,342	¥ 51,286	14.9 %
Hire purchase contracts	**32,006**	39,920	(7,914)	(19.8)
Subtotal	**427,634**	384,262	43,372	11.3
Operating loan receivables	**255,705**	293,427	(37,722)	(12.9)
Allowance for possible credit losses	**(42,347)**	(52,327)	9,980	(19.1)
Total finance receivables	¥ **640,992**	¥ 625,362	¥ 15,630	2.5 %

The balance of installment sales receivables as at February 20, 2012 increased by 11.3% to ¥427,634 million compared to the end of the previous fiscal year, primarily due to the increase in the transaction volume of credit card purchase contracts. In contrast, the balance of operating loan receivables as at February 20, 2012 decreased by 12.9% to ¥255,705 million compared to the previous fiscal year, due to the decrease in the transaction volume of cash advances resulting from stricter credit controls as well as an increase in securitizations of operating loan receivables.

Operating Revenues

	Millions of Yen			
	2012	2011	Amount Change	Percentage Change
Credit card purchase contracts	¥ **70,367**	¥ 63,838	¥ 6,529	10.2 %
Hire purchase contracts	**7,370**	8,906	(1,536)	(17.2)
Loan contracts	**64,743**	71,570	(6,827)	(9.5)
Processing services fees	**7,092**	6,626	466	7.0
Other operating revenues	**20,281**	18,251	2,030	11.1
Total operating revenues	¥ **169,853**	¥ 169,191	¥ 662	0.4 %

Total operating revenues increased by ¥662 million, or 0.4%, compared with the previous fiscal year. This increase mainly resulted from a 10.2%, or ¥6,529 million, increase in credit card purchase contracts; an 11.1%, or ¥2,030 million, increase in other operating revenues; and a 9.5%, or ¥6,827 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 gains on securitization of finance receivables.

Operating Expenses

	Millions of Yen			
	2012	2011	Amount Change	Percentage Change
Financial costs	¥ **14,149**	¥ 15,073	¥ (924)	(6.1) %
Provision for possible credit losses and write-off of bad debts	**26,738**	35,306	(8,568)	(24.3)
Other operating expenses	**104,685**	98,094	6,591	6.7
Total operating expenses	¥ **145,572**	¥ 148,473	¥ (2,901)	(2.0) %

Total operating expenses decreased by ¥2,901 million, or 2.0%, from the previous fiscal year. This was primarily attributable to a decrease in provision for possible credit losses and write-off of bad debts of ¥8,568 million, or 24.3%; and an increase in other operating expenses of ¥6,591 million, or 6.7%.

The principal cause of the decrease in provision for possible credit losses and write-off of bad debts was an improvement in the credit status of cardmembers. The main reason for the increase in other operating expenses was an increase in the provision for the point program due to a change in point expiration dates implemented in the previous fiscal year.

Cash flows

Net cash provided by operating activities for the year ended February 20, 2012 increased by ¥2,736 million to ¥31,778 million compared to the previous fiscal year, due to the decrease in operating loan receivables in response to tightened credit controls and an increase in securitized receivables, which offset the increase in installment sales receivables due to higher transaction volume.

Net cash used in investing activities for the year ended February 20, 2012 increased by ¥5,070 million to ¥13,931 million compared to the previous fiscal year, due to increasing investments in property and equipment in response to business expansion and the acquisition of the shares of Toshiba Housing Loan Service Corporation.

Net cash used in financing activities for the year ended February 20, 2012 increased by ¥14,436 million to ¥27,377 million compared to the previous fiscal year, due to repayments of collateralized loans classified as long-term debt and an increase in dividend payments due to distributing commemorative dividends.

As a result of the above, the balance of cash and cash equivalents as at February 20, 2012 decreased by ¥10,037 million to ¥19,630 million compared to the end of the previous fiscal year.

BUSINESS PERFORMANCE BY REPORTABLE SEGMENT

Total assets and total operating revenues by reportable segment

	Millions of Yen			
	2012	2011	Amount Change	Percentage Change
Total Assets:				
Credit	¥ **577,401**	¥ 616,645	¥ (39,244)	(6.4) %
Fee Business	**68,472**	29,206	39,266	134.4
Overseas	**224,608**	215,122	9,486	4.4
Reconciliations	**37,178**	40,606		
Total assets	¥ **907,659**	¥ 901,579	¥ 6,080	0.7 %
Operating Revenues:				
Credit	¥ **101,954**	¥ 101,697	¥ 257	0.3 %
Fee Business	**17,000**	18,020	(1,020)	(5.7)
Overseas	**52,490**	50,896	1,594	3.1
Reconciliations	**(1,591)**	(1,422)		
Total operating revenues	¥ **169,853**	¥ 169,191	¥ 662	0.4 %

(*) Effective February 21, 2011, the Group adopted "Accounting Standard for Segment Information Disclosures" (Accounting Standards Board of Japan ("ASBJ") Statement No. 17 revised in March 2009) and "Guidance on Accounting Standard for Segment Information Disclosures" (ASBJ Guidance No. 20 issued in March 2008). Segment information for the year ended February 20, 2011 presented herein is based on the revised accounting standard and guidance noted above.

* See Note 22 for details of the accounting standard and guidance noted above.

Consolidated Balance Sheets

ÆON Credit Service Co., Ltd. and Subsidiaries
February 20, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
ASSETS			
Current assets:			
Cash and cash equivalents (Note 14)	**¥ 19,630**	¥ 29,667	**$ 246,633**
Finance receivables-net of allowance for possible credit losses (Notes 4, 5 and 14)	**640,992**	625,362	**8,053,680**
Deferred tax assets (Note 11)	**19,215**	19,372	**241,419**
Prepaid expenses and other current assets	**53,637**	76,160	**673,924**
Total current assets	**733,474**	750,561	**9,215,656**
Property and equipment:			
Structures	**3,831**	3,100	**48,128**
Vehicles	**5,016**	4,754	**63,027**
Equipment	**23,775**	20,487	**298,719**
Total	**32,622**	28,341	**409,874**
Accumulated depreciation	**(18,768)**	(15,492)	**(235,811)**
Net property and equipment	**13,854**	12,849	**174,063**
Investments and other assets:			
Investment securities (Notes 3, 4 and 14)	**121,212**	99,417	**1,522,957**
Investments in associated companies (Note 14)	**205**	362	**2,578**
Software	**16,556**	14,919	**208,019**
Deferred tax assets (Note 11)	**4,351**	6,802	**54,670**
Guarantee money deposits	**1,897**	1,800	**23,828**
Deferred charges	**127**	81	**1,599**
Long-term prepaid expenses	**4,857**	6,302	**61,030**
Goodwill (Note 19)	**1,546**		**19,427**
Other assets (Notes 6 and 21)	**9,580**	8,486	**120,356**
Total investments and other assets	**160,331**	138,169	**2,014,464**
Total	**¥ 907,659**	¥ 901,579	**$ 11,404,183**
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable (Notes 14 and 21)	**¥ 149,426**	¥ 146,833	**$ 1,877,443**
Short-term borrowings (Notes 5 and 14)	**34,001**	5,587	**427,196**
Commercial paper (Note 5)	**921**	411	**11,575**
Current portion of long-term debt (Notes 5 and 14)	**128,352**	145,378	**1,612,661**
Accrued expenses	**4,595**	4,101	**57,727**
Allowance for point program	**10,860**	6,895	**136,445**
Deferred revenue	**792**	567	**9,954**
Accrued income taxes	**1,831**	4,332	**23,009**
Other current liabilities	**24,208**	22,684	**304,177**
Total current liabilities	**354,986**	336,788	**4,460,187**
Long-term liabilities:			
Long-term debt (Notes 5 and 14)	**359,767**	367,398	**4,520,253**
Deferred tax liabilities (Note 11)	**273**	245	**3,424**
Allowance for loss on refund of interest received	**9,251**	16,017	**116,230**
Other liabilities (Note 6)	**1,529**	931	**19,221**
Total long-term liabilities	**370,820**	384,591	**4,659,128**
Commitment and contingent liabilities (Notes 13, 15, 16 and 17)			
Equity (Notes 7, 8 and 23):			
Common stock—authorized, 540,000,000 shares; issued, 156,967,008 shares in 2012 and 2011	**15,467**	15,467	**194,327**
Capital surplus	**17,047**	17,047	**214,183**
Stock acquisition rights—155 rights in 2012	**13**		**158**
Retained earnings	**134,582**	132,652	**1,690,950**
Treasury stock—at cost, 113,690 shares in 2012 and 113,462 shares in 2011	**(188)**	(188)	**(2,364)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**1,183**	1,159	**14,866**
Deferred loss on derivatives under hedge accounting	**(1,563)**	(608)	**(19,635)**
Foreign currency translation adjustments	**(7,712)**	(6,296)	**(96,895)**
Total	**158,829**	159,233	**1,995,590**
Minority interests	**23,024**	20,967	**289,278**
Total equity	**181,853**	180,200	**2,284,868**
Total	**¥ 907,659**	¥ 901,579	**$ 11,404,183**

See notes to consolidated financial statements.

