

Results for the First Half of Fiscal Year Ending February 20, 2009



Operating Data



(Billions of yen)

	Consolidated			
	Actual Results	Year-on-Year Change	Forecast	Differences
Transaction volume	1,487.0	111%	1,460.0	27.0
Operating revenues	88.5	98%	87.0	1.5
Operating income	15.3	86%	14.8	0.5
Ordinary income	15.5	87%	14.8	0.7
Net income for 1H	7.0	72%	6.9	0.1

	Non-Consolidated			
	Actual Results	Year-on-Year Change	Forecast	Differences
Transaction volume	1,312.4	113%	1,300.0	12.4
Operating revenues	58.4	96%	58.7	- 0.2
Operating income	8.7	76%	9.3	- 0.5
Ordinary income	10.0	79%	10.4	- 0.4
Net income for 1H	5.7	72%	6.5	- 0.7

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Financial Data



While operating loans receivables decreased by ¥1.2 billion from the beginning of the fiscal year, installment sales receivables increased by ¥43.6 billion supported by the rise in total revolving receivables.

(Billions of yen)

	Consolidated		Non-Consolidated	
	Actual Results	Change during 1H	Actual Results	Change during 1H
Total Assets	908.3	46.3	691.7	38.0
Total Finance Receivables	844.0	42.3	647.9	36.6
Installment sales receivables	330.9	43.6	257.0 *(91.9)	39.0 (10.5)
Operating loans receivables	513.1	-1.2	390.9	-2.4
Net Assets	188.3	4.9	145.1	2.5

* Figures in () are total shopping revolving/installment plan receivables.

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Dividends



The interim dividend was 15 yen, and the year-end dividend is expected to be 25 yen.

(Yen)

	Fiscal Year Ended Feb. 20, 2008	Fiscal Year Ending Feb. 20, 2009 (Forecast)
Interim dividend	15	15
Year-end dividend	25	(Forecast) 25
Full-term dividend	40	(Forecast) 40

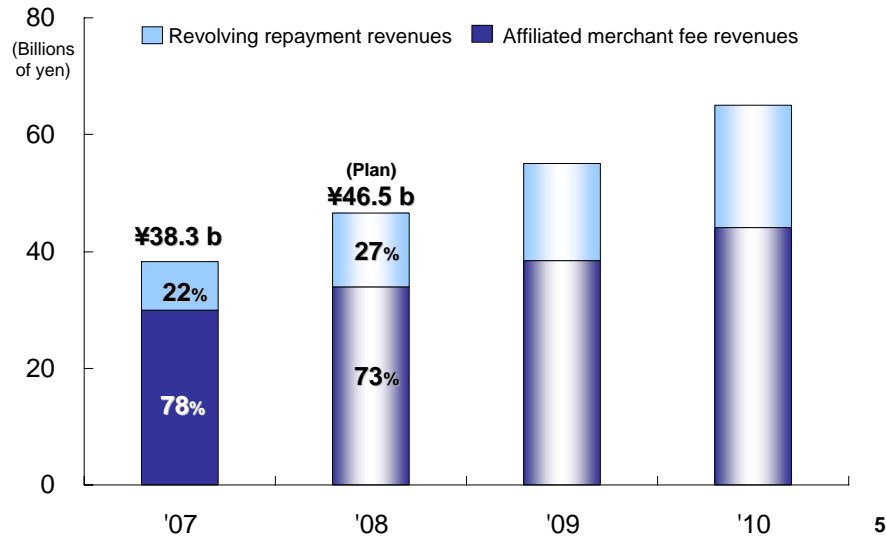
Interim payout ratio	24.0%	33.2%
Full-term payout ratio	35.5%	40.0%

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Composition of Credit Card Shopping Revenues (Non-Consolidated)

AEON CREDIT SERVICE CO., LTD.

The composition for the first half: affiliated merchant fee revenues 76% and revolving repayment revenues 24%.

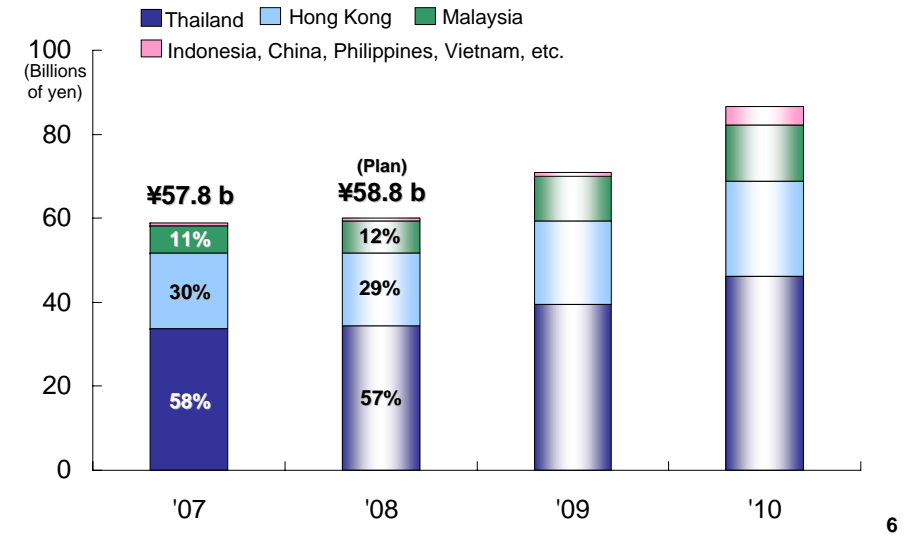


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Breakdown of Revenues by Country

AEON CREDIT SERVICE CO., LTD.

The composition for the first half: Thailand 57%, Hong Kong 29%, Malaysia 12%, and other 2%.

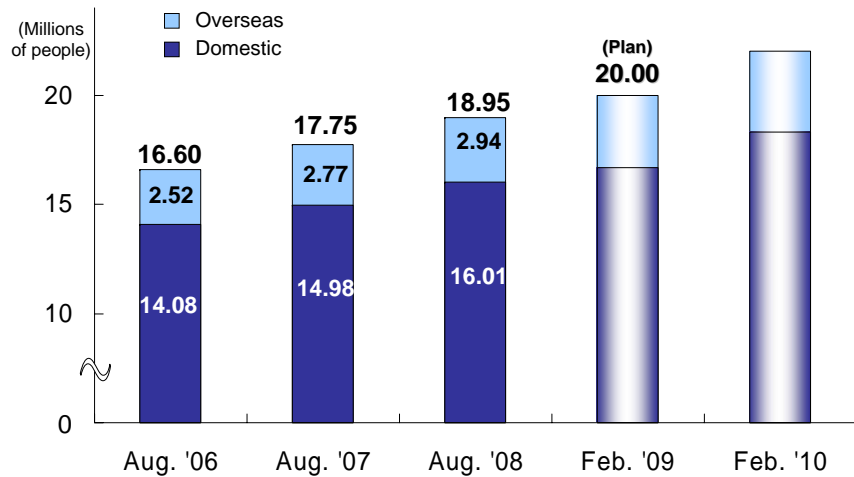


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Number of Effective Cardholders (Consolidated)

AEON CREDIT SERVICE CO., LTD.

