

Report of Consolidated Financial Results

(For the Interim Period of Fiscal 2004, Ended August 20, 2004)

October 5, 2004

Registered Company Name:	AEON Credit Service Co., Ltd.
Stock Listing:	Tokyo Stock Exchange, First Section
Code No:	8570
Head Office:	Tokyo
President and C.E.O:	Yoshiki Mori
Contact:	Tatsuya Saito, Managing Director and Head of Finance and Accounting
URL:	http://www.aeoncredit.co.jp/aeon/eng
Telephone:	+81-3-5281-2057
Board of Directors' Meeting to Approve Financial Results:	October 5, 2004
Parent Company:	AEON Co.,Ltd. (Code No : 8267)
Percentage of Shares Held by Parent Company:	50.2%
Application of U.S. Accounting Standards:	No

1. Business Performance (For the six months ended August 20, 2004 and 2003, and the year ended February 20, 2004)

(1) Consolidated Results of Operations

(Millions of yen truncated to the nearest million, %)

	Operating Revenue	Change	Operating Income	Change	Ordinary Income	Change
Interim Period ended Aug. 20, 2004	¥58,682	13.1%	¥14,395	17.1%	¥14,486	17.4%
Interim Period ended Aug. 20, 2003	51,907	7.5%	12,292	6.1%	12,343	7.6%
Fiscal 2003 ended Feb. 20, 2004	109,389		30,502		30,537	

	Net Income	Change	Net Income per Share (yen)	Fully Diluted Net Income per Share (yen)
Interim Period ended Aug. 20, 2004	¥7,578	15.8%	¥144.88	—
Interim Period ended Aug. 20, 2003	6,544	9.6%	125.10	—
Fiscal 2003 ended Feb. 20, 2004	16,179		308.24	—

Notes:

1. Income (loss) from equity-method investments totaled ¥3 million in the interim period of fiscal 2004, ended August 20, 2004, ¥(6)million in the interim period of fiscal 2003, ended August 20, 2003, and ¥4 million in fiscal 2003, ended February 20, 2004.
2. The average number of shares outstanding was 52,307,833 in the interim period of fiscal 2004, ended August 20, 2004, 52,314,656 in the interim period of fiscal 2003, ended August 20, 2003, and 52,312,043 in fiscal 2003, ended February 20, 2004.
3. No amendments were made to accounting procedures.
4. Percentage changes for operating revenue, operating income, ordinary income and net income indicate increases or decreases relative to the same period of the previous year.

(2) Financial Position

(Millions of yen truncated to the nearest million, %)

	Total Assets	Total Shareholder's Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share (Yen)
Interim Period ended Aug. 20, 2004	¥504,990	¥108,003	21.4%	¥2,064.77
Interim Period ended Aug. 20, 2003	472,857	93,908	19.9%	1,795.22
Fiscal 2003 ended Feb. 20, 2004	465,719	101,694	21.8%	1,943.09

Note: The number of shares of common stock outstanding was 52,307,581 as of August 20, 2004, 52,310,493 as of August 20, 2003 and 52,308,492 as of February 20, 2004.

(3) Cash Flows

(Millions of yen truncated to the nearest million)

	Net Cash Provided by (Used in) Operating Activity	Net Cash Used in Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
Interim Period ended Aug. 20, 2004	¥(31,005)	¥(2,374)	¥34,730	¥17,223
Interim Period ended Aug. 20, 2003	(18,684)	(1,688)	17,447	12,001
Fiscal 2003 ended Feb. 20, 2004	8,390	(1,193)	(5,887)	15,919

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 10

Equity-method unconsolidated subsidiaries: 0

Equity-method affiliates: 2

(5) Changes in Scope of Consolidation and Application of Equity Method

Newly consolidated subsidiaries: 0

Unconsolidated subsidiaries: 0

New equity-method affiliates: 0

Affiliates eliminated from equity-method accounting: 0

2. Consolidated Results Forecast (For the year ending February 20, 2005)

(Millions of yen truncated to the nearest million, %)

FY2004	Operating Revenue	Operating Income	Ordinary Income	Net Income
Full term	¥122,000	¥34,600	¥34,700	¥18,600
Change	11.5%	13.4%	13.6%	15.0%

For Reference: Net income per share for the full year ending February 20, 2005 is forecast at ¥354.54. (Based on the average number of shares outstanding for the full-term being 52,307,000)

Results forecasts above are based on management's assumptions using information available at the time of publication. Owing to various factors, actual results may differ from these projections.

