

# Summary Report of Consolidated Financial Statements for the Fiscal Year Ended February 28, 2009



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

Listed exchanges: Tokyo Stock Exchange,  
Osaka Securities Exchange (First Section)  
(URL <http://www.aeondelight.co.jp>)

Stock code 9787

Representative (Title) President & CEO (Name) Yuiken Tsutsumi  
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Planned date of ordinary general meeting of shareholders May 20, 2009  
Planned starting date for dividend payment May 7, 2009

Planned date for filing of annual securities report ("Yukashoken Hokukusho") May 21, 2009

(Figures of less than one million yen have been rounded down.)

## 1. Consolidated Results for the Year Ended February 28, 2009 (from March 1, 2008, to February 28, 2009)

### (1) Consolidated Operating Results

(Percentage figures show year-on-year % change.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2009	145,690	5.9	9,946	19.4	9,812	19.9	4,876	11.3
Year ended February 29, 2008	137,519	23.7	8,330	49.4	8,186	49.2	4,379	46.1

	Net Income per Share	Diluted Net Income per Share	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended February 28, 2009	122.92	122.83	19.9	20.3	6.8
Year ended February 29, 2008	110.39	—	21.0	17.1	6.1

(Reference)

Equity in earning (loss) of unconsolidated subsidiaries and affiliates  
Year ended February 28, 2009 16 million yen  
Year ended February 29, 2008 0 million yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2009	49,035	28,079	54.1	669.28
As of February 29, 2008	47,418	22,488	47.4	566.87

(Reference)

Shareholders' equity As of February 28, 2009 26,550 million yen As of February 29, 2008 22,488 million yen

### (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
Year ended February 28, 2009	6,668	-2,087	-5,255	6,970
Year ended February 29, 2008	6,472	-2,190	-6,094	7,657

## 2. Dividends

(Record Date)	Dividends per Share					Total Dividends (Annual)	Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 29, 2008	—	15.00	—	10.00	25.00	694	15.9	3.3
Year ended February 28, 2009	—	10.00	—	12.00	22.00	872	17.9	3.6
Year ended February 28, 2010 (Forecast)	—	12.00	—	12.00	24.00		18.3	

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

## 3. Forecast for Consolidated Results for the Year Ending February 28, 2010 (from March 1, 2009, to February 28, 2010)

	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
Six months ending August 31, 2009	74,000	1.0	4,900	-3.4	4,800	-3.6	2,480	-8.2	62.51
Full-year	150,000	3.0	10,100	1.5	9,900	0.9	5,200	6.6	131.08

## 4. Other Remarks

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

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

1) Changes related to revisions of accounting standards, etc.: None

2) Changes other than those described in 1) above: None

(3) Number of shares outstanding (common stock)

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

As of February 28, 2009 41,400,000 shares As of February 29, 2008 41,400,000 shares

2) Number of shares held in treasury at end of period

As of February 28, 2009 1,729,647 shares As of February 29, 2008 1,729,240 shares

## (Reference) Summary of Non-consolidated Results

1. Non-consolidated Results for the Year Ended February 28, 2009 (from March 1, 2008, to February 28, 2009)

(1) Non-consolidated Results of Operations

(Percentage figures show year-on-year % change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2009	138,766	4.0	9,514	16.9	9,430	17.2	4,808	9.2
Year ended February 29, 2008	133,427	49.8	8,141	80.1	8,045	81.9	4,405	78.4

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Year ended February 28, 2009	121.22	121.13
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 February 28, 2009	45,680	26,679	58.2	670.71
As of February 29, 2008	46,851	22,591	48.2	569.49

(Reference)

Shareholders' equity As of February 28, 2009 26,607 million yen As of February 29, 2008 22,591 million yen

**<Information concerning proper usage of the financial forecast, and other special instructions>**

The financial forecast on the previous page has been prepared on the basis of the information available on the date of publication of this report.

Actual results may differ from the forecast due to unforeseen factors that may arise in the future.

AEON Delight operates its business as a corporate group focusing on consolidated performance, and discloses forecast information only on a consolidated basis.

## 1. Results of Operations

### 1. Analysis of Operating Results

#### 〈Summary of consolidated results for fiscal 2008〉

During the year ended February 28, 2009, the economic slowdown worsened worldwide as reflected in the credit crunch experienced by corporations, thus giving rise to greater uncertainties about the future. In Japan's building maintenance industry, too, the business environment continues to be harsh, as attested by the review of building maintenance costs through cost-cutting initiatives by corporations prompted by a downturn in corporate income. With respect to the situation surrounding the AEON Delight Group also, new contracts have declined and the needs of customers to cut costs have become conspicuous since the third quarter.