Consolidated Statements of Income

ÆON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
Operating revenues (Notes 4 and 21):			
Credit card purchase contracts	**¥ 70,367**	¥ 63,838	**$ 884,113**
Hire purchase contracts	**7,370**	8,906	**92,600**
Loan contracts	**64,743**	71,570	**813,456**
Processing service fees	**7,092**	6,626	**89,101**
Other operating revenues	**20,281**	18,251	**254,835**
Total operating revenues	**169,853**	169,191	**2,134,105**
Operating expenses:			
Financial costs	**(14,149)**	(15,073)	**(177,776)**
Provision for possible credit losses and write-off of bad debts	**(26,738)**	(35,306)	**(335,947)**
Other operating expenses (Note 9)	**(104,685)**	(98,094)	**(1,315,309)**
Total operating expenses	**(145,572)**	(148,473)	**(1,829,032)**
Operating income	**24,281**	20,718	**305,073**
Non-operating revenues (expenses):			
Gain on sale of investment in consolidated subsidiary		4,633	
Provision for point program (Note 2.j.)		(2,793)	
Loss on disposals of software		(1,787)	
Losses from natural disasters (Note 10)	**(6,154)**		**(77,317)**
Other non-operating (expenses) revenues, net (Note 10)	**(220)**	165	**(2,765)**
Total non-operating revenues (expenses)	**(6,374)**	218	**(80,082)**
Income before income taxes and minority interests	**17,907**	20,936	**224,991**
Income taxes (Note 11):			
Current	**(3,123)**	(7,117)	**(39,236)**
Deferred	**(3,328)**	(578)	**(41,813)**
Total income taxes	**(6,451)**	(7,695)	**(81,049)**
Net income before minority interests	**11,456**	13,241	**143,942**
Minority interests in net income	**(2,468)**	(3,700)	**(31,009)**
Net income	**¥ 8,988**	¥ 9,541	**$ 112,933**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

ÆON Credit Service Co., Ltd. and Subsidiaries
Year Ended February 20, 2012

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2012	**2012**
Net income before minority interests	**¥ 11,456**	**$ 143,942**
Other comprehensive income (Note 18):		
Unrealized gain on available-for-sale securities	**52**	**651**
Deferred loss on derivatives under hedge accounting	**(1,801)**	**(22,636)**
Foreign currency translation adjustments	**(2,382)**	**(29,929)**
Total other comprehensive income	**(4,131)**	**(51,914)**
Comprehensive income (Note 18):	**¥ 7,325**	**$ 92,028**
Total comprehensive income attributable to (Note 18):		
Owners of the parent	**¥ 6,643**	**$ 83,460**
Minority interests	**682**	**8,568**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

ÆON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2012 and 2011

	Thousands	Millions of Yen										
							Accumulated other comprehensive income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjust-ments	Total	Minority Interests	Total Equity
Balance, February 21, 2010	156,854	¥ 15,467	¥ 17,047		¥ 129,385	¥ (187)	¥ 770	¥ (1,599)	¥ (4,905)	¥ 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	(188)	1,159	(608)	(6,296)	159,233	20,967	180,200
Net income					8,988					8,988		8,988
Cash dividends, ¥45 per share					(7,058)					(7,058)		(7,058)
Purchases of treasury stock	(1)											
Net change in the year				¥ 13			24	(955)	(1,416)	(2,334)	2,057	(277)
Balance, February 20, 2012	156,853	¥ 15,467	¥ 17,047	¥ 13	¥ 134,582	¥ (188)	¥ 1,183	¥ (1,563)	¥ (7,712)	¥ 158,829	¥ 23,024	¥ 181,853

	Thousands	Thousands of U.S. Dollars (Note 1)										
							Accumulated other comprehensive income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjust-ments	Total	Minority Interests	Total Equity
Balance, February 20, 2011	156,854	$ 194,327	$ 214,183		$ 1,666,702	$ (2,364)	$ 14,557	$ (7,643)	$ (79,104)	$ 2,000,658	$ 263,440	$ 2,264,098
Net income					112,933					112,933		112,933
Cash dividends, $0.57 per share					(88,685)					(88,685)		(88,685)
Purchases of treasury stock	(1)											
Net change in the year				$ 158			309	(11,992)	(17,791)	(29,316)	25,838	(3,478)
Balance, February 20, 2012	156,853	$ 194,327	$ 214,183	$ 158	$ 1,690,950	$ (2,364)	$ 14,866	$ (19,635)	$ (96,895)	$ 1,995,590	$ 289,278	$ 2,284,868

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ÆON Credit Service Co., Ltd. and Subsidiaries
Years Ended February 20, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2012	2011	**2012**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ **17,907**	¥ 20,936	$ **224,991**
Adjustments for:			
Income taxes—paid	**(7,570)**	(6,385)	**(95,114)**
Depreciation and amortization	**7,996**	7,856	**100,467**
Provision for possible credit losses	**29,405**	31,424	**369,457**
Gain on sale of investment in consolidated subsidiary		(4,633)	
Changes in assets and liabilities:			
Increase in finance receivables	**(46,650)**	(34,262)	**(586,131)**
Decrease (Increase) in other assets	**27,335**	(25,631)	**343,442**
Increase in accounts payable	**3,829**	29,589	**48,114**
(Decrease) increase in other current liabilities	**(1,562)**	9,568	**(19,627)**
Decrease in allowance for loss on refund of interest received	**(6,767)**	(6,823)	**(85,018)**
Other	**7,855**	7,403	**98,690**
Net cash provided by operating activities	**31,778**	29,042	**399,271**
INVESTING ACTIVITIES:			
Increase in time deposits—net	**(427)**	(451)	**(5,366)**
Purchases of property and equipment	**(4,119)**	(3,505)	**(51,750)**
Proceeds from sale of property and equipment	**309**	541	**3,886**
Purchases of software	**(7,093)**	(6,721)	**(89,119)**
Purchases of investment securities	**(60)**		**(756)**
Purchases of investment in subsidiary		(13)	
Cash paid in conjunction with the purchase of consolidated subsidiary (Note 12)	**(1,488)**		**(18,696)**
Cash received in conjunction with the purchase of consolidated subsidiary		17	
Cash received in conjunction with the sale of consolidated subsidiary (Note 12)		3,353	
Other	**(1,053)**	(2,082)	**(13,230)**
Net cash used in investing activities	**(13,931)**	(8,861)	**(175,031)**
FINANCING ACTIVITIES:			
Proceeds from (repayments of) short-term bank loans—net	**2,878**	(12,887)	**36,165**
Increase in commercial paper—net	**516**	409	**6,482**
Proceeds from issuance of long-term debt	**162,446**	118,383	**2,041,034**
Repayments of long-term debt	**(184,604)**	(110,046)	**(2,319,433)**
Increase in treasury stock—net		(1)	
Dividends paid to the Company's shareholders	**(7,058)**	(6,274)	**(88,685)**
Dividends paid to minority shareholders	**(1,555)**	(2,525)	**(19,536)**
Net cash used in financing activities	**(27,377)**	(12,941)	**(343,973)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(507)**	(586)	**(6,382)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(10,037)**	6,654	**(126,115)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**29,667**	23,013	**372,748**
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ **19,630**	¥ 29,667	$ **246,633**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended February 20, 2012 and 2011

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").

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended February 20, 2012 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended February 20, 2011 is disclosed in Note 18. In addition, "net income before minority interests" is disclosed in the consolidated statements of income for the years ended February 20, 2012 and 2011.

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 2011 financial statements to conform to the classifications used in 2012.

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 ¥79.59 to $1, the approximate rate of exchange at February 20, 2012. 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, 2012 include the accounts of the Company and its 27 (24 in 2011) subsidiaries and three (also three in 2011) companies accounted for under the equity method.

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 or negative goodwill. Goodwill and negative goodwill recognized for the Company or consolidated domestic subsidiaries on or before March 31, 2010 was amortized over a period not exceeding 20 years (estimated effective period). Insignificant goodwill and negative goodwill was recognized in profit or loss in the period that it was incurred.

