

# Summary Report of Interim Financial Results for the Fiscal Year Ending February 28, 2009



October 8, 2008

Listed company name **AEON Delight Co., Ltd.**

Listed exchanges: First Section of Tokyo Stock Exchange and Osaka Securities Exchange

Stock code 9787

(URL [http : //www.aeondelight.co.jp](http://www.aeondelight.co.jp))

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Planned date for filing interim securities report ("Hanki Hokokusho") November 21, 2008

Planned starting date for dividend payment: November 14, 2008

(Amounts have been rounded down to the nearest million yen.)

## 1. Consolidated Results for the Interim Period Ended August 31, 2008 (from March 1, 2008 to August 31, 2008)

### (1) Consolidated Operating Results

(Percentages represent changes over the previous interim period.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2008	73,265	8.1	5,073	28.9	4,979	29.9	2,702	29.9
Six months ended August 31, 2007	67,766	42.9	3,935	78.3	3,833	75.1	2,080	74.5
Year ended February 29, 2008	137,519	—	8,330	—	8,186	—	4,379	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended August 31, 2008	68.12	68.08
Six months ended August 31, 2007	104.87	—
Year ended February 29, 2008	110.39	—

(Reference) Equity in earnings (losses) of unconsolidated subsidiaries and affiliates

	Six months ended August 31, 2008:	6 million yen	Six months ended August 31, 2007:	- million yen	Year ended February 29, 2008:	- million yen
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Note: AEON Delight implemented a two-for-one stock split effective December 1, 2007. Retroactive adjustments made to per-share data as a result of the stock split are shown on page 3.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2008	50,087	25,053	49.9	629.71
As of August 31, 2007	49,094	20,752	42.3	1,046.23
As of February 29, 2008	47,418	22,488	47.4	566.87

(Reference) Shareholders' equity

	As of August 31, 2008:	24,980 million yen	As of August 31, 2007:	20,752 million yen	As of Feb. 29, 2008:	22,488 million yen
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Note: AEON Delight implemented a two-for-one stock split effective December 1, 2007. Retroactive adjustments made to per-share data as a result of the stock split are shown on page 3.

### (3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended August 31, 2008	3,906	-1,664	-2,646	7,255
Six months ended August 31, 2007	2,711	-673	-3,096	8,410
Year ended February 29, 2008	6,472	-2,190	-6,094	7,657

### 2. Dividends

(Record Date)	Dividends per Share		
	End of interim period	Year-end	Annual
Year ended February 29, 2008	Yen 15.00	Yen 10.00	Yen 25.00
Year ending February 28, 2009	10.00		
Year ending February 28, 2009 (Forecast)		10.00	20.00

Note: AEON Delight implemented a two-for-one stock split effective December 1, 2007. The amounts of interim and annual dividends for the fiscal year ended February 29, 2008, if computed assuming that the stock split took place at the beginning of the previous fiscal year, are 7.50 yen and 17.50 yen per share, respectively.

### 3. Forecast of Consolidated Results for the Year Ending February 28, 2009 (from March 1, 2008 to February 28, 2009)

(Percentages represent changes over the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	147,000	6.9	9,900	18.8	9,750	19.1	5,150	17.6	129	82

### 4. Other Remarks

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): Not applicable

(2) Changes in accounting principles and procedures, and in the methods of presentation used in the preparation of interim consolidated financial statements (those to be described in the section "Changes in Significant Items that Constitute the Basis for Preparing Interim Consolidated Financial Statements")

i. Changes related to revisions of accounting standards, etc.: Not applicable

ii. Changes other than those described in "i": Not applicable

### (3) Number of shares outstanding (common stock)

i. Number of shares outstanding at end of period (including treasury stock)

As of August 31, 2008: 41,400,000 shares      As of August 31, 2007: 20,700,000 shares      As of Feb. 29, 2008: 41,400,000 shares

ii. Number of treasury shares at end of period

As of August 31, 2008: 1,729,519 shares      As of August 31, 2007: 864,525 shares      As of February 29, 2008: 1,729,240 shares

Notes: 1) For information on the number of shares based on which (consolidated) net income per share is computed, please refer to the "Per-share Information" section on page 31.

2) AEON Delight implemented a two-for-one stock split effective December 1, 2007 based on the resolution made at the Board of Directors meeting held on November 9, 2007.

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Results for the Interim Period Ended August 31, 2008 (from March 1, 2008 to August 31, 2008)

(1) Non-consolidated Operating Results

(Percentages represent changes over the previous interim period.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2008	71,090	8.2	4,971	28.8	4,943	29.9	2,752	29.2
Six months ended August 31, 2007	65,698	140.0	3,860	238.6	3,806	242.4	2,130	245.2
Year ended February 29, 2008	133,427	—	8,141	—	8,045	—	4,405	—

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended August 31, 2008	69.38	69.34
Six months ended August 31, 2007	107.40	—
Year ended February 29, 2008	111.04	—

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2008	49,513	25,204	50.8	633.53
As of August 31, 2007	48,686	20,881	42.9	1,052.72
As of February 29, 2008	46,851	22,591	48.2	569.49

(Reference) As of August 31, 2008: 25,132 million yen As of August 31, 2007: 20,881 million yen As of February 29, 2008: 22,591 million yen  
Shareholders' equity

\* Information concerning proper usage of the financial forecast and other special remarks;

The performance forecast described in this report is based on the information available at the time of publication of this document. Actual results may differ from the forecast due to various factors that may arise in the future.