In such an economic environment, the AEON Delight Group pursued marketing activities based on aggressive proposals to cope with the changing needs of society regarding safety and comfort and with the rapidly rising level of awareness toward the environment.

As for new job opportunities, we started services at several commercial facilities of the AEON group including AEON Lake Town which opened in October 2008 as Japan's largest commercial facility and advanced eco-shopping center. Outside the AEON Group, we also commenced business deals with a wide range of customers at buildings used for various purposes, such as commercial facilities, office buildings, distribution centers, recreational facilities, and hot spring facilities.

Overseas, AEON Delight (BEIJING) Co., Ltd (commonly known as AEON Delight Beijing), a wholly-owned subsidiary of AEON Delight, started providing services at Aeon Beijing International Shopping Center, which opened in November 2008. As a result, the AEON Delight Group implemented its first overseas business operation.

Furthermore, the AEON Delight Group is carrying out business improvement activities through the review of cleaning work and cost structure from various angles with the aim of improving profitability. We have pursued the establishment of new standards for our cleaning service at seven commercial facilities nationwide.

In October 2008, we acquired 40% of the outstanding shares of Kankyouseibi Co., Ltd. based in Kanto and further north with a view to improving profitability through the application of new cleaning service standards and reinforcing our marketing structure in local areas.

As a result of these efforts, consolidated net sales amounted to 145,690 million yen for the year ended February 28, 2009 (105.9% versus fiscal 2007) and ordinary income came to 9,812 million yen (119.9% versus fiscal 2007). As for extraordinary profit/loss, the company posted an extraordinary profit totaling 110 million yen, which included a 64 million yen gain on insurance surrender. However, the company recorded an extraordinary loss totaling 940 million yen, which included a loss on the revaluation of investment securities of 913 million yen. Net income after extraordinary items and income taxes came to 4,876 million yen (111.3% versus fiscal 2007).

Although the precipitous deceleration in the business environment has affected the results of the AEON Delight Group since the third quarter of fiscal 2008, net sales, operating income, ordinary income, and net income for the fiscal year surpassed figures for the previous year.

Changes in consolidated results	The 35 <sup>th</sup> Term FY2007	The 36 <sup>th</sup> Term FY2008 (Fiscal year under review)	Change	% versus previous fiscal year
Net Sales	Millions of yen 137,519	Millions of yen 145,690	Millions of yen 8,171	105.9
Operating Income	8,330	9,946	1,615	119.4
Ordinary Income	8,186	9,812	1,626	119.9
Net Income	4,379	4,876	496	111.3

**〈Results by business segment〉****▪ Building management**

The Building Management segment, which is engaged in the provision of services such as facility management, security, cleaning, and construction work, started newly providing services inside and outside the AEON Group's facilities, and recorded an increase in orders for equipment replacement work and energy-saving work. As a result, net sales amounted to 139,843 million yen (104.4% versus fiscal 2007).

The net sales above comprised 42,253 million yen (105.1%) from facility management, 36,670 million yen (102.3%) from security services, 42,403 million yen (103.2%) from cleaning, and 18,515 million yen (110.4%) from construction work.

**▪ Other operations**

Other operations posted net sales of 5,846 million yen (162.8% versus fiscal 2007) thanks to an increase resulting from the partial revision of business classification and a firm level of orders for services incidental to store operations management.

Results by business segment	The 35 <sup>th</sup> Term FY2007 Net sales (Millions of yen)	The 36 <sup>th</sup> Term FY2008 (Fiscal year under review) Net sales (Millions of yen)	Change (Millions of yen)	% versus previous fiscal year
Facility management	40,202	42,253	2,051	105.1
Security	35,848	36,670	821	102.3
Cleaning	41,098	42,403	1,304	103.2
Construction work	16,777	18,515	1,738	110.4
Total building management	133,927	139,843	5,916	104.4
Other operations	3,591	5,846	2,254	162.8
Total	137,519	145,690	8,171	105.9

**〈Issues to be addressed〉**

Amid the turmoil in the economic environment, we expect companies to continue reviewing building maintenance costs and postponing capital investment. In addition, we anticipate the business environment to be extremely harsh for the AEON Group as large store openings by the AEON Group are expected to slow down in Japan.

In such an environment, each AEON Delight Group employee will strive to do away with preconceived ideas and change his or her "awareness" and "work style" in an effort to improve productivity. In addition, we will pursue marketing activities based on aggressive proposals to cope with the fresh needs of society in the areas of safety, comfort, or reduction of environmental load. In fiscal 2009, we will continue stepping up our initiatives on both "growth" and "quality" fronts described below to enable the early realization of the fruits of such activities.