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. Business Combination—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.

The Company acquired 51.0% of the issued and outstanding shares of Toshiba Housing Loan Service Corporation on January 27, 2012 and accounted for it by the purchase method of accounting. The related goodwill is systematically amortized over 10 years. The corporate name of "Toshiba Housing Loan Services Corporation" was changed to "AEON Housing Loan Services Corporation" effective April 1, 2012 (see Note 19).

c. 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.

d. 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.

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

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. 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.

h. 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.

i. Bond Issuance Costs—Bond issuance costs as of February 20, 2012, which were included in other assets as deferred charges, were ¥127 million ($1,599 thousand). These costs are amortized by the interest method over the lives of the bonds.

j. Allowance for Point Program—The allowance for point program is stated at the amount considered to be appropriate based on the Company's past redemption experience.

During the prior year, 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 for the year ended February 20, 2011.

k. 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.

l. 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 at the amount 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 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.

m. 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 of the Company and consolidated domestic subsidiaries was amended on January 15, 2010 and a new cash balance plan was implemented on April 1, 2010. Under the cash balance plan, 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.

n. Asset Retirement Obligations—In March 2008, the ASBJ published the 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 was effective for fiscal years beginning on or after April 1, 2010.

The Company and the consolidated domestic subsidiaries applied this accounting standard effective February 21, 2011. The effects of this change were to decrease operating income by ¥66 million ($831 thousand) and income before income taxes and minority interests by ¥281 million ($3,528 thousand) in the consolidated statement of income for the year ended February 20, 2012.

o. 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.

p. 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 effective 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 effective interest method.

q. 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. Under the revised accounting standard, assets used under finance lease arrangements are capitalized and depreciated using the straight-line method with their residual values being zero over their leased periods. Finance lease contracts which commenced before the transition date and do not transfer ownership of the assets to the lessee are accounted for in the same manner as operating lease contracts with disclosure of certain as-if-capitalized amounts. All other leases are accounted for as operating lease contracts.

The Company and the consolidated domestic subsidiaries applied the revised accounting standard effective February 21, 2009.

r. 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.

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

t. 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.

u. 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" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

v. 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 a 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 under accumulated other comprehensive income 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.

w. 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.

x. 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 that: (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.

y. New Accounting Pronouncements
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.

3. INVESTMENT SECURITIES

Investment securities as of February 20, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Non-current:			
Marketable equity securities	**¥ 4,483**	¥ 4,656	**$ 56,324**
Other securities (See Note 4)	**116,729**	94,761	**1,466,633**
Total	**¥ 121,212**	¥ 99,417	**$ 1,522,957**

The carrying amounts and aggregate fair values of investment securities as of February 20, 2012 and 2011 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
February 20, 2012				
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 2,591**	**¥ 2,139**	**¥ (247)**	**¥ 4,483**
February 20, 2011				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 2,679	¥ 2,311	¥ (334)	¥ 4,656

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
February 20, 2012				
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 32,561**	**$ 26,871**	**$ (3,108)**	**$ 56,324**

Available-for-sale securities whose fair values are deemed to be readily difficult to determine as of February 20, 2012 and 2011 are disclosed in Note 14.
Loss on revaluation of investment securities for the years ended February 20, 2012 and 2011 were ¥85 million ($1,073 thousand) and ¥16 million, respectively (see Note 10).

4. FINANCE RECEIVABLES AND OPERATING REVENUES

Finance receivables as of February 20, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Installment sales receivables:			
Credit card purchase contracts	**¥ 395,628**	¥ 344,342	**$ 4,970,834**
Hire purchase contracts	**32,006**	39,920	**402,132**
Subtotal	**¥ 427,634**	¥ 384,262	**$ 5,372,966**
Operating loan receivables	**255,705**	293,427	**3,212,777**
Allowance for possible credit losses	**(42,347)**	(52,327)	**(532,063)**
Total	**¥ 640,992**	¥ 625,362	**$ 8,053,680**

For the years ended February 20, 2012 and 2011, the Group securitized finance receivables and subsequently transferred the cash flow interests in those assets to unconsolidated special purpose entities.

The total amount of securitized receivables during the years ended February 20, 2012 and 2011 were ¥131,879 million ($1,656,983 thousand) and ¥154,727 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, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Investment securities	**¥ 105,980**	¥ 84,069	**$ 1,331,572**

Transaction volume and realized operating revenue by type of contract for the years ended February 20, 2012 and 2011 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2012		2011		**2012**	
	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue
Credit card purchase contracts	**¥ 2,855,592**	**¥ 70,367**	¥ 2,587,516	¥ 63,838	**$ 35,878,779**	**$ 884,113**
Hire purchase contracts	**26,619**	**7,370**	48,865	8,906	**334,457**	**92,600**
Loan contracts	**327,086**	**64,743**	405,923	71,570	**4,109,631**	**813,456**
Processing services	**127,603**	**7,092**	105,884	6,626	**1,603,253**	**89,101**
Other	**26,909**	**20,281**	46,469	18,251	**338,101**	**254,835**
Total	**¥ 3,363,809**	**¥ 169,853**	¥ 3,194,657	¥ 169,191	**$ 42,264,221**	**$ 2,134,105**

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of February 20, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Bank loans, 0.47% to 16.00% (2012) and 0.46% to 14.50% (2011)	**¥ 34,001**	¥ 5,587	**$ 427,196**
Commercial paper at 3.35% (2012) and 3.35% (2011)	**921**	411	**11,575**
Total	**¥ 34,922**	¥ 5,998	**$ 438,771**

Long-term debt as of February 20, 2012 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Issued by the Company:			
Unsecured 1.60% Japanese yen notes due June 2011		¥ 10,000	
Unsecured 1.08% Japanese yen notes due May 2012	**¥ 20,000**	20,000	**$ 251,288**
Unsecured 1.55% Japanese yen notes due February 2013	**10,000**	10,000	**125,644**
Unsecured 1.79% Japanese yen notes due February 2014	**20,000**	20,000	**251,288**
Unsecured 1.78% Japanese yen notes due July 2012	**20,000**	20,000	**251,288**
Unsecured 1.02% Japanese yen notes due April 2015	**20,000**		**251,288**
Issued by AEON Thana Sinsap (Thailand) Plc.:			
Unsecured 5.20% Thai baht notes due August 2012	**2,574**	2,700	**32,338**
Unsecured 2.88% Thai baht notes due December 2011		1,504	
Unsecured 3.28% Thai baht notes due July 2015	**1,569**	1,638	**19,713**
Unsecured 4.06% Thai baht notes due July 2016	**1,172**		**14,729**
Unsecured 3.85% Thai baht notes due December 2016	**1,551**		**19,486**
Issued by AEON Credit Service (M) Berhad:			
Medium Term Note 5.00% (*1) Malaysia Ringgit due November 2011		1,235	
Medium Term Note 4.55% (*1) Malaysia Ringgit due January 2012		686	
Medium Term Note 3.00% (*1) Malaysia Ringgit due January 2012		1,083	
Medium Term Note 3.85% (*1) Malaysia Ringgit due May 2012	**1,055**	1,097	**13,257**
Medium Term Note 4.18% (*1) Malaysia Ringgit due January 2013	**791**	823	**9,938**
Medium Term Note 4.15% (*1) Malaysia Ringgit due May 2013	**527**	549	**6,628**
Medium Term Note 4.05% (*1) Malaysia Ringgit due July 2013	**791**	823	**9,943**
Medium Term Note 4.05% (*1) Malaysia Ringgit due September 2013	**791**	823	**9,943**
Medium Term Note 4.00% (*1) Malaysia Ringgit due October 2013	**1,319**	1,373	**16,572**
Medium Term Note 3.85% (*1) Malaysia Ringgit due November 2013	**1,055**	1,098	**13,258**
Medium Term Note 3.80% (*1) Malaysia Ringgit due January 2014	**264**	275	**3,314**
Medium Term Note 3.85% (*1) Malaysia Ringgit due January 2014	**660**	686	**8,286**
Medium Term Note 3.90% (*1) Malaysia Ringgit due July 2013	**396**		**4,972**
Long-term loans from banks and other financial entities due through 2019 with interest rates ranging from 0.61% to 6.61% (2012) and from 0.76% to 12.00% (2011):			
Collateralized	**15,234**	45,887	**191,404**
Unsecured	**362,650**	364,399	**4,556,471**
Lease obligations	**5,720**	6,097	**71,866**
Total	**¥ 488,119**	¥ 512,776	**$ 6,132,914**
Less current portion	**(128,352)**	(145,378)	**(1,612,661)**
Long term debt, less current portion	**¥ 359,767**	¥ 367,398	**$ 4,520,253**