The numbers of consolidated and non-consolidated effective cardholders increased to 18.95 million (up 0.56 m from the beginning of the fiscal year) and 16.01 million (up 0.48 m) respectively, with the year-end target set to 20.00 million (consolidated).

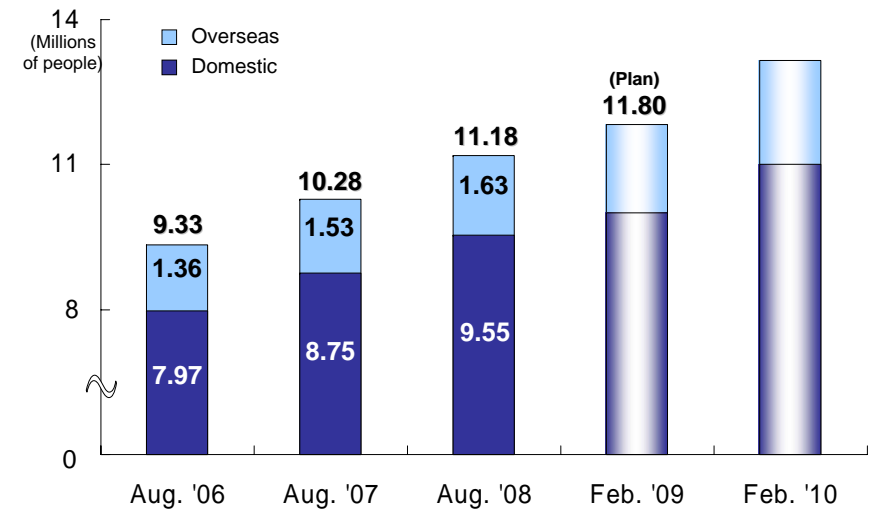


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Number of Active Cardholders (Consolidated)

AEON CREDIT SERVICE CO., LTD.

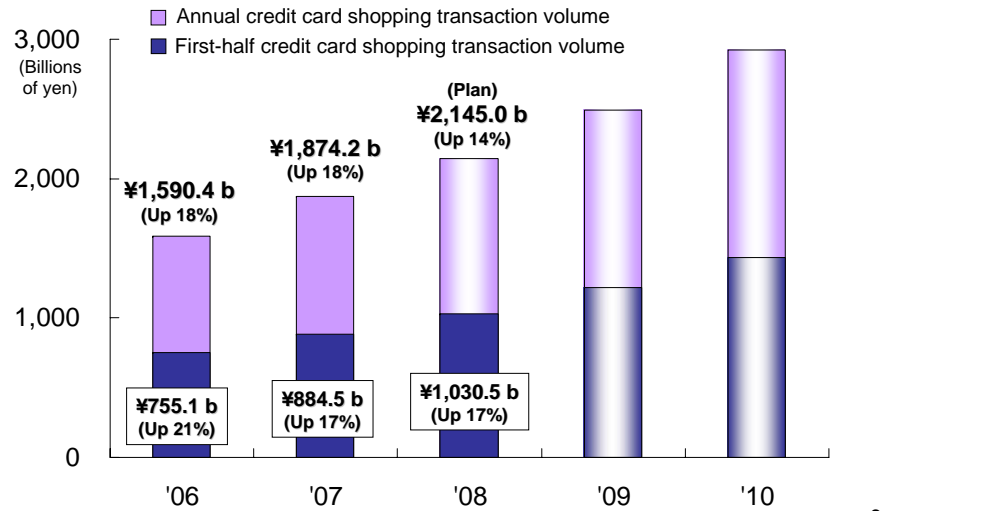
The numbers of consolidated and non-consolidated active cardholders increased to 11.18 million (up 0.90 m YoY) and 9.55 million (up 0.80 m YoY) respectively.



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Credit Card Shopping Transaction Volume (Consolidated)

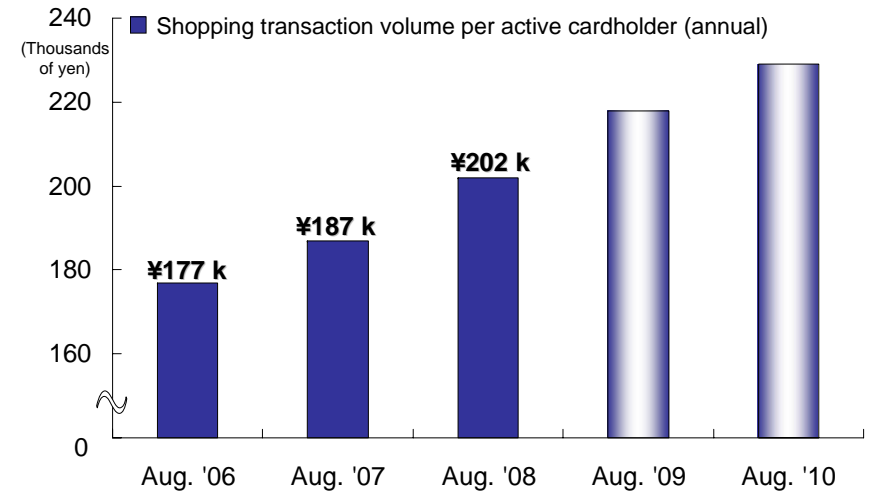
The consolidated and non-consolidated credit card shopping transaction volume steadily increased to ¥1,030.5 billion (up 17%) and ¥989.9 billion (up 17%) respectively.