**(1) Growth management****▪ Strengthening of marketing structure**

The expansion of business deals with customers outside the AEON Group constitutes a major pillar in growth management. And as such, in the organizational reforms of March 1, 2009, we placed regional Sales Departments under the Sales Division for the purpose of accurately understanding

the diverse needs of customers and making appropriate proposals as the marketing interface with customers outside the AEON Group. As a result of such reforms, we will strengthen our proposal system for existing customers, as well as actively undertake marketing activities aimed at companies that have become more cost-conscious in today's harsh business environment. We would rather utilize tough environment changes as an opportunity for business expansion and display our proposal capabilities.

Meanwhile, we will also newly establish the Group Sales Division as a proposal interface with AEON Group companies in a bid to further strengthen cooperation with AEON Group companies. At the same time, we will actively make proposals for safety and comfort from the viewpoint of customers who visit commercial facilities.

- M&A initiatives

As announced on March 19, 2009, AEON Delight acquired 40% of the outstanding shares of Do Service Co., Ltd. on April 1, 2009. Do Service, based in the Kinki region, is engaged in the cleaning service business. The acquisition of a stake in the company will enable the AEON Delight Group to further expand its marketing structure in the Kinki region. Also, since Do Service boasts strength in cleaning small commercial facilities, consisting primarily of convenience stores, this move will contribute to the provision of full-line cleaning services by the AEON Delight Group.

Meanwhile, we have had a business and capital alliance with A to Z Service Co., Ltd. since May 2007. A to Z Service, too, boasts strength in around-the-clock flexible services in the construction of and equipment maintenance for small commercial facilities. The addition of Do Service to this strength at this time has further reinforced the AEON Delight Group's system for ensuring the safety and comfort of small commercial facilities which abound throughout Japan.

The AEON Delight Group seeks to transform itself from a maintenance "service" provider into an "industry" by introducing a "scientific viewpoint" and "innovation." In the future too, we will actively pursue the development of cooperative relations, including capital affiliations, with companies that share the same philosophy as the AEON Delight Group.

- Development of overseas strategy and business expansion

Based on our experience and know-how in Beijing, we will undertake operations in other regions of China. The "International Department," which was newly established on January 1, 2009, is considering future overseas operations from various angles.

In the future, also, we will make use of the building maintenance know-how we cultivated in Japan to provide services for safety and comfort in countries all over the world, thereby helping people around the world in their daily lives. Through these activities, we will aim at becoming a company that grows internationally.

- Initiatives for reducing environmental load

In an effort to accurately respond to moves by state and local governments and the needs of society with respect to the reduction of environmental load, we created the "Renovation Division" within the headquarters on January 1, 2009, and placed the "CO2 Reduction Department" under it.

At present, AEON Group companies are undertaking concrete initiatives by verifying methods for reducing environmental load and sharing information for this purpose.

In the future, based on these initiatives, we will actively offer suggestions to customers outside the AEON Group as well.

## (2) Quality management

- Horizontal development of new business model for cleaning services

During the year ended February 28, 2009, we undertook the establishment of a new standard for our cleaning services as part of an effort to strengthen our cleaning service operations. In fiscal 2009 we will horizontally develop this standard throughout Japan in a bid to further improve profitability. On January 1, 2009, we established the “Project Team for the Horizontal Development of Cleaning Services” headed by branch managers all over Japan, and the team has already started working on this initiative.

- Reinforcement of human resource development and establishment of “AEON Delight Academy Nagahama” (provisional name)

Since human resources are the foremost assets for the AEON Delight Group, we consider the development of human resources through educational programs as a top priority. Based on this understanding, we will seek to further strengthen our human resource development and training system. To this end, we plan to newly construct “AEON Delight Academy Nagahama” (provisional name) education and research facilities in Nagahama, Shiga Prefecture, in fiscal 2009. These facilities will be used for training aimed at developing new human resources based on industry-government-academia collaboration and for research aimed at developing environment-friendly materials and reducing environmental load.

In order to realize and promote this initiative, we set up the “Preparatory Office for the Establishment of Nagahama Academy” within the headquarter organization on March 1, 2009. In this unit, new curricula will be prepared from the viewpoint of “creating service science” and “creating innovation.”

- Review of organizational structure and enhancement of competitiveness

AEON Delight carried out organizational reforms mainly at the headquarters on March 1, 2009. Through such reforms, we will (1) strengthen our marketing capability with regard to customers outside the AEON Group, (2) cement relations with AEON Group companies, (3) reinforce the business reform structure to improve profitability (productivity), and (4) establish a function-oriented, slim headquarters structure by integrating redundant functions, among other tasks.