(*1) Profit return rate

The annual maturities of long-term debt as of February 20, 2012 were as follows:

Years ended February 20	Millions of Yen	Thousands of U.S. Dollars
2013	¥ 128,352	$ 1,612,661
2014	129,069	1,621,671
2015	88,736	1,114,918
2016	56,683	712,191
2017	71,730	901,240
2018 and thereafter	13,549	170,233
Total	¥ 488,119	$ 6,132,914

The carrying amounts of assets pledged as collateral for long-term debt at February 20, 2012 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Installment sales receivables	¥ 13,647	$ 171,467
Operating loan receivables	10,398	130,649
Total	¥ 24,045	$ 302,116

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 which is booked under other assets and/or other liabilities as of February 20, 2012 and 2011 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
		2012		2011		**2012**
Projected benefit obligation	¥	**1,341**	¥	928	$	**16,855**
Fair value of plan assets		**(730)**		(658)		**(9,171)**
Unrecognized actuarial loss		**(343)**		(263)		**(4,318)**
Net retirement benefit liability	¥	**268**	¥	7	$	**3,366**
Asset		**(11)**		(44)		**(134)**
Liability	¥	**279**	¥	51	$	**3,500**

The components of net periodic benefit costs for the years ended February 20, 2012 and 2011 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
		2012		2011		**2012**
Service cost	¥	**66**	¥	64	$	**826**
Interest cost		**23**		24		**290**
Expected return on plan assets		**(8)**		(9)		**(100)**
Recognized actuarial loss		**72**		75		**908**
Other		**130**		130		**1,637**
Total	¥	**283**	¥	284	$	**3,561**

Assumptions used for the years ended February 20, 2012 and 2011 are set forth as follows:

	2012	2011
Discount rate	**1.9%**	2.4%
Expected rate of return on plan assets	**1.21%**	1.28%
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

The stock options outstanding as of February 20, 2012 are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2012 Stock Option	12 directors	15,500 shares	April 21, 2011	¥ 1 $ 0.01	From May 21, 2011 to May 20, 2026

The summary of stock option activity is as follows:

	2012 Stock Option
Non-vested (Shares)	
Outstanding at beginning of year	
Granted	15,500
Expired	
Vested	15,500
Outstanding at end of year	
Vested (Shares)	
Outstanding at beginning of year	
Vested	15,500
Exercised	
Expired	
Outstanding at end of year	15,500
Exercise price	¥ 1
	$ 0.01
Average stock price at exercise	
Fair value price at grant date	¥ 809
	$ 10.16

The assumptions used to measure fair value of stock options vested during fiscal year 2012 were as follows:

	2012 Stock Option
Measurement method	Black-Scholes option pricing model
Risk-free interest rate	1.15%
Expected life of option grants	7.5 years
Expected volatility of underlying stock	62.28%
Estimated dividend	¥40 per share

9. OTHER OPERATING EXPENSES

Other operating expenses for the years ended February 20, 2012 and 2011 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars
	2012		2011		**2012**
Human resources	¥	**23,280**	¥	23,406	$ **292,498**
Sales promotion expenses		**19,209**		17,228	**241,352**
Other		**62,196**		57,460	**781,459**
Total	¥	**104,685**	¥	98,094	$ **1,315,309**

10. NON-OPERATING REVENUES (EXPENSES)

Other non-operating (expenses) revenues for the years ended February 20, 2012 and 2011 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars
	2012		2011		**2012**
Amortization of negative goodwill	¥	**100**	¥	237	$ **1,258**
Loss on revaluation of investment securities		**(85)**		(16)	**(1,073)**
Share of loss of associates		**(157)**		(68)	**(1,975)**
Other		**(78)**		12	**(975)**
Total	¥	**(220)**	¥	165	$ **(2,765)**

Losses from natural disasters
The Group recorded ¥3,140 million ($39,455 thousand) of losses caused by the March 11 Earthquake for the year ended February 20, 2012, consisting of ¥2,953 million ($37,108 thousand) for estimated uncollectable amounts of finance receivables and ¥187 million ($2,347 thousand) of other items. In addition, the Group recorded losses of ¥3,014 million ($37,862 thousand) for estimated uncollectable amounts of finance receivables from the flooding in Thailand for the year ended February 20, 2012.

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, 2012 and 2011. The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities as of February 20, 2012 and 2011, were as follows:

	Millions of Yen				Thousands of U.S. Dollars
	2012		2011		**2012**
Deferred tax assets:					
Enterprise taxes			¥	274	
Allowance for possible credit losses	¥	**10,342**		14,693	$ **129,940**
Finance receivables		**501**		207	**6,291**
Allowance for point program		**4,332**		2,848	**54,433**
Allowance for loss on refund of interest received		**3,701**		6,471	**46,500**
Accrued income		**911**		1,088	**11,450**
Property and equipment		**374**		206	**4,704**
Intangible assets		**324**		622	**4,069**
Tax loss carryforwards		**2,226**			**27,964**
Other		**1,816**		626	**22,816**
Less valuation allowance		**(129)**		(150)	**(1,627)**
Offset with deferred tax liabilities		**(832)**		(711)	**(10,451)**
Total deferred tax assets	¥	**23,566**	¥	26,174	$ **296,089**
Deferred tax liabilities:					
Enterprise taxes receivable	¥	**141**			$ **1,768**
Depreciation in consolidated foreign subsidiaries		**273**	¥	227	**3,424**
Undistributed earnings of consolidated foreign subsidiaries				17	
Unrealized gain on available-for-sale securities		**556**		694	**6,980**
Other		**135**		18	**1,703**
Offset with deferred tax assets		**(832)**		(711)	**(10,451)**
Total deferred tax liabilities	¥	**273**	¥	245	$ **3,424**
Net deferred tax assets	¥	**23,293**	¥	25,929	$ **292,665**

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, 2012 and 2011 were as follows:

	2012	2011
Normal effective statutory tax rate	**40.4%**	40.4%
Earnings not taxable and expenses not deductible for income tax purposes—net	**(3.4)**	(2.6)
Deduction for foreign taxes		(0.7)
Per capita portion of inhabitants tax	**0.5**	0.6
Lower income tax rates applicable to income in certain foreign countries	**(9.0)**	(7.6)
Influence of elimination in consolidation	**5.8**	6.4
Influence of changes in the statutory tax rates	**3.4**	
Other—net	**(1.7)**	0.3
Actual effective tax rate	**36.0%**	36.8%

Changes in the Statutory Tax Rates
According to the promulgation of the "Law for Partial Amendment of the Income Tax Law, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Law No. 114, 2011) and the "Law on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Law No. 117, 2011) on December 2, 2011, the corporate income tax rate will be lowered and a special restoration corporate income tax will be imposed from the fiscal years beginning on or after April 1, 2012. In conjunction with these changes, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will change for the temporary differences expected to be reversed from the fiscal year beginning on March 1, 2013 through the fiscal year beginning on March 1, 2015, and for the temporary differences expected to be reversed in the fiscal years beginning on or after March 1, 2016, from the former 40.4% to 37.7% and 35.3%, respectively. As a result of this change, the amount of deferred tax assets (net of the amount of deferred tax liabilities) has decreased by ¥114 million ($1,429 thousand), the amount of income taxes-deferred has increased by ¥194 million ($2,437 thousand) and the amount of unrealized gain on available-for-sales securities has increased by ¥80 million ($1,008 thousand), respectively, as of and for the year ended February 20, 2012.

On October 11, 2011, the Thai Cabinet approved a reduction of the corporate income tax rate from 30% to 23% of profits for companies or juristic partnerships with the fiscal year ending on or after December 31, 2012, and from 23% to 20% for companies or partnerships with an accounting period beginning on or after January 1, 2013. In conjunction with these changes, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities of subsidiaries incorporated in Thailand will change for the temporary differences expected to be reversed in the fiscal year beginning on February 21, 2012, and in fiscal years beginning on or after March 1, 2013, from the former 30% to 23% and 20%, respectively. As a result of this change, the amount of deferred tax assets (net of the amount of deferred tax liabilities) has decreased by ¥407 million ($5,113 thousand), and the amount of income taxes-deferred has increased by ¥407 million ($5,113 thousand), respectively, as of and for the year ended February 20, 2012.