【 Consolidated Financial Statements 】

1. Consolidated Balance Sheets

(Millions of yen)

Term Item	As of August 20, 2003		As of August 20, 2004		As of February 20, 2004	
	Amount	% of the total	Amount	% of the total	Amount	% of the total
(Assets)						
. Current assets						
1. Cash and cash equivalents	13,700		17,223		15,999	
2. Credit card and hire purchase total	149,603		133,380		117,803	
3. Credit card and other loans total	285,659		325,987		304,293	
4. Other	18,894		24,961		23,191	
Allowance for possible credit losses	(14,134)		(17,406)		(14,467)	
Total current assets	453,723	96.0	484,147	95.9	446,820	95.9
. Non-current assets						
1. Property, plant and equipment						
(1) Buildings	544		581		531	
(2) Vehicles and transport equipment	16		19		20	
(3) Tools	5,857		4,467		4,902	
Total property, plant and equipment	6,418	1.4	5,068	1.0	5,454	1.2
2. Intangible fixed assets	2,642	0.5	3,713	0.7	2,588	0.6
3. Investments and other assets						
(1) Investment securities	7,349		9,074		8,113	
(2) Other	2,723		2,986		2,741	
Total investments and other assets	10,072	2.1	12,060	2.4	10,855	2.3
Total non-current assets	19,133	4.0	20,843	4.1	18,898	4.1
Total assets	472,857	100.0	504,990	100.0	465,719	100.0

Term Item	As of August 20, 2003		As of August 20, 2004		As of February 20, 2004	
	Amount	% of the total	Amount	% of the total	Amount	% of the total
(Liabilities)						
. Current liabilities						
1. Cash and deposits	40,293		42,956		48,529	
2. Short-term loans	23,884		20,111		21,892	
3. Current portion of long-term debt	58,553		38,726		33,460	
4. Current portion of bonds and note			2,640			
5. Commercial paper	23,000				8,000	
6. Accrued corporate taxes, etc.	6,083		7,574		8,082	
7. Allowance for bonuses	202		243		201	
8. Other	8,300		11,218		8,771	
Total current liabilities	160,317	33.9	123,470	24.4	128,936	27.7
. Non-current liabilities						
1. Corporate bonds	52,860		60,000		52,740	
2. Long-term debt	153,876		200,701		170,092	
3. Deferred tax liabilities	773		1,549		1,372	
4. Allowance for employees retirement benefits	60				25	
5. Allowance for executive bonuses	152				163	
6. Other	684		323		506	
Total non-current liabilities	208,407	44.1	262,575	52.0	224,900	48.3
Total liabilities	368,725	78.0	386,046	76.4	353,836	76.0
(Minority interests)						
Minority interests	10,222	2.1	10,940	2.2	10,188	2.2
(Shareholders' equity)						
. Common stock	15,466	3.3	15,466	3.1	15,466	3.3
. Capital surplus	17,046	3.6	17,048	3.4	17,046	3.6
. Retained earnings	59,136	12.5	73,156	14.5	67,463	14.5
. Net unrealized gains on other marketable securities	2,243	0.5	3,271	0.6	2,709	0.6
. Exchange rate adjustment allowance	61	0.0	(876)	(0.2)	(936)	(0.2)
. Treasury stock	(45)	(0.0)	(62)	(0.0)	(55)	(0.0)
Total shareholders' equity	93,908	19.9	108,003	21.4	101,694	21.8
Total of liabilities, minority interests and shareholders' equity	472,857	100.0	504,990	100.0	465,719	100.0

2. Consolidated Statements of Income

(Millions of yen)