(Reference) Retroactive adjustments made to per-share data as a result of a stock split:

AEON Delight implemented a two-for-one split of the company's common stock effective December 1, 2007 based on the resolution made at the Board of Directors meeting held on November 9, 2007.

Per-share data, assuming that the stock split took place at the beginning of the previous fiscal year, are as follows:

(Consolidated)

	Net Income per Share	Diluted Net Income per Share	Net Assets per Share
	Yen	Yen	Yen
Interim period ended/as of August 31, 2007	52.43	—	523.12

(Non-consolidated)

	Net Income per Share	Diluted Net Income per Share	Net Assets per Share
	Yen	Yen	Yen
Interim period ended/as of August 31, 2007	53.70	—	526.36

## 1. Results of Operations

### (1) Analysis of Operating Results

#### 〈Summary of consolidated results for the first six months〉

During the 6-month period (from March 1, 2008 to August 31, 2008), the economic environment was clouded further by the worldwide business slowdown and corporate credit contraction arising from the sub-prime loan problem, slumping corporate earnings under pressure from crude oil and material price escalation, and sluggish personal consumption. Against this backdrop, the AEON Delight Group was compelled to face a relentlessly harsh business environment, due particularly to the downturn in the real estate/construction industry and the retail industry. These factors made AEON Delight Group's customers more conscious of the need for cost reductions. As a result, this sometimes led to delays in investment in buildings and construction equipment. Meanwhile, social needs for "security and safety" including "food safety" increased in the wake of repeated corporate scandals such as deceptive origin labeling and falsified manufacturing dates for food products. There were also crimes targeting food products including mixing of harmful materials. Accordingly, addressing these problems became an important management issue for the industries and businesses involved.

Under these circumstances, the AEON Delight Group have been driving "Growth Management" and "Quality Management" in concert as the two wheels of management, and achieved the following results for the first six months.

Change in Consolidated Performance	35 <sup>th</sup> Term Interim Results	36 <sup>th</sup> Term Interim Results (Interim period of current fiscal year)	Change (millions of yen)	% versus interim period of the previous fiscal year
Net sales	67,766	73,265	5,498	108.1
Operating income (millions of yen)	3,935	5,073	1,138	128.9
Ordinary income (millions of yen)	3,833	4,979	1,145	129.9
Net income (millions of yen)	2,080	2,702	622	129.9

Results by Business Segment	35 <sup>th</sup> Term Interim Net Sales (millions of yen)	36 <sup>th</sup> Term Interim Net Sales (Interim period of current fiscal year) (millions of yen)	Change (millions of yen)	% versus interim period of the previous fiscal year
Facility management	19,153	20,912	1,759	109.2
Security	16,915	18,255	1,339	107.9
Cleaning	20,258	20,684	426	102.1
Construction work	9,904	10,496	591	106.0
Total building management	66,232	70,348	4,116	106.2
Other operations	1,533	2,916	1,382	190.2
Total	67,766	73,265	5,498	108.1

As for business expansion outside the AEON Group, various new customers signed contracts to receive the services of the AEON Delight Group, including commercial facilities, national hotel chains, distribution centers, office buildings, and sports facilities. In addition, contracts to provide services for the National Confectionery Expo (Himeji City, Hyogo Prefecture), and Akashi Citizen's Festival (Akashi City)

expanded the range of AEON Delight customers in the area of security services for events.

In bidding for public works, meanwhile, in an attempt to place emphasis on profitability, AEON Delight participated only in bids in which a good balance between price and quality existed and won a large number of contracts including some under the designated manager system.

As for business with AEON Group companies, AEON Delight received orders from newly opened large-scale commercial facilities, AEON Supercenters and Maxvalu stores, including AEON Sendai Izumiosawa SC, AEON Ohtaka SC, AEON Nayoro SC, AEON Oyumino SC, AEON Ayakawa SC, AEON Kamisato SC, and AEON Kurihama SC. In addition, contracts newly concluded by customers inside and outside the AEON Group during the previous fiscal year, especially the contract to provide Daiei Inc.'s 196 stores principally with facility management and security services starting in October 2007 contributed to the results for the first six months.

Regarding strategies in overseas markets, the project to open "AEON Beijing International Mall Shopping Center (Beijing, China)" is now in the final stage of preparations. The AEON Group has been making concerted efforts to ensure the success of this project with its base in AEON Delight (BEIJING) Co., Ltd (commonly known as AEON Delight Beijing), which was formed in November 2007 as a wholly-owned subsidiary of AEON Delight Co., Ltd. ("AEON Delight" or the "Company").