12. SUPPLEMENTAL CASH FLOW INFORMATION

Purchase of newly consolidated subsidiary
For the year ended February 20, 2012, Toshiba Housing Loan Service Corporation was included in the Group because of the purchase of the stock. Assets and liabilities of the subsidiary at the time of purchase, cash paid by purchasing the stock and cash paid in conjunction with the purchase of consolidated subsidiary were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Assets	¥ 38,186	$ 479,790
Goodwill	1,539	19,342
Liabilities	(32,005)	(402,124)
Minority interests	(3,028)	(38,056)
Cash paid by purchasing the stock	4,692	58,952
Cash and cash equivalents of consolidated subsidiary	(3,204)	(40,256)
Cash paid in conjunction with the purchase of consolidated subsidiary	¥ 1,488	$ 18,696

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 cash received in conjunction with the sale of consolidated subsidiary were as follows:

		Millions of Yen
Assets	¥	2,834
Liabilities		(1,606)
Minority interests		(591)
Net gain on sale of the stock		4,633
Cash received by selling the stock		5,270
Cash and cash equivalents of consolidated subsidiary		(1,917)
Cash received in conjunction with the sale of consolidated subsidiary	¥	3,353

13. LEASES

The Group leases certain equipment, software and other assets.

Total rental expenses for the years ended February 20, 2012 and 2011 were ¥6,039 million ($75,880 thousand) and ¥5,858 million, respectively, including ¥209 million ($2,631 thousand) and ¥290 million of lease payments under finance leases.

Pro forma information for the years ended February 20, 2012 and 2011

As discussed in Note 2.q., 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, 2012 and 2011 were as follows:

(a) Acquisition cost and accumulated depreciation of finance leases

	Millions of Yen							
	2012							
	Equipment		Furniture and Fixtures		Software		Total	
Acquisition cost	¥	**98**	¥	**695**	¥	**57**	¥	**850**
Accumulated depreciation		**(75)**		**(465)**		**(39)**		**(579)**
Net leased property	¥	**23**	¥	**230**	¥	**18**	¥	**271**

	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

	Thousands of U.S. Dollars							
	2012							
	Equipment		Furniture and Fixtures		Software		Total	
Acquisition cost	$	**1,234**	$	**8,727**	$	**722**	$	**10,683**
Accumulated depreciation		**(951)**		**(5,839)**		**(488)**		**(7,278)**
Net leased property	$	**283**	$	**2,888**	$	**234**	$	**3,405**

(b) Obligations under finance leases

	Millions of Yen				Thousands of U.S. Dollars	
	2012		2011		**2012**	
Due within one year	¥	**157**	¥	183	$	**1,973**
Due after one year		**146**		301		**1,829**
Total	¥	**303**	¥	484	$	**3,802**

(c) Depreciation expense and interest expense under finance leases

	Millions of Yen				Thousands of U.S. Dollars	
	2012		2011		**2012**	
Depreciation expense	¥	**165**	¥	241	$	**2,077**
Interest expense		**9**		12		**112**
Total	¥	**174**	¥	253	$	**2,189**

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, 2012 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Due within one year	¥	**1,039**	$	**13,063**
Due after one year		**1,571**		**19,736**
Total	¥	**2,610**	$	**32,799**

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 ended 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 its operations 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 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 debt. 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 maintaining 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, 2012 and 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		
	2012		
	Carrying amount	Fair value	Difference
(a) Cash and cash equivalents	¥ **19,630**	¥ **19,630**	
(b) Financial receivables—net of allowance for possible credit losses	**640,992**	**651,348**	¥ **10,356**
(c) Investment securities	**4,483**	**4,483**	
Total	¥ **665,105**	¥ **675,461**	¥ **10,356**
(d) Accounts payable	¥ **149,426**	¥ **149,426**	
(e) Short-term borrowings	**34,001**	**34,001**	
(f) Long-term debt	**488,119**	**491,697**	¥ **3,578**
Total	¥ **671,546**	¥ **675,124**	¥ **3,578**
(g) Derivative financial instruments (See Note 15)	¥ **(1,924)**	¥ **(1,924)**	

	Millions of Yen		
	2011		
	Carrying amount	Fair value	Difference
(a) Cash and cash equivalents	¥ 29,667	¥ 29,667	
(b) Financial receivables—net of allowance for possible credit losses	625,362	633,831	¥ 8,469
(c) Investment securities	4,656	4,656	
Total	¥ 659,685	¥ 668,154	¥ 8,469
(d) Accounts payable	¥ 146,833	¥ 146,833	
(e) Short-term borrowings	5,587	5,587	
(f) Long-term debt	512,776	515,813	¥ 3,037
Total	¥ 665,196	¥ 668,233	¥ 3,037
(g) Derivative financial instruments (See Note 15)	¥ 1,933	¥ 1,933	

	Thousands of U.S. Dollars		
	2012		
	Carrying amount	Fair value	Difference
(a) Cash and cash equivalents	$ **246,633**	$ **246,633**	
(b) Financial receivables—net of allowance for possible credit losses	**8,053,680**	**8,183,799**	$ **130,119**
(c) Investment securities	**56,324**	**56,324**	
Total	$ **8,356,637**	$ **8,486,756**	$ **130,119**
(d) Accounts payable	$ **1,877,443**	$ **1,877,443**	
(e) Short-term borrowings	**427,196**	**427,196**	
(f) Long-term debt	**6,132,914**	**6,177,875**	$ **44,961**
Total	$ **8,437,553**	$ **8,482,514**	$ **44,961**
(g) Derivative financial instruments (See Note 15)	$ **(24,170)**	$ **(24,170)**	

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 debt 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 difficulties in the determination of fair values:

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	**2012**
Stock with no active market quotations			
Investment securities	¥ **10,749**	¥ 10,692	$ **135,061**
Investments in associated companies	**205**	362	**2,578**
Trust beneficiary rights	**105,980**	84,069	**1,331,572**

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					
	2012					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and cash equivalents	¥ **19,630**					
Finance receivables	**547,406**	¥ **57,122**	¥ **18,712**	¥ **6,375**	¥ **3,016**	¥ **16,985**
Total	¥ **567,036**	¥ **57,122**	¥ **18,712**	¥ **6,375**	¥ **3,016**	¥ **16,985**

	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 2012					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and cash equivalents	**$ 246,633**					
Finance receivables	**6,877,826**	**$ 717,704**	**$ 235,106**	**$ 80,102**	**$ 37,892**	**$ 213,405**
Total	**$ 7,124,459**	**$ 717,704**	**$ 235,106**	**$ 80,102**	**$ 37,892**	**$ 213,405**

The table above excludes the finance receivables of ¥33,723 million ($423,708 thousand) and ¥54,703 million which have no specific contractual maturity date due to late payments or under negotiations for the years ended February 20, 2012 and 2011, respectively.

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 ended on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective February 20, 2011.

Derivative financial instruments qualifying for hedge accounting as of February 20, 2012 and 2011 consisted of the following:

	Millions of Yen 2012		
	Contract Amount	Fair value	Unrealized Gain/Loss
Currency swap contracts:			
Receive JPY/Pay THB	**¥ 24,952**	**¥ 1,153**	**¥ 1,153**
Receive JPY/Pay MYR	**893**	**77**	**77**
Receive USD/Pay HKD	**4,791**	**20**	**20**
Receive USD/Pay THB	**32,802**	**(281)**	**(281)**
Receive USD/Pay MYR	**11,071**	**(613)**	**(613)**
Currency forward contracts:			
Receive JPY/Pay MYR	**806**	**(68)**	**(68)**
Receive USD/Pay MYR	**1,041**	**(46)**	**(46)**
Interest rate swap contracts:			
Receive floating/Pay fixed	**39,720**	**(2,166)**	**(2,166)**

	Millions of Yen 2011		
	Contract Amount	Fair value	Unrealized Gain/Loss
Currency swap contracts:			
Receive JPY/Pay HKD	¥ 5,346	¥ 1,999	¥ 1,999
Receive JPY/Pay THB	34,544	825	825
Receive JPY/Pay MYR	2,123	93	93
Receive USD/Pay HKD	832		
Receive USD/Pay THB	19,117	(16)	(16)
Receive USD/Pay MYR	1,647	(133)	(133)
Interest rate swap contracts:			
Receive floating/Pay fixed	28,020	(835)	(835)

	Thousands of U.S. Dollars 2012		
	Contract Amount	Fair value	Unrealized Gain/Loss
Currency swap contracts:			
Receive JPY/Pay THB	**$ 313,501**	**$ 14,492**	**$ 14,492**
Receive JPY/Pay MYR	**11,219**	**972**	**972**
Receive USD/Pay HKD	**60,202**	**254**	**254**
Receive USD/Pay THB	**412,139**	**(3,537)**	**(3,537)**
Receive USD/Pay MYR	**139,097**	**(7,707)**	**(7,707)**
Currency forward contracts:			
Receive JPY/Pay MYR	**10,131**	**(848)**	**(848)**
Receive USD/Pay MYR	**13,078**	**(582)**	**(582)**
Interest rate swap contracts:			
Receive floating/Pay fixed	**499,057**	**(27,214)**	**(27,214)**