Term Item	For the six months ended August 20, 2003		For the six months ended August 20, 2004		For the fiscal year ended February 20, 2004	
	Amount	% of the total	Amount	% of the total	Amount	% of the total
. Operating revenue	51,907	100.0	58,682	100.0	109,389	100.0
1. Credit card shopping	9,726		11,808		21,005	
2. Hire purchase	3,330		2,812		6,422	
3. Income from direct cash loans	34,993		40,507		72,958	
4. Income from service fees	1,623		1,414		3,128	
5. Amortized debt income	381		453		833	
6. Other	1,829		1,679		5,010	
7. Financial income Interest received	21		5		30	
. Operating expenses	39,614	76.3	44,287	75.5	78,886	72.1
1. Selling, general and administrative expenses	36,384		41,369		72,713	
2. Financial expenses	3,230		2,918		6,173	
Operating income	12,292	23.7	14,395	24.5	30,502	27.9
. Non-Operating income	89	0.2	151	0.3	153	0.1
1. Dividends received	41		69		55	
2. Amortization of consolidated adjustment account	8		8		17	
3. Proceeds from insurance claims	14		1		27	
4. Valuation gain on interest-rate swaps	11		62		19	
5. Income from equity-method investment			3		4	
6. Other	13		5		30	
. Non-Operating expense	37	0.1	60	0.1	118	0.1
1. Exchange loss			14		19	
2. Loss on equity-method investments	6					
3. Loss on retirement of fixed assets	2		10		6	
4. Office removal expenses	2		18		13	
5. Other	27		17		78	
Ordinary Income	12,343	23.8	14,486	24.7	30,537	27.9

(Millions of yen)

<div>Term</div> <div>Item</div>	For the six months ended August 20, 2003		For the six months ended August 20, 2004		For the fiscal year ended February 20, 2004	
	Amount	% of the total	Amount	% of the total	Amount	% of the total
. Extraordinary Income					108	0.1
Gain on software retirement					108	
. Extraordinary Losses			146	0.3	354	0.3
1. Loss on change of system of retirement benefits			144			
2. Loss on software retirement					282	
3. Valuation loss on investment securities			1		32	
4. Other					39	
Income before income taxes and other deductions	12,343	23.8	14,399	24.4	30,292	27.7
Corporate, resident and enterprise taxes	6,124		7,180		13,349	
Adjustment for corporate taxes and other factors	(1,074)	9.7	(1,470)	9.7	(1,083)	11.2
Minority interest income	748	1.5	1,051	1.8	1,846	1.7
Net income	6,544	12.6	7,578	12.9	16,179	14.8

3. Consolidated Statements of Cash Flows

(Millions of yen)

Term Item	For the six months ended August 20, 2003	For the six months ended August 20, 2004	For the fiscal year ended February 20, 2004
	Amount	Amount	Amount
. Cash flows from operating activities			
Income before income taxes and minority interests	12,343	14,339	30,292
Depreciation and amortization	1,793	1,601	3,402
Amortization of excess of net assets acquired over cost	(8)	(8)	(17)
Increase in reserve for possible credit losses	10,794	12,281	14,611
Decrease in reserve for employee retirement benefits	(3)	(42)	(38)
Increase in prepaid pension expenses		(152)	
Unrealized gain on interest-rate swaps	(11)	(62)	(19)
Dividend income	(41)	(69)	(55)
Loss on equity-method investments	6		
Gain on equity-method investment		(3)	(4)
Loss on software retirement			282
Amortization of bond issuance expenses	65	64	65
Decrease (increase) in credit card and hire purchase receivables	(15,619)	(14,850)	13,192
Increase in operating loans	(25,980)	(29,088)	(50,526)
Increase in other current assets	(745)	(3,915)	(4,901)
Increase (decrease) in accounts payable	3,137	(5,561)	11,478
Increase in other current liabilities	1,927	2,147	2,143
Bonuses paid to directors	(56)	(54)	(56)
Other	332	(16)	338
Subtotal	(12,065)	(23,392)	20,188
Dividends received	41	69	55
Corporate taxes paid	(6,660)	(7,682)	(11,853)
Net cash used in operating activities	(18,684)	(31,005)	8,390
. Cash flows from investing activities			
Payments for acceptance of term deposits	(1,700)		(1,723)
Proceeds from disbursements for term deposits	1,715	79	3,298
Payments for acquisition of tangible fixed assets	(552)	(684)	(1,014)
Proceeds from sale of tangible fixed assets	711	2	703
Payments for acquisition of intangible fixed assets	(791)	(1,534)	(1,371)
Proceeds from sale of intangible fixed assets			108
Payments for acquisition of investment securities	(1,001)		(1,001)
Proceeds from sale of investment securities		1	
Other	(68)	(238)	(194)
Net cash used in investing activities	(1,688)	(2,374)	(1,193)