In addition to integrated management services for commercial facilities, the AEON Delight Group was also commissioned to provide services to the AEON Group companies in the field of construction work, including the installation of ATMs (automatic teller machines), security cameras, etc., and interior finishing work in in-store branches for the opening of AEON BANK LTD., the AEON Group's newly created business unit.

In the meantime, AEON Delight established "Innovation Division" as a way to step up its efforts to industrialize maintenance businesses through innovation. The Company also set up a "CO2 Reduction Department" in the headquarters to improve its capacity to propose CO2 reduction measures to its customers including the AEON Group companies. The creation of these units demonstrates the Company's commitment to addressing environmental issues that are of increasing global concern, and contributing to the reduction of CO2 emissions across the entire AEON Group, which has been undertaking various initiatives to bring about the creation of a recycling society. In this context, these units are now working to promote the use of environment-friendly lighting fixtures in AEON Group stores.

Turning to the organizational reforms implemented during the first six-month period, the structure of the branches and operation centers that interface directly with customers was improved to create a more community- and customer-based service system. Specifically, reorganization was carried out to increase the number of branches and operation centers from 42 to 55 and from 469 to 480, respectively.

In addition, as part of the same organizational reforms, the Company set up an inspection team in the QMS Department with a view to quality management, and an inspection of the contracted facilities across the nation is currently underway in order to examine the quality of services. By collecting the issues detected through the inspection and sending them to the central control center of the Risk Management Division for analysis and verification, the Company aims to prepare effective measures to deal with potential and future problems, and seeks to create even greater "security and safety."

## **<Results by Business Segment>**

### **• Building Management**

Net sales of the Building Management segment, which provides such services as facility management, security, cleaning and construction work, increased as planned to 70,348 million yen (106.2% versus the

previous interim period) as a result of the new contracts signed by customers inside and outside the AEON Group.

The above net sales were made up of 20,912 million yen (109.2%) from facility management, 18,255 million yen from security services (107.9%), 20,684 million yen (102.1%) from cleaning, and 10,496 million yen (106.0%) from construction work.

▪ **Other operations**

Net sales of other operations increased to 2,916 million yen (190.2% versus the previous interim period) due to an increase resulting from a partial review of business segmentation and strong orders for services incidental to store operation management and services for relocation of consolidated subsidiaries and document management.

**<Full-year outlook and issues to be addressed>**

In terms of the full-year outlook, we predict that capital investment will be postponed and orders for repair and maintenance works will decline. It also seems likely that the worsening business climate will call for further cost reductions. Given these factors, the business environment surrounding the AEON Delight Group is expected to be extremely severe.

Against this backdrop, the AEON Delight Group, on a critical mission to “protect the valuable assets of customers,” will thoroughly examine its operations from the standpoints of compliance and “security and safety” of facilities themselves, and also provide customers with professional advice.

Forecast full-year earnings taking the above factors and the interim results into account are as follows.

(Consolidated earnings forecast for the year ending February 28, 2009) (Unit: millions of yen)

Account	Previous forecast (A)	Revised forecast (B)	Change (B – A)	% Change	Results of previous fiscal year	Change from previous fiscal year	% versus previous fiscal year
Net sales	145,000	147,000	2,000	1.4	137,519	9,480	6.9
Operating income	9,100	9,900	800	8.8	8,330	1,569	18.8
Ordinary income	9,000	9,750	750	8.3	8,186	1,563	19.1
Net income	4,600	5,150	550	12.0	4,379	770	17.6

In order to realize the above earnings forecast, we will reinforce our efforts in the following areas.

▪ **Identify the needs of customers accurately and ensure that we win new contracts:**

We aim to increase the number of new orders from large-scale commercial facilities and other buildings outside the AEON Group, and at the same time, ensure that we win new contracts with AEON Group stores to be opened in the latter half of this fiscal year. We will do this by precisely identifying the needs of customers, and offering solutions from the standpoints of security, safety, comfort and cleanliness.

▪ **Reexamine the cleaning business and establish a new business model for cleaning services:**

We are more firmly committed to the cleaning business as one of the priorities for this fiscal year, and aim to realize higher operational efficiency and reasonable cost levels by reexamining our cleaning business and its cost structure from the perspectives of “industrialization” and “productivity,” and establishing our own new business model for cleaning services.

▪ **Implement M&A targeting enterprises that espouse philosophies we can share:**

Among building maintenance businesses which are highly labor-intensive with considerable personnel costs, we seek to transform ourselves from a maintenance “service” provider into an “industry” by introducing a “scientific viewpoint” and “innovation.”

We seek to develop partnerships including capital affiliations with enterprises that also espouse the same philosophy.

As part of the efforts mentioned above, we, as announced on September 18, 2008, acquired 40% of the outstanding shares in KANKYO SEIBI, Ltd. on October 1. KANKYO SEIBI has been providing community-based services, mainly in the Kanto, Tohoku, and Hokkaido regions. The share acquisition will allow us to gain increasing “dominance” in these regions, and improve the corporate value of the AEON Delight Group including this newly affiliated company.