There were no derivative financial instruments which did not qualify for hedge accounting as of February 20, 2012 and 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, 2012 amounted to ¥20,702 million ($260,111 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
	2012	2011	**2012**
Total loan limits	**¥ 5,568,113**	¥ 5,464,496	**$ 69,959,954**
Loan executions	**301,383**	365,431	**3,786,693**
Nonexercised portion of loan commitments	**¥ 5,266,730**	¥ 5,099,065	**$ 66,173,261**

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. COMPREHENSIVE INCOME

For the year ended February 20, 2011

Total comprehensive income for the year ended February 20, 2011 was the following:

	Millions of Yen	
	2011	
Total comprehensive income attributable to:		
Owners of the parent	¥	9,529
Minority interests		3,404
Total comprehensive income	¥	12,933

Other comprehensive income for the year ended February 20, 2011 consisted of the following:

	Millions of Yen	
	2011	
Other comprehensive income:		
Unrealized gain on available-for-sale securities	¥	410
Deferred gain on derivatives under hedge accounting		7,251
Foreign currency translation adjustments		(7,969)
Total other comprehensive income	¥	(308)

19. BUSINESS COMBINATION

On January 27, 2012, the Company acquired 51.0% of the issued and outstanding shares of Toshiba Housing Loan Service Corporation. This company engages in agency business relating to a housing loan product called "Flat 35 housing loans", which is a fixed rate housing loan provided by the Japan Housing Finance Agency. This company also provides its customers with loans towards investments in real estate. The Company anticipates this acquisition will contribute to the expansion of the Company's business by enriching the products such as "Flat 35 housing loans." The results of operations for the housing loan company are not included in the Company's consolidated financial statements for the year ended February 20, 2012, as the Company regarded the consolidated balance sheet date as the date of acquisition.

The Company accounted for this business combination by the purchase method of accounting.

The acquisition cost was ¥4,692 million ($58,952 thousand) in cash. The total cost of acquisition has been allocated to the assets acquired and the liabilities assumed based on their respective fair values. Goodwill recorded in connection with the acquisition totaled ¥1,539 million ($19,342 thousand) and is reported within the Fee Business segment.

The estimated fair values of the assets acquired and the liabilities assumed at the acquisition date are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Current assets	¥	27,775	$	348,983
Non-current assets		10,411		130,807
Total assets acquired		38,186		479,790
Current liabilities		27,749		348,644
Long-term liabilities		4,256		53,480
Total liabilities assumed		32,005		402,124
Net assets acquired	¥	6,181	$	77,666

If this business combination had been completed as of February 21, 2011, the beginning of the current fiscal year, the effect on the unaudited condensed pro forma consolidated statement of income for the year ended February 20, 2012 would be as follows:

	Millions of Yen		Thousands of U.S. Dollars	
Operating revenues	¥	3,957	$	49,714
Operating income		1,632		20,509
Net income		352		4,423

20. NET INCOME PER SHARE

Basic and diluted net income per share ("EPS") for the years ended February 20, 2012 and 2011 were as follows:

	Millions of Yen		Thousands of Shares	Yen		U.S. Dollar	
	Net Income		Weighted-Average Shares	EPS			
For the year ended February 20, 2012:							
Basic EPS							
Net income	¥	**8,988**					
Net income available to common shareholders	¥	**8,988**	**156,853**	¥	**57.30**	$	**0.72**
Effect of dilutive securities							
—Warrants of the Company			**13**				
Diluted EPS							
—Net income for computation	¥	**8,988**	**156,866**	¥	**57.30**	$	**0.72**
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		

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

21. RELATED PARTY TRANSACTIONS

Transactions with the parent company and its subsidiaries for the years ended February 20, 2012 and 2011 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
AEON Co., Ltd.(*) (the parent company)	**2012**		2011		**2012**	
Cash deposits	¥	**1,616**	¥	1,945	$	**20,310**
Interest income		**8**		10		**103**

	Millions of Yen				Thousands of U.S. Dollars	
AEON Retail Co., Ltd. (subsidiary of the parent company)	**2012**		2011		**2012**	
Accounts payable	¥	**8,393**	¥	9,416	$	**105,453**
Credit card purchase contracts		**9,641**		7,453		**121,139**
Processing service fees		**4,925**		4,018		**61,884**

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 was no outstanding balance as of February 20, 2012 or 2011. The interest on deposits is based on a Japanese yen short-term market interest rate.

(*) AEON Co., Ltd. is listed on the Tokyo Stock Exchange, First Section.

22. SEGMENT INFORMATION

For the years ended February 20, 2012 and 2011

The ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" in March 2009, and issued ASBJ Guidance No.20, "Guidance on Accounting Standard for Segment Information Disclosures" in March 2008. 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.

The segment information for the year ended February 20, 2011 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments

The Company's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated among the Group.

The Group conducts business activities comprised of the "Credit" business dealing in credit card purchase contracts, loan contracts, and hire purchase contracts in the domestic markets, "Fee Business" providing services including e-money in the domestic markets, and "Overseas" business dealing in credit extensions and lending in the foreign markets. The Group formulates comprehensive strategies for each business. Accordingly, the Group has three reportable segments, "Credit," "Fee Business" and "Overseas."

"Credit" consists of financial services such as credit card contracts and loan contracts with domestic customers.

"Fee Business" consists of the e-money business, the bank agency business and the ATM business in the domestic markets.

"Overseas" consists of financial services including credit card contracts and loan contracts with customers in Asia such as in Hong Kong, Thailand and Malaysia.

2. Methods of measurement for the amounts of operating revenues, profit (loss), assets and other items for each reportable segment

The method of accounting by reportable segment is basically the same as the method of accounting used for the preparation of the consolidated financial statements. The reportable segment profit (loss) is measured based on operating income of the financial statements. The intersegment revenues or transfers are based on the current market trends.

3. Information about operating revenues, profit (loss), assets and other items for each reportable segment

	Millions of Yen					
	2012					
	Reportable segment					
	Credit	Fee Business	Overseas	Total	Reconciliations(*1)	Consolidated(*2)
Operating revenues						
Operating revenues from customers	**¥ 101,568**	**¥ 15,815**	**¥ 52,470**	**¥ 169,853**		**¥ 169,853**
Intersegment revenues or transfers	**386**	**1,185**	**20**	**1,591**	**¥ (1,591)**	
Total operating revenues	**101,954**	**17,000**	**52,490**	**171,444**	**(1,591)**	**169,853**
Segment profit (loss)	**¥ 16,451**	**¥ (114)**	**¥ 11,081**	**¥ 27,418**	**¥ (3,137)**	**¥ 24,281**
Segment assets	**¥ 577,401**	**¥ 68,472**	**¥ 224,608**	**¥ 870,481**	**¥ 37,178**	**¥ 907,659**
Other items						
Depreciation and amortization	**¥ 2,303**	**¥ 2,866**	**¥ 2,790**	**¥ 7,959**	**¥ 37**	**¥ 7,996**
Financial costs	**7,133**	**90**	**6,929**	**14,152**	**(3)**	**14,149**
Provision for possible credit losses	**12,795**	**150**	**10,448**	**23,393**		**23,393**
Provision for point program	**10,860**			**10,860**		**10,860**
Increases in tangible and intangible assets	**¥ 3,726**	**¥ 3,482**	**¥ 3,772**	**¥ 10,980**	**¥ 76**	**¥ 11,056**

	Millions of Yen					
	2011					
	Reportable segment					
	Credit	Fee Business	Overseas	Total	Reconciliations(*1)	Consolidated(*2)
Operating revenues						
Operating revenues from customers	¥ 101,502	¥ 16,793	¥ 50,896	¥ 169,191		¥ 169,191
Intersegment revenues or transfers	195	1,227		1,422	¥ (1,422)	
Total operating revenues	101,697	18,020	50,896	170,613	(1,422)	169,191
Segment profit (loss)	¥ 12,562	¥ 1,640	¥ 9,082	¥ 23,284	¥ (2,566)	¥ 20,718
Segment assets	¥ 616,645	¥ 29,206	¥ 215,122	¥ 860,973	¥ 40,606	¥ 901,579
Other items						
Depreciation and amortization	¥ 2,618	¥ 2,452	¥ 2,713	¥ 7,783	¥ 73	¥ 7,856
Financial costs	7,806	63	7,219	15,088	(15)	15,073
Provision for possible credit losses	20,677	2	10,745	31,424		31,424
Provision for point program	4,102			4,102		4,102
Increases in tangible and intangible assets	¥ 6,275	¥ 6,088	¥ 3,532	¥ 15,895	¥ 27	¥ 15,922