Also, we will pursue the companywide reform of work style by utilizing man-hour productivity measures and endeavor to increase competitiveness from the standpoint of changing employees’ consciousness and enhancing their productivity, in addition to streamlining the headquarters.

- Companywide initiatives for internal control

We will improve the company’s operational process through efforts to cope with the internal control system and thereby reinforce the management foundation. For the purpose of promoting internal control, we set up the “Internal Control Promoting Department” within the headquarters organization on March 1, 2009. This division will conduct guidance and education and undertake companywide initiatives for establishing internal control while cooperating with the “Management Audit Department” within the headquarters organization.

Through the initiatives above, we will utilize harsh changes in the environment as the best opportunity to improve our structure and expand new businesses, and further enhance the corporate value of the AEON Delight Group based on the twin pillars of management consisting of “growth” and “quality.”

**〈Forecast for the next fiscal year〉**

As a result of reliably implementing the measures above, we forecast the consolidated results for the year ending February 28, 2010 as follows.

(Percentage figures show year-on-year % change)

	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
Six months ending August 31, 2009	74,000	1.0	4,900	-3.4	4,800	-3.6	2,480	-8.2	62.51
Full-year	150,000	3.0	10,100	1.5	9,900	0.9	5,200	6.6	131.08

**〈Information on proper usage of the financial forecast and other special instructions〉**

The above financial forecast has been prepared on the basis of the information available on the date of publication of this report. Actual results may differ from the above forecast due to unforeseen factors that may arise in the future.

AEON Delight operates its business as a corporate group focusing on consolidated performance, and discloses forecast information only on a consolidated basis.



## 2. Analysis of Financial Position

### 〈Summary of consolidated financial position〉

#### (Current assets)

Current assets at the end of fiscal 2008 increased 1,386 million yen from the end of fiscal 2007 to 30,150 million yen (up 4.8%). This increase was primarily attributed to an increase of 347 million yen in notes and accounts receivable, and an increase of 1,000 million yen in deposits for consumption paid to affiliates under bailment arrangements.

#### (Fixed assets)

Fixed assets at the end of fiscal 2008 expanded 231 million yen from the end of fiscal 2007 to 18,885 million yen (up 1.2%). This expansion mainly resulted from an increase of 2,094 million yen due to the acquisition of new subsidiaries, a decrease of 857 million yen resulting from goodwill amortization, and a decrease of 946 million yen due to the revaluation of investment securities.

#### (Current liabilities)

Current liabilities at the end of fiscal 2008 decreased 2,402 million yen from the end of fiscal 2007 to 20,131 million yen (down 10.7%). The main factors behind this decrease were an increase of 258 million yen in trade notes and accounts payable and a decrease of 3 billion yen due to the repayment of funds raised from the liquidation of future receivables.

#### (Long-term liabilities)

Long-term liabilities at the end of fiscal 2008 decreased 1,571 million yen from the end of fiscal 2007 to 824 million yen (down 65.6%). This decrease was primarily due to the repayment of funds raised from the liquidation of future receivables amounting to 1,500 million yen.

#### (Net assets)

Net assets at the end of fiscal 2008 increased 5,591 million yen from the end of fiscal 2007 to 28,079 million yen (up 24.9%). This increase was mainly attributable to an increase of 4,876 million yen in retained earnings due to the posting of net income, a decrease of 793 million yen in retained earnings due to dividend payments, and an increase of 1,456 million yen in minority interests.

### 〈Summary of consolidated cash flows for fiscal 2008〉

The balance of cash and cash equivalents (hereinafter referred to as "cash") at the end of fiscal 2008 decreased 687 million yen (down 9.0%) from the end of fiscal 2007 to 6,970 million yen. This decrease in the cash balance was a result of the repayment of funds raised from the liquidation of future receivables amounting to 4,500 million yen, income tax payments amounting to 4,537 million yen, and a decrease of 1,000 million yen in expenditure on and the return of deposits for consumption under bailment arrangements with affiliates, even though the impact of these items was partially offset by the posting of net income before income taxes of 8,982 million yen.

Cash flows for fiscal 2008 and their underlying factors are summarized below.

#### (Cash flows from operating activities)

Net cash provided by operating activities in fiscal 2008 came to 6,668 million yen (up 3.0% versus fiscal 2007). This was mainly attributable to the posting of net income before income taxes of 8,982 million yen, retained earnings from goodwill amortization of 857 million yen, an increase of 913 million yen due to the posting of a loss on the revaluation of investment securities, and income tax payments totaling 4,537 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities in fiscal 2008 amounted to 2,087 million yen (down 4.7% versus fiscal 2007). The main factors behind this were an outflow of 421 million yen for the acquisition and sale of tangible fixed assets, an outflow of 202 million yen for the

acquisition of intangible fixed assets, an outflow of 463 million yen for the acquisition of new subsidiaries, and an outflow of 1,000 million yen for expenditure on and the return of deposits for consumption under bailment arrangements with affiliates.