▪ **Operate contracted services in Beijing, China efficiently and develop the next strategies to be employed in Asian markets:**

We carry out contracted services in the AEON Beijing International Mall Shopping Center to be opened this autumn, and are preparing to launch our services in Shandong Province and the surrounding regions as the next step. We are also in the process of considering our business development in other parts of China and Southeast Asia from various angles.

▪ **Promote development of new products with a lower environmental load**

In order to contribute to a reduction in the environmental load, we aim to develop and roll out a wide range of environmentally conscious products, including the introduction of an LED guide panel, an environmentally conscious product introduced into AEON Group stores on a test basis, into other stores. Based on such approaches and experiences, we intend to take a proactive approach and offer suggestions on how to reduce the environmental load associated with the existing AEON and non-AEON Group buildings across the nation. We will also proceed with our research and development activities with a view to the development of next-generation lighting systems that replace conventional lighting.

▪ **Reinforce human resources development and establish foundations:**

For AEON Delight, human resources are the ultimate assets, and we see training as our top priority. At present, we are implementing technical training programs at our own technical training center. However, in order to enhance our training programs, and establish a system for developing a “specialist group,” we are planning to construct new training and research facilities in Nagahama City, Shiga Prefecture in the next fiscal year. These facilities are designed to “relentlessly pursue excellence in service quality” and “completely pursue excellence in productivity.” Through our activities in these facilities, we will contribute to preserving the environments surrounding AEON Delight and our customers’ facilities, and the environment across the globe.

## **(2) Analysis of Financial Position**

### **<Summary of consolidated financial position>**

#### **(Total assets)**

Total assets at the end of the interim period increased by 2,669 million yen (5.6%) compared with the balance at the end of the previous fiscal year, to 50,087 million yen. Major factors contributing to the increase included a decrease of 402 million yen in cash and deposits, an increase of 1,513 million yen in notes and accounts receivable resulting from higher sales, an increase of 1,500 million yen in deposits for consumption paid to affiliated companies, and a decrease of 424 million yen in goodwill due to amortization.

#### **(Liabilities)**

Total liabilities at the end of the interim period increased by 104 million yen (0.4%) compared with the balance at the end of the previous fiscal year, to 25,034 million yen. Major factors contributing to the increase were an increase of 2,189 million yen in notes and accounts payable, and a decrease of 2,250 million yen in liabilities (loan obligations) from assigned future receivables due to repayment.

#### **(Net assets)**

Net assets at the end of the interim period increased by 2,564 million yen (11.4%) compared with the balance at the end of the previous fiscal year, to 25,053 million yen. Major factors contributing to the increase were an increase of 2,702 million yen in retained earnings by posting net income for the 6 months, a decrease of 396 million yen in retained earnings due to dividend payments, and an increase of 185 million yen in net unrealized holding gains on marketable securities.

### **<Summary of consolidated cash flows for the interim period>**

The balance of cash and cash equivalents (hereinafter referred to as "cash") at the end of the interim period decreased by 402 million yen compared with the balance at the end of the previous fiscal year, to 7,255 million yen (a decrease of 1,058 million yen in the previous fiscal year). The decrease in the cash balance resulted from: the repayment of liabilities (loan obligations) from assigned future receivables amounting to 2,250 million yen, income tax payments totaling 2,579 million yen, an increase of 1,458 million yen in trade receivables, payment/return of deposits for consumption to/from affiliates amounting to 1,500 million yen, although the impact of these items was partially offset by net income before income taxes of 4,863 million yen and an increase of 2,189 million yen in trade payables

Cash flows for the six months and their underlying factors are summarized below.

#### **(Cash flows from operating activities)**

Net cash provided by operating activities in the interim period ended August 31, 2008 was 3,906 million yen (an increase of 44.1% versus the interim period ended August 31, 2007). The main factors behind this increase included: the posting of net income before income taxes of 4,863 million yen, retained earnings from goodwill amortization of 424 million yen, a decrease of 1,458 million yen in trade receivables, an increase of 2,189 million yen in trade payables, a decrease of 555 million yen in other accounts payable, and income tax payments of 2,579 million yen.

#### **(Cash flows from investing activities)**

Net cash used in investing activities in the interim period was 1,664 million yen (an increase of 147.2% compared with the previous interim period), resulting primarily from such factors as an outflow of 138 million yen for purchase/sale of tangible fixed assets, an expenditure of 80 million yen for purchase of intangible fixed assets, and an outflow of 1,500 million yen for payment/return of deposits for consumption to/from affiliates.

#### **(Cash flows from financing activities)**

Net cash used in financing activities in the interim period was 2,646 million yen (a decrease of 14.5% versus the previous interim period). Main factors contributing to the decrease included repayment of liabilities (loan obligations) from assigned future receivables amounting to 2,250 million yen, and dividend payments of 396 million yen.

Changes in cash flow indicators are shown below.