	Thousands of U.S. Dollars					
	2012					
	Reportable segment					
	Credit	Fee Business	Overseas	Total	Reconciliations(*1)	Consolidated(*2)
Operating revenues						
Operating revenues from customers	**$ 1,276,142**	**$ 198,703**	**$ 659,260**	**$ 2,134,105**		**$ 2,134,105**
Intersegment revenues or transfers	**4,846**	**14,892**	**251**	**19,989**	**$ (19,989)**	
Total operating revenues	**1,280,988**	**213,595**	**659,511**	**2,154,094**	**(19,989)**	**2,134,105**
Segment profit (loss)	**$ 206,703**	**$ (1,434)**	**$ 139,226**	**$ 344,495**	**$ (39,422)**	**$ 305,073**
Segment assets	**$ 7,254,700**	**$ 860,307**	**$ 2,822,062**	**$ 10,937,069**	**$ 467,114**	**$ 11,404,183**
Other items						
Depreciation and amortization	**$ 28,942**	**$ 36,004**	**$ 35,060**	**$ 100,006**	**$ 461**	**$ 100,467**
Financial costs	**89,622**	**1,132**	**87,054**	**177,808**	**(32)**	**177,776**
Provision for possible credit losses	**160,762**	**1,890**	**131,267**	**293,919**		**293,919**
Provision for point program	**136,445**			**136,445**		**136,445**
Increases in tangible and intangible assets	**$ 46,818**	**$ 43,749**	**$ 47,394**	**$ 137,961**	**$ 946**	**$ 138,907**

(*1): ¥(3,137) million ($(39,422) thousand) of reconciliations to segment profit for the year ended February 20, 2012 and ¥(2,566) million of reconciliations to segment profit for the year ended February 20, 2011 represent the corporate expenses unallocated to any reportable segment. The corporate expenses are mainly general and administrative expenses unattributable to any reportable segment. In addition, ¥37,178 million ($467,114 thousand) of reconciliations to segment assets for the year ended February 20, 2012 and ¥40,606 million of reconciliations to segment assets for the year ended February 20, 2011 represent the corporate assets unallocated to any reportable segment and the eliminations of intersegment transactions.

(*2): Segment profit is reconciled with operating income on the consolidated statements of income for the fiscal year ended February 20, 2012 and 2011.

4. Information about geographic areas

(1) Operating revenues

Millions of Yen			
2012			
Japan	Thailand	Other	Total
¥ 117,383	¥ 29,351	¥ 23,119	¥ 169,853

Thousands of U.S. Dollars			
2012			
Japan	Thailand	Other	Total
$ 1,474,845	$ 368,778	$ 290,482	$ 2,134,105

(2) Property and equipment

Millions of Yen			
2012			
Japan	Thailand	Other	Total
¥ 7,998	¥ 4,916	¥ 940	¥ 13,854

Thousands of U.S. Dollars			
2012			
Japan	Thailand	Other	Total
$ 100,487	$ 61,760	$ 11,816	$ 174,063

5. Information about goodwill and negative goodwill by reportable segment

	Millions of Yen			
	2012			
	Credit	Fee Business	Overseas	Total
Goodwill at February 20, 2012		¥ 1,539	¥ 7	¥ 1,546

	Thousands of U.S. Dollars			
	2012			
	Credit	Fee Business	Overseas	Total
Goodwill at February 20, 2012		$ 19,342	$ 85	$ 19,427

(*1): Amortization of goodwill is offset by amortization of negative goodwill recognized on or before March 31, 2010.
(*2): Disclosure of amortization of negative goodwill is omitted because the amount was insignificant. The balance of unamortized negative goodwill was nil at the year end.

For the year ended February 20, 2011
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 year ended February 20, 2011 amounted to more than 90% of consolidated operating revenues, operating income and assets, and accordingly, segment information about the different industries is not disclosed.

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

(1) Geographic segments
The geographic segments of the Company and its subsidiaries for the year ended February 20, 2011 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

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 year ended February 20, 2011 amounted to ¥50,896 million.

23. SUBSEQUENT EVENTS

a. Appropriations of Retained Earnings
The following appropriations of retained earnings as of February 20, 2012 were approved at the Company's Board of Directors' meeting held on April 13, 2012:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25.00 ($0.31) per share	¥ 3,921	$ 49,269

b. Issuance of ¥15,000,000,000 Zero Coupon Convertible Bonds due in 2016 and ¥15,000,000,000 Zero Coupon Convertible Bonds due in 2017
The Board of Directors of the Company resolved at the meeting held on March 6, 2012 to issue the ¥15,000,000,000 Zero Coupon Convertible Bonds due 2016 (the "2016 Bonds") and the ¥15,000,000,000 Zero Coupon Convertible Bonds due 2017 (the "2017 Bonds") (together, the "Bonds" (and each a "Series")), and full payments were completed on March 23, 2012.

	2016 Bonds	2017 Bonds
(1) Securities offered	¥15,000,000,000 Zero Coupon Convertible Bonds due 2016	¥15,000,000,000 Zero Coupon Convertible Bonds due 2017
(2) Issue prices	100.0 per cent. of the principal amount of the Bonds (each issued in the denomination of ¥10 million)	
(3) Offer prices	102.5 per cent. of the principal amount of the Bonds	
(4) Coupons	Zero	
(5) Security or guarantee	None	
(6) Closing and issue date	March 23, 2012	
(7) Redemption at maturity	Unless the Bonds of the relevant Series have previously been redeemed, acquired or purchased and cancelled, and unless the stock acquisition rights incorporated therein have previously been exercised, the Company will redeem the Bonds at 100 per cent. of their principal amount on March 23, 2016 (in the case of the 2016 Bonds) and March 23, 2017 (in the case of the 2017 Bonds).	
(8) Information about the stock acquisition rights		
① Total number of the stock acquisition rights	Total number of the stock acquisition rights is determined by dividing the aggregate principal amount of the Bonds by the denomination of the Bonds (¥10 million).	
② Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights	Upon exercise of the stock acquisition rights, shares of the Company's common stock (100 shares constitute one unit of shares) shall be issued or transferred. The number of shares of the Company to be issued or transferred upon exercise of the stock acquisition rights shall be determined by dividing the aggregate principal amount of the Bonds by the conversion price described at ⑥ below. Fractions of a share will not be issued upon exercise of any stock acquisition right and no adjustment or cash payment will	

	be made in respect thereof.	
③ Date of allotment of the stock acquisition rights	March 23, 2012	
④ Exercise periods of the stock acquisition rights	From April 6, 2012 to March 8, 2016	From April 6, 2012 to March 9, 2017
⑤ Amount to be paid upon exercise of the stock acquisition rights	Upon exercise of each stock acquisition right, the relevant bond shall be deemed to be acquired by the Company as a capital contribution in kind by such bondholder at the price equal to the principal amount of the bond. The bond acquired upon exercise of the stock acquisition right shall forthwith be retired.	
⑥ Initial conversion prices	¥1,441	¥1,405
⑦ Amount of stated capital and additional paid-in capital	One-half of the “maximum capital and other increase amount”, as calculated pursuant to Article 17 of the Rules of Account Settlement of Corporations (Ordinance of Ministry of Justice No. 13 of 2006, as amended) in respect of the exercise of the stock acquisition rights (with any fraction of less than one yen being rounded up) shall be accounted for as stated capital, and the rest of such amount shall be accounted for as additional paid-in capital.	
⑧ Transfer of the stock acquisition rights following a corporate event	The terms and conditions of the Bonds provide certain provisions.	
⑨ Reason for no requirement of cash amounts to be paid in respect of the stock acquisition rights	The stock acquisition rights are incorporated in the Bonds and may not be transferred or dealt with separately from each other. The Bonds would forthwith be retired if the stock acquisition rights were exercised, and the stock acquisition rights would cease to be exercisable if the Bonds were redeemed. In light of such close relationship between the Bonds and the stock acquisition rights as well as the value of the stock acquisition rights and the economic benefits the Company can obtain based on the terms and conditions of the Bonds, such as the interest rates and amounts to be paid upon issuance of the Bonds, no cash amounts will be payable in respect of the stock acquisition rights.	
(9) Use of proceeds	Approximately ¥15 billion will be applied towards funding for purchase of shares by the Company in order to improve the efficiency of its capital. In addition, approximately ¥15 billion will be applied towards loans to, and capital injections into, the Company’s existing subsidiaries or subsidiaries to be newly established, primarily for the purposes of furthering expansion and enhancing its operations in Asia by the end of February 2014.	
(10) Listing	The Bonds will be listed on the Singapore Exchange Securities Trading Limited.	

c. Purchase of treasury stock

The Board of Directors of the Company resolved at the meeting held on March 6, 2012 to purchase the Company’s treasury stock, pursuant to the provisions of the articles of incorporation in accordance with Article 459, Paragraph 1, Item 1 of the Companies Act. The Company has been purchasing its treasury stock since March 7, 2012.