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Shopping Transaction Volume per Active Cardholder (Non-Consolidated)

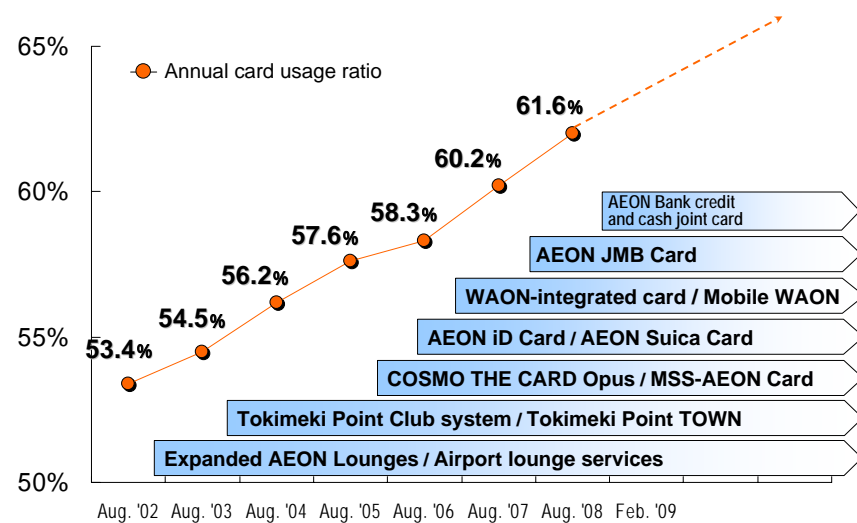
The shopping transaction volume per active cardholder increased by ¥15,000 YoY to ¥202,000.



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Annual Card Usage Ratio (Non-Consolidated)

The annual card usage ratio improved by 1.4% points YoY to 61.6%.



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Effects of Electronic Money-Integrated Cards

The introduction of electronic money-integrated cards has raised the annual card usage ratio, male ratio, and metropolitan area ratio.

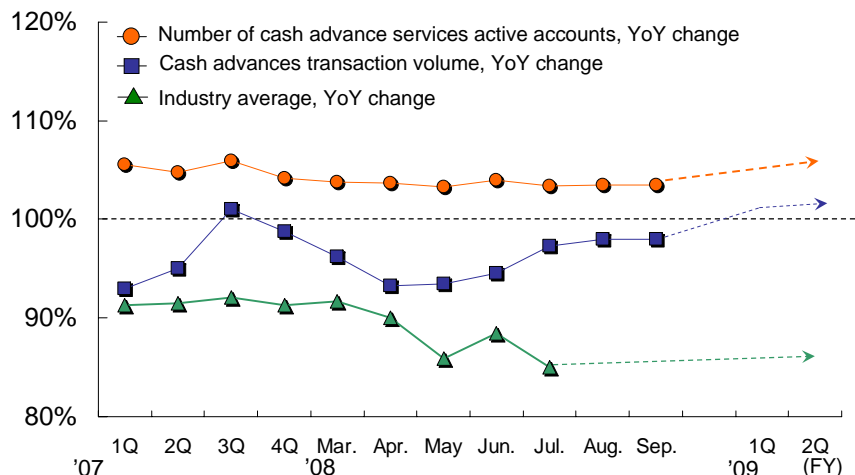
	WAON-integrated AEON Card	Mobile WAON	AEON Suica Card	WAON-integrated AEON JMB Card	AEON iD Card	
Usage	Annual card usage ratio	65%	79%	73%	72%	70%
Attribute	Male ratio	24%	53%	42%	42%	39%
	Metropolitan area ratio	17%	23%	68%	27%	23%

* The ratios of the first half of FY 2008 are shown for "Usage" and the ratios at the end of Aug. 2008 for "Attribute."

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Cash Advances Transaction Volume

The card advances transaction volume exceeds the industry average due to the increase in number of cardholders who used the service for the first time.

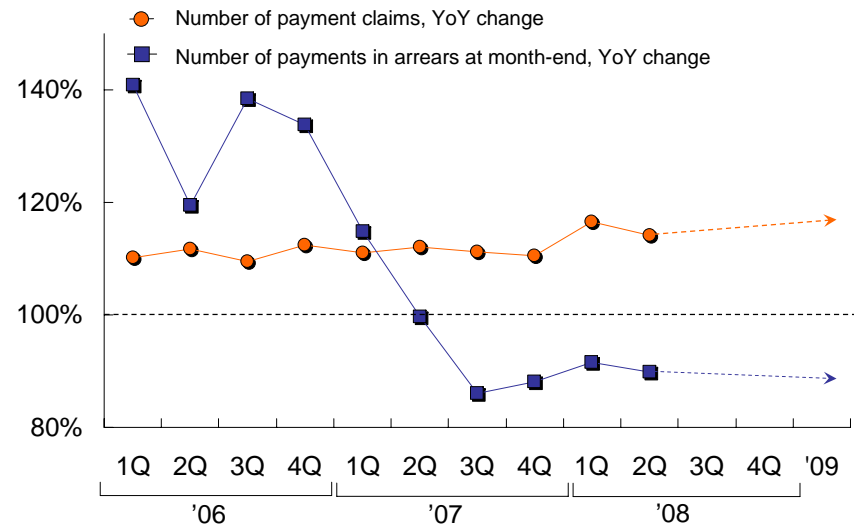


* Source of the industry average data: Japan Consumer Credit Industry Association

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Effects of Improvement of Screening and Recovery Systems

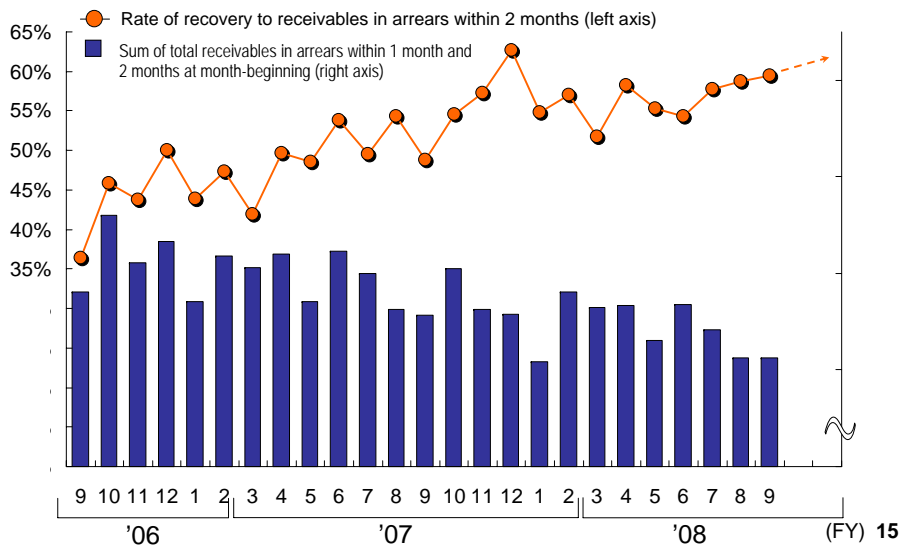
The number of payment claims increased 15% on average in the first half and the number of payments in arrears at month-end declined to 90% of the same period in FY 2007.



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Rate of Recovery to Receivables in Arrears

The rate of recovery to receivables in arrears within 2 months improved 7% and the total receivables in arrears at month-beginning fell.



(FY) 15

Allowance for Possible Credit Losses

The difference of ¥6.5 billion caused by the change of the estimation method for allowance for possible credit losses at the beginning of the year was posted as extraordinary losses.