	Six months ended August 31, 2007	Six months ended August 31, 2008	Year ended February 29, 2008
Shareholders' equity ratio (%)	42.3	49.9	47.4
Shareholders' equity ratio based on market value (%)	165.7	182.6	182.8
Ratio of interest-bearing debts to cash flows (times)	1.6	0.5	0.9
Interest coverage ratio	—	—	—

Note: The above indicators are calculated based on data from the consolidated financial statements using the following formulas:

- Shareholders' equity ratio : Shareholders' equity / Total assets
- Shareholders' equity ratio  
based on market value : Total market capitalization / Total assets  
Total market capitalization was calculated by multiplying the closing stock price at the end of the period by the total number of shares outstanding (excluding treasury stock).
- Ratio of interest-bearing debts to cash flows : Interest-bearing debts. / Operating cash flows  
(Interim: Interest-bearing debts / Operating cash flows x 2)  
Interest-bearing debts represent all debts on which interest is paid that are recorded in the interim (consolidated) balance sheets.  
Operating cash flows are the "cash flows from operating activities" reported in the interim (consolidated) statements of cash flows.
- Interest coverage ratio : Operating cash flows / Interest paid  
Interest paid represents the "interest paid" reported in the consolidated statements of cash flows.

### **(3) Basic policy on profit distribution**

#### **<Basic policy on profit distribution and dividends for the current fiscal year>**

AEON Delight's basic policy is to pay a dividend to shareholders commensurate with the Company's business performance, and at the same time, maintain a constant dividend, while ensuring a stable management foundation and improving return on equity.

The Company will pay an interim dividend of 10 yen per share as initially planned.

On a full-year basis, the Company is planning to pay a total annual dividend of 20 yen per share, comprising an interim dividend of 10 yen and a year-end dividend of 10 yen per share.

In addition, the Company will use its internal reserves to invest in growth, which is crucial to future business development, and ensure that it meets its shareholders' expectations by improving the Company's corporate value through medium and long-term growth.

## **2. Corporate Group Organization**

The AEON Delight Group is composed of AEON Delight Co., Ltd. and its 5 consolidated subsidiaries and one equity method company, and at the same time, AEON Delight Co., Ltd. itself is a member of the corporate group formed under AEON Co., Ltd., a pure holding company.

AEON Co., Ltd. became a pure holding company in August 2008, under which AEON Group's operating companies were reorganized into 11 segments (GMS (general merchandise stores), SM (supermarkets), strategic small stores, drugstores, specialty stores, integrated financial services, shopping-mall development, services, non-store operations, overseas operations, and China business). Under the new structure, the AEON Group aims to become a corporate group that responds to diversifying customer needs and environmental changes faster than any of its rivals, gains customer trust, and enjoys the patronage of customers. It will do this by reinforcing efforts to "build a new growth model for the Group," "reorganize the business structure," and "further intensify concentration and decentralization."

The AEON Delight Group is positioned as a core part of the service operations among the business segments of the AEON Group.

The AEON Delight Group is mainly engaged in the following operations:

Building management: Operations run by AEON Delight Co., Ltd., 5 consolidated subsidiaries and one equity company. (AEON Delight Security Co., Ltd. specializes in security services.)