**(Cash flows from financing activities)**

Net cash used in financing activities in fiscal 2008 was 5,255 million yen (down 13.8% versus fiscal 2007). This owed much to the redemption of funds raised from the liquidation of future receivables amounting to 4,500 million yen and dividend payments amounting to 792 million yen.

Changes in cash flow indicators are as shown below.

	Year ended February 29, 2008	Year ended February 28, 2009	Interim period ended August 31, 2008
Shareholders' equity ratio (%)	47.4	54.1	49.9
Shareholders' equity ratio at market value (%)	182.8	102.4	182.6
Ratio of interest-bearing debts to cash flows (%)	0.9	0.3	0.5
Interest coverage ratio	—	7,361.7	—

Note: The indicators above were calculated based on consolidated financial figures using the following formulas:

- Shareholders' equity ratio: Shareholders' equity / Total assets
- Shareholders' equity ratio at market value: Total market capitalization / Total assets  
Total market capitalization was calculated as the closing stock price at the end of the period x number of shares outstanding (excluding treasury stock) at the end of the period.
- 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 consolidated balance sheets.  
Operating cash flows are the "cash flows from operating activities" reported in the consolidated balance sheets.
- 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 fiscal 2008 and fiscal 2009〉**

AEON Delight's basic policy is to match dividend payments made to shareholders with the company's business performance, and at the same time, to maintain and continue paying a stable dividend, while striving to ensure that a stable management foundation is maintained and improve return on equity.

As announced on February 19, 2009, we will pay a year-end dividend of 12 yen per share, which is 2 yen more than the initially projected dividend of 10 yen per share.

The year-end dividend, when combined with the interim dividend already paid of 10 yen per share, will bring the total annual dividend to 22 yen (125.7% versus the annual dividend for fiscal 2007).

As for the annual dividend for fiscal 2009, we project an annual dividend of 24 yen.

Furthermore, we will use retained earnings to invest in growth, which is indispensable to future business development, and endeavor to meet shareholders' expectations by enhancing corporate value based on a medium- and long-term growth strategy.

## **2. Corporate Group Organization**

The AEON Delight Group comprises AEON Delight Co., Ltd., seven consolidated subsidiaries, and one equity method affiliate. AEON Delight is a member of the corporate group of AEON Co., Ltd., a pure holding company.

AEON Co., Ltd. made a transition to a pure holding company structure 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 center development, services, non-store operations, overseas operations, and China business).

The AEON Delight Group is positioned in the service operations among the business segments of AEON Co., Ltd. mentioned earlier. The AEON Delight Group is mainly engaged in the following operations as a core company of the AEON Group.

Building management: Operations run by AEON Delight, six consolidated subsidiaries, and one equity method affiliate. (However, AEON Delight Security Co., Ltd. specializes in security service, and Kanto Engineering Co., Ltd. specializes in construction works.)