(Billions of yen)

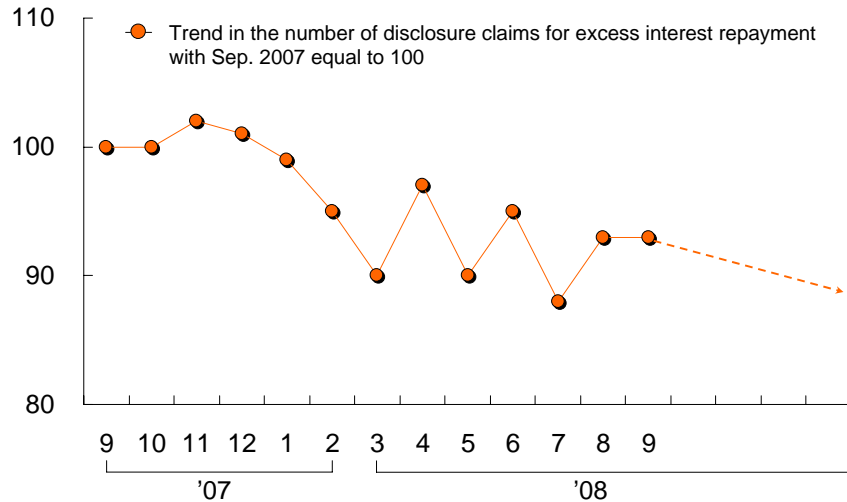
	FY Ended Feb. 20, 2008	1H of FY Ending Feb. 20, 2009		1H of FY Ending Feb. 20, 2009
Allowance for possible credit losses balance at the beginning of year	*2 34.9	42.6	Allowance for personal bankruptcies	All losses written off
Provision for allowance for possible credit losses	26.8	*1 16.8	Allowance for doubtful receivables	41.1
Write-off of credit losses	19.1	10.8	General allowance for possible credit losses	7.6
Allowance for possible credit losses balance at the end of year	42.6	48.7	Total	48.7
Allowance ratio at the end of year	6.2%	6.8%		

*1: Includes extraordinary losses.

*2: Includes the balance of allowance for possible credit losses taken over after the merger of ACS Finance. 16

Number of Disclosure Claims for Excess Interest Repayment

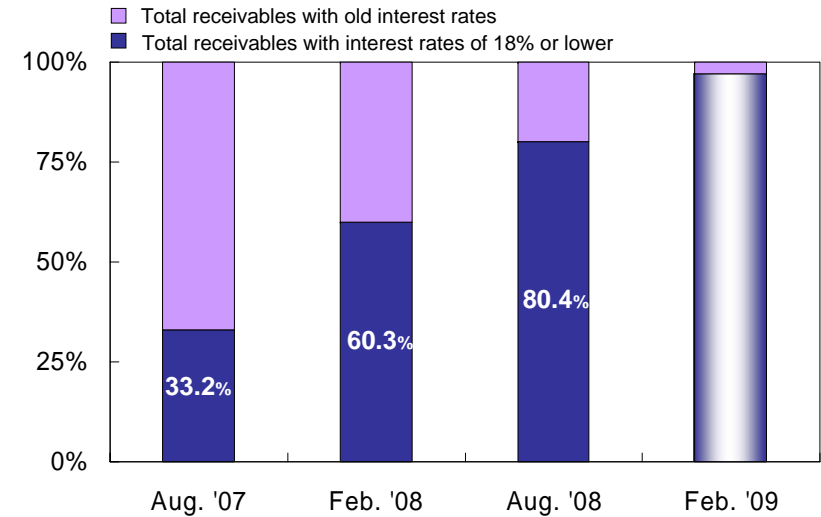
The number of disclosure claims for excess interest repayment has been on a decline since the second half of FY 2007.



* Values for January and August are seasonally adjusted.

Response to Max. Interest Rate Rules

The transition to the interest rate of 18% or lower will be almost completed in this fiscal year, reducing the risk of excess interest repayment.



Allowance for Losses on Excess Interest Repayment

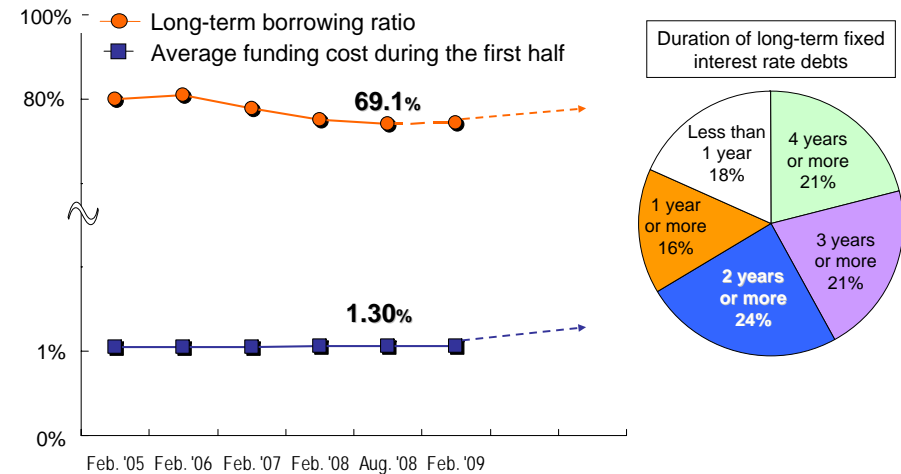
Excess interest repayment is expected to decline through the decrease in the number of disclosure claims and the progress in the transition to interest rates of 18% or lower.

(Billions of yen)

	1H of FY 2007	2H of FY 2007	1H of FY 2008
Allowance for losses on excess interest repayment balance at the beginning of year	6.9	6.9	8.5
Provision for allowance for losses on excess interest repayment	2.1	4.4	2.6
Sums refunded and appropriation of interest to principal	- 2.0	- 2.9	- 3.1
Allowance for losses on excess interest repayment balance at the end of year	6.9	8.5	8.0

Fund Procurement

In the first half, the long-term borrowing ratio was 69% and the average funding cost was 1.30%. The duration of long-term fixed interest rate debts is two years and ten months, contributing to the reduction of the funding risk.