(Millions of yen)

Term Item	For the six months ended August 20, 2003	For the six months ended August 20, 2004	For the fiscal year ended February 20, 2004
	Amount	Amount	Amount
. Cash flows from financing activities			
Net increase (decrease) in short-term loans	1,025	(1,540)	30
Net increase (decrease) in commercial paper	(3,000)	(8,000)	(18,000)
Proceeds from long-term debt	26,588	57,096	57,792
Repayment of long-term debt	(15,299)	(20,542)	(52,272)
Proceeds from issuance of corporate bonds	9,934	9,935	9,934
Increase (decrease) in treasury stock	(29)	(5)	(39)
Dividends paid	(1,426)	(1,830)	(2,734)
Dividends paid to minority shareholders	(344)	(381)	(597)
Net cash provided by financing activities	17,447	34,730	(5,887)
. Translation adjustments for cash and cash equivalents	44	(47)	(271)
. Net increase (decrease) in cash and cash equivalents	(2,880)	1,303	1,037
. Cash and cash equivalents at beginning of year	14,882	15,919	14,882
. Cash and cash equivalents at end of period	12,001	17,223	15,919

Report of Non-Consolidated Financial Results
(For the Interim Period of Fiscal 2004, Ended August 20, 2004)

October 5, 2004

Registered Company Name:	AEON Credit Service Co., Ltd.
Stock Listing:	Tokyo Stock Exchange, First Section
Code No:	8570
Head Office:	Tokyo
President and C.E.O:	Yoshiki Mori
Contact:	Tatsuya Saito, Managing Director and Head of Finance and Accounting
URL:	http://www.aeoncredit.co.jp/aeon/eng
Telephone:	+81-3-5281-2057
Board of Directors' Meeting to Approve Financial Results:	October 5, 2004
Interim Dividend:	Yes
Commencement of Interim Dividend Payment:	October 19, 2004
Minimum Trading Unit:	100 shares

1. Business Performance (For the six months ended August 20, 2004 and 2003, and the year ended February 20, 2004)

(1) Non-Consolidated Results of Operations

(Millions of yen truncated to the nearest million, %)

	Operating Revenue	Change	Operating Income	Change	Ordinary Income	Change
Interim Period ended Aug. 20, 2004	¥45,299	15.6%	¥11,519	12.8%	¥11,988	12.8%
Interim Period ended Aug. 20, 2003	39,185	10.2%	10,209	6.8%	10,632	7.6%
Fiscal 2003 ended Feb. 20, 2004	83,090		25,533		26,141	

	Net Income	Change	Net Income per Share (Yen)
Interim Period ended Aug. 20, 2004	¥6,811	12.6%	¥131.56
Interim Period ended Aug. 20, 2003	6,109	9.5%	116.78
Fiscal 2003 ended Feb. 20, 2004	14,870		283.39

Notes:

- The average number of shares outstanding was 52,307,833 in the interim period of fiscal 2004, ended August 20, 2004, 52,314,656 in the interim period of fiscal 2003, ended August 20, 2003, and 52,312,043 in fiscal 2003, ended February 20, 2004.
- No amendments were made to accounting procedures.
- Percentage changes for operating revenue, operating income, ordinary income and net income indicate increases or decreases relative to the previous year.
- Trading volume in the six months ended August 20, 2004 was ¥806,864 million, up 14.4%, compared with the previous year. Trading volume in the six months ended August 20, 2003 was ¥705,012 million, up 16.2%, compared with the previous year. Trading volume in the year ended February 20, 2004 was ¥1,487,899 million, up 15.3%, compared with the previous year.