Facility management: Building facility maintenance / inspection / improvement

Security: Security and guards for building facilities and events

Cleaning: Environmental protection for building facilities

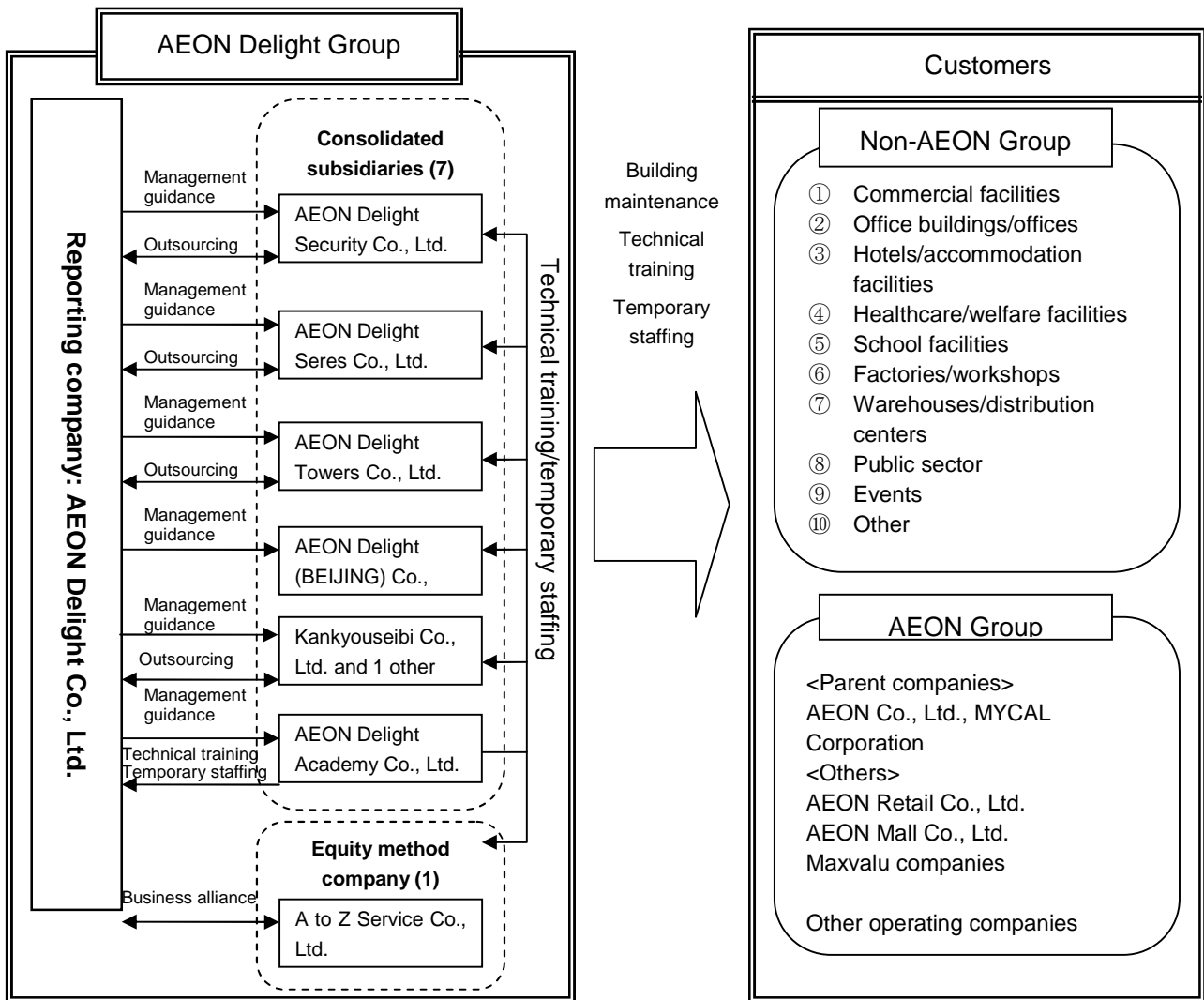
Construction work: Repair work for building facilities

Other operations: Operations run by AEON Delight and five consolidated subsidiaries. (However, technical training and temporary staffing services are provided by AEON Delight Academy Co., Ltd., and document management services are offered by AEON Delight Towers Co., Ltd.)

Other businesses: Technical training and temporary staffing 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 as shown below.



Notes: 1. AEON Delight Co., Ltd. acquired 16,000 shares (40% ownership) in Kankyouseibi Co., Ltd. and made it a consolidated subsidiary on October 1, 2008. As a result of this acquisition, Kanto Engineering Co., Ltd., a wholly-owned subsidiary of Kankyouseibi Co., Ltd., too, became a consolidated subsidiary of AEON Delight.

2. AEON Delight Co., Ltd. acquired 80 shares (40% ownership) in Do Service Co., Ltd. and made it a consolidated subsidiary on April 1, 2009.

### **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 the Tokyo Stock Exchange (Listed Company Information))

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

The AEON Delight Group seeks to become a company that creates “environmental value” transcending the existing framework of building maintenance services and announced quantitative targets at the interim closing for the year ending February 28, 2009 (on October 8, 2008). However, given the recent drastic changes in the economic climate, it is very difficult to predict future economic conditions in Japan. Even in such a harsh environment, we will meet the emerging needs of society and strive to expand business deals with customers by making proposals that anticipate their needs. We will also undertake business operations overseas. In addition, we will improve profitability by stepping up initiatives aimed at establishing a competitive corporate structure.

We will further review the overall medium- and long-term strategies based on such initiatives and plan to provide notification as soon as possible.

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

Issues to be addressed are as described in the section “Analysis of Operating Results <Issues to be addressed>” on page 5.

**4. Consolidated Financial Statements, Etc.****(1) Consolidated Balance Sheets**

(Unit: Millions of yen)

Accounts	Fiscal 2007 (As of February 29, 2008)		Fiscal 2008 (As of February 28, 2009)		YoY change
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
I. Current assets					
Cash and deposits	7,673		6,991		-682
Trade notes and accounts receivable	17,677		18,025		347
Inventories	10		28		17
Deferred tax assets	1,133		1,281		148
Funds entrusted to affiliates	1,500		2,500		1,000
Others	909		1,512		602
Allowance for doubtful accounts	-140		-188		-47
Total current assets	28,764	60.7	30,150	61.5	1,386
II. Fixed assets					
Tangible fixed assets					
Buildings	471		762		290
Area management equipment	398		343		-54
Land	292		475		183
Construction in progress	2		13		11
Others	720		1,007		286
Total tangible fixed assets	1,885	4.0	2,602	5.3	717
Intangible fixed assets					
Goodwill	12,671		11,974		-697
Others	684		649		-35
Total intangible fixed assets	13,356	28.1	12,623	25.7	-732
Investments and other assets					
Investment securities	2,182		1,730		-451
Long-term loans receivable	37		46		8
Deferred tax assets	83		534		450
Others	1,243		1,518		275
Allowance for doubtful accounts	-136		-172		-36
Total investments and other assets	3,411	7.2	3,658	7.5	246
Total fixed assets	18,653	39.3	18,885	38.5	231
Total assets	47,418	100.0	49,035	100.0	1,617

(Unit: Millions of yen)

Fiscal Year Accounts	Fiscal 2007 (As of February 29, 2008)		Fiscal 2008 (As of February 28, 2009)		YoY change
	Amount	Ratio	Amount	Ratio	Amount
(Liabilities)		%		%	
I. Current liabilities					
Trade notes and accounts payable	10,293		10,551		258
Short-term borrowings	—		163		163
Portion of long-term loans payable within one year	—		25		25
Funds raised from liquidation of future receivables	4,500		1,500		-3,000
Other accounts payable	2,447		2,422		-25
Income taxes payable	2,677		2,385		-292
Consumption taxes payable	512		705		193
Allowance for bonuses	852		823		-28
Allowance for bonuses for directors and corporate auditors	114		103		-10
Others	1,136		1,451		315
Total current liabilities	22,533	47.5	20,131	41.0	-2,402
II. Long-term liabilities					
Long-term loans payable	—		56		56
Funds raised from liquidation of future receivables	1,500		—		-1,500
Allowance for accrued retirement benefits for employees	145		557		411
Allowance for retirement benefits for directors and corporate auditors	24		57		32
Deferred tax liabilities	147		—		-147
Others	578		153		-425
Total long-term liabilities	2,395	5.1	824	1.7	-1,571
Total liabilities	24,929	52.6	20,956	42.7	-3,973
(Net assets)					
I. Shareholders' equity					
Capital stock	3,238	6.8	3,238	6.6	—
Capital surplus	2,963	6.3	2,963	6.0	—
Retained earnings	16,772	35.4	20,852	42.5	4,080
Treasury stock	-460	-1.0	-461	-0.9	-0
Total shareholders' equity	22,512	47.5	26,592	54.2	4,079
II. Valuation and translation adjustments, etc.					
Net unrealized gain (loss) on marketable securities	-25	-0.1	-30	-0.1	-5
Foreign currency translation adjustment	0	0.0	-11	-0.0	-11
Total valuation and translation adjustments, etc.	-24	-0.1	-42	-0.1	-17
III. Stock acquisition rights	—	—	72	0.2	72
IV. Minority interests	—	—	1,456	3.0	1,456
Total net assets	22,488	47.4	28,079	57.3	5,591
Total liabilities and net assets	47,418	100.0	49,035	100.0	1,617

## (2) Consolidated Statements of Income

(Unit: Millions of yen)

Fiscal Year Accounts	Fiscal 2007 From March 1, 2007, to February 29, 2008		Fiscal 2008 From March 1, 2008, to February 28, 2009		YoY change	% Change
	Amount	Ratio	Amount	Ratio	Amount	
I. Net sales	137,519	100.0	145,690	100.0	8,171	5.9
II. Cost of sales	118,692	86.3	124,735	85.6	6,043	5.1
Gross profit	18,827	13.7	20,955	14.4	2,128	11.3
III. Selling, general and administrative expenses	10,496	7.6	11,008	7.6	512	4.9
Operating income	8,330	6.1	9,946	6.8	1,615	19.4
IV. Non-operating income	128	0.1	108	0.1	-20	□15.8
V. Non-operating expenses	272	0.2	241	0.2	-31	□11.4
Ordinary income	8,186	6.0	9,812	6.7	1,626	19.9
VI. Extraordinary profit	57	0.0	110	0.1	52	90.5
VII. Extraordinary loss	162	0.1	940	0.6	777	476.9
Net income before income taxes and minority interests	8,081	5.9	8,982	6.2	901	11.2
Current income taxes	3,898	2.8	4,243	2.9	344	8.8
Deferred income taxes	-196	-0.1	-216	-0.1	-20	10.4
Minority interests	—	—	80	0.1	80	100.0
Net income	4,379	3.2	4,876	3.3	496	11.3



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

Fiscal 2007 (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, etc.			Total net assets
	Net unrealized gain (loss) on marketable securities	Foreign currency translation adjustment	Total valuation and translation adjustments, etc.	
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

Fiscal 2008 (from March 1, 2008, to February 28, 2009)

(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			-793		-793
Net income			4,876		4,876
Purchase of treasury stock				-9	-9
Sale of treasury stock			-2	8	6
Total change during the period	—	—	4,080	-0	4,079
Balance at February 28, 2009	3,238	2,963	20,852	-461	26,592

(Unit: Millions of yen)

	Valuation and translation adjustments, etc.			Stock subscription rights	Minority interests	Total net assets
	Net unrealized gain (loss) on marketable securities	Foreign currency translation adjustment	Total valuation and translation adjustments, etc			
Balance at February 29, 2008	-25	0	-24	—	—	22,488
Changes during the period						
Dividend from retained earnings			—			-793
Net income			—			4,876
Purchase of treasury stock			—			-9
Sale of treasury stock			—			6
Change in items other than shareholders' equity during the period (net)	-5	-11	-17	72	1,456	1,511
Total change during the period	-5	-11	-17	72	1,456	5,591
Balance at February 28, 2009	-30	-11	-42	72	1,456	28,079

## (4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

Accounts	Fiscal Year	Fiscal 2007 From March 1, 2007, to February 29, 2008	Fiscal 2008 From March 1, 2008, to February 28, 2009	YoY Change
		Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>				
Income before income taxes		8,081	8,982	901
Depreciation and amortization		536	638	102
Amortization of goodwill		845	857	11
Change in allowance for bonuses		1	-148	-149
Change in allowance for accrued retirement benefits		-11	0	12
Change in allowance for bonuses for directors and corporate auditors		-119	5	124
Interest and dividend income		-63	-71	-8
Interest expense		107	48	-59
Gain on sale of investment securities		-49	—	49
Loss on revaluation of memberships		23	0	-23
Loss on disposal/sale of fixed assets		55	66	11
Loss from cancellation of company housing contracts, etc.		58	55	-2
Loss on revaluation of investment securities		137	913	776
Change in trade accounts receivable		-902	533	1,436
Change in trade accounts payable		-47	80	127
Change in other accounts payable		1,271	7	-1,263
Change in other accounts receivable		23	-41	-64
Others		-815	-794	21
Subtotal		9,132	11,134	2,001
Interest and dividends received		61	72	11
Interest paid		—	-0	-0
Income taxes paid		-2,721	-4,537	-1,815
Net cash provided by operating activities		6,472	6,668	196
<b>II. Cash flows from investing activities</b>				
Net change in time deposits		9	5	-4
Expenditure on purchases of tangible fixed assets		-295	-505	-209
Proceeds from sale of tangible fixed assets		30	83	53
Expenditure on purchases of intangible fixed assets		-254	-202	51
Expenditure on purchases of investment securities		-137	-4	132
Proceeds from sale of investment securities		250	7	-243
Expenditure on acquisition of stock of new subsidiaries		—	-463	-463
Expenditure on deposits for consumption paid to affiliates under bailment arrangements		-98,000	-91,300	6,700
Proceeds from return of deposits for consumption paid to affiliates under bailment arrangements		96,500	90,300	-6,200
Net change in long-term loans receivable		-37	-2	35
Expenditure on guarantee deposit payments		-147	-85	61
Proceeds from collection of guarantee deposits		141	101	-40
Others		-250	-22	227
Net cash provided by (used in) investing activities		-2,190	-2,087	102

(Unit: Millions of yen)

Accounts	Fiscal Year	Fiscal 2007 From March 1, 2007, to February 29, 2008	Fiscal 2008 From March 1, 2008, to February 28, 2009	YoY Change
		Amount	Amount	Amount
I. Cash flows from financing activities				
Net change in short-term loans payable		—	33	33
Repayment of funds raised from liquidation of future receivables		-5,400	-4,500	900
Dividends paid		-694	-792	-98
Net change in treasury stock		-0	3	4
Net cash provided by (used in) financing activities		-6,094	-5,255	839
II. Effects of foreign exchange rate changes on cash and cash equivalents		0	-13	-14
III. Change in cash and cash equivalents		-1,811	-687	1,123
IV. Cash and cash equivalents at beginning of period		9,469	7,657	-1,811
V. Cash and cash equivalents at end of period		7,657	6,970	-687

**(5) Events or Conditions That Raise Significant Doubt about the Going Concern Assumption**

- Not applicable