Second Half of FY 2008 Major Targets of Implementation

I. Enhance the Competitiveness of the Credit Card Business

1. Expanding revolving and installment plan repayments
2. Developing Gold Card Holders
3. Dealing with New Money Lending Business Law
4. Progress in Development of Next-Generation Systems

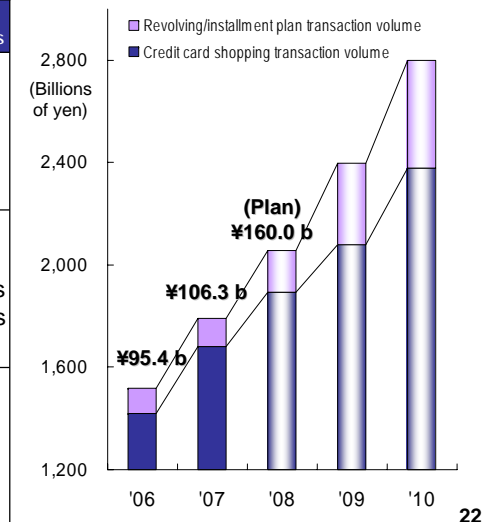


1-①. Expanding Revolving and Installment Plan Repayments



Aim at a credit card shopping composition ratio of 7.8% with campaigns to promote revolving repayments at cash registers and on sales floors for customers (FY 2008)

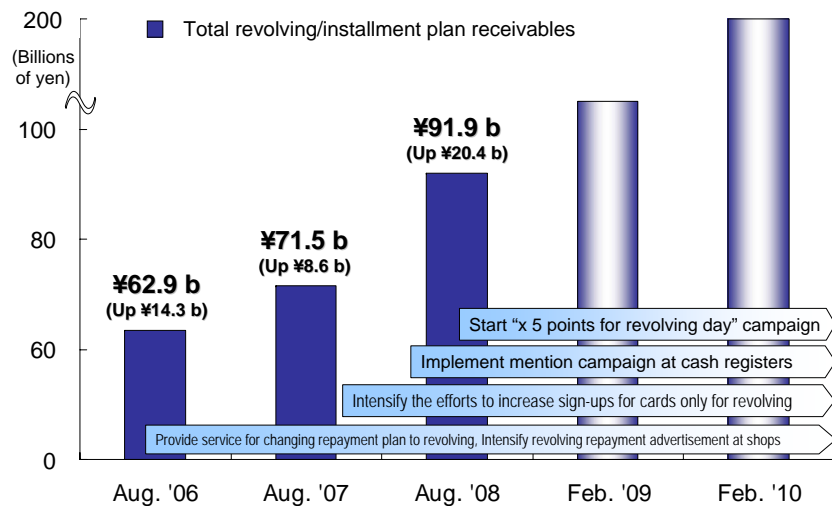
	Promoting revolving and installment plan repayments
	Promote revolving repayment at cash registers
	Promote revolving repayment on sales floors for customers
	Provide a service for changing the repayment plan to revolving on the Web



1-②. Expanding Revolving and Installment Plan Repayments



Intensify the efforts to increase the number of cardholders who begin new revolving/installment plan repayments

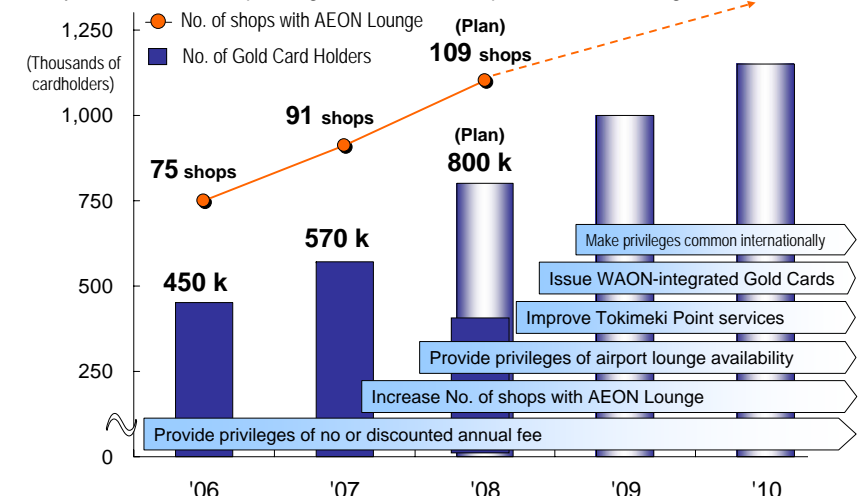


2. Developing Gold Card Holders



The number of Gold Card Holders at the end of the first half was 630,000 (up 110,000 YoY).

Promote the use of the Gold Card as a main card through the enhancement of the privileges by means such as expanding the number of shops with AEON Lounge



Schedule	Major issues	Our response
Enforcement of Article 2 Enforced on Dec. 19, 2007	- Issuance of loan document - Acquisition of annual income verification (voluntary rule)	Already being dealt with
Enforcement of Article 3 To be enforced by Jun. 18, 2009	- Financial services supervisor program - Designated credit information agency	Start internal training from 2H of FY 2008 System development completed by 1H of FY 2009
Enforcement of Article 4 To be enforced by Jun. 18, 2010	- Lowered maximum interest rates - Start of total volume limitation	Already being dealt with System development completed by 1H of FY 2009

■ Already developed ■ Under development □ To be developed

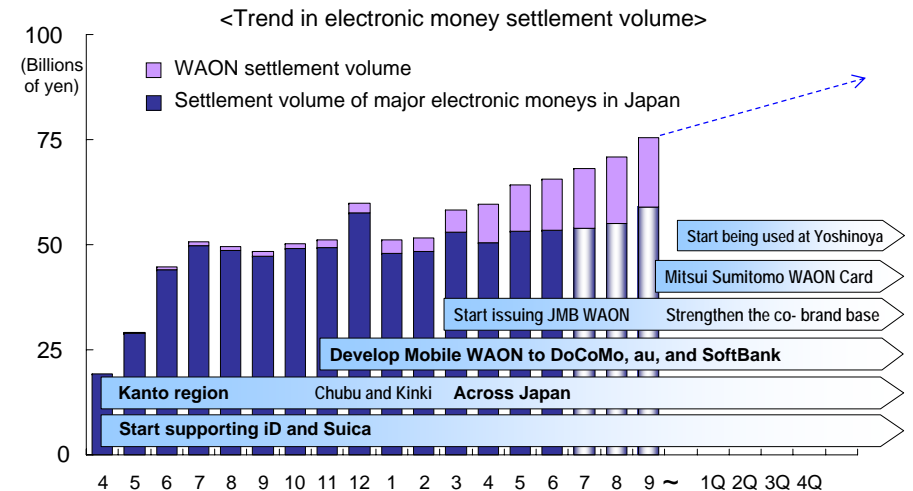
	1H of FY 2008	2H of FY 2008	FY 2009	FY 2010
Banking system	Monthly statement	Connection with designated credit information agency	Total volume limitation	Authorization system
	New receivables management system	Volume support		Issuer system
Services for cardholders	Support for affiliated merchants	Invoice inquiry on the Web	Contact center	Split issuance of invoices
		ATM deposit	Quicker screening/ card issuance	
Information system	WAON customer information management	Group CRM	Integrated customer system supporting name identification	Group customer data uniform management

II. Nurture New Sources of Revenues

1. Expanding the Electronic Money Business
2. Promoting the Bank Agency Business
3. Expanding the Processing Business
4. Expanding the Acquiring Business
5. Expanding the Internet Business
6. Efforts of AEON Insurance Service
7. Efforts of ACS Credit Management

1-①. Expanding the Electronic Money Business AEON CREDIT SERVICE CO., LTD.