Facility management --- Building facility maintenance/inspection/improvement

Security: Security and guards for building facilities and events

Cleaning: Environmental protection for building facilities

Construction work: Repair and other construction work for building facilities

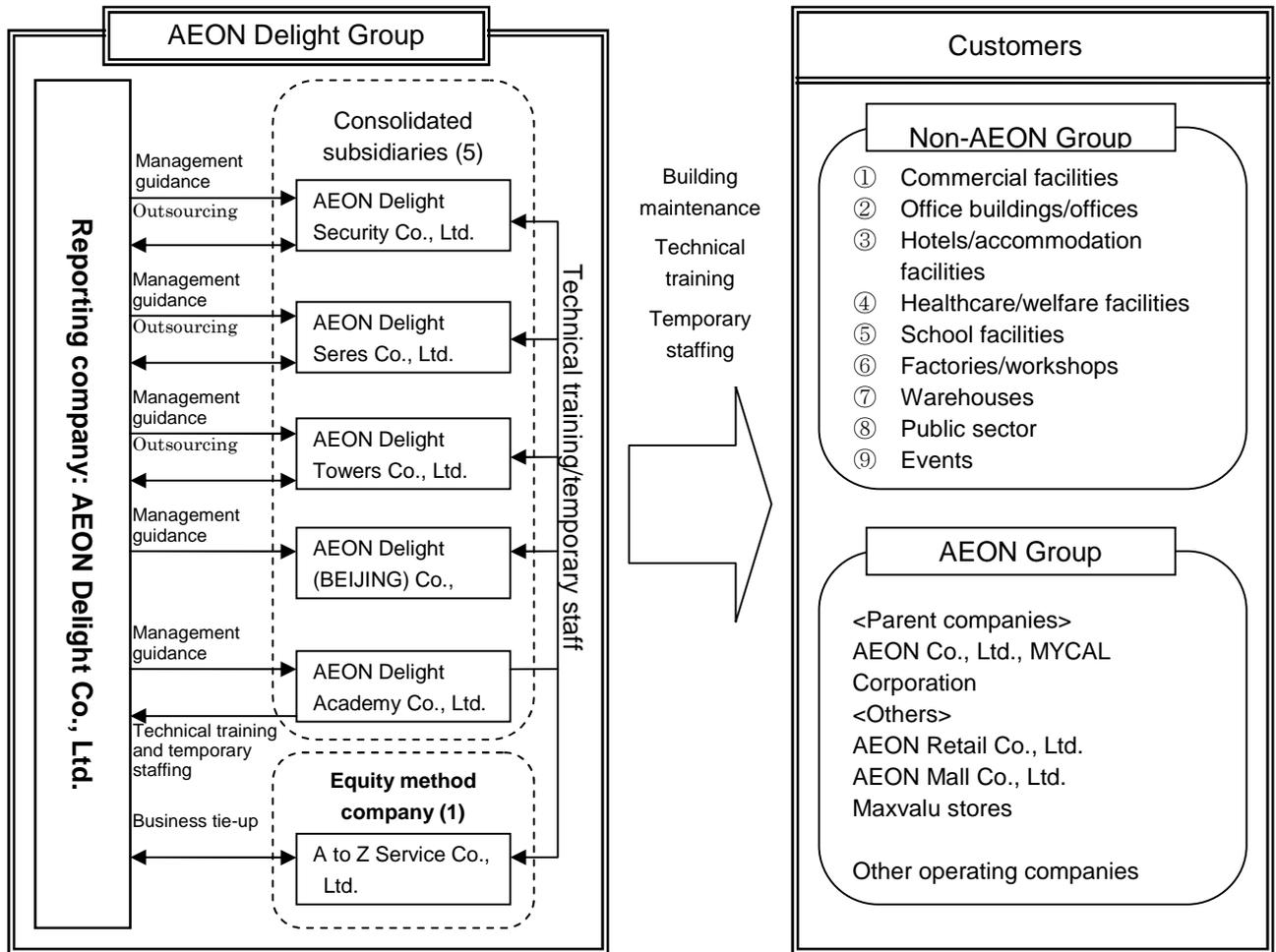
Other operations: Operations run by AEON Delight Co., Ltd. and 5 consolidated subsidiaries.

(Technical training and temporary staffing businesses are run by AEON Delight Academy Co., Ltd., and document management services are provided by AEON Delight Towers Co., Ltd.)

Other businesses: Technical training and temporary staff business, business incidental to store operations management, document management business, etc.

Business segmentation is the same as segmentation by type of business.

The business structure is shown below.



Note: AEON Delight Co., Ltd. acquired 16,000 shares (40% ownership) in KANKYO SEIBI, Ltd. on October 1, 2008.

### **3. Management Policy**

#### **(1) Basic management policy**

Since there has been no significant change from the information disclosed in the Summary Report of Consolidated Financial Statements for the Fiscal Year Ended February 28, 2007 (published on April 4, 2007), disclosure in this report is omitted.

The information disclosed in this report is available at:

<http://www.aeondelight.co.jp/> (Website of AEON Delight Co., Ltd.)

<http://www.tse.or.jp/listing/compsearch/index.html> (Website of Tokyo Stock Exchange (Listed Company Information))

#### **(2) Medium and long-term management strategies**

When the Company was renamed AEON Delight Co., Ltd. in fiscal 2006, the AEON Delight Group formulated its medium-term management plan up through fiscal 2010 (the February 2011 Term), seeking to become a company that creates “environmental value” transcending the existing framework of building maintenance services. In order to achieve the targets set out in the medium-term management plan, the AEON Delight Group has been steadily implementing three strategies, namely “growth strategy for existing businesses,” “strategy for new businesses,” and “strategy for reinforcement of management foundation.”

In the above context, the AEON Delight Group set the following quantitative targets under the medium-term management plan, in order to make its income-oriented policy widely known and ensure that it achieves the earnings targets.

#### **【AEON Delight Group’s medium-term performance targets (fiscal 2010)】**

Item	Initial 2010 targets	Revised 2010 targets (*)
Net sales	200 billion yen	Over 175 billion yen
Ordinary income	15 billion yen	15 billion yen
Net income	7.5 billion yen	7.5 billion yen

※ Figures for ordinary income and net income are middle-level target figures.

#### **(3) Issues to be addressed**

Issues to be addressed are described in the section “Analysis of Operating Results <Full-year outlook and issues to be addressed>” on page 6.