(1) Reasons for purchases

To enhance capital efficiency and to increase shareholder value

(2) Matters regarding purchases

① Class of shares to be purchased	Common stock
② Total number of shares to be purchased	Up to 14,000,000 shares (8.93% of the total outstanding shares, excluding treasury stock)
③ Total purchase price of shares	Up to ¥15,000 million
④ Purchase period	From March 7, 2012 to March 6, 2013
⑤ Purchase method	Market purchases on the Tokyo Stock Exchange

(3) Results of purchases

① Total number of shares purchased	12,269,800 shares
② Total purchase price	14,999,923,897 yen
③ Purchase period	From March 7, 2012 to March 22, 2012
④ Purchase method	Purchases through ToSTNeT-3 Off-Auction Trading Transaction and market purchases on the Tokyo Stock Exchange

d. Retirement of treasury stock

The Board of Directors of the Company resolved at the meeting held on April 13, 2012 to retire the Company’s treasury stock, pursuant to the provisions of the articles of incorporation in accordance with Article 178 of the Companies Act. The Company retired its treasury stock effective as of April 20, 2012.

(1) Reasons for retirement	To enhance capital efficiency and to increase shareholder value
(2) Method of retirement	Deduction from retained earnings
(3) Class of shares to be retired	Common stock
(4) Number of shares to be retired	12,269,800 shares
(5) Retirement date	April 20, 2012

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, 2012 and 2011, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended February 20, 2012, and the related consolidated statements of 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, 2012 and 2011, 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 15, 2012

Major AEON Group Companies

■ Pure Holding Company
AEON CO., LTD.

■ General Merchandise Store (GMS) Business
AEON Retail Co., Ltd.
AEON Hokkaido Corporation
SUNDAY CO., LTD.
AEON KYUSHU CO., LTD.
AEON RYUKYU CO., LTD.
JOY Co., Ltd.
TOPVALU COLLECTION CO., LTD.
Bon Belta Co., Ltd.
The Daiei, Inc.

■ Supermarket (SM) Business
Maxvalu Chubu Co., Ltd.
Maxvalu Nishinihon Co., Ltd.
Maxvalu Tohoku Co., Ltd.
Maxvalu Tokai Co., Ltd.
Maxvalu Hokkaido Co., Ltd.
Maxvalu Kyushu Co., Ltd.
AEON KIMISAWA CO., LTD.
KOHYO CO., LTD.
SANYO MARUNAKA CO., LTD.
MAXVALU KANTO CO., LTD.
MAXVALU KITA TOHOKU CO., LTD.
MAXVALU CHUKYO CO., LTD.
MAXVALU NAGANO CO., LTD.
MAXVALU HOKURIKU CO., LTD.
MAXVALU MINAMI TOHOKU CO., LTD.
marunaka CO., LTD.
The Maruetsu, Inc.
KASUMI CO., LTD.
Belc CO., LTD.
•Inageya Co., Ltd.

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

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

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

■ Specialty Store Business
GFOOT CO., LTD.
COX CO., LTD.
Abilities JUSCO CO., Ltd.
AEON FOREST CO., LTD.
AEON PET CO., LTD.
AEON BODY Co., Ltd.
Claire's Nippon Co., Ltd.
Talbots Japan Co., Ltd.
Branshes Co., Ltd.
MIRAIYA SHOTEN CO., LTD.
Mega Sports Co., Ltd.
MEGA PETRO Co., Ltd.
LAURA ASHLEY JAPAN CO., LTD.
AT Japan Co., Ltd.
Taka:Q Co., Ltd.

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

■ Financial Services Business
AEON CREDIT SERVICE CO., LTD.
ACS CREDIT MANAGEMENT CO., LTD.
AEON S.S. Insurance CO., LTD.
AEON HOUSING LOAN SERVICE CO., LTD
AEON CREDIT SERVICE (ASIA) CO., LTD.
AEON INSURANCE BROKERS (HK) LIMITED
AEON CREDIT GUARANTEE (CHINA) CO., LTD.
AEON INFORMATION SERVICE (SHENZHEN) CO., LTD.
AEON MICRO FINANCE (SHENYANG) CO., LTD.
AEON THANA SINSAP (THAILAND) PLC.
ACS CAPITAL CORPORATION LTD.
ACS INSURANCE BROKER (THAILAND) CO., LTD.
ACS LIFE INSURANCE BROKER (THAILAND) CO., 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 MICROFINANCE (CAMBODIA) PRIVATE COMPANY LIMITED
AEON BANK, LTD.
AEON INSURANCE SERVICE CO., LTD.

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

■ E-commerce Business
Aeon Link Co., Ltd.
Digital Direct Corporation

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

■ China Business
AEON (CHINA) CO., LTD.
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.

■ Shared Function Companies
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 FOOD SUPPLY Co., Ltd.
AEON Bakery Co., Ltd.
AEON MARKETING CO., LTD.
Cordon Vert CO., LTD.
Research Institute For Quality Living Co., Ltd.
Tasmania Feedlot Pty. Ltd.
YAMAYA CORPORATION

Listed companies are shown in bold print.

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

Corporate Data (As of June 2012)

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
1,138
6,208 (Consolidated)

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

Overseas Subsidiaries
Hong Kong
AEON CREDIT SERVICE (ASIA) CO., LTD.
AEON INSURANCE BROKERS (HK) LIMITED
China
AEON CREDIT GUARANTEE (CHINA) CO., LTD.
AEON INFORMATION SERVICE (SHENZEN) CO., LTD.
AEON MICRO FINANCE (SHENYANG) CO., LTD
Thailand
AEON THANA SINSAP (THAILAND) PLC.
ACS CAPITAL CORPORATION LTD.
ACS INSURANCE BROKER (THAILAND) CO., LTD.
ACS LIFE INSURANCE BROKER (THAILAND) CO., LTD.
ACS SERVICING (THAILAND) CO., LTD.
Malaysia
AEON CREDIT SERVICE (M) BERHAD
Taiwan
AEON CREDIT SERVICE (TAIWAN) CO., LTD.
AEON CREDIT CARD (TAIWAN) CO., LTD.
Indonesia
PT. AEON CREDIT SERVICE INDONESIA
Vietnam
ACS TRADING VIETNAM CO., LTD.
Philippines
AEON CREDIT TECHNOLOGY SYSTEMS (PHILIPPINES) INC.
Cambodia
AEON MICROFINANCE (CAMBODIA) PROVATE COMPANY LIMITED

Shareholder Information (As of June 2012)

Closing Date
February 20 (From fiscal 2012, the closing date will be the last day of February.)

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

Transfer Agent
Mizuho Trust & Banking Co., Ltd.

Shares Issued
144,697,208 shares

Shareholders' Meeting
Held in May of each year

Independent Auditors
Deloitte Touche Tohmatsu LLC

Board of Directors and Auditors (As of June 2012)

Directors

President & CEO	Kazuhide Kamitani
Directors, Senior Managing Executive Officers	Takashi Kiyonaga Masao Mizuno Hideki Wakabayashi
Director, Corporate Adviser	Yoshiki Mori
Director, Executive Officers	Tatsuya Saito Yoshitaka Yamada
Executive Officers	Takatoshi Ikenishi Hideyuki Ito Chiharu Endo Shinichi Nakagawa Hirofumi Sakuraba Junko Yabuta Shunji Teraura

Auditors

Corporate Auditors	Hisateru Taniuchi * Koshi Yamaura * Masato Nishimatsu * Motonari Ohtsuru *

**External*

Planting Seeds of Growth

We are ÆON

ÆON CREDIT SERVICE CO., LTD.

Annual Report 2012

ÆON CREDIT SERVICE

ÆON CREDIT SERVICE CO., LTD.

MIX
Paper from responsible sources
FSC® C005531

Printing. Naturally.