The WAON's share in the electronic money settlement volume in Japan keeps increasing month after month.



*Source: Payment and Settlement Systems Department, Bank of Japan; The values for Jul. and Aug. 2008 are our estimation.

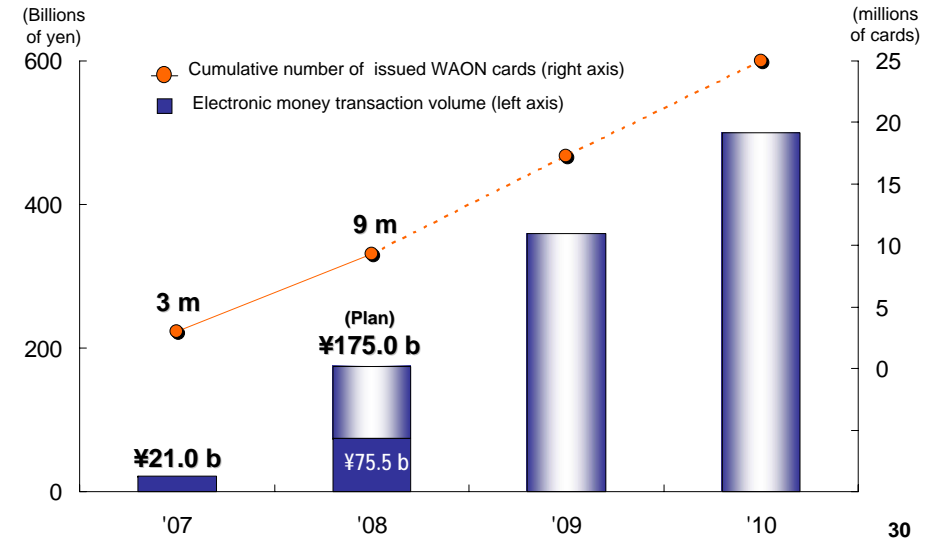
1-②. Expanding the Electronic Money Business

Promote the use of electronic money in various situations in life



1-③. Expanding the Electronic Money Business

The cumulative number of the WAON cards is planned to reach 9 million at the end of this fiscal year.



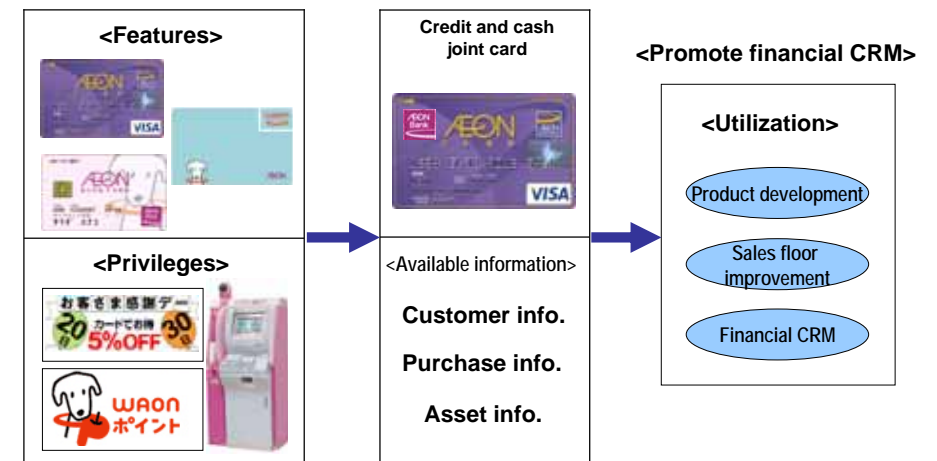
2-①. Promoting the Bank Agency Business

Accelerate collaboration with AEON Bank in the areas such as the reinforcement of the residential mortgage and investment trust fund agency business as well as solicitations.

Target areas			
	AEON Card solicitation		Investment trust funds
	Bank account opening campaign		Residential mortgage
	Credit guarantee		ATM sharing






2-②. Issuing AEON Credit and Cash Joint Cards

Improve the solicitation efficiency through consolidation of features and privileges and promote financial CRM



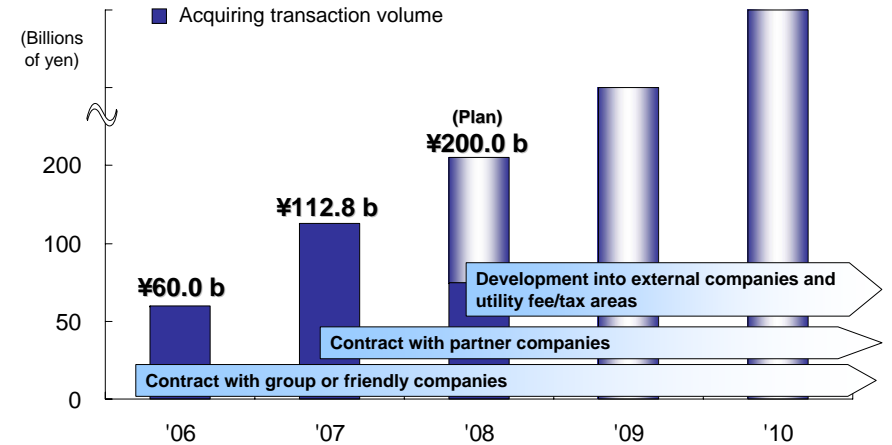
3. Expanding the Processing Business

Accept the processing business from AEON Bank and AEON Insurance Service to establish the business foundation

Utilize our expertise				
DM transmission	Call/receivables management center	Archiving documents	Information input	Card issuance
				
Low-cost operation through bulk discount	In-bound and out-bound	Computerization	Registering customer information including data on the applications	Supporting cash card issuance
Implemented	From Sep.	From Oct.	From Nov.	From Nov.

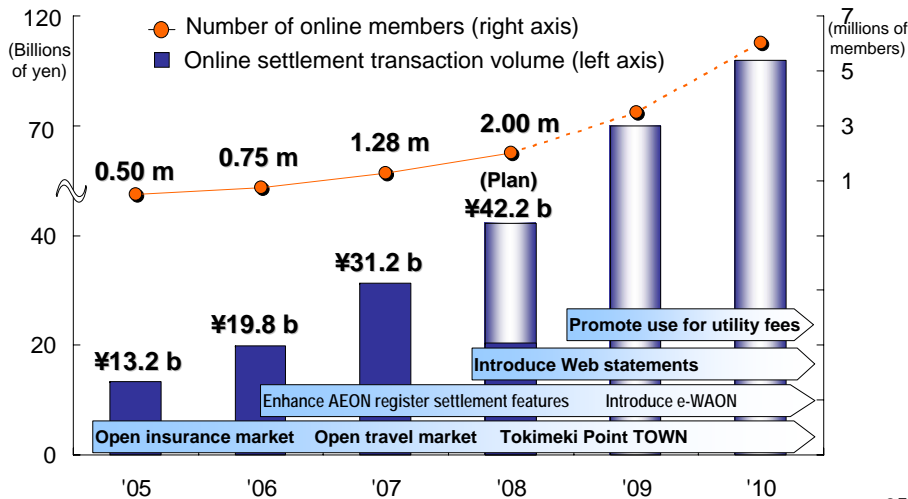
4. Expanding the Acquiring Business

The transaction volume in the first half was ¥81.6 billion (Up 79% YoY).
Expand the development area to external companies beyond friendly or partner companies



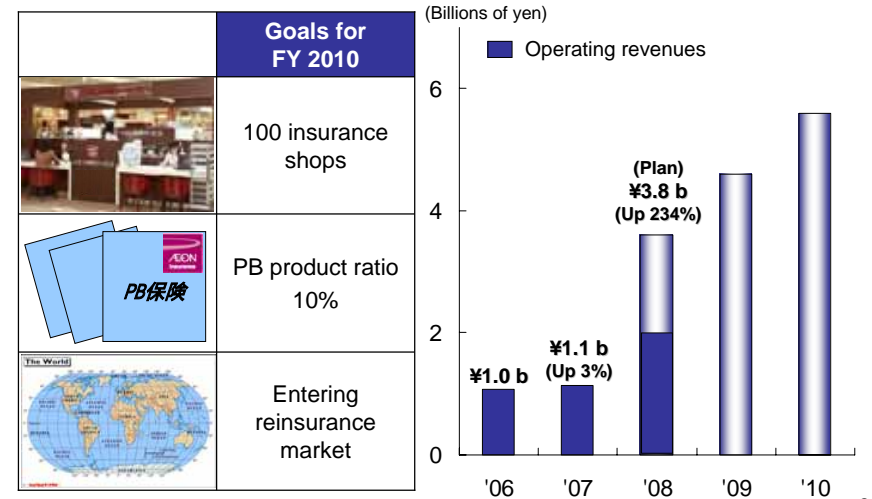
5. Expanding the Internet Business

The transaction volume in the first half was ¥19.2 billion (Up 32% YoY).
Use the online member information and promote the use by distributing Web statements and CRM mails.



6. Efforts of AEON Insurance Service

Operating revenues for the first half was ¥1,811 million (up 223.6% YoY).
Reinforce the insurance shop network and sales of PB products and enter the reinsurance market

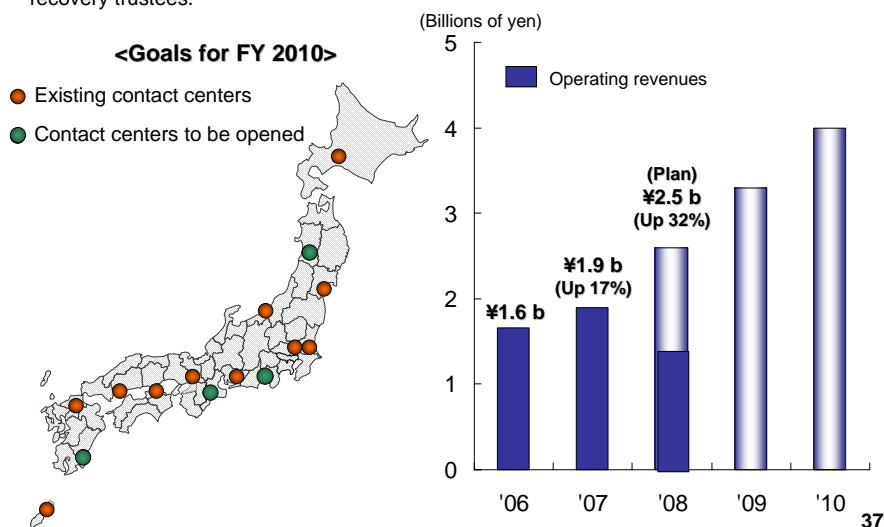


7. Efforts of ACS Credit Management



Operating revenues for the first half was ¥1,128 million (up 26.7% YoY).

Expand business contents through the increase in the number of operating offices and recovery trustees.



III. Expand Overseas Operations

1. Efforts by Overseas Public Subsidiaries
2. China
3. Taiwan
4. Indonesia
5. Vietnam
6. Expanding the presence in Asia



1. Efforts by Overseas Public Subsidiaries



Three public subsidiaries support the business development in new countries.

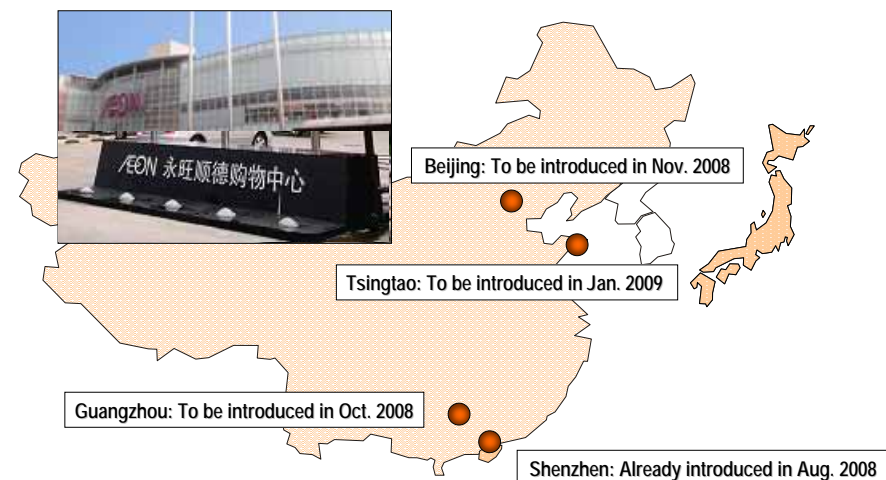
1H Results	Hong Kong	Thailand	Malaysia
Operating Revenues	615 mil. HKD (Up 4% YoY)	5,034 mil. baht (Up 13% YoY)	106 mil. ringgit (Up 22% YoY)
Ordinary Income	176 mil. HKD (Up 10% YoY)	896 mil. baht (Up 8% YoY)	29 mil. ringgit (Up 67% YoY)
Plans for development in new countries	Supporting house card issuance in China	Expanding operations in Vietnam	Opening a representative office in India

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2. Operations in China



Start accepting guarantee/processing operations for AEON house cards (aiming at acquiring 50,000 cardholders in the second half).

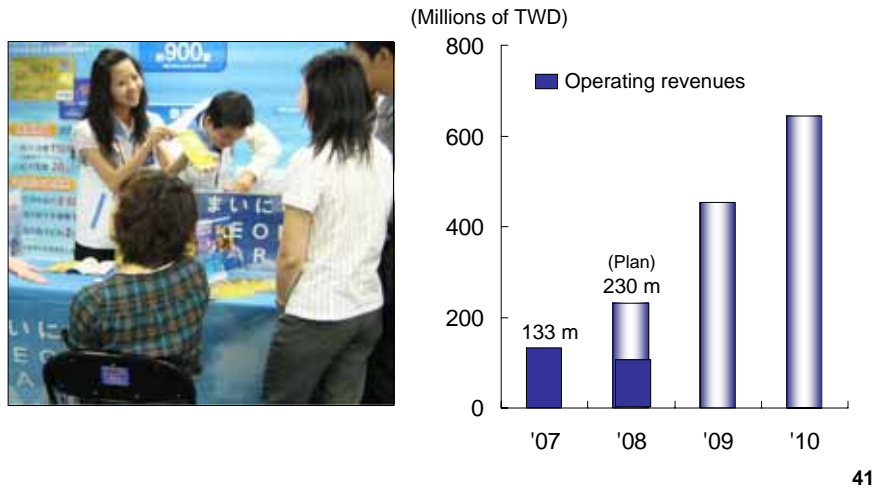


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3. Operations in Taiwan

Operating revenues for the first half was 87 million TWD (up 25% YoY).
 Issuance of co-branded cards with Taiwanese major retail chains is planned in the second half.

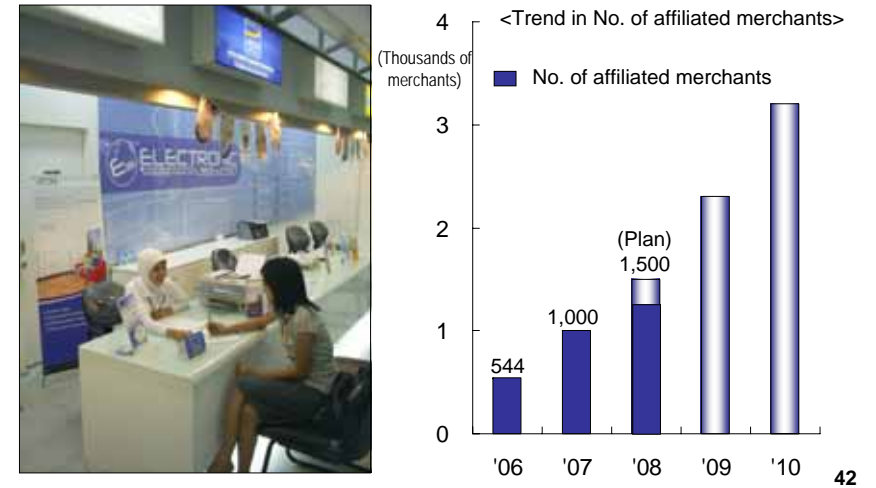
<Trend in operating revenues>



4. Operations in Indonesia

The transaction volume increased 76% YoY with hire-purchase affiliated merchants steadily developed.
 The number of affiliated merchants is planned to increase to 1,500 in the second half, performing development with major affiliated merchants at the center.

<Trend in No. of affiliated merchants>



5. Operations in Vietnam

Establish the operating foundation for the installment sales operations by intensifying the development of affiliated merchants



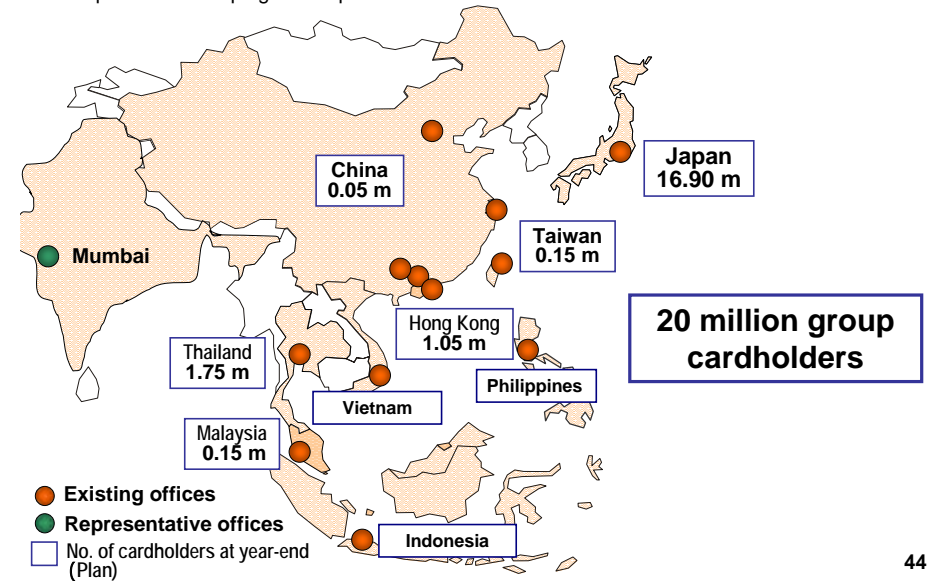
< ACS TRADING VIETNAM CO., LTD. >



<Ho Chi Minh City>

6. Expanding the Presence in Asia

Implement a campaign to acquire 20 million cardholders



(Billions of yen)

	Consolidated		Non-Consolidated	
	Forecast	YoY Change	Forecast	YoY Change
Transaction volume	3,110.0	113%	2,760.0	115%
Operating revenues	185.8	103%	125.5	103%
Operating income	33.0	100%	20.0	102%
Ordinary income	33.1	100%	22.3	100%
Net income	15.7	89%	13.7	97%

Statements contained in this report with respect to the Company's management strategies, business policies and results forecasts are forward-looking statements about the future performance of the Company, which are based on the assumptions and beliefs in light of the information currently available. These forward-looking statements involve various uncertain factors including known and unknown risks such as economic trends, industry competition, market demand, exchange rates, tax and other systems that may cause the Company's actual results, performance or achievements to differ materially from the expectations expressed herein.