## 4. Interim Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Unit: millions of yen)

Term Accounts	End of Previous Interim Period (as of August 31, 2007)		End of Current Interim Period (as of August 31, 2008)		End of Previous Fiscal Year (as of February 29, 2008)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets)		%		%		%
I. Current assets						
Cash and deposits	8,436		7,271		7,673	
Trade notes and accounts receivable	18,524		19,191		17,677	
Inventories	9		9		10	
Deferred tax assets	899		1,070		1,133	
Deposits paid to affiliates	—		3,000		1,500	
Others	1,342		1,281		909	
Allowance for doubtful accounts	-89		-194		-140	
Total current assets	29,123	59.3	31,628	63.1	28,764	60.7
II. Fixed assets						
Tangible fixed assets						
Buildings	491		450		471	
Machinery and equipment (locally managed)	440		365		398	
Land	292		286		292	
Others	766		840		723	
Total tangible fixed assets	1,990	4.1	1,944	3.9	1,885	4.0
Intangible fixed assets						
Goodwill	13,094		12,247		12,671	
Others	665		728		684	
Total intangible fixed assets	13,760	28.0	12,975	25.9	13,356	28.1
Investments and other assets						
Investment securities	2,943		2,392		2,182	
Deferred tax assets	133		66		83	
Others	1,261		1,202		1,281	
Allowance for doubtful accounts	-119		-122		-136	
Total investments and other assets	4,219	8.6	3,539	7.1	3,411	7.2
Total fixed assets	19,970	40.7	18,459	36.9	18,653	39.3
Total assets	49,094	100.0	50,087	100.0	47,418	100.0

(Unit: millions of yen)

Accounts	End of Previous Interim Period (as of August 31, 2007)		End of Current Interim Period (as of August 31, 2008)		End of Previous Fiscal Year (as of February 29, 2008)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Liabilities)		%		%		%
I. Current liabilities						
Trade notes and accounts payable	11,601		12,482		10,293	
Loan obligations from assigned future receivables	4,950		3,750		4,500	
Income taxes payable	1,973		2,190		2,677	
Consumption taxes payable	395		591		512	
Provision for bonuses	1,193		1,193		852	
Provision for bonuses for directors and corporate auditors	22		47		114	
Others	3,114		3,846		3,583	
Total current liabilities	23,250	47.3	24,100	48.1	22,533	47.5
II. Long-term liabilities						
Loan obligations from assigned future receivables	3,750		—		1,500	
Allowance for accrued retirement benefits for employees	148		146		145	
Allowance for retirement benefits for directors and corporate auditors	17		16		24	
Deferred tax liabilities	201		262		147	
Others	974		507		578	
Total long-term liabilities	5,091	10.4	933	1.9	2,395	5.1
Total liabilities	28,341	57.7	25,034	50.0	24,929	52.6
(Net assets)						
I. Shareholders' equity						
Capital stock	3,238	6.6	3,238	6.5	3,238	6.8
Capital surplus	2,963	6.0	2,963	5.9	2,963	6.3
Retained earnings	14,770	30.1	19,077	38.1	16,772	35.4
Treasury stock	-460	-0.9	-461	-0.9	-460	-1.0
Total shareholders' equity	20,511	41.8	24,817	49.6	22,512	47.5
II. Valuation and translation adjustments						
Net unrealized gain (loss) on marketable securities	240	0.5	160	0.3	-25	-0.1
Foreign currency translation adjustments	—	—	2	0.0	0	0.0
Total valuation and translation adjustments	240	0.5	162	0.3	-24	-0.1
III. New share subscription rights	—	—	72	0.1	—	—
Total net assets	20,752	42.3	25,053	50.0	22,488	47.4
Total liabilities and net assets	49,094	100.0	50,087	100.0	47,418	100.0

**(2) Consolidated Statements of Income**

(Unit: millions of yen)

Accounts	Term	Previous Interim Period from March 1, 2007 to August 31, 2007		Current Interim Period from March 1, 2008 to August 31, 2008		Previous Fiscal Year from March 1, 2007 to February 29, 2008	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
			%		%		%
I. Net sales		67,766	100.0	73,265	100.0	137,519	100.0
II. Cost of sales		58,484	86.3	62,705	85.6	118,692	86.3
Gross profit		9,281	13.7	10,559	14.4	18,827	13.7
III. Selling, general and administrative expenses		5,346	7.9	5,486	7.5	10,496	7.6
Operating income		3,935	5.8	5,073	6.9	8,330	6.1
IV. Non-operating income		53	0.1	52	0.1	128	0.1
V. Non-operating expenses		154	0.2	146	0.2	272	0.2
Ordinary income		3,833	5.7	4,979	6.8	8,186	6.0
VI. Extraordinary income		18	0.0	—	—	57	0.0
VII. Extraordinary losses		27	0.1	115	0.2	162	0.1
Income before income taxes		3,824	5.6	4,863	6.6	8,081	5.9
Income taxes - current		1,889	2.8	2,095	2.8	3,898	2.8
Income taxes-deferred		-145	-0.3	65	0.1	-196	-0.1
Net income		2,080	3.1	2,702	3.7	4,379	3.2

**(3) Consolidated Statements of Changes in Shareholders' Equity**

For the previous interim period (from March 1, 2007 to August 31, 2007)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 28, 2007	3,238	2,963	13,086	-460	18,828
Changes during the period					
Dividend from retained earnings			-396		-396
Net income			2,080		2,080
Purchase of treasury stock				-0	-0
Total change during the period	—	—	1,683	-0	1,683
Balance at August 31, 2007	3,238	2,963	14,770	-460	20,511