(2) Dividends

	Dividends per Share	
	Interim (Yen)	Annual (Yen)
Interim Period ended Aug. 20, 2004	¥30.00	_____
Interim Period ended Aug. 20, 2003	25.00	_____
Fiscal 2003 ended Feb. 20, 2004	_____	60.00

(3) Financial Position

(Millions of yen truncated to the nearest million)

	Total Assets	Total Shareholder's Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share (Yen)
Interim Period ended Aug. 20, 2004	¥411,618	¥97,758	23.7%	¥1,868.92
Interim Period ended Aug. 20, 2003	386,238	84,413	21.9%	1,613.70
Fiscal 2003 ended Feb. 20, 2004	380,463	92,261	24.2%	1,762.92

Notes:

- The number of shares of common stock outstanding was 52,307,581 as of August 20, 2004, 52,310,493 as of August 20, 2003 and 52,308,492 as of February 20, 2004.
- The number of shares held by the Company as treasury stock was 14,755 as of August 20, 2004, 11,843 as of August 20, 2003, and 13,844 as of February 20, 2004.

2. Non-Consolidated Results Forecast (For the year ending February 20, 2005)

(Millions of yen truncated to the nearest million, %)

Fiscal 2004	Operating Revenue	Operating Income	Ordinary Income	Net Income	Dividends per Share	
					Year-End (Yen)	Annual (Yen)
Full term	¥94,500	¥28,500	¥29,200	¥16,600	¥35.00	¥65.00
Change	13.7%	11.6%	11.7%	11.6%		

Note:

Full-term trading volume in the year ending February 20, 2005 is forecast at ¥1,690,000 million, an increase of 13.6%, compared with the corresponding period in the previous year.

For Reference:

Net income per share for the full year ending February 20, 2005 is forecast at ¥316.47. (Based on the average number of shares outstanding for the full-term being 52,307,000)

Results forecasts above are based on management's assumptions using information available at the time of publication. Owing to various factors, actual results may differ from these projections.

【 Non-Consolidated Financial Statements 】

1. Non-Consolidated Balance Sheets

(Millions of yen)

Term Item	As of August 20, 2003		As of August 20, 2004		As of February 20, 2004	
	Amount	% of the total	Amount	% of the total	Amount	% of the total
(Assets)						
. Current assets						
1. Cash and cash equivalents	8,005		13,421		11,613	
2. Credit card and hire purchase total	112,209		96,769		84,882	
3. Credit card and other loans total	241,349		273,660		257,164	
4. Prepayments	1,259		1,255		1,308	
5. Prepaid expenses	285		231		263	
6. Deferred tax assets	3,008		4,499		3,200	
7. Other receivables	1,670		6,812		5,789	
8. Accrued income	3,257		3,392		3,451	
9. Other	5,160		4,400		4,470	
Allowance for possible credit losses	(9,145)		(13,314)		(10,584)	
Total current assets	367,061	95.0	391,129	95.0	361,559	95.0
. Non-current assets						
1. Property, plant and equipment						
(1) Buildings	300		370		299	
(2) Vehicles and transport equipment	4		3		4	
(3) Tools	3,460		2,384		2,770	
Total property, plant and equipment	3,766	1.0	2,758	0.7	3,074	0.8
2. Intangible fixed assets						
(1) Software	1,957		2,558		1,668	
(2) Telephone line rights	53		37		38	
Total intangible fixed assets	2,011	0.5	2,596	0.6	1,706	0.5
3. Investments and other assets						
(1) Investment securities	11,234		12,748		11,914	
(2) Long-term prepaid expenses	98		108		158	
(3) Prepaid pension expenses			152			
(4) Guarantee money deposited	1,852		1,956		1,874	
(5) Other	213		168		176	
Total investments and other assets	13,399	3.5	15,134	3.7	14,123	3.7
Total non-current assets	19,177	5.0	20,489	5.0	18,904	5.0
Total assets	386,238	100.0	411,618	100.0	380,463	100.0