(Unit: millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain (loss) on marketable securities	Total valuation and translation adjustments	
Balance at February 28, 2007	340	340	19,169
Changes during the period			
Dividend from retained earnings		—	-396
Net income		—	2,080
Purchase of treasury stock		—	-0
Change in items other than shareholders' equity during the period (net)	-99	-99	-99
Total change during the period	-99	-99	1,583
Balance at August 31, 2007	240	240	20,752

For the current interim period (from March 1, 2008 to August 31, 2008)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 29, 2008	3,238	2,963	16,772	-460	22,512
Changes during the period					
Dividend from retained earnings			-396		-396
Net income			2,702		2,702
Purchase of treasury stock				-0	-0
Total change during the period	—	—	2,305	-0	2,305
Balance at August 31, 2008	3,238	2,963	19,077	-461	24,817

(Unit: millions of yen)

	Valuation and translation adjustments			New share subscription rights	Total net assets
	Net unrealized gain (loss) on marketable securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at February 29, 2008	-25	0	-24	—	22,488
Changes during the period					
Dividend from retained earnings			—	—	-396
Net income			—	—	2,702
Purchase of treasury stock			—	—	-0
Change in items other than shareholders' equity during the period (net)	185	2	187	72	259
Total change during the period	185	2	187	72	2,564
Balance at August 31, 2008	160	2	162	72	25,053

For the previous fiscal year (from March 1, 2007 to February 29, 2008)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 28, 2007	3,238	2,963	13,086	-460	18,828
Changes during the period					
Dividend from retained earnings			-694		-694
Net income			4,379		4,379
Purchase of treasury stock				-0	-0
Total change during the period	—	—	3,685	-0	3,684
Balance at February 29, 2008	3,238	2,963	16,772	-460	22,512

(Unit: millions of yen)

	Valuation and translation adjustments			Total net assets
	Net unrealized gain (loss) on marketable securities	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance at February 28, 2007	340	—	340	19,169
Changes during the period				
Dividend from retained earnings			—	-694
Net income			—	4,379
Purchase of treasury stock			—	-0
Change in items other than shareholders' equity during the period (net)	-366	0	-365	-365
Total change during the period	-366	0	-365	3,319
Balance at February 29, 2008	-25	0	-24	22,488

**(4) Consolidated Statements of Cash Flows**

(Unit: millions of yen)

Accounts	Term	Previous Interim Period (from March 1, 2007 to August 31, 2007)	Current Interim Period (from March 1, 2008 to August 31, 2008)	Previous Fiscal Year (from March 1, 2007 to February 29, 2008)
		Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>				
Income before income taxes		3,824	4,863	8,081
Depreciation and amortization		255	271	536
Amortization of goodwill		422	424	845
Change in provision for bonuses		342	340	1
Change in allowance for accrued retirement benefits for employees		-8	1	-11
Change in allowance for retirement benefits for directors and corporate auditors		-126	-8	-119
Interest and dividend income		-35	-37	-63
Interest expense		62	30	107
Loss on disposal/sale of fixed assets		19	28	55
Loss from cancellation of company housing contracts, etc.		28	30	58
Loss on revaluation of investment securities		26	111	137
Change in trade accounts receivable		-1,800	-1,458	-902
Change in trade accounts payable		1,260	2,189	-47
Change in other accounts payable		615	-555	1,271
Change in other accounts receivable		-52	-29	23
Others		-755	247	-840
Subtotal		4,079	6,449	9,132
Interest and dividends received		35	36	61
Income taxes paid		-1,403	-2,579	-2,721
Net cash provided by operating activities		2,711	3,906	6,472
<b>II. Cash flows from investing activities</b>				
Net change in time deposits		-0	-0	9
Expenditure on purchase of tangible fixed assets		-181	-173	-295
Proceeds from sale of tangible fixed assets		16	34	30
Expenditure on purchase of intangible fixed assets		-124	-80	-254
Expenditure on purchase of investment securities		-135	-2	-137
Proceeds from sale of investment securities		0	—	250
Expenditure on deposits for consumption		-52,500	-47,000	-98,000
Proceeds from deposits for consumption		52,500	45,500	96,500
Expenditure on payment of guarantee deposits		-117	-36	-147
Proceeds from collection of guarantee deposits		97	55	141
Others		-230	37	-288
Net cash used in investing activities		-673	-1,664	-2,190

(Unit: millions of yen)

Accounts	Term	Previous Interim Period (from March 1, 2007 to August 31, 2007)	Current Interim Period (from March 1, 2008 to August 31, 2008)	Previous Fiscal Year (from March 1, 2007 to February 29, 2008)
		Amount	Amount	Amount
III. Cash flows from financing activities				
Repayment of liabilities (loan obligations) from assigned future receivables		-2,700	-2,250	-5,400
Dividends paid		-396	-396	-694
Net change in treasury stock		-0	-0	-0
Net cash used in financing activities		-3,096	-2,646	-6,094
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	2	0
V. Change in cash and cash equivalents		-1,058	-402	-1,811
VI. Cash and cash equivalents at beginning of period		9,469	7,657	9,469
VII. Cash and cash equivalents at end of period		8,410	7,255	7,657