<div>Term</div> <div>Item</div>	As of August 20, 2003		As of August 20, 2004		As of February 20, 2004	
	Amount	% of the total	Amount	% of the total	Amount	% of the total
(Liabilities)						
. Current liabilities						
1. Cash and deposits	38,698		41,422		47,124	
2. Short-term loans	6,083		6,601		5,860	
3. Current portion of long-term debt	42,700		26,300		17,700	
4. Commercial paper	23,000				8,000	
5. Accrued debt	4,471		5,409		3,621	
6. Accrued expenses	1,141		1,302		1,107	
7. Accrued corporate taxes, etc.	5,644		6,373		7,274	
8. Unearned income	271		267		272	
9. Deposits received	264		1,221		1,148	
10. Allowance for bonuses	147		156		151	
11. Other	333		278		361	
Total current liabilities	122,756	31.8	89,331	21.7	92,622	24.4
. Non-current liabilities						
1. Corporate bonds	50,000		60,000		50,000	
2. Long-term debt	128,200		163,300		144,500	
3. Deferred tax liabilities	655		1,227		890	
4. Allowance for employees retirement benefits	60				25	
5. Allowance for executive bonuses	152				163	
Total non-current liabilities	179,068	46.3	224,527	54.6	195,579	51.4
Total liabilities	301,825	78.1	313,859	76.3	288,201	75.8
(Shareholders' equity)						
. Common stock	15,466	4.0	15,466	3.7	15,466	4.0
. Capital surplus	17,046	4.4	17,048	4.1	17,046	4.5
1. Additional paid-in capital	1,7046		17,046		17,046	
2. Other capital surplus	0		1		0	
. Retained earnings	49,717	12.9	62,175	15.1	57,170	15.0
1. Legal reserve	3,687		3,687		3,687	
2. Voluntary reserve	30,086		40,066		30,086	
3. Unappropriated retained earnings	15,943		18,421		23,396	
. Net unrealized gains on other marketable securities	2,228	0.6	3,131	0.8	2,633	0.7
. Treasury stock	(45)	(0.0)	(62)	(0.0)	(55)	(0.0)
Total shareholders' equity	84,413	21.9	97,758	23.7	92,261	24.2
Total of liabilities and shareholders' equity	386,238	100.0	411,618	100.0	380,463	100.0

2. Non-Consolidated Statements of Income

(Millions of yen)

<div> <div>Term</div> <div>Item</div> </div>	For the six months ended August 20, 2003		For the six months ended August 20, 2004		For the fiscal year ended February 20, 2004	
	Amount	% of the total	Amount	% of the total	Amount	% of the total
. Operating revenue	39,185	100.0	45,299	100.0	83,090	100.0
1. Credit card shopping	8,414		10,280		18,107	
2. Hire purchase	15		9		26	
3. Income from direct cash loans	27,758		32,511		58,061	
4. Income from service fees	1,627		1,419		3,137	
5. Other income	1,369		1,078		3,757	
6. Financial income	0		0		0	
. Operating expenses	28,976	73.9	33,780	74.6	57,557	69.3
1. Selling, general and administrative expenses	27,442		32,241		54,536	
2. Financial expenses	1,534		1,538		3,021	
Operating income	10,209	26.1	11,519	25.4	25,533	30.7
. Non-Operating income	455	1.1	516	1.1	711	0.9
. Non-Operating expense	31	0.1	46	0.1	103	0.1
Ordinary Income	10,632	27.1	11,988	26.4	26,141	31.5
. Extraordinary Losses			146	0.3	320	0.4
Income before income taxes and other deductions	10,632	27.1	11,842	26.1	25,820	31.1
Corporate, resident and enterprise taxes	5,596		6,260		12,253	
Adjustment for corporate taxes and other factors	(1,073)	11.5	(1,299)	10.9	(1,304)	13.2
Net income	6,109	15.6	6,881	15.2	14,870	17.9
Balance brought forward	9,833		11,539		9,833	
Interim dividends					1,307	
Unappropriated income at end of period	15,943		18,421		